Department of Health and Human Services

OFFICE OF INSPECTOR GENERAL

THE CENTERS FOR MEDICARE & MEDICAID SERVICES AWARDED CONSUMER OPERATED AND ORIENTED PLAN PROGRAM LOANS IN ACCORDANCE WITH FEDERAL REQUIREMENTS, AND CONTINUED OVERSIGHT IS NEEDED

Inquiries about this report may be addressed to the Office of Public Affairs at Public.Affairs@oig.hhs.gov.

Daniel R. Levinson
Inspector General

July 2013
A-05-12-00043

Office of Inspector General

https://oig.hhs.gov

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EXECUTIVE SUMMARY

The Centers for Medicare & Medicaid Services awarded Consumer Operated and Oriented Plan program loans in accordance with Federal requirements. However, we identified factors through our review of the loan award process that call for continued oversight.

WHY WE DID THIS REVIEW

Starting in 2013, individuals and small businesses will be able to enroll in private health insurance plans through State-based competitive marketplaces called Affordable Insurance Exchanges (marketplaces). To expand the number of health plans available in the marketplaces, the Patient Protection and Affordable Care Act (ACA), section 1322, established the Consumer Operated and Oriented Plan (CO-OP) program. The ACA directed the Secretary of Health and Human Services to provide loans to help establish new consumer-governed, nonprofit health insurance issuers, referred to as CO-OPs, in every State. The Secretary delegated this responsibility to the Centers for Medicare & Medicaid Services (CMS). We reviewed the CO-OP program because of the large amount of funding for this new program and the short timeframe in which the CO-OPs must be established and initiated.

Our objectives were to determine whether CMS awarded CO-OP loans to applicants in accordance with Federal requirements and to identify factors that may affect the CO-OP program.

BACKGROUND

The ACA provided $6 billion in funding for the CO-OP program. The ACA authorized the Secretary of Health and Human Services to use this funding to make startup and solvency loans to qualified applicants that intend to become nonprofit, consumer operated and oriented health insurance issuers. CMS intended startup loans to assist CO-OP applicants with approved startup costs. Solvency loans are intended to assist applicants with meeting the solvency requirements of States in which the applicants seek to be licensed to issue CO-OP qualified health plans. All CO-OP loans must be repaid with interest, and loans can be made only to private, nonprofit entities that demonstrate a high probability of becoming financially viable.

The amount appropriated for the CO-OP program was subsequently reduced from $6 billion to $3.4 billion. The American Taxpayer Relief Act of 2012, signed on January 2, 2013, further reduced the $3.4 billion funding to the amount of obligated funds plus 10 percent of the unobligated balance. As of January 2, 2013, CMS had awarded loans totaling $1.98 billion to 24 CO-OPs offering coverage in 24 States.

WHAT WE FOUND

CMS awarded CO-OP loans to applicants in accordance with Federal requirements. However, we identified factors that may affect the CO-OP program. Specifically, we found that CO-OPs

reported limited private monetary support and many CO-OPs' estimated in their applications budgeted startup expenditures that exceeded available funding.

Private support is one of the three selection factors that the ACA specifies will have priority in the selection process. We saw little evidence of private monetary support in any of the 16 applications we reviewed. Additionally, 11 of 16 CO-OPs reported estimated startup expenditures in their applications that exceeded the total startup funding ultimately provided by CMS. If unforeseen circumstances (such as limited enrollment) or barriers (such as uncertainty about operations of State-based or federally facilitated marketplaces or a State's denial of insurance licensure) impede CO-OPs from becoming operational, there is a risk that CO-OPs could exhaust all startup loan funding before they are fully operational or before they earn sufficient operating income to be self-supporting. This may affect the CO-OP program in the long term.

We recommend that CMS monitor:

- CO-OPs to ensure startup funds are not exhausted before the CO-OPs become fully operational and

- CO-OPs' solicitation of additional private monetary support.

