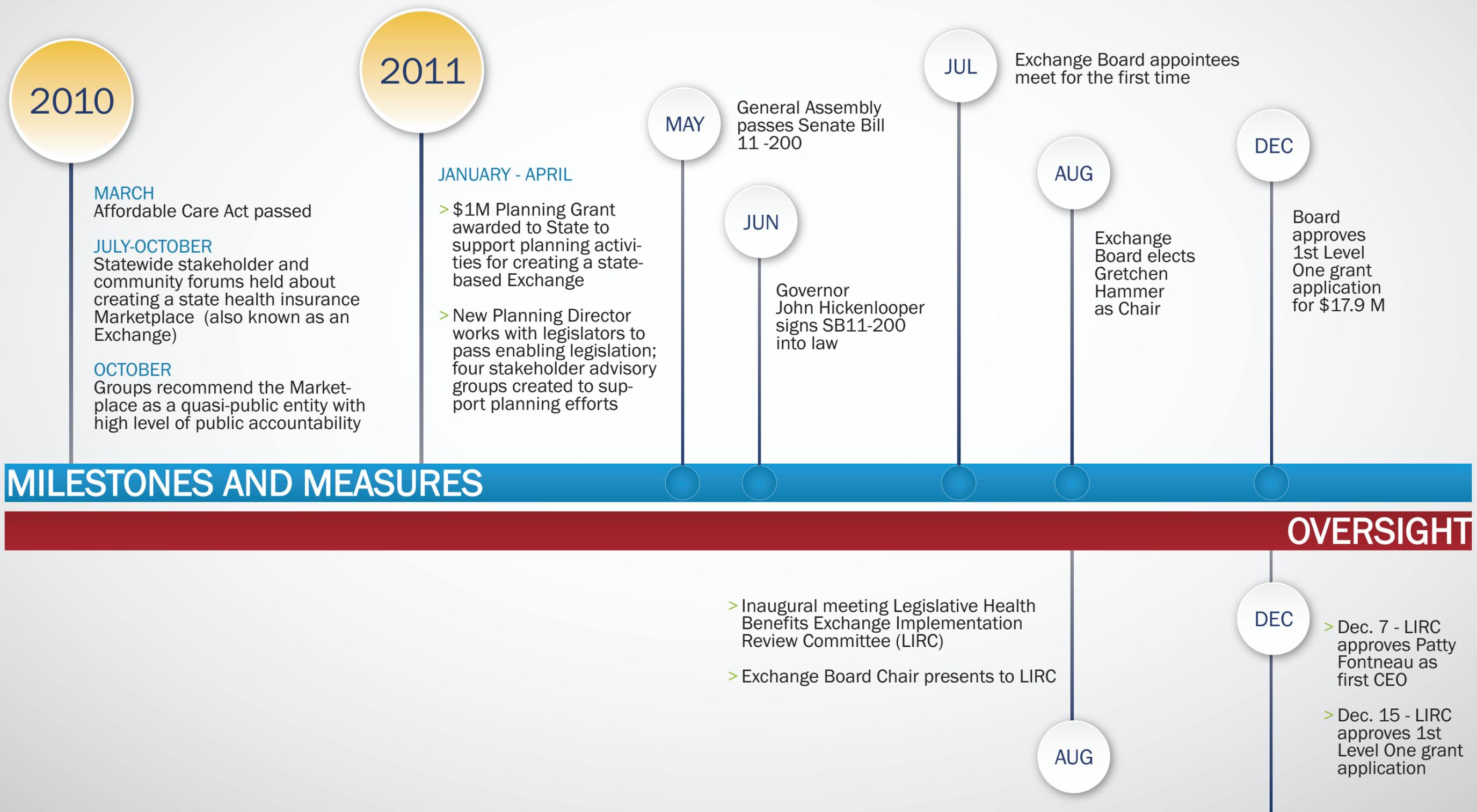


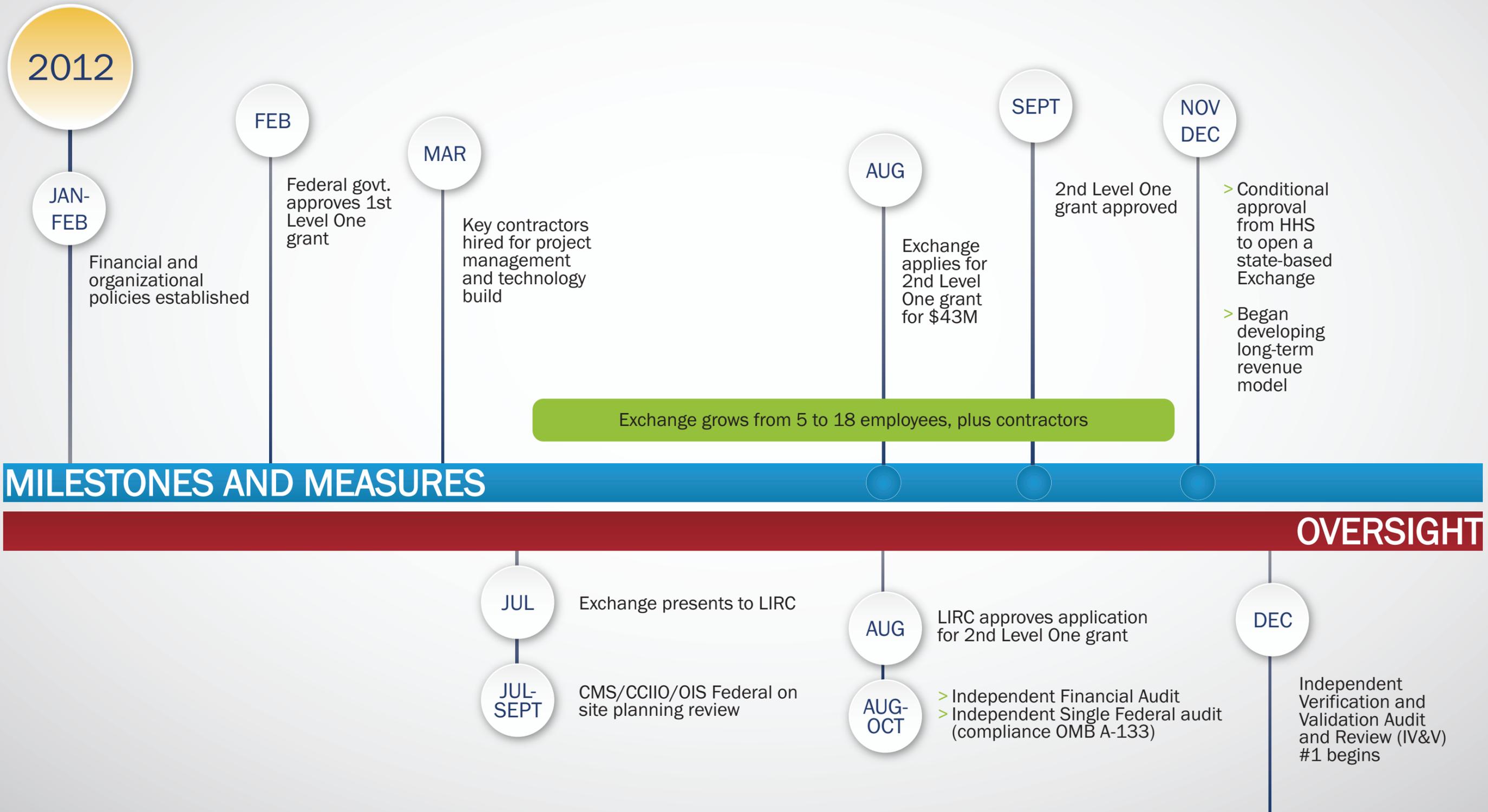


Milestones, Measures and Oversight

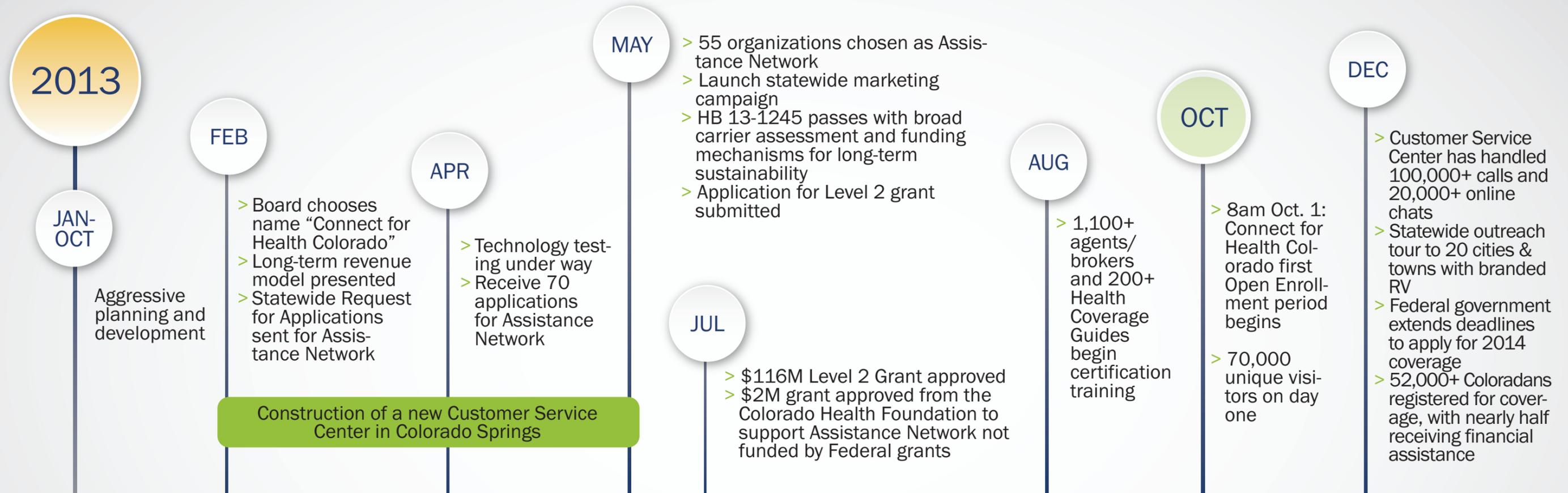




Milestones, Measures and Oversight

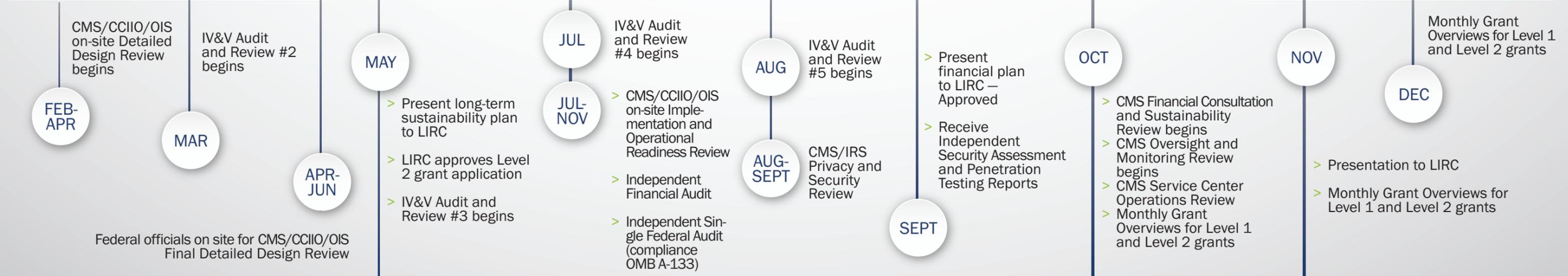


Milestones, Measures and Oversight



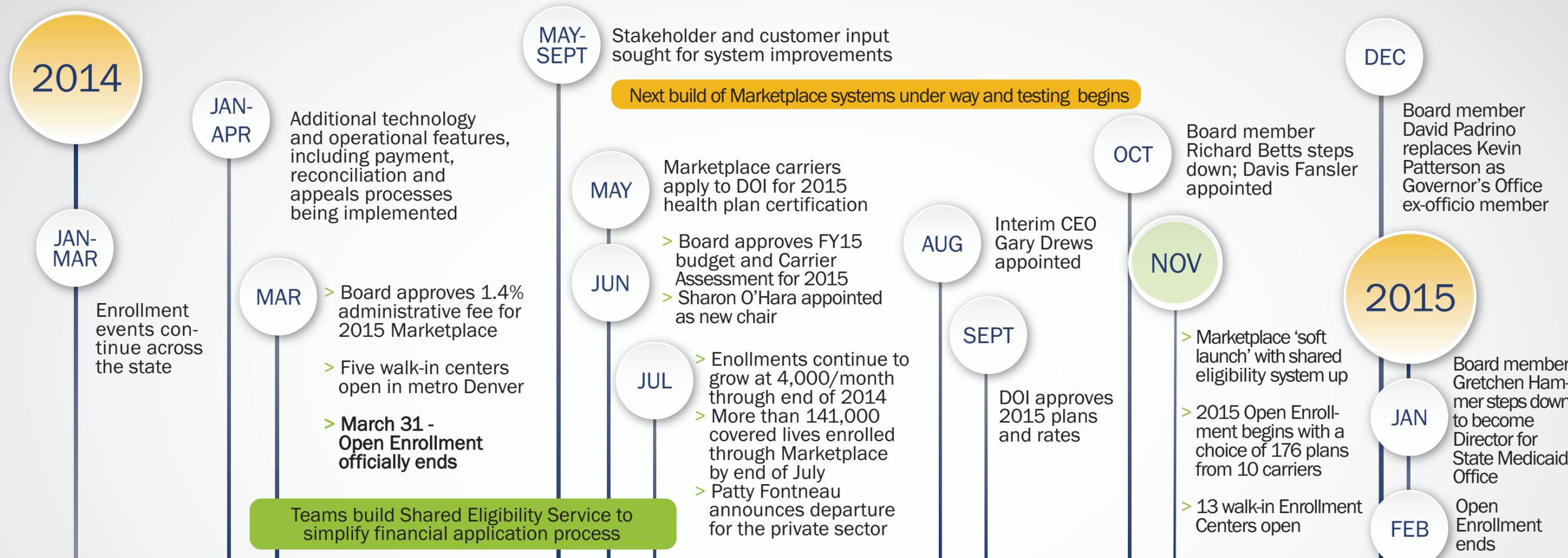
MILESTONES AND MEASURES

OVERSIGHT



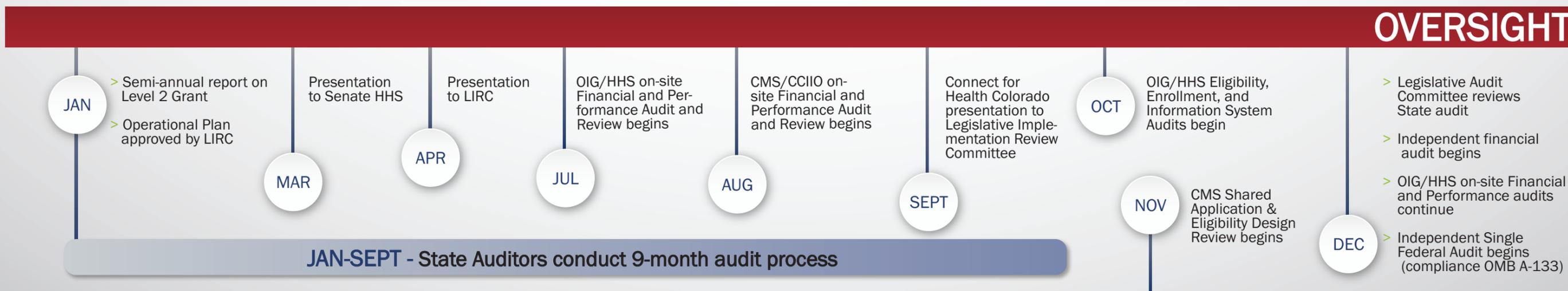


Milestones, Measures and Oversight



MILESTONES AND MEASURES

OVERSIGHT



Connect for Health Colorado

Audit and Reviews

April 01, 2015

#	Title of Review/Audit	Period Covered	Reviewer/Auditor	Type	Scope
1	State Audit	6/1/11 - 5/14/14	Office of the State Auditor	State performance audit	SB 11-200 states all monies received by the Exchange are subject to audit by the Legislative Audit Committee
2	OIG (HHS) Financial Performance	6/1/11 - 7/1/2014	Office of Inspector General	Federal financial audit	Review to determine whether the establishment grant complied with Federal requirements related to the development and implementation in accordance with Federal awards and the ACA and meets grant performance expectations
