

Audit Committee Meeting

August 21, 2025



Presented by

Kirk Marston, Chief Audit Executive, Office of Audit Services
Kevin Cathy, Branch Chief, Office of Audit Services

AGENDA

Item	Presentation	Slides
III.	Audit Results (Discussion) <ul style="list-style-type: none">• External Audits<ul style="list-style-type: none">○ 2024 Programmatic Audit○ 2023-24 Financial Statements Audit• Internal Audits<ul style="list-style-type: none">○ State Privacy Requirements Audit○ State Personnel Board Compliance Review Follow-Up Audit	3 - 33
IV.	Wrap-Up and Next Steps	34

EXTERNAL AUDIT RESULTS **2024 PROGRAMMATIC AUDIT**

Presented by: BerryDunn Representatives



BerryDunn Presentation to the Audit Committee on Plan Year 2024 Programmatic Audit Results



August 21, 2025

Suggested Audit Procedures by CMS

The independent external auditor can define its own methodology, as long as guidelines set forth in Generally Accepted Government Auditing Standards are followed.



Document Review

- Training materials
- Policies and procedures
- Contracts
- Notices to consumers
- Website contents



Interviews

- Interview marketplace staff members from key functional areas to help assess compliance with 45 CFR 155 requirements



Testing

- Select a sample of verification files to validate proper processing
- Select a sample of eligibility and enrollment files to validate proper processing

Eligibility, Enrollment, and Verification Testing Highlights

BerryDunn received a listing of the most recent 6,210,716 eligibility determination transactions completed for each applicant between October 2023 and September 15, 2024, and 1,751,861 eligibility determination transactions from September 17, 2024, through December 31, 2024.

Verification Testing

- BerryDunn selected 125 cases to test for compliance with verification rules, which included Qualified Health Plan (QHP) applicants only.

Eligibility and Enrollment Testing

- BerryDunn selected 60 cases to test compliance with eligibility rules, which included Medicaid.
- BerryDunn selected 60 cases to test compliance with enrollment rules, which included QHP applicants only.

Outcome

- BerryDunn identified six findings, some of which were repeat findings from the prior years.
- BerryDunn's Independent Accountant's Report reflects a "modified" opinion.



PY24 Audit Scope

- ▲ Audit Period: Determinations made for PY2024 (January 1, 2024 – December 31, 2024)
- ▲ Programmatic audit was conducted in accordance with AT-C Section 315 of the AICPA's SSAE, and standards as described in Chapter 7 of the 2018 Generally Accepted Government Auditing Standards
- ▲ BerryDunn will perform the examination to obtain **reasonable assurance** about whether the Exchange complied, **in all material respects**, with the specified requirements
 - The federal government regulations set forth in 45 CFR 155, Subparts C, D, E, and K
 - California Code of Regulations (CCR) Title 10, Chapter 12



Sampling Based on Auditing Standards

- ▲ Nonnumeric information requires a sampling approach that is not based on a numeric measure of materiality
- ▲ Consideration of risks during the audit period

Expected Number of Deviations	Degree of Assurance Needed (Step 3)		
	High (95% Confidence Level)	Moderate (90% Confidence Level)	Low (85% Confidence Level)
0	60	45	35
1	95	80	65
2	125	110	90

Types of Deficiencies in a Programmatic Examination

Definitions of Deficiencies for a Programmatic (Compliance) Examination

- ▲ The terms “material weakness” and “material noncompliance” for programmatic (compliance) audits are defined by the American Institute of Certified Public Accountants (AICPA) and Government Auditing Standards issued by the Government Accountability Office.
 - A **material weakness** is a deficiency, or combination of deficiencies, in internal control over compliance, where there is a reasonable possibility that material noncompliance with a requirement will not be prevented, detected and/or corrected, on a timely basis.
 - **Material noncompliance** is a failure to follow compliance requirements, or a violation of prohibitions included in the specified requirements that results in noncompliance that is quantitatively or qualitatively material, either individually or when aggregated with other noncompliance.

Findings Terminology

Criteria

- The regulation that the condition is being evaluated against.

Condition

- A description of the actual situation that exists. It should be a factual description supported in context by the audit evidence, in this case, likely testing.