CENTERS FOR MEDICARE & MEDICAID SERVICES COMMENTS AND OFFICE OF INSPECTOR GENERAL RESPONSE

In written comments on our draft report, CMS concurred with our recommendations and provided additional technical comments. We have addressed the technical comments as appropriate. While we acknowledge CMS's comments that a comparison of original startup budget estimates with available funding does not fully reflect revised startup cost estimates and the basis on which final loan amounts were determined, our analysis remains valid. The original startup budget estimates made up a substantial portion of the applications. Applicants used these figures extensively in their budgets, budget narratives, pro forma financial statements, loan funding schedules, and feasibility studies. While we obtained the Disbursement Schedules referenced by CMS, the borrowers are startup ventures, and it is reasonable to expect that business plans and budgets will evolve throughout the startup period. The estimated startup costs in some applications suggest that actual startup costs could exceed the startup costs that were budgeted for purposes of the loan amounts.

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INTRODUCTION

WHY WE DID THIS REVIEW

Starting in 2013, individuals and small businesses will be able to enroll in private health insurance plans through State-based competitive marketplaces called Affordable Insurance Exchanges (marketplaces). To expand the number of health plans available in the marketplaces, the Patient Protection and Affordable Care Act, P.L. No. 111-148 (ACA), section 1322, established the Consumer Operated and Oriented Plan (CO-OP) program. The ACA directed the Secretary of Health and Human Services to provide loans to help establish new consumer-governed, nonprofit health insurance issuers, referred to as CO-OPs, in every State. The Secretary delegated this responsibility to the Centers for Medicare & Medicaid Services (CMS). We reviewed the CO-OP program because of the large amount of funding for this new program and the short timeframe in which the CO-OPs must be established and initiated.

OBJECTIVES

Our objectives were to determine whether CMS awarded CO-OP loans to applicants in accordance with Federal requirements and to identify factors that may affect the CO-OP program.

BACKGROUND

Federal Funding for the Consumer Operated and Oriented Plan Program

The ACA provided $6 billion in funding for the CO-OP program. The ACA authorized the Secretary of Health and Human Services to use this funding to make startup and solvency loans to qualified applicants that intend to become nonprofit, consumer operated and oriented health insurance issuers. CMS intended startup loans to assist CO-OP applicants with approved startup costs. Solvency loans are intended to assist applicants with meeting the solvency requirements of States in which the applicants seek to be licensed to issue CO-OP qualified health plans. All CO-OP loans must be repaid with interest, and loans can be made only to private, nonprofit entities that demonstrate a high probability of becoming financially viable.

Two subsequent acts rescinded portions of the ACA section 1322(g) appropriation. Section 1857 of P.L. No. 112-10 rescinded $2.2 billion made available for the CO-OP program, and section 524 of P.L. No. 112-74 rescinded another $400 million. As a result of these acts, $3.4 billion was appropriated for the CO-OP program. The American Taxpayer Relief Act of 2012, signed on January 2, 2013, further reduced the $3.4 billion of CO-OP funding to the amount of obligated funds plus 10 percent of the unobligated balance.

Review and Selection Process: How the Centers for Medicare & Medicaid Services Makes a Consumer Operated and Oriented Plan Loan Award

To assist CMS in reviewing applications and awarding CO-OP program loans, CMS contracted with Deloitte LLC (Deloitte). Under the contract, Deloitte is responsible for reviewing all

aspects of each loan application using standards explained in the Final Rule[1] and the guidelines and metrics in the Funding Opportunity Announcement.[2] Specifically, Deloitte is required to: (1) give recommendations to CMS staff on the reasonableness of the application; (2) evaluate the applicant's financial models and business plans; (3) assess the applicant's ability to meet the regulatory standards and loan agreement milestones; (4) evaluate the likely long-term sustainability of the CO-OP; and (5) confirm the applicant's adherence to the goal of consumer operation and orientation. The Funding Opportunity Announcement states that Deloitte will recommend a loan amount and a schedule of disbursements for each approved applicant on the basis of the information provided in the application and supporting documentation.