3	CMS Program Performance	6/1/11 - 7/31/2014	CMS/CCIIO	Federal program compliance review	Assessment of financial and business management systems, internal controls, and finalization of items for final Blueprint
4	FY 12 Financial Audit	7/11/11 - 6/30/12	Kundinger, Corder & Eagle, P.C.	Independent financial audit	Review of financial statements
5	FY12 Federal Single (A-133) Audit	7/11/11 - 6/30/12	Kundinger, Corder & Eagle, P.C.	Independent financial audit	Review of financial statements with respect to compliance with A-133
6	FY13 Financial Audit	7/1/12 - 6/30/13	Kundinger, Corder & Eagle, P.C.	Independent financial audit	Review of financial statements.
7	FY13 Federal Single (A-133) Audit	7/1/12 - 6/30/13	Kundinger, Corder & Eagle, P.C.	Independent financial audit	Federal Single (A-133) Audit for compliance under HHS Federal Grant Program, including policy compliance
8	Independent Validation and Verification (IV&V) Review #1	7/1/12 - 12/1/12	First Data	Independent systems review	Independent assessment of deliverables and performance under the Systems Integrator (SI), CGI Contract. To confirm CGI's compliance with the following activities: requirements of the CGI Contract, applicable laws, regulations and other government requirements, COHBE third party software license agreements, policies, procedures and requirements, and industry best practices.
9	CMS Detailed Design Review	9/1/12 - 4/8/13	CMS/CCIIO/OIS	Federal program compliance review	Review of proposed technical architecture, consumer experience, contingency plans, contracts awarded, staffing, funding, detailed schedule, CMS/CCIIO artifacts.
10	CMS Planning Review	11/01/12 - 9/1/12	CMS/CCIIO/OIS	Federal program compliance review	Review of planning activities (e.g. governance, scope, acquisition strategy, concept of ops, organization, high-level schedule, funding).
11	Independent Validation and Verification (IV&V) Review #2	12/1/12 - 3/25/13	First Data	Independent systems review	The review covered the following areas: <ul style="list-style-type: none"> - Interviews with various Stakeholders - Project schedules (CGI and C4HCO) - Organization and resources (CGI and C4HCO) - PMO management (CGI and C4HCO) - Requirements and traceability - Service center build out - Back office procedures - Training materials development and training plan - SDLC project management, design, data modeling, build, financial systems

