



AUDIT UPDATE

May 21, 2018

Internal Audit Focus Areas

Procurement Process and Procurify Audit

The focus for the audit is:

- ❖ Compliance with the Uniform Guidance
- ❖ Proper Approval Levels
- ❖ Proper Approval Timing

Contract Management Audit

The focus for the audit is:

- ❖ Contract Billing Documentation
- ❖ Contract Monitoring
- ❖ Contract Reporting

Payments to Vendors, Employees and Assisters Audits

The focus for these audits are:

- ❖ Payment Documentation
- ❖ Compliance with the Uniform Guidance
- ❖ Compliance with C4HCO Procedures
- ❖ Proper Approval

Internal Audit Focus Areas

Appeals Supervision and Review

Ongoing

- The focus is a periodic review and feedback of the following areas:
 - ❖ Complete data records in ATLAS
 - ❖ Timeliness of resolution
 - ❖ Prioritization of cases

Complaints Review

Ongoing

- The focus is a periodic review and feedback of the following areas:
 - ❖ Complete data records in ATLAS
 - ❖ Accurate categorization
 - ❖ Timeliness of resolution
 - ❖ Accurate disposition

Internal Controls

Internal Control Improvements - Implemented

- Implement the Purchase Request Form and process
- Updating and implementing financial policies and procedures
- Filled open accounting vacancies with qualified permanent staff
- Review and update certain vendor contracts
- Guidance for monitoring, reporting and documentation
- Quarterly audit updates to Finance and Operations Committee
- Individual staff training and development on contract management
- Quarterly review of policies and procedures to match the organization's practices
- Tools implemented for staff accountability regarding monitoring budgets and contracts
- Individual staff training and development on procurement process

Internal Control Improvements - In Process

- Distribute training modules through the Learning Management System to assist staff and manager's with tracking and documenting the training process

Audit Status

Implementation Status	Office of State Auditor - 2017 Audit Financial Recommendations	Progress to Date
	Implement financial policy and procedure update process	Inventory and review tracking sheet of policies and procedures is implemented. Policies and Procedures have be distributed to relevant departments/managers and regular review process implemented.
	Implement contract review/revision process.	Revised contract management procedure is implemented. Inventory of contracts has been completed and contract checklists completed by contract managers. Training of contract managers on the process was completed in December 2017. New ongoing contract review process has been established.
	Corrective action plan for prior audit findings	Action Plan has been developed for addressing the 2014 comments - implementation of actions in process and incorporated into the implementation of processes/procedures in response to 2017 audit findings
	Implementation of audit recommendation compliance and internal audit status reporting and documentation of review.	Audit tracking matrix is in place and includes implementation status, progress and dates. The Matrix will track Internal Audit signoff and assist in audit planning. Audit Plan is completed and will be updated as necessary.
	Implement training program for financial policies and procedures and contracts.	Training program developed and completed in key areas of contract management and purchasing process (including use of new procurement/bill payment system). Learning Management System (LMS) being incorporated into financial training processes when one-on-one training not needed or practical.

Audit Status

Implementation Status	Office of State Auditor - 2017 Audit Appeals and Complaints Recommendations	Progress to Date
	Ensuring staff follow the procedures for entering appeals information into its database and submitting cases to the Office of Administrative Courts by implementing supervisory review of data.	Process documentation is updated and implemented. Appeals Staff have been trained. The training deck will be used for new hires. Appeals Staff meets weekly to discuss cases and training. Periodic case review began in November 2017. The review will initially be scheduled quarterly, but we will reevaluate that frequency as needed.
	Establishing and implementing processes for reporting timeliness of appeals to the Board.	Implemented quarterly reporting process, including the case type, main drivers and timeliness to the Board of Directors.
	Establishing and implementing methods to prioritize appeals to meet timeliness standards, and filling open appeals staff positions.	Procedures are complete and have been implemented.
	Implementing a written policy and procedure for complaint processing.	Procedures are complete and have been implemented.
	Update website to make complaint filing information easier to find and provide accurate instructions on how customers may file complaints.	The website is functional for receiving complaints.