CMS program officials make final award decisions. The Funding Opportunity Announcement states that CMS program officials will consider the following factors when making award decisions: (1) external reviewers' recommendations, (2) the size of the loan request and anticipated results of funding the application, (3) the applicant's ability to repay the loan, and (4) the likelihood that the proposed project will meet CO-OP program objectives.

Number of Consumer Operated and Oriented Plan Loans Awarded

CMS accepted applications through December 31, 2012. As of January 2, 2013, CMS awarded loans totaling $1.98 billion to 24 CO-OPs offering coverage in 24 States. Although CMS successfully awarded 24 CO-OP loans, enactment of the American Taxpayer Relief Act of 2012 left CMS without authority or funding to award loans to new applicants.[3] Therefore, CMS did not review the applications received in the last cycle of the Funding Opportunity Announcement, which ended December 31, 2012.

HOW WE CONDUCTED THIS REVIEW

We reviewed the 51 CO-OP applications submitted to CMS from July 28, 2011, through January 3, 2012. We determined whether Deloitte appropriately evaluated applicants, consistently applied the Funding Opportunity Announcement point system, and ensured applicants had a governance structure that complied with ACA requirements. We also identified factors that may affect the CO-OP program. For the 16 CO-OP loans awarded as of June 22, 2012, we reviewed their private support and proposed expenditures. We judgmentally selected four applications to review in detail to determine whether the CO-OP applications and the selection process were adequately documented.

This report presents our assessment of the CO-OP program as it existed during our fieldwork. We plan to perform additional reviews of the CO-OP program, including reviews of selected CO-OP loan awardees, to determine whether those awardees used funds appropriately and had adequate financial and accounting controls.

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[1] Patient Protection and Affordable Care Act; Establishment of Consumer Operated and Oriented Plan (CO-OP) ("Final Rule"), 76 Fed. Reg. 77392 (Dec. 13, 2011).

[2] Loan Funding Opportunity Number OO-COO-11-001 was released July 28, 2011, and revised effective December 9, 2011.

[3] As a result, CMS will likely be unable to operate the CO-OP program in all 50 States and the District of Columbia.

The details of our audit scope and methodology are included as Appendix A, and Federal requirements for the CO-OP program are included as Appendix B.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

FINDINGS

CMS awarded CO-OP loans to applicants in accordance with Federal requirements. However, we identified factors that may affect the CO-OP program. Specifically, we found that CO-OPs reported limited private monetary support, and many CO-OPs' estimated in their applications budgeted startup expenditures that exceeded available funding.

THE CENTERS FOR MEDICARE & MEDICAID SERVICES AWARDED CONSUMER OPERATED AND ORIENTED PLAN LOANS IN ACCORDANCE WITH FEDERAL REQUIREMENTS

CMS awarded CO-OP loans to applicants in accordance with Federal requirements.

The Funding Opportunity Announcement provided specific criteria listing information that CO-OP applicants had to include in their applications to be considered for a CO-OP loan. The evaluation criteria included three ACA statutory selection preferences: (1) providing an integrated care model, (2) offering statewide coverage, and (3) having evidence of private support. In addition, applicants were required to provide a project narrative, feasibility study, and business plan that included information about the CO-OP's governance structure.

Deloitte determined whether each applicant submitted the basic necessary materials in its application. If the applicant did not, Deloitte requested additional documentation. If the applicant included all materials, Deloitte evaluated the applicant using the scoring criteria established in the Funding Opportunity Announcement. Following that evaluation, Deloitte prepared a summary scoring report for CMS to use in determining whether the applicant should be awarded a loan.