Connect for Health Colorado

Audit and Reviews

April 01, 2015

12	Independent Validation and Verification (IV&V) Review #3	3/26/13 - 5/13/13	First Data	Independent systems review	System Security Plan Requirements documents Overall release schedule Release plan System design documents Test plans Contingency plans Database design documents Interface control documents
13	CMS Final Detailed Design Review	4/9/13 - 6/5/13	CMS/CCIIO/OIS	Federal program compliance review	Reviewed final architecture, broker and Health Coverage Guide programs, schedule, implementation issues, staffing, funding. Reviewed status of design and other artifacts. Viewed demo of some Marketplace functionality.
14	Independent Validation and Verification (IV&V) #4 & 5	5/14/13 - 8/1/13	First Data	Independent systems review	C4HC and HCPF Interoperability Configuration management Service Center requirements traceability Service portal System test deployment planning User acceptance test Business continuity
15	CMS Implementation and Operational Readiness Review	6/6/13 - 9/13/13	CMS/CCIIO/OIS	Federal program compliance review	Reviewed operational model for service center. Viewed demo of end-to-end Marketplace functionality. Reviewed status of artifacts. Reviewed outreach and marketing campaign. Reviewed progress on privacy and security documents.
16	FY14 Financial Audit	7/1/13 - 6/30/14	Kunding, Corder & Eagle, P.C.	Independent financial audit	Review of financial statements.
17	FY 14 Federal Single (A-133) Audit	7/1/13 - 6/30/14	Kunding, Corder & Eagle, P.C.	Independent financial audit	Federal Single (A-133) Audit for compliance under HHS Federal Grant Program, including policy compliance
18	CMS Privacy & Security Review	7/18/13 - 9/10/2013	CMS/IRS	Federal program compliance review	Reviewed architecture for handling of PII, PHI, FTI. Reviewed policies and procedures. Toured hosting site (Phoenix Data Center).
19	CMS Financial Consultation/Sustainability Review	10/1/13 - 1/18/14	CMS/CCIIO/OIS	Federal program compliance review	Review grant expenditure planning, sustainability plan progress, A-133 Audit compliance, and required Federal reporting.
20	CMS Oversight and Monitoring Review	10/1/13 - 2/9/14	CMS/CCIIO/OIS	Federal program compliance review	Review processes and procedures to verify compliance and monitoring in operational activities, training, governance, quality assurance, and certifications for Health Coverage Guides and Agents/Brokers.
21	CMS Service Center Operations Review	10/1/13 - 3/20/14	CMS/CCIIO/OIS	Federal program compliance review	Site visit to Colorado Springs Service center to review operations of front and back office activities, training, QA, financial management, eligibility & enrollment, and security.

Connect for Health Colorado

Audit and Reviews

April 01, 2015

22	Independent Security Assessment and Penetration Testing Report	9/23/13	Coalfire	Independent privacy and security review	Meet the requirements of the CMS Federal Data Services Hub connectivity for 3rd party assessment Address Minimum Acceptable Risk Controls for Exchanges requirements for security assessments Provide risk management activities and guidance to the C4HCO team to go-live with a 10/1/13 production schedule
23	CMS Shared Application Eligibility Design Review	3/19/14 - 11/12/2014	CMS/CCIIO/OIS	Federal program compliance review	Review shared application project management, IT development and milestones, governance structure, and system design to including architecture, business rules, and integration design.
24	OIG (HHS) Information Systems	10/1/2014 - ongoing	Office of Inspector General	Federal compliance audit	Review information systems controls
25	OIG (HHS) Eligibility/Enrollment Verification	10/1/2014 - ongoing	Office of Inspector General	Federal compliance audit	Review the effectiveness of internal controls to ensure proper eligibility and enrollment in qualified health plans
26	Security Assessment MARS-E	Mar-15	Coalfire	Independent privacy and security review	Security assessment services for MARS-E, vulnerability testing, network layer penetration testing, social engineering, incident response program review
27	Application Penetration Testing	Mar-15	Coalfire	Independent privacy and security review	Black box testing and Denial of Service attach simulation



Financial and A133 Audit Implementation Plan

RECOMMENDATIONS & RESPONSES

Karen Phillips
CONNECT FOR HEALTH COLORADO

Implementation Dashboard

Section	Date to be Completed	%	Notes
2014-1	6/15	75%	Quickbooks to Intacct conversion has been completed and subsequent clean-up has occurred. Current accounting staff have been trained on the system and proper accounting methods. Permanent CFO search continues.
2014-2	4/15	60%	Management and CMS/CCIIO are working together on resolving the expenses allocated to Level 2 Grant outside the period of availability. This is anticipated to be resolved by the end of April.
2014-3	5/15	50%	Staff is working with subrecipients to document fiscal year, if A133 audits apply to organization, and to obtain the current A133 audit report. These are being reviewed and determination if corrective action is needed. Ongoing, this will be reviewed monthly.
2014-4	4/15	90%	Staff has submitted FFATA reports for 90% of subrecipients. The remaining 10% will be submitted within the next week. Going forward, the staff has been trained to submit the FFATA report by the end of the month following the month in which a subrecipient is awarded grant funds.
2014-5	3/15	100%	Staff understands the federal grant criteria and will ensure that any future advances of federal grant funding will be maintained in an interest bearing account.
2014-6	12/14	100%	Staff has identified and reclassified funding for amounts specifically disallowed from using federal grant funds under the program.

FINDINGS – FINANCIAL STATEMENT AUDIT

2014-001: Controls over Financial Reporting (Material Weakness) – Recommendation: Consideration should be given to new activity and accounting transactions, as to the proper accounting treatment that should be applied, in accordance with generally accepted accounting principles. Furthermore, accounting should be knowledgeable of generally accepted accounting principles and requirements under the accrual basis of accounting. Finally, the financial statements should be reviewed thoroughly by management to determine proper inclusion and treatment of all activity.

- ◆ The Exchange’s Board of Directors and management team are actively engaged in identifying and hiring of additional staff to manage and operate accounting and finance functions, including a Chief Financial Officer, Senior Internal Auditor, and others as needed. An interim CFO joined the Exchange on February 17, 2015. The current staff continues to improve financial policies and procedures, and internal controls.

FINDINGS and QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

2014-002: Period of Availability (Material Weakness) – Recommendation: We recommend that management further develop and implement policies and procedures to properly identify costs that fall outside of the award period. In situations where this may occur or has occurred, management should obtain a waiver or documentation of pre-approval for the identified costs.

- ◆ The Exchange agrees with the finding. Prior to purchasing services outside the applicable grant period, Exchange staff obtained approval to expend the grant funds from representatives of CMS/CCIIO. CMS/CCIIO inadvertently approved contract terms related to the management and support of software licenses outside the associated grant period of availability; and CMS/CCIIO concur with the findings herein. Moreover, CMS/CCIIO have agreed to work with the Exchange to amend federal grant documentation to resolve the inadvertent approval.