Cause

- The reason the condition exists. It should be identified, if possible, and supported by audit evidence. Management often needs to assist in identifying the cause.

Effect

- The consequence of the condition. It should be described in terms of the impact on the entity's operations and compliance with the relevant laws and regulations.

Recommendation

- How to correct the condition. It should be realistic and achievable, and often needs management input.



Finding #2024-001

Condition

- BerryDunn conducted reperformance testing for a sample of 60 eligibility determinations and identified one eligibility determination where the applicant was determined eligible for advanced premium tax credit (APTC) during the same period for which they had been determined eligible for Medi-Cal, California's Medicaid program.
- BerryDunn identified one additional eligibility determination scenario of the 60 tested where the applicant was held in “carry forward” transition since 2021. In this scenario the applicant is potentially eligible for MAGI Medi-Cal, but maintains their qualified health plan (QHP) and APTC eligibility until the Medi-Cal eligibility is fully determined.

Effect

- In both scenarios, the applicants enrolled in a QHP instead of utilizing Medi-Cal coverage for which they may have been eligible.

Recommendation

- BerryDunn recommends that Covered California coordinate with CalHEERS to verify the cause of the applicant determination as eligible for both programs within the same calendar month and assess whether additional resolution is needed to help ensure that minimum essential coverage eligibility properly results in a determination of ineligibility for APTC, thereby preventing redundant eligibility scenarios that are noncompliant with the aforementioned regulations.

Corrective Action Plan Provided by Covered California

- Covered California will take under advisement and review this process with the Department of Health Care Services (DHCS) to determine what the appropriate next steps will be.
- Targeted Completion Date: 12/31/2026



Finding #2024-002

Condition

- BerryDunn identified that financial assistance was not removed or redetermined after expiration of the applicable Reasonable Opportunity Period (ROP), as required by Covered California (CCA) policy, for 6 cases from a sample selection of 125.

Effect

- Applicants were conditionally eligible for a longer period than stipulated by state and federal requirements. Applicants could have received an incorrect amount of financial assistance because Covered California did not take action to remove or update financial assistance for applicants who did not provide supporting documentation in a timely manner.

Recommendation

- BerryDunn recommends that Covered California ensure system functionality is designed to consistently redetermine financial assistance for applicants that do not provide supporting evidence to resolve an income inconsistency within the ROP.

Corrective Action Plan Provided by Covered California

- CCA has successfully implemented updates with release 24.2, which include improvements to the reasonable compatibility test and increased flexibility in accepting attested income in the absence of IRS data. While they have made these enhancements, CCA continues to identify areas for process refinement. In 2024, CCA implemented a targeted process for the income inconsistencies through which they were able to clear inconsistencies for approximately 112,000 individuals. To support the ongoing effort, in 2025, CCA is conducting a pilot for the income ROP auto discontinuance batch process. This initiative will be instrumental in further refining their income verification process, enabling CCA to make more informed and efficient decisions moving forward.
- Targeted Completion Date: 12/31/2025



Finding #2024-003

Condition

- BerryDunn identified one enrollment determination from a sample selection of 60 for which values within the determination did not match the calculation manually reperformed by BerryDunn or CalHEERS.

Effect

- The applicant's tax household may not have been awarded the correct amount of APTC for the tax and plan year due to CalHEERS not properly considering information in the system regarding the household's income, benchmark plan premium, and APTC used previously in the year

Recommendation

- BerryDunn recommends that Covered California (CCA) work with CalHEERS to determine the cause of the potentially incorrect APTC amount, and whether there is a systemic defect or the case had a specific factor that caused the potentially incorrect APTC amount.

Corrective Action Plan Provided by Covered California

- Covered California and CalHEERS' assessment indicates that there is no system issue and that it is functioning as designed. CCA acknowledge that this case involved several eligibility determinations being made on the date in question, along with multiple Admin Overrides, which contributed to the complexity of understanding the APTC calculations. Despite this complexity, CCA determined the consumer did receive the correct monthly and annual APTC amounts.



Finding #2024-004 (Prior Year Finding 2023-004)

Condition

- During the plan year 2022 audit, the prior auditor identified instances where employees, contractors, consultants, student aids, and Board members with virtual private network (VPN) access had not completed a Telework Agreement or Remote Access Agreement. Additionally, the prior auditor was not provided with evidence demonstrating that users had completed the required Acceptable Use Statement.