The scoring reports for the 51 applications that CMS received as of January 3, 2012, were detailed and included sufficient support to address the evaluation criteria. From the scoring reports, we judgmentally selected four applications to review in detail to determine whether the CO-OP applications and the selection process were adequately documented and followed requirements. CMS awarded loans to three of the four applicants. We confirmed that the three awardees met evaluation criteria and were appropriately selected. We confirmed that CMS did not provide a CO-OP award to the fourth applicant. Of the four applications that we reviewed in detail, each applicant submitted a voluminous amount of documentation as part of its application package. Application package documents included support for each of the elements required in the Funding Opportunity Announcement.

FACTORS THAT MAY AFFECT THE CONSUMER OPERATED AND ORIENTED PLAN PROGRAM

Although CMS awarded CO-OP loans to applicants in accordance with Federal requirements, the following factors may affect the CO-OP program.

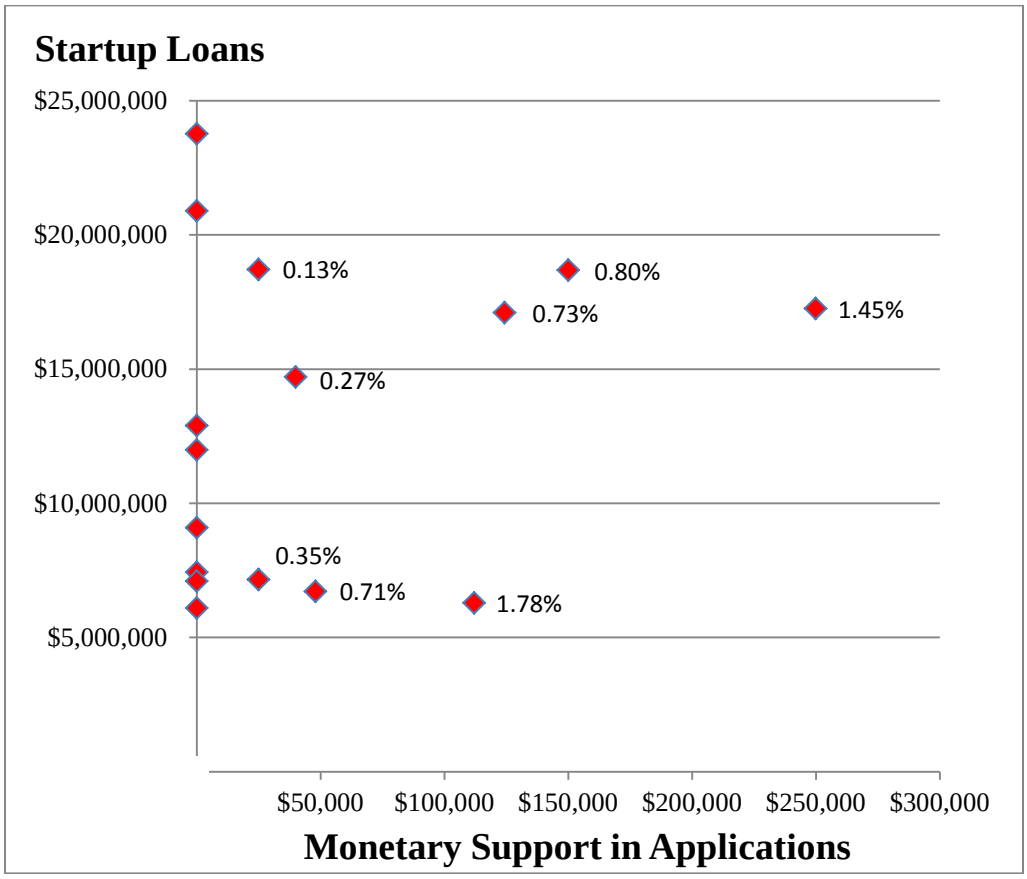
Consumer Operated and Oriented Plans Reported Limited Private Monetary Support