2014-003: Subrecipient Monitoring (Material Weakness) – Recommendation: The Exchange should establish internal control procedures that ensure compliance with the monitoring of subrecipient audits.

- ◆ The Exchange agree that an audit requirements exists with respect to a subset of the subrecipients expending \$500,000 or more in federal awards during the subrecipient’s fiscal year. The draft report indicates that the total amount paid to subrecipients was \$5,008,388. However, the relevant portion for purposes of the findings herein should directly correlate only with the subrecipients receiving \$500,000 or more, not all subrecipients. The Exchange’s corrective actions require implementation of procedures; (1) that ensure subrecipients expending \$500,000 or more in federal awards during the subrecipient’s fiscal year have met

the audit requirements of OMB Circular A-133 and that the required audits are completed within the nine months of the end of the subrecipient's audit period; (2) issuing a management decision on audit findings within six months after receipt of the subrecipient's audit report; and (3) ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings, if any.

2014-004: Reporting (Material Weakness) – Recommendation: The Exchange should comply with the reporting requirements as soon as possible. Additionally, the Exchange should implement control procedures to ensure that reporting requirements are met timely in the future.

- ◆ The Exchange remains aware of the reporting requirements under FFATA, and will comply with the reporting requirements as soon as possible. Additionally, the Exchange will implement control procedures to ensure that reporting requirements are met timely moving forward.

2014-005: Cash Management (Significant Deficiency) – Recommendation: The Exchange should ensure that any federal funds received in advance are maintained in interest-bearing accounts. The interest earned on the account will need to be tracked throughout the year and any interest earned over \$250 should be remitted to the U.S. Department of Health and Human Services.

- ◆ The Exchange will ensure that any federal funds received in advance are maintained in interest-bearing accounts and that any interest earned on such accounts will be tracked throughout the fiscal year and any interest earned over \$250 remitted to the U.S. Department of Health and Human Services.

2014-006: Activities Allowed and Allowable Costs (Significant Deficiency) – Recommendation: Employees with procurement responsibility should be adequately trained and able to identify unallowable costs under the federal program.

- ◆ The Exchange's procurement policies and procedures will entail such periodic and on-going training as required to allow responsible staff members to identify unallowable costs associated with federal grant monies.



State Audit Implementation Plan

RECOMMENDATIONS & RESPONSES

Karen Phillips
CONNECT FOR HEALTH COLORADO

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Implementation Dashboard

Section	Date to Implement	Date Completed	%	Notes
1-A	2/15	2/15	100%	Policies and procedures have been written and will continue to evolve and improve as needed.
1-B	3/15	3/15	100%	Policies and procedures have been written and will continue to evolve and improve as needed.
1-C	6/15		30%	Interim CFO retained. CEO search continues. Re-evaluating internal audit position.
1-D	12/14	1/15	100%	Board and CEO approved \$3,000 corporate credit card which is controlled by Controller.
1-E	3/15	3/15	100%	General Counsel, Interim CFO and Controller continue to work with Board and management.
1-F	6/15		75%	Training will continue to be provided as needed to management, staff and Board.
1-G	3/15	12/14	100%	Identified costs have been reclassified to HRPRPF funding, and grant funding adjusted.
2-A	1/15		95%	Revised draft policy presented to Board 1/13/15. Final to Finance Committee/Board pending.
2-B	3/15	3/15	100%	Report is in final stages of completion. When finished, policy/procedure will be written.
2-C	1/15	12/14	100%	Template for new contracts in place, and General Counsel reviewing all contracts.
2-D	3/15		90%	Spreadsheet for tracking all Board decisions in development and historical data added.
2-E	6/15		75%	As new policies/procedures are approved, training will proceed as appropriate.
3-A	3/15	3/15	100%	Policies and procedures have been written and will continue to evolve and improve as needed.
3-B	12/14	12/14	100%	New process/procedures were put in place and refined during 3 rd Quarter 2014.
3-C	3/15	12/14	100%	Advance policy completely revised and strictly enforced.
3-D	3/15	12/14	100%	Review completed and adjustments made, ongoing review on a monthly basis.
4-A	3/15	3/15	100%	Policies and procedures have been written and will continue to evolve and improve as needed.
4-B	6/15		30%	Interim CFO retained. CEO search continues. Re-evaluating internal audit position.
4-C	4/15		80%	General Counsel is expanding initial program with input from CCIIO. Retained consulting firm.
4-D	6/15		75%	As new policies/procedures are approved, training will proceed as appropriate.

SECTION 1 – PAYMENT TO VENDORS

1 – A: Establishing and implementing written policies and procedures that: (1) require documentation of all goods and services that supports the payment amount and business purpose prior to paying vendors, (2) specify the types of documentation required to verify the receipt of goods and services prior to payment, and (3) require all payments to be allowable, compliant, reasonable, and accurate.

- ◆ Connect for Health Colorado will establish and implement additional written policies and procedures that:
 - i) Require documentation of all goods and services that supports the payment amount and business purpose prior to paying vendors
 - ii) Specify the types of documentation required to verify the receipt of goods and services prior to payment
 - iii) Require all payments to be allowable, compliant, reasonable, and accurate. COHBE will continue to update on an ongoing basis, written financial and personnel policies and procedures reflective of the evolving nature of the organization and its staff moving from a start-up toward a stable, established entity
- ◆ COHBE will continue to improve and add to these policies to specify the documentation required to verify the receipt of goods and services prior to payment and require all payments to be allowable, compliant, reasonable, and accurate
- ◆ New staff members with accounting responsibilities will be instructed on use and management of the goods and services payment systems and documentation requirements.

Implementation Date	2/15	Completion Date	2/15
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1 – B: Establishing and implementing written processes and guidance that ensures staff and supervisors understand federal compliance requirements and consistently review all pending payments for compliance, reasonableness, and accuracy before they are paid. Each review should be performed and documented by an individual who is independent of the preparer and possesses sufficient knowledge of compliance and accounting requirements.