Effect

- The lack of proper remote access policies and procedures could allow inappropriate access to personally identifiable information (PII) of applicants and enrolled members whose information is maintained in Covered California systems.

Recommendation

- BerryDunn recommends that the Covered California IT Division (CCIT) continue progress on implementation of a formal process to ensure that all contractors, consultants and other non-civil service workers sign a Remote Access Agreement or Telework Agreement no later than two business days after beginning a telework or remote access assignment, and sign an Acceptable Use Statement by the end of their onboarding. BerryDunn recommends that CCIT continue to work with the Human Resources Branch (HRB) to implement a formal process to ensure that remote access is granted on a timely basis to employees and contractors following the completion of all required forms, agreements, and training. Additionally, BerryDunn recommends that Covered California conduct a detailed review of vendor contracts to ensure that all contracts include consistent language requiring contractor staff to acknowledge and assign an Acceptable Use Statement.

Corrective Action Plan Provided by Covered California

- Covered California will continue working to implement a formal process to ensure that remote access is granted on a timely basis to employees and contractors following the completion of all required forms and agreements, while also addressing the other aspects of the recommendation.
- Target Completion Date: 7/1/2026



Finding #2024-005 (Prior Year Finding 2023-005)

Condition

- An audit finding from the plan year 2022 audit noted that service center surge contractor staff did not sign Covered California Remote Access Agreements and Acceptable Use Statements, as required by Covered California's privacy and security standards and the executed contract between Covered California and the surge contractor. Further, Covered California did not monitor contractors' compliance with the requirement that all staff must sign a Covered California Remote Access Agreement and Acceptable Use Statement.

Effect

- Personally identifiable information could be accessed by or disclosed to unauthorized individuals.

Recommendation

- BerryDunn recommends that Covered California continue progress on implementation of a formal process to monitor that all active contractors, consultants, and other non-civil service workers have a signed Remote Access Agreement no later than two business days after beginning a remote access assignment, and a signed Acceptable Use Statement completed by the end of their onboarding.

Corrective Action Plan Provided by Covered California

- Covered California will continue working to implement a formal process to monitor that all active contractors, consultants, and other non-civil service workers have a signed Remote Access Agreement no later than two business days after beginning a remote access assignment, and a signed Acceptable Use Statement completed by the end of their onboarding.
- Targeted Completion Date: 7/1/2026



Finding #2024-006 (Prior Year Finding 2023-007)

Condition

- During the Plan Year 2022 audit, the prior auditor identified instances where proof of identity documentation was uploaded by county eligibility workers. CCR § 6464 indicates that only Certified Representatives can verify and upload customer identify verification documents. County eligibility workers are not defined as Certified Representatives according to the CCR.

Effect

- County eligibility workers that operate as application assisters are not in compliance with current California regulations. Counties provide their own identity proofing guidance that may differ from Covered California's guidance. County workers may lack access to the specific guidance and ongoing support readily available to Exchange-certified representatives.

Recommendation

- BerryDunn does not have a recommendation because Covered California remediated this finding after the examination period.

Corrective Action Plan Provided by Covered California

- Covered California noted that this finding had not been remediated as of December 31, 2024. However, the Office of Administrative Law approved updates to the Identify Verification Requirement regulations in 10 CCR § 6464 on February 10, 2025 that address this finding.
- Targeted Completion Date: Implemented.



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EACH CALLER WILL BE LIMITED TO TWO MINUTES PER AGENDA ITEM

Note: Written comment may be submitted to AuditCommittee@covered.ca.gov

EXTERNAL AUDIT RESULTS 2023-24 FINANCIAL STATEMENTS AUDIT

Presented by: Kirk Marston

2023-24 FINANCIAL STATEMENTS AUDIT

BACKGROUND

Covered California is required by the Centers for Medicare & Medicaid Services (CMS) to annually undergo an audit of its financial statements by an independent accounting firm.

EXTERNAL AUDITOR

The independent accounting firm hired to perform this audit for the 2023-24 fiscal year period was Macias, Gini, & O'Connell (MGO).

AUDIT OBJECTIVE

MGO performed this audit to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error. MGO then issued an auditor's report that included their opinion.