Private support, as described in the Funding Opportunity Announcement, includes monetary support, in-kind support, letters of intent from key stakeholders, or letters of support from key community leaders. Private support is one of the three selection factors that the ACA specifies will have priority in the selection process.[4] Monetary support is key to ensure CO-OPs are not relying solely on borrowed funds for initial operations and to safeguard the long-term sustainability of the CO-OP. We saw little evidence of monetary support in any of the 16 applications we reviewed.[5] Figure 1 shows the ratio of monetary support noted in the applications to actual startup funds awarded to the 16 CO-OPs that received awards by the end of our fieldwork. For the 16 approved applicants, monetary support listed in the applications ranged from $0 to $250,000 (i.e., zero to 1.78 percent of the startup loan amount). Eight of the sixteen approved applicants reported no monetary support, and so their data points are on the vertical axis.

[4] Preference for private support was 5 points of the total 100 points available in the Funding Opportunity Announcement.

[5] Even though there was evidence of other types of private support, we could not always quantify them (e.g., donated professional services).

Figure 1: Minimal Monetary Support in Applications vs. Amount of Startup Loans for 16 Awardees



We recognize that alternative sources of funding may become available to applicants that were awarded CO-OP loans. However, the limited private monetary support reported in the CO-OPs' applications may affect the CO-OPs and the CO-OP program if CO-OPs expend all available funds before becoming fully operational.

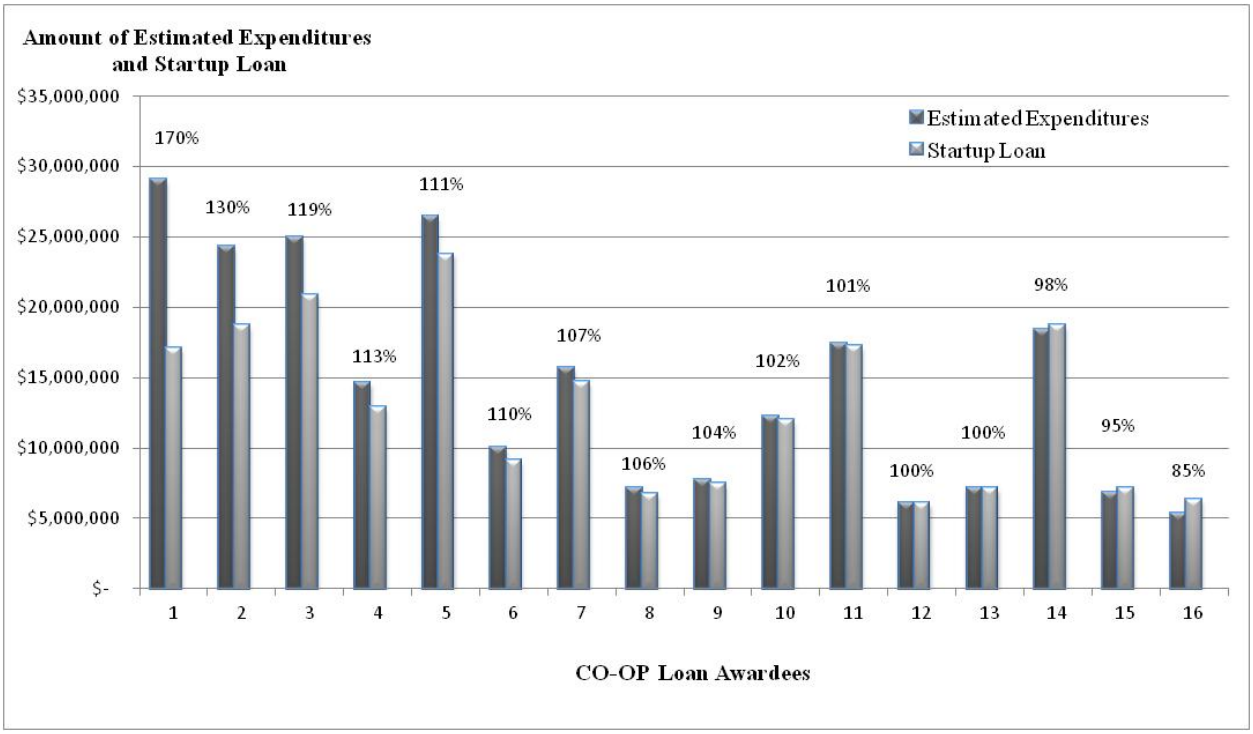
Startup Expenditures Could Exceed Available Funding