Audit Status

Implementation Status	Office of Inspector General - 2016 Recommendations	Progress to Date
	<p>We recommend that the Colorado marketplace refund to the Federal Government \$9,678,635, consisting of:</p> <ul style="list-style-type: none"> - \$4,398,333 in inadequately documented costs that it charged to the establishment grants, - \$4,504,799 in unallowable hardware and software operational support and maintenance contract costs whose periods of benefit occurred after December 31, 2014 - \$312,449 in costs that were improperly transferred from one establishment grant to another, and - \$463,054 in costs that the Colorado marketplace did not efficiently and effectively administer and that it therefore unallowably charged to the establishment grants; 	<p>We have filed our formal response with OIG and CMS addressing and requesting closure of these findings. We met with CMS to discuss the report in the Summer of 2017. CMS has sent a resolution to OIG and we are waiting for formal response from the OIG and CMS.</p>
	<p>We recommend that the Colorado marketplace:</p> <p>develop, finalize, and implement policies and procedures to ensure that it expends Federal grant funds in accordance with Federal, State, and Colorado marketplace requirements, including:</p> <ul style="list-style-type: none"> - policies and procedures to ensure that all contracts require invoices to specifically describe the services to be performed and show in detail how billed amounts are to be calculated; - policies, procedures, and internal controls to ensure that marketplace staff follow Federal requirements and contract provisions when reviewing invoices before approving them for payment; - controls to ensure that grant funds are drawn down only as and when needed; - finalizing policies and procedures regarding contract administration to ensure that all contracts, contractual expenditures, and associated invoices contain all necessary elements of information and are approved in accordance with the marketplace's existing policy; and - finalizing policies and procedures to ensure that equipment is properly inventoried and properly disposed of so that Federal grant funds and assets are properly safeguarded. 	<p>We have filed our formal response with OIG and CMS addressing and requesting closure of these findings. We met with CMS to discuss the report in the Summer of 2017. CMS has sent a resolution to OIG and we are waiting for formal response from the OIG and CMS.</p>

Audit Status

Implementation Status	Office of Inspector General – 2017 Recommendations	Progress to Date
	<p>Recommendation: Develop and implement a cost allocation methodology that is based on relative benefits received by the Colorado marketplace and that is based on an updated, better data regarding expected transactions and program population as the data become available.</p>	<p>We have filed our formal response with OIG.</p>
	<p>Recommendation: Develop and implement written policies, reinforced by adequate internal controls, that explain how to develop a CAP based on relative benefits received, expected transactions, and expected population; how to provide formal input to HCPF and CMS during the development of cost allocation ratios; and how to adequately document the development of these ratios.</p>	
	<p>Recommendation: Develop and implement written policies and procedures to ensure that future Federal grant award costs are allocated to it in the appropriate period in accordance with Federal requirements.</p>	

Audit Status

Implementation Status	SMART Audit (BKD) - 2016 Recommendations	Progress to Date
	It's recommended Connect for Health Colorado continue to work with their local information technologies and compliance groups to develop a process to verify the required eligibility information for all enrollees.	In cooperation with Federal and State agencies, developing alternative approach to eligibility verification to comply with CMS requirements prior to open enrollment (Nov, 2018).
	It's recommended Connect for Health Colorado continue to work with their information technologies and compliance groups to determine a process for internally monitoring these highly automated components of internal controls which could then potentially be relied upon for purposes of internal control testing. Alternatively, testing of these internal controls by independent auditors should be scheduled prior to the fiscal year-end while the control environment is still in existence. Furthermore, we recommend that Connect for Health Colorado and the Division of Insurance review their responsibilities under the agreement and ensure that clear roles for each entity are firmly established.	Updating existing QHP Certification process to included Q&A activity for auditor testing.