AUDIT RESULTS

- In the opinion of the external auditors, the financial statements present fairly, in all material respects, the respective financial position of Covered California, as of June 30, 2024. This includes respective changes in financial position and cash flows for the year end in accordance with Generally Accepted Accounting Principles.
- The auditors did not identify any significant unusual transactions.
- The auditors did not find any misstatements.
- The auditors did not identify any deficiencies in internal control that they consider to be material weaknesses.
- The report disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.



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INTERNAL AUDIT RESULTS

STATE PRIVACY REQUIREMENTS AUDIT

Presented by: Kevin Cathy

STATE PRIVACY REQUIREMENTS AUDIT

BACKGROUND

Covered California is required to comply with the Information Practices Act. The Privacy Office, within the Office of Legal Affairs, is responsible for the development and implementation of privacy policies and procedures in accordance with federal and state laws. The Office of Audit Services conducted an audit on privacy requirements, specifically regarding compliance with state laws.

AUDIT OBJECTIVE

The Office of Audit Services conducted an audit to assess the Privacy Office's compliance with state privacy requirements protecting consumers' Personally Identifiable Information. The audit reporting period was during July 1, 2023, through June 30, 2024.

POSITIVE OBSERVATIONS

The Office of Audit Services verified, with reasonable assurance, that the Privacy Office established effective controls to ensure Covered California complies with state privacy requirements. The Privacy Office:

- Effectively tracks privacy incidents and ensures consumers are notified timely, which reflects Covered California's commitment to protecting consumer information.
- Established a robust set of policies, which helps ensure Covered California employees comply with state privacy requirements.
- Designed Covered California's privacy and information security training to include state privacy requirement topics, which helps ensure employees are knowledgeable of and comply with the requirements.

STATE PRIVACY REQUIREMENTS AUDIT

SUMMARY OF AUDIT FINDINGS		
Finding	Recommendations	Estimated Implementation Dates of CAPs
Finding 1: The Privacy Office did not provide adequate oversight of contractors who access personally identifiable information	The Privacy Office should establish and implement procedures aligned with the Privacy Standards Guide to ensure proper contractor oversight.	June 2026
Finding 2: The Privacy Office did not track and monitor Workforce training activities to ensure compliance with training requirements	The Privacy Office should establish and implement procedures aligned with the Privacy Standards Guide to ensure employees complete the required privacy and information security awareness training.	June 2026



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INTERNAL AUDIT RESULTS STATE PERSONNEL BOARD COMPLIANCE REVIEW FOLLOW-UP AUDIT

Presented by: Kevin Cathy

SPB COMPLIANCE REVIEW FOLLOW-UP AUDIT

BACKGROUND

The State Personnel Board (SPB) conducts triannual compliance review audits focused on various personnel practices (such as equal employment opportunity, mandated training, appointments, etc.). SPB issued their most recent Compliance Review audit report to Covered California in March 2023. SPB's report identified a total of nine findings.

AUDIT OBJECTIVE

The Office of Audit Services conducted a follow-up audit to assess the progress and effectiveness of corrective actions taken in response to the nine findings identified in the most recent SPB Compliance Review audit report. The audit reporting period was during July 1, 2023, through June 30, 2024.

POSITIVE OBSERVATIONS

The Office of Audit Services verified, with reasonable assurance, that the Equal Employment Opportunity Office and Human Resources Branch fully rectified three of the nine findings by:

- Strengthening procedures for retention and recordkeeping of appointment documentation within personnel records.
- Improving controls to provide written documentation on the status of complainants' cases within 90 days.
- Enhancing methods to more accurately track retired annuitant hours worked.