Each CO-OP application contained a proposed budget with estimated startup expenditures, as required by the Funding Opportunity Announcement. In their applications, 11 of 16 CO-OPs reported estimated startup expenditures that exceeded the total startup funding ultimately provided by CMS. During contract negotiations with CMS, the startup estimates were revised to an amount equal to the startup loan awards. CMS intended startup loans to assist CO-OP applicants with startup costs. Approved startup costs include salaries and wages, fringe benefits, consultant costs, equipment, supplies, staff travel, and approved indirect costs.

Figure 2 compares the estimated startup expenditures, as reported in the applications, with the actual startup loan awards. The ratios of estimated startup expenditures to the amounts of startup loans awarded varied from a low of 85 percent to a high of 170 percent. Eleven of sixteen

CO-OPs estimated startup expenditures in their applications that exceeded the amount of the startup loan.

Figure 2: Estimated Startup Expenditures in Applications and Amount of Startup Loans



If unforeseen circumstances (such as limited enrollment) or barriers (such as uncertainty about operations of the State-based or federally facilitated marketplaces or a State's denial of insurance licensure) impede CO-OPs from becoming operational, there is a risk that CO-OPs could exhaust all startup loan funding before they are fully operational or before they earn sufficient operating income to be self-supporting. This may affect the CO-OPs and the CO-OP program in the long term.

RECOMMENDATIONS

We recommend that CMS monitor:

- CO-OPs to ensure startup funds are not exhausted before the CO-OPs become fully operational and

- CO-OPs' solicitation of additional private monetary support.

CENTERS FOR MEDICARE & MEDICAID SERVICES COMMENTS AND OFFICE OF INSPECTOR GENERAL RESPONSE

In written comments on our draft report, CMS concurred with our recommendations and provided additional technical comments. We have addressed the technical comments as appropriate. While we acknowledge CMS's comments that a comparison of original startup budget estimates with available funding does not fully reflect revised startup cost estimates and the basis on which final loan amounts were determined, our analysis remains valid. The original startup budget estimates made up a substantial portion of the application. Applicants used these figures extensively in their budgets, budget narratives, pro forma financial statements, loan funding schedules, and feasibility studies. While we obtained the Disbursement Schedules, referenced by CMS, the borrowers are startup ventures, and it is reasonable to expect that business plans and budgets will evolve throughout the startup period. The estimated startup costs in some applications suggest that actual startup costs could exceed the startup costs that were budgeted for purposes of the loan amounts. CMS's comments, excluding technical comments, are included as Appendix C.

APPENDIX A: AUDIT SCOPE AND METHODOLOGY

SCOPE

We reviewed 51 CO-OP applications submitted to CMS from July 28, 2011, through January 3, 2012. We determined whether Deloitte appropriately evaluated applicants, consistently applied the Funding Opportunity Announcement point system, and ensured applicants had a governance structure that complied with ACA requirements. We also identified factors that may affect the CO-OP program.

We limited our internal control review to obtaining an understanding of the CO-OP application and selection process used to award CO-OP loans. We did not review the overall internal control structure of CMS or Deloitte.

This report presents our assessment of the CO-OP program as it existed at the time of our fieldwork. We plan to perform additional reviews of the CO-OP program, including reviews of selected CO-OP awardees to determine whether they used funds appropriately and had adequate financial and accounting controls.

We performed our fieldwork in the District of Columbia and Madison, Wisconsin, from May to October 2012.