- ◆ COHBE will establish and implement additional written processes and guidance that ensure staff and supervisors understand federal compliance requirements and consistently review all pending payments for compliance, reasonableness, and accuracy before they are paid
- ◆ Each review will be performed and documented by an individual who is independent of the preparer and possesses sufficient knowledge of compliance and accounting requirements
- ◆ COHBE will update its written financial and personnel policies and procedures with respect to federal compliance requirements
- ◆ COHBE will ensure that it complies with federal oversight as the organization’s structure and staffing evolves
- ◆ COHBE is working with General Counsel and finance staff to update and improve the system for approving vendors and contracts prior to full execution to ensure compliance, reasonableness, and accuracy before engagement with vendor. This review shall be performed

and documented by several individuals, including General Counsel, managerial and/or executive staff, and the controller before final entry into COHBE’s accounting system for payment submission, and ultimately must be approved with the signature of COHBE’s CEO/ED

- ◆ As new staff are hired, consideration will be given to those individuals with federal compliance experience
- ◆ Current staff will be trained as needed on federal guidelines as well
- ◆ COHBE will continue to improve and add to these policies as organizational growth and sophistication warrant, ensuring that staff and supervisors understand federal compliance requirements and consistently review all pending payments for compliance, reasonableness, and accuracy before they are paid

Implementation Date	3/15	Completion Date	3/15
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1 – C: Ensuring that there is an adequate number of supervisors and staff available to review financial documentation, verify the basis for the billed amounts, and ensure goods and services are received prior to paying vendors.

- ◆ COHBE agrees with the audit findings regarding adequate number of supervisors and staff needed to review financial documentation
- ◆ Currently COHBE is seeking a new CFO and after this individual is hired, staff requirements will be reviewed again and new staff hired as needed
 - i) The goal will be to ensure that there is an adequate number of supervisors and staff available to review financial documentation, verify the basis for the billed amounts, and ensure goods and services are received prior to paying vendors
 - ii) On September 2, 2014, COHBE transitioned from a staff legal counsel to retaining general counsel with over 25 years of experience to assist in the implementation of an organization-wide governance and compliance program addressing the breadth and scope of the each Recommendation provided by the Office of the State Auditor

Implementation Date	6/15	Completion Date	
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1 – D: Establishing and implementing a risk-based process for expediting low-risk purchases, such as low-dollar recurring administrative expenses to expedite the procurement process, as appropriate, during times of high workload within the organization.

- ◆ COHBE agrees with audit findings and will have a corporate credit card for expediting low-risk purchase process by the end of November 2014
- ◆ A policy is currently being drafted detailing the use of this card and staff will be informed and trained as needed in December

Implementation Date	12/14	Completion Date	1/15
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1 – E: Implementing an ongoing periodic monitoring process that involves members of the Board of Directors (Board), management, and supervisors, as appropriate, to ensure financial policies, procedures, processes, guidance, and training are implemented and operating as intended.

- ◆ COHBE will implement an ongoing periodic monitoring process that involves members of the Board of Directors (Board), management, and supervisors, as appropriate, to ensure financial policies, procedures, processes, guidance, and training are implemented and operating as intended
- ◆ Executive management will review and approve financial policies and implementation of new policies and procedures
- ◆ The Board and its finance committee will be advised on improvements in financial reporting and budget reporting
- ◆ COHBE accounting staff will use multiple reporting tools to provide information to the Board, management and supervisors with respect to new developments/processes/procedures; and to provide overall transparency and facilitate appropriate control and oversight
- ◆ Periodic review and spot checks of implemented policies and procedures will occur as a function of the use of COHBE’s accounting systems and record-keeping and record-retention requirements

Implementation Date	3/15	Completion Date	3/15
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1 – F: Training management, supervisors, staff, and Board members, as appropriate, on the policies, procedures, processes, and guidance developed in recommendation parts A through E.

- ◆ COHBE will provide training as needed to management, supervisors, staff and Board members as appropriate, on the policies, procedures, processes, and guidance developed in Recommendation parts A through E
- ◆ Training and information will be communicated in person at all-staff meetings twice per month, and through the use of required on-line training modules each employee must pass upon hire (and annually re-certify), and through the internal publication of a common repository of established policies and procedures
- ◆ With the hire of a general counsel, COHBE is implementing an organizational-wide oversight, monitoring, and compliance program – a description of which was submitted to the Centers for Medicare and Medicaid Services, Center for Consumer Information and Insurance Oversight, on October 17, 2014

Implementation Date	6/1/15	Completion Date	
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1 – G: *Recovering payments for the unallowable costs and payment errors identified in this audit, including identifying and recovering payments to vendors made using the cost plus a percentage method and reporting the results of these efforts to the Board. This should include reviewing current vendor contracts to identify those allowing the cost plus a percentage payment, revising the contracts, and prohibiting future contracts from allowing this payment method.*

- ◆ COHBE will conduct an internal audit by the end of this year to identify unallowable costs, and an adjustment will be made in the Intacct accounting software to reclassify the funding source to non-federal grant funds
- ◆ An internal tracking process will be used to ensure that the next request for payment from the payment management system is reduced by that amount
- ◆ With ongoing internal auditing, unallowable costs will be identified and adjusted accordingly
- ◆ The Board’s Finance Committee will be advised on all identified costs, payments, and corrective actions with respect to material agreements
- ◆ General Counsel (or other appropriate legal staff) will review each material agreement for compliance with applicable regulatory requirements and other transactional best practices
- ◆ For vendors with a continuing relationship with COHBE, oversight processes on vendor payment will be used to recover or net out vendor payments to eliminate overpayments or other identified accounting errors

Implementation Date	3/15	Completion Date	12/14
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SECTION 2 – ADMINISTRATION OF FEDERALLY FUNDED CONTRACTS

2 – A: Establishing a comprehensive written procurement policy or procedure that specifies the Board of Directors’ (Board’s) responsibilities for contract approval. This should include establishing an appropriate minimum threshold for executing contracts, implementing a consistent Board-approval procedure for all contracts of \$150,000 or more, and establishing reporting and approval procedures for payments that exceed the amount that was approved by the Board.

- ◆ To obtain federal grants in 2012, COHBE was required to have in place federally approved procurement policies and procedures
- ◆ COHBE agrees with audit findings and will establish a more comprehensive written procurement policy and applicable procedures that specifies the Board of Directors’ (Board’s) responsibilities for contract approval
- ◆ This will include establishing an appropriate minimum threshold for executing contracts, implementing a consistent Board-approval procedure for all contracts of \$150,000 or more, and establishing reporting and approval procedures for payments that exceed the amount approved by the Board
- ◆ In October 2014, COHBE began updating current procurement policies to include a more robust process in conjunction with the executive management team, members of the Board’s Finance Committee, and the Board with respect to procurement and independent contractor management, including:
 - i) An appropriate minimum threshold for executing contracts
 - ii) Consistent Board-approval procedure for all contracts with a specified threshold
 - iii) Reporting and approval procedures for payments that exceed thresholds approved by the Board
- ◆ The procedure will address multiple individual “statements of work” from a single vendor below any applicable approval threshold that may cumulatively exceed the threshold over time so as to clarify the circumstances when additional Board approval will be required
- ◆ These updated policies will be presented to the Finance Committee and Board of Directors in January, 2015 for approval before final implementation

Implementation Date	1/15	Completion Date	
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2 – B: Establishing and implementing procedures and processes to accurately track each contract and monitor payments to vendors to ensure that payments do not begin before the contract is fully executed and do not exceed contract amounts without appropriate Board and management approval, an executed addendum to the contract statement of work, and documentation of the services provided.