SPB COMPLIANCE REVIEW FOLLOW-UP AUDIT

SUMMARY OF AUDIT FINDINGS

Finding	Recommendations	Estimated Implementation Dates of CAPs
Finding 1: Human Resources Branch did not consistently retest employees that received bilingual pay within required intervals	Human Resources Branch should implement a process to have employees with 'International Language Roundtable' scores lower than 3 retest every five years.	November 2025
Finding 2: Human Resources Branch did not audit employee leave records on a monthly basis	Human Resources Branch should create a documented process for reviewing leave records on a monthly basis.	July 2025 <i>Pending Validation</i>
Finding 3: Human Resources Branch did not consistently ensure employees received performance appraisal	Human Resources Branch should implement procedures to monitor and track the completion of performance appraisals to ensure they are completed timely.	February 2026
Finding 4: Covered California University did not ensure their records accurately reflected the completion of the required ethics training by all designated filers	Covered California University should establish and implement policies and procedures for maintaining ethics training records to ensure all filers complete the required training and that training records accurately reflect their completion.	August 2025
Finding 5: Covered California University did not ensure all supervisory employees completed mandatory leadership training	Covered California University should establish and implement policies and procedures to ensure that supervisory employees complete required training upon initial appointment and biennially thereafter, and also ensure training certificates completed outside of the learning management system are properly and timely submitted.	August 2025
Finding 6: Covered California University did not ensure all employees were provided sexual harassment prevention training	Covered California University should establish and implement policies and procedures to ensure all new and current employees complete the required sexual harassment prevention training within required timeframes.	August 2025



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WRAP-UP AND NEXT STEPS

Potential Future Meeting Dates	Potential Agenda Topics	Action/Discussion
November 20, 2025	<ul style="list-style-type: none"> Review and Approve Internal Audit Charter Review Results of Completed Audits 	Action Discussion
February 20, 2026	<ul style="list-style-type: none"> Review Results of Completed Audits 	Discussion
June 3, 2026	<ul style="list-style-type: none"> Review and Approve Annual Risk-Based Internal Audit Plan Review Annual Audit Activities Board Report Review Results of Completed Audits 	Action Discussion Discussion
August 21, 2026	<ul style="list-style-type: none"> Review Results of Completed Audits 	Discussion
August 21, 2026 (Board Meeting)	<ul style="list-style-type: none"> Present Annual Audit Activities Report to Board 	Discussion
November 20, 2026	<ul style="list-style-type: none"> Review and Approve Internal Audit Charter Review Results of Completed Audits 	Action Discussion

APPENDIX – QUARTERLY REPORT ON AUDIT ACTIVITIES

Audit Activity	Slides
Status of Internal Audits	40
Status of Corrective Action Plans for Completed Internal Audits	41 - 43
Status of External Audits	44
Status of Corrective Action Plans for Completed External Audits	45 - 47
Status of Non-Audit Projects	48

QUARTERLY REPORT ON AUDIT ACTIVITIES

STATUS OF IN-PROGRESS INTERNAL AUDITS			
Name	Business Area	Objective	Estimated Completion Timeframe
Patch Management Controls Audit	Information Technology Division	To verify if the Information Technology Division’s management controls of security patches for workstations comply with federal requirements.	FY 2025-26 Quarter 1
Contract Management Audit	Policy, Eligibility, and Research Division	To determine whether contracts managed by the Policy, Eligibility, and Research Division are adequately monitored in accordance with policies, procedures, and applicable requirements.	FY 2025-26 Quarter 1
Advertising Contracts Audit	Marketing Division	To determine whether advertising contracts are adequately monitored in accordance with policies, procedures, and applicable requirements.	FY 2025-26 Quarter 1
FMLA Compliance Audit	Human Resources Branch	To assess HRB’s compliance with Family Medical Leave Act (FMLA) leave of absence, notification, and certification procedures, in accordance with state and federal regulations.	FY 2025-26 Quarter 3
Hardware Asset Management Audit	Information Technology Division	To assess the Information Technology Division's effectiveness in managing Covered California's hardware asset tracking and inventory processes.	FY 2025-26 Quarter 3

QUARTERLY REPORT ON AUDIT ACTIVITIES

STATUS OF CORRECTIVE ACTION PLANS (CAPs) FOR COMPLETED INTERNAL AUDITS

Name	Business Area	Final Report Issue Date	Objective	Findings	Estimated Implementation Date of CAPs
Employee Separation Audit	Administrative Services Division ~ Information Technology Division ~ Financial Management Division	April 2024	To obtain reasonable assurance that internal controls over Covered California's employee separation process were administered in accordance with policies, procedures, and applicable requirements.	1. Business Services Branch did not always deactivate access identification badges and/or ensure that badges were returned when employees separated from Covered California.	Implemented
				2. Information Technology Division did not effectively review user access and account privileges for all Covered California IT systems.	Implemented
				3. Information Technology Division did not always maintain sufficient documentation for the issuance and return of IT equipment.	Implemented
				4. Human Resources Branch did not always process outstanding accounts receivable from separating employees.	Implemented
				5. Business Services Branch did not always maintain sufficient documentation for the return of office/ergonomic equipment.	Implemented