METHODOLOGY

To accomplish our objective, we:

- reviewed applicable Federal laws, regulations, and other guidance;
- coordinated CO-OP program review efforts with OIG's Office of Evaluation and Inspections to ensure OIG provides optimal coverage of the CO-OP program;
- compared ACA appropriations for the CO-OP program with funds to be obligated for startup and solvency loans;
- held discussions with CMS and Deloitte officials to obtain an understanding of the policies and procedures related to the award of CO-OP loans;
- reviewed Deloitte's proposal, contract, and qualifications;
- analyzed data from CO-OP applications, summary score reports, and loan agreements;
- selected four applicants for detailed review of the application documentation, summary score reports, interview narrative, final award decisions made by CMS program officials, and loan agreement; for the applicants selected:

  - Deloitte recommended awarding loans to three applicants and CMS agreed and
  - Deloitte recommended awarding a loan to one applicant but CMS did not award the loan;

- compared CO-OP applicants' funding requests with loan amounts awarded; and
- discussed the results of our review with CMS officials.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

APPENDIX B: FEDERAL REQUIREMENTS FOR THE CONSUMER OPERATED AND ORIENTED PLAN PROGRAM

Establishment of the Consumer Operated and Oriented Plan

Section 1322 of the ACA directs the Secretary of Health and Human Services to establish the CO-OP program; 45 CFR part 156 implements section 1322 of the ACA.

The final rule at 45 CFR 156, Patient Protection and Affordable Care Act; Establishment of Consumer Operated and Oriented Plan (CO-OP) Program, (1) sets forth the eligibility standards for the CO-OP program, (2) establishes the terms for loans, and (3) provides basic standards that organizations must meet to participate in this program and become CO-OPs.

The ACA expressly prohibits the participation of issuers, related entities, or the predecessors of either in the CO-OP program. A CO-OP is a loan recipient that satisfies the standards of 45 CFR § 156.515 within the timeframes specified (45 CFR § 156.505). Those standards define eligibility, governance requirements, and health plan issuance. To remain consumer-run, private, and nonprofit, the insurers must be consumer governed, their board of directors must be elected by its membership, and the consumers should play a role in the development of the insurer.

Section 1322(b)(2)(A) of the ACA directs the Secretary to ensure that there is sufficient funding to establish at least one CO-OP in each State and to give priority to organizations that can offer these CO-OP qualified health plans statewide, provide integrated care, and have significant private support.

Affordable Care Act Funding

The ACA section 1322(g) appropriation provided $6 billion in funding for the CO-OP program. Two subsequent acts rescinded portions of that appropriation. Section 1857 of P.L. No. 112-10 (Department of Defense and Full-Year Continuing Appropriations Act, 2011) rescinded $2.2 billion made available for the CO-OP program, and section 524 of P.L. No. 112-74 (Consolidated Appropriations Act, 2012) rescinded another $400 million. As a result of these acts, $3.4 billion was appropriated for the CO-OP program.

American Taxpayer Relief Act of 2012 Consumer Operated and Oriented Plan Program Contingency Fund

Section 644 of the American Taxpayer Relief Act of 2012 states the Secretary of Health and Human Services must establish a fund to provide assistance and oversight to qualified nonprofit health insurance issuers that have been awarded loans or grants under section 1322 of the ACA (42 U.S.C. 18042) before its enactment date. From the funds appropriated under section 1322(g) of the ACA, 10 percent of the unobligated balance of funds are transferred to remain available until expended and any remaining unobligated amounts, as of the date of enactment of the American Taxpayer Relief Act of 2012, are rescinded.

Funding Opportunity Announcement

The Funding Opportunity Announcement,[6] as established by the Catalog of Federal Domestic Assistance Number 93.545, provides detailed information regarding the application and award administration process for the CO-OP program. The Funding Opportunity Announcement indicates that CMS will obtain the services of a contractor to "provide, establish, and manage qualified expert, objective panels responsible for reviewing the applications received under the CO-OP program and providing recommendations to CMS staff on the reasonableness of the application; financial models and business plan; the likely long-term sustainability of the plan; and adherence to the health policy goal of consumer operation and orientation."