- ◆ COHBE agrees with the audit findings regarding the accurate tracking of contract amounts, terms and payments

- ◆ The Controller, Assistant Controller, and Accounts Payable Specialist were trained in October on Intacct’s tools and workflow processes to track vendor contracts through the Purchase Order and Project Modules
- ◆ A customized report will be finalized by the end of December that will show contract amount, term, spend to date, and balance
- ◆ Work on this report began in November and will be tested and audited to ensure accuracy
- ◆ This report will be monitored monthly by the Controller and Accounts Payable Specialist. With the implementation of these accounting tools, COHBE will establish and implement procedures and processes to document this
- ◆ These procedures will include how to accurately track each contract, monitor payments to vendors to ensure appropriate timing of payments, and that payments do not exceed contract amounts without appropriate Board and management approval, an executed addendum to the contract statement of work, and documentation of the services provided
- ◆ Oversight and management of vendor relationships by General Counsel and legal staff will ensure that each contract contains all the appropriate language, that appropriate Board and executive level approval exists and that the terms and conditions lay out all appropriate, required and prudent contract terms

Implementation Date	3/15	Completion Date	3/15
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2 – C: Consistently utilizing contract templates that include federally required provisions and developing and implementing written procedures to review all contracts for completeness before they are executed. This should include ensuring contracts contain all required provisions, are signed by authorized management, and specify statements of work, periods of performance, and payment terms.

- ◆ COHBE will consistently utilize contract templates that include federally required provisions and develop and implement written procedures to review all contracts for completeness before they are executed
- ◆ This will include ensuring contracts contain all required provisions, are signed by authorized management, and specify statements of work, periods of performance, and payment terms
- ◆ As noted in Recommendation 2, Part B, COHBE’s General Counsel will oversee and monitor all contractual procedures
- ◆ The addition of COHBE’s General Counsel will help ensure that this template is used for all contracts, and that written procedures are updated as needed
- ◆ This will include ensuring contracts contain all required provisions, are executed by an individual clothed with the authority to bind the organization, and contain all appropriate, required, and prudent terms and conditions

Implementation Date	1/15	Completion Date	12/14
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2 – D: Establishing and implementing written procedures to ensure that complete information about contracts exceeding the approval thresholds is provided to the Board and documented in the Board minutes. This should include a process to ensure Board approvals are documented.

- ◆ COHBE agrees with the state audit findings regarding the need for documentation of Board decisions
- ◆ In combination with the revision of the procurement policies detailed in Recommendation 2, Part A, and the implementation of the finance tools and reports detailed in Recommendation 2, Part B, COHBE will take steps to document all Board decisions as well
- ◆ The steps that are being taken to accomplish this documentation are:
 - i) Improving an existing spreadsheet document that memorializes action items from previous Board Meetings and policy decisions to include
 - Vendor name and contract amount and terms
 - Board votes, including unanimous votes, and counts on Yes/No votes
 - ii) Enlisting staff to capture historical decisions in this spreadsheet by researching Board meeting documentation on file
- ◆ COHBE will establish and implement written procedures to ensure that complete information about contracts exceeding the approval thresholds is provided to the Board and documented in Board minutes. This will include a procedure detailing the Board documentation process detailed above.

Implementation Date	3/15	Completion Date	
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2 – E: Training management, staff, and Board members, as appropriate, on the policies, procedures, and processes developed in recommendation parts A through D.

- ◆ COHBE will train management, staff, and Board members, on the new or improved policies, procedures, and processes developed in recommendation parts A through D

Implementation Date	6/15	Completion Date	
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SECTION 3 – GRANTEE PAYMENTS AND REIMBURSEMENTS

3 – A: *Establishing and implementing comprehensive written policies and procedures to administer its grant program. This should include policies and/or procedures that prohibit the organization from obtaining or using federal funds for grantees that are prohibited from receiving federal funds; ensure grantees are paid in compliance with their contract terms and the documentation supporting grantees' actual costs; and ensure timely payment processing.*

- ◆ COHBE will establish and implement additional written policies and procedures to administer its grant program
- ◆ This will include policies and/or procedures that control the use of federal funds for grantees; ensure grantees are paid in compliance with their contract terms and the documentation supporting grantees' actual costs; and ensure timely payment processing
- ◆ COHBE will implement written policies and procedures regarding the administration of COHBE's grant program

Implementation Date	3/15	Completion Date	3/15
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3 – B: *Establishing and implementing processes to oversee the grant program, including ensuring that there are adequate staff to review and process payment requests in a timely manner; ensuring staff review documentation supporting grantee payment requests and correct errors prior to payment; implementing consistent supervisory reviews of transactions before grantees are paid; and accurately recording all transactions in the general ledger.*

- ◆ COHBE will review and update written policies and procedures regarding the administration of COHBE's grant program, which was approved and monitored by the federal government under its grant award
- ◆ In May of this year, COHBE hired new staff and began implementation of additional procedures to ensure:
 - i) That there is adequate staff to review and process payment requests in a timely manner
 - ii) Ensure staff review documentation supporting grantee payment requests and correct errors prior to payment
 - iii) Implement consistent supervisory review of transactions before grantees are paid; and accurately record all transactions in the general ledger
- ◆ This procedure, which includes review by COHBE's Controller prior to the disbursement of funds, has helped to ensure that grantees are paid in compliance with their contract terms and the documentation supporting costs has been received
- ◆ The procedure further ensures timely payment processing

- ◆ Grantees have not experienced delays in reimbursement payment since July, 2014
- ◆ Requests for reimbursement contain appropriate and adequate documentation, and reimbursement is being made from appropriate funding sources

Implementation Date	12/14	Completion Date	12/14
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3 – C: Evaluating the practice of making advance payments to grantees before services are provided. If this practice continues, Connect for Health should develop a written policy and/or procedure requiring grantees to submit documentation demonstrating an immediate need before making advance payments grantees; an appropriate supervisory review of all advance payments for reasonableness, appropriateness, and federal compliance; and a reconciliation to ensure grantees spend all advances before receiving subsequent advances.