QUARTERLY REPORT ON AUDIT ACTIVITIES

STATUS OF CORRECTIVE ACTION PLANS (CAPs) FOR COMPLETED INTERNAL AUDITS (continued)					
Name	Business Area	Final Report Date	Objective	Findings	Estimated Implementation Date of CAPs
Business Continuity Plan Audit	Business Services Branch	September 2024	To obtain reasonable assurance that internal controls over the oversight and monitoring of Surge Vendor user access are in place and operating as designed and that the process is administered in accordance with the applicable federal, state, and department rules, regulations, and statutes.	1. Business Services Branch did not seek approval from senior level officials to certify Covered California’s Business Continuity Plan.	Implemented
Travel Expense Reimbursement Audit	Financial Management Division	February 2025	To obtain reasonable assurance that reimbursements of travel expense claims comply with the state’s travel expense regulations.	1. Travel expenses were approved for reimbursement after the business trips had already occurred	Implemented

QUARTERLY REPORT ON AUDIT ACTIVITIES

STATUS OF CORRECTIVE ACTION PLANS (CAPs) FOR COMPLETED INTERNAL AUDITS (continued)

Name	Business Area	Final Report Date	Objective	Findings	Estimated Implementation Date of CAPs
CalHEERS Manual Override Audit	Service Center Division ~ Information Technology Division	March 2025	To assess whether internal controls over CalHEERS manual override functionalities are operating appropriately.	1. Service Center Division L3 system users did not always perform accurate and allowable CalHEERS manual override transactions	Implemented
				2. Service Center Division did not always provision employees with the correct CalHEERS access levels	December 2025
				3. Information Technology Division did not ensure quarterly reviews of CalHEERS user accounts were performed	March 2026
Follow up on SPB Compliance Review Audit	Human Resources Branch ~ Covered California University ~ Equal Employment Opportunity Office	May 2025	To assess the progress and effectiveness of corrective actions taken in response to findings identified in the State Personnel Board's Compliance Review Report issued in March 2023.	1. Human Resources Branch did not consistently retest employees that received bilingual pay within required intervals	November 2025
				2. Human Resources Branch did not audit employee leave records on a monthly basis	July 2025 <i>Pending Validation</i>
				3. Human Resources Branch did not consistently ensure employees received performance appraisal	February 2026
				4. Covered California University did not ensure their records accurately reflected the completion of the required ethics training by all designated filers	August 2025
				5. Covered California University did not ensure all supervisory employees completed mandatory leadership training	August 2025
				6. Covered California University did not ensure all supervisory employees completed mandatory leadership training	August 2025

QUARTERLY REPORT ON AUDIT ACTIVITIES

STATUS OF IN-PROGRESS EXTERNAL AUDITS			
Name	External Auditor	Objective	Estimated Completion Date
Duplicate Government Sponsored Health Care Coverage Audit (Audit of CMS)	Government Accountability Office	To assess if Covered CA enrollees are also enrolled in other State programs and have dual coverage (e.g., enrollment in other state Medicaid programs, CHIP, and Exchanges). - <i>Note: Covered California was surveyed in support of this audit.</i>	September 2025
2025 Programmatic Audit	BDMP Assurance, LLP (Formerly BerryDunn)	To evaluate Covered California’s compliance with the programmatic requirements under 45 CFR § 155, Subparts C, D, E, and K for the 12-month period January 1, 2025, through December 31, 2025.	May 2026

