



OIG FINAL REPORT

July 23, 2018

OIG Report Key Points

- The recommendations in the report relate to the financial system in place during the start-up phase of the organization (2012 – 2014). The financial system has improved as our organization has matured.
- This audit contains no allegation that any money was spent for anything other than what was intended. All of the grant money was spent toward establishing a state-based health insurance exchange.
- The Office of the Inspector General (OIG) findings go to errors in accounting. Many concern the attribution of the spending to incorrect grant periods. The \$184 million in Connect for Health Colorado startup federal funding fell under a single cooperative agreement supporting the establishment of the health insurance exchange. The funding under the cooperative agreement came in the form of three grants with separate funding periods.
- We take all audit recommendations seriously and use them to improve our processes. Although the grants in question are no longer active, we have implemented additional controls to comply with any future funding requirements.
- We are in ongoing conversations on next steps with the Centers for Medicare and Medicaid Services (CMS), who administered our grant and who is aware of these findings.
- Full report is available at <https://oig.hhs.gov/oas/reports/region7/71702808.asp>

OIG Recommendations Summary

OIG Recommendation	Connect for Health Colorado Response/Actions
<p>Work with CMS to certify the cost transfers associated with the remaining 352 expenditures totaling \$3,177,310, ensure that each expenditure transferred was allowable, and refund any unallowable expenditures to the Federal Government</p>	<p>Connect for Health Colorado will provide evidence that \$3,177,310 in 352 identified expenditures were allowable and will work with CMS to certify them as such.</p>
<p>Refund to the Federal Government \$2,567,604, consisting of:</p> <ul style="list-style-type: none"> · \$1,998,617 in costs that were improperly transferred between grants and · \$568,987 in payments that were related to obligations that were not incurred during the grant funding period 	<p>Connect for Health Colorado has reviewed all transactions that are the basis for the OIG recommendation that \$2,567,604 be refunded. All funds received through the grants were used solely for costs related to establishment of the marketplace and meeting marketplace requirements. We welcome the opportunity to review these transfers and underlying expenditures in detail with CMS.</p>
<p>Develop and implement written policies and procedures to ensure that it administers its financial management system accurately and reliably to ensure that for any future Federal grant awards, the marketplace’s financial management system maintains effective control over and accountability for grant funds.</p>	<p>Connect for Health Colorado has implemented various policies and procedures regarding the financial management system to ensure that it maintains effective control over and accountability. We agree with the OIG recommendation to this point and will continue to update these policies and procedures as needed to remain in compliance with federal requirements.</p>