- ◆ Over the past three months, COHBE has been able to improve internal processes to ensure timely payment of grantees reimbursement requests
- ◆ COHBE’s management and staff have worked with grantees who were not consistent in providing the appropriate documentation after being awarded an advance payment
- ◆ Internally, COHBE now has tracking tools to ensure that grantees who are being awarded advances have submitted their previous month’s reimbursement documentation, and that the outstanding advanced monies are not more than they have historically shown a need for on a monthly basis. If the balance in a grantee’s advance account is greater than historical monthly need, the advance has been denied and the organization was notified to determine how to proceed.
- ◆ Additionally, COHBE’s improved internal processes and the hiring of staff has reduced the repayment time for reimbursement requests, thus allowing those grantees requesting advances to be reduced as well, as follows:
 - i) February 2014 – 11 grantees requested advances of \$379,487
 - ii) September 2014 – 3 grantees requested advances of \$59,480
- ◆ The three grantees who are still requesting advances have been notified of the controls implemented by COHBE in late July, and were queried as to whether they would be capable to continue exchange activity without advances in the future. Two of the three have indicated that this amount is still necessary. The third grantee has been converted to a reimbursement-only payment type.

Implementation Date	3/15	Completion Date	12/14
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3 – D: *Investigating each instance of overpayment, noncompliance, and error we identified in the audit and recover funds from grantees, as appropriate.*

- ◆ COHBE’s internal review processes were strengthened in February, when COHBE hired a Controller (filling a vacancy), and continued in full force in May, when new grant accounting staff was hired
- ◆ Moving forward, for any organization or vendor where an overpayment, noncompliance indicating an overpayment, or where errors have been identified which result in under or overpayments, the amounts and instances will be reviewed and addressed by the Controller
- ◆ Meetings will be scheduled with organizations to discuss the results of any review or investigation. As appropriate, reimbursement payment requested by an organization will be reduced or increased.
- ◆ This review and adjustment process will be ongoing and will continue through the grantee award cycle as appropriate. This process is intended to ensure that federal funds are tracked and maintained pursuant to all applicable regulatory authority

Implementation Date	3/15	Completion Date	12/14
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SECTION 4 – FINANCIAL ADMINISTRATION AND MANAGEMENT

4 – A: Establishing and implementing appropriate written financial policies, procedures, and internal controls that ensure proper accounting, recording of all checks and financial transactions, and compliance with applicable laws, regulations, and internal requirements. This should include developing procedures for identifying, reporting, investigating, and correcting transactions that appear noncompliant with laws, regulations, and requirements; developing policies and procedures over reimbursing staff for purchases, such as supplies, equipment and overtime meals; and considering centralizing procurement for office items such as supplies and equipment.

- ◆ COHBE will establish and implement additional appropriate written financial policies, procedures, and internal controls that ensure proper accounting, recording of all checks and financial transactions, and compliance with applicable laws, regulations, and internal requirements
- ◆ This will include developing more robust procedures for identifying, reporting, investigating, and correcting transactions that appear noncompliant with laws, regulations, and requirements; developing policies and procedures over reimbursing staff for purchases, such as supplies, equipment and overtime meals; and considering centralizing procurement for office items such as supplies and equipment
- ◆ Additional improvements will include financial policies, procedures and internal controls regarding all revenue transactions
- ◆ Employee requests for reimbursement are formalized in an on-line accounting process requiring documentation and approval
- ◆ With the continuing maturation of COHBE from its initial start-up as a new state-based marketplace, accounting and oversight processes for low-dollar recurring expenses will be established through appropriate accounting protocols
- ◆ COHBE will use a corporate credit card to expedite and control the recurring low-dollar administrative costs with appropriate use restrictions and oversight

Implementation Date	3/15	Completion Date	3/15
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4 – B: Ensuring that an appropriate number of staff and supervisors are assigned to accounting functions, with the appropriate levels of system access and segregation of duties controls in place.

- ◆ COHBE agrees with the state audit findings and will review current staffing and make changes as needed to ensure that an appropriate number of staff and supervisors are assigned to accounting functions, with appropriate levels of system access and segregation of duty controls
- ◆ From the first full operations as a new non-profit in 2012, COHBE has focused on identifying staffing needs and the stabilization within all functional areas of operation

- ◆ Vendor billing and payment processes continue to evolve to meet identified needs as COHBE continues to establish itself as a sustainable organization
- ◆ COHBE is currently searching for a new CFO with the assistance of a professional search firm – COHBE’s first hiring priority is a new CEO/Executive Director
- ◆ An internal audit position is under consideration given the volume and burden associated with approximately 30 audits and reviews of COHBE in its first 30 months of operation
- ◆ COHBE retained general counsel with over 25 years of experience on September 2nd, 2014 to assist in the implementation of an organization-wide governance and compliance program addressing the breadth and scope of the each Recommendation provided by the Office of the State Auditor

Implementation Date	6/15	Completion Date	
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4 – C: Establishing and implementing periodic risk-based quality control reviews to ensure organizational compliance with laws, regulations, and internal policies and procedures. This should include reporting the results of the reviews to the Board, and revising policies and procedures, as appropriate, based on the results of the reviews.

- ◆ COHBE has submitted an Oversight and Monitoring Program description to CMS/CCIIO as part of a comprehensive process to implement an over-arching and holistic monitoring, compliance and quality control program for the functional and operational components of a state-based marketplace
- ◆ The comprehensive program description was submitted for review and feedback on October 17th, 2014
- ◆ As COHBE moves from a start-up organization in the implementation phase into sustainability and operation as a more mature entity, oversight, monitoring, compliance and quality control processes will be continually reviewed and amended as the regulatory environment evolves at both a state and a federal level
- ◆ COHBE recognizes its obligation to ensure on-going compliance and appropriate market conduct in keeping with its statutory mission

Implementation Date	4/15	Completion Date	
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4 – D: Training Board members, management, and appropriate staff on the policies and procedures established in recommendation parts A, B, and C above.

- ◆ COHBE will train Board members, management, and appropriate staff on the policies and procedures established in recommendation parts A, B, and C above, as detailed through-out the various responses contained herein
- ◆ COHBE will work with Board members, management and staff to determine the most effective way of conducting this training including staff meetings, on-line training, new staff training, and any other methods identified

Implementation Date	6/15	Completion Date	
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