QUARTERLY REPORT ON AUDIT ACTIVITIES

STATUS OF CORRECTIVE ACTION PLANS (CAPs) FOR COMPLETED EXTERNAL AUDITS			
Name	Final Report Date	Findings	Estimated Implementation Date of CAPs
2024 Programmatic Audit	May 2025	1. Covered California disclosed defects in CalHEERS during audit interviews. The defects impacted eligibility determinations during the audit period, where the system determined redundant eligibility for a QHP with APTC, and Medi-Cal, in certain scenarios.	December 2026
		2. Covered California did not discontinue financial assistance for applicants who failed to respond to a conditional eligibility notice for income within the 95-day reasonable opportunity period (ROP).	December 2025
		3. Tax households may not have been awarded the correct amount of APTC for the tax and plan year based on the income, benchmark plan premium, APTC used previously in the year.	Covered California disagrees with this finding.
		4. Covered California did not have a formal policy that required employees to complete a Remote Access Agreement before obtaining remote access to Covered California systems. (The prior year finding was identified as 2023 #4)	July 2026
		5. Covered California did not monitor contractors' compliance with the requirement that all staff must sign a Covered California Remote Access Agreement and Acceptable Use Statement. (The prior audit finding was identified as 2023 #5)	July 2026
		6. The California Code of Regulations (CCR) has not been updated to include county eligibility workers as Certified Representatives who can assist customers with the identify verification process. (The prior year finding was identified as 2023 #7)	Implemented

QUARTERLY REPORT ON AUDIT ACTIVITIES

STATUS OF CORRECTIVE ACTION PLANS (CAPs) FOR COMPLETED EXTERNAL AUDITS (continued)			
Name	Final Report Date	Findings	Estimated Implementation Date of CAPs
2023 Programmatic Audit	April 2024	1. Covered California did not discontinue financial assistance for applicants who failed to respond to a conditional eligibility notice for income within the 95-day reasonable opportunity period.	December 2025
		2. Some applicants who were determined conditionally eligible due to outstanding income verification did not receive notices alerting them of the inconsistency and requesting further documentation.	Implemented
		3. Covered California did not complete all the necessary steps to verify lawful presence for 2 sampled cases.	December 2025
		4. Covered California did not have a formal policy that required employees to complete a Remote Access Agreement before obtaining remote access to Covered California systems.	June 2026
		5. Covered California does not have processes in place to monitor contractors' compliance with the requirement that all staff sign a Covered California Remote Access Agreement.	June 2026
		6. Discrepancies were not identified or corrected by the existing monthly reconciliation process.	Implemented
		7. The California Code of Regulations (CCR) has not been updated to include county eligibility workers as Certified Representatives who can assist customers with the identify verification process.	December 2025
		8. Applicants were able to enroll in a qualified health plan prior to the completion of identity verification.	December 2025

QUARTERLY REPORT ON AUDIT ACTIVITIES

STATUS OF CORRECTIVE ACTION PLANS (CAPs) FOR COMPLETED EXTERNAL AUDITS (continued)				
Name	External Auditor	Objective	Recommendations	Estimated Implementation Date of CAPs
2022 Programmatic Audit	Sjoberg Evashenk Consulting	To evaluate Covered California's operations, program effectiveness and efficiencies, and administrative functions in accordance with 45 Code of Federal Regulations (CFR) Part 155.	Covered California has fully implemented 20 of the 22 recommendations.	
			2.2 To better ensure documentation submitted for identity proofing is legitimate and valid, Covered California implement a process to validate documentation uploaded as legitimate and valid proof of identification.	December 2025
			8.1 To collect the remaining amounts owed from agent commission overpayments and reduce the risk of future over payments not being recouped, Covered California should move forward with it plans to establish and implement a formal policy and process for handling Small Business agent and general agent commission overpayments for inactive agents or general agents.	October 2025

QUARTERLY REPORT ON AUDIT ACTIVITIES

STATUS OF NON-AUDIT PROJECTS		
Name	Objective	Estimated Completion Date
Quality Assurance and Improvement Program – External Assessment of Fiscal Years 2020-25	To assess the efficiency and effectiveness of the Office of Audit Services’ practices as well as to evaluate its conformance with the IIA Standards for the period of Fiscal Years 2020-25.	October 2025
Population Health Initiative – Advisory Engagement	To evaluate the effectiveness and integrity of the eligibility determination, outreach, and funding processes for the Grocery Support Program and Child Savings Account Program under Covered California’s Population Health Initiative.	November 2025
Improper Payment Pre-Testing and Assessment (IPPTA)	To prepare state-based exchanges for the planned measurement of improper payments.	December 2025