As described in the Funding Opportunity Announcement, loan applicants are evaluated on the basis of a 100-point scale. Points are awarded in five broad categories: (1) ACA statutory preferences, (2) project narrative, (3) business plan, (4) governance and licensure, and (5) feasibility study. Points awarded for the business plan constitute the majority of all available points.

[6] The Funding Opportunity Announcement was released July 28, 2011, and revised effective December 9, 2011.

APPENDIX C: CENTERS FOR MEDICARE & MEDICAID SERVICES COMMENTS

DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services

Administrator
Washington, DC 20201

DATE: MAY 3 0 2013

TO: Daniel R. Levinson
Inspector General

FROM: Marilyn Tavenner
Administrator

SUBJECT: Office of the Inspector General (OIG) Draft Report: "The Centers for Medicare & Medicaid Services Awarded Consumer Operated and Oriented Plan Program Loans in Accordance With Federal Requirements, but Continued Oversight Is Needed" (A-05-12-00043)

Thank you for providing the Centers for Medicare & Medicaid Services (CMS) with the opportunity to comment on the above subject OIG Draft Report. OIG's objective was to determine whether the Consumer Operated and Oriented Plan (CO-OP) program selection process appropriately awards loans to eligible private, nonprofit organizations with a governance structure that complies with the Affordable Care Act requirements. OIG found CMS awarded CO-OP loans to applicants in accordance with Federal requirements.

The CMS greatly appreciates the work of OIG in reviewing our program and the finding that awards were made in accordance with Federal Requirements. Further, CMS believes it is important to closely monitor CO-OP's to ensure they are meeting program goals and will be able to repay loans. CMS would like to provide some additional context for the related findings and highlight those elements of the program design in place to mitigate the risks identified. OIG recommendations and CMS response to those recommendations are discussed below.

OIG Recommendation 1

CMS monitor CO-OPs to ensure start-up funds are not exhausted before the CO-OPs become fully operational.

CMS Response

The CMS concurs with this recommendation. We believe reference to start-up expenditures exceeding available funding does not fully reflect the sequence of events and the basis on which final loan amounts were determined. Specifically, several places in the draft report, including the Executive Summary, OIG appears to identify estimates of start-up costs in initial CO-OP loan applications as the definitive statements of actual expected costs. Applicants selected for contract negotiations, however, extensively revised start-up cost estimates during negotiations and now account for all start-up costs identified by each CO-OP. The start-up loan amount awarded in each case was set to match this final budget as agreed to by the borrower and CMS. The final budget, in the form of a Disbursement Schedule with specific required deliverables and milestones, is included as an appendix to each loan.

The CMS recognizes the importance of continued monitoring and oversight of the loan portfolio to assure sufficient funding. The borrowers are start-up ventures and it is reasonable to expect that business plans and budgets will evolve throughout the start-up period. In recognition of this, the CO-OP loan agreement

provides a mechanism for borrowers to request additional funding. Even after the most recent rescissions under the American Taxpayer Relief Act of 2012, CMS retains both authority and available funding to cover additional funding requests from our 24 existing borrowers.

OIG Recommendation 2

CMS monitor CO-OPs' solicitation of additional private monetary support.

CMS Response

The CMS concurs with the recommendation, particularly with regard to any bank financing or commercial credit. Please see technical comment #2 for additional context.[7] In addition, we feel it is worth noting in the recommendation section that this is one example of many performance and compliance measures we will be monitoring during loan servicing.

The CMS thanks OIG for the work done on this issue and looks forward to working with OIG in the future.

[7] Technical comments in the auditee's response to the draft have been omitted from the final report, and all appropriate changes have been made.