Department of Health and Human Services
Maine People Living
Safe, Healthy and Productive Lives

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June 30, 2010

TO: Interested Parties

FROM: Herbert F. Downs, Director, Division of Audit

SUBJECT: Proposed Rule: Maine Uniform Accounting and Auditing Practices for Community Agencies (MAAP)

This letter gives notice of a proposed rule: A complete repeal and replace of MAAP regulations is necessary due to significant changes that have occurred in accounting and auditing standards and federal regulations since the last major revision in December, 1996. The proposed MAAP regulations more closely mirror Federal Circulars OMB A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, OMB A-102, *Grants and Cooperative Agreements with State and Local Governments*, OMB A-110, *Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations*, OMB A-122, *Cost Principles for Non-Profit Organizations* and OMB A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. In addition, the regulations are updated to reflect the latest auditing standards promulgated by the American Institute of Certified Public Accountants.

The proposed rules and related rulemaking documents may be reviewed at and printed from the DHHS Division of Audit website at http://www.maine.gov/dhhs/audit/social-services. Interested parties may request a paper copy of rules by calling 207-287-2403. For those who are deaf or hard of hearing and have a TTY machine, the TTY number is 1-800-606-0215.

A concise summary of the proposed rule is provided in the Notice of Agency Rule-making Proposal. This notice also provides information regarding the rule-making process. The proposed rules may be accessed on the internet at http://www.maine.gov/sos/cec/rules/notices.html. Please address all comments to the agency contact person identified in the Notice of Agency Rule-making Proposal.

Notice of Agency Rule-making Proposal

AGENCY: Department of Health and Human Services, Division of Audit

RULE TITLE OR SUBJECT: Section 10-144, Chapter 30, Maine Uniform Accounting and Auditing Practices for Community Agencies.

PROPOSED RULE NUMBER:

CONCISE SUMMARY: A complete revision of MAAP regulations is necessary due to significant changes that have occurred in accounting and auditing standards and federal regulations since the last major revision in December, 1996. The proposed MAAP regulations more closely mirror Federal Circulars OMB A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, OMB A-102, *Grants and Cooperative Agreements with State and Local Governments*, OMB A-110, *Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations*, OMB A-122, *Cost Principles for Non-Profit Organizations* and OMB A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* In addition, the regulations are updated to reflect the latest auditing standards promulgated by the American Institute of Certified Public Accountants.

SEE http://www.maine.gov/dhhs/audit/social-services **for rules and related rulemaking documents.**

THIS RULE WILL __ WILL NOT _X_ HAVE A FISCAL IMPACT ON MUNICIPALITIES.

STATUTORY AUTHORITY: 5 M.R.S.A, § 1660-H

PUBLIC HEARING: The Department is not planning on holding a public hearing at this time. Written comments will be taken for thirty days from June 30, 2010 to July 30, 2010. If five or more people request a public hearing, one will be scheduled.

DEADLINE FOR COMMENTS: Comments must be received by midnight July 30, 2010

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10-144

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Chapter 30

MAINE UNIFORM ACCOUNTING AND AUDITING PRACTICES FOR COMMUNITY AGENCIES (MAAP)

EFFECTIVE DATE

July 1, 2010

MAAP RULES
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CHAPTER 30 MAINE UNIFORM ACCOUNTING AND AUDITING PRACTICES FOR COMMUNITY AGENCIES

SECTION .01

APPLICABILITY AND DEFINITIONS

A. PURPOSE AND APPLICABILITY

EFFECTIVE DATE: July 1, 2010

Pursuant to 5 M.R.S.A. Section 1660-H, this document presents implementing regulations for the Maine Uniform Accounting and Auditing Practices for Community Agencies (MAAP). The regulations establish accounting, audit and administrative requirements for community agencies receiving financial assistance in the form of agreements with the Department.

The **Accounting and Financial Management Standards for Community Agencies** (Section .02) provide a framework of standards of accountability over Department agreement funds received by community agencies. The rules prescribe internal control standards and financial reporting standards for every community agency receiving agreement funding from the Department. Total amounts of agreement expenditures will determine whether community agencies must submit entity-wide audited financial statements and a compliance audit. All community agencies with $50,000 or more of annual agreement expenditures are responsible for a Schedule of Expenditures of Department Agreements (SEDA).

The **Audit Requirements** (Section .03) provide rules to assist Independent Public Accountants (IPA) in auditing Department agreements with community agencies. The rules define those community agencies which must obtain audits of entity-wide financial statements and Schedule of Expenditures of Department Agreements and compliance with applicable laws and regulations. This document recognizes the federal audit requirements of Office of Management and Budget Circular A-133 as applicable to community agencies and builds upon those requirements.

1. These rules require all community agencies with total agreement expenditures of at least $500,000 per year to have an entity-wide financial audit conducted by a qualified IPA and to have a compliance audit of the SEDA.

2. Community agencies with less than $500,000 per year in total agreement expenses are not required to have an entity-wide financial audit or compliance audit of the SEDA conducted by a qualified IPA.

Standard Administrative Requirements and Compliance for Department agreements (Section .04) provide uniform rules for Department agreements with community agencies to include such areas as standard cost principles, and additional compliance requirements.

The **Department Responsibilities** (Section .05) define the duties of Department program and audit personnel in administering agreements under these rules.

The Commissioner of the Maine Department of Health and Human Services is responsible for the administration of these regulations.

B. **DEFINITIONS**

Unless the context clearly requires otherwise, the following terms shall have the following meanings.

1. Agreement means a legally binding written document between two or more parties, including such documents commonly referred to as accepted application, proposal, prospectus, contract, grant, joint or cooperative agreement, purchase of service or state aid.

2. Agreement amendment is a legally binding change or modification of the existing agreement.

3. Agreement funds means all agreement funds received by the community agency from the Department that require a periodic financial or service claim to the Department for settlement purposes. It includes State and Federal pass-through funds.

4. Agreement expenditures means the amount of agreement funds earned based on financial and service claims submitted to the Department.

5. Budget is an estimate of expenditures of a program during a given time period and the means by which the expenditures will be financed.

6. Budget revision is an approved change or modification to the existing budget.

7. Client fees (private) are fees from self-paid clients or covered by third party insurance.

8. Client fees (program) are fees from agreement or MaineCare subsidized clients.

9. Commissioner means the Commissioner of the Maine Department of Health and Human Services, who has responsibility for the administration of this chapter.

10. Commitment means the amount of funding the community agency has pledged to the program.

11. Community agency (or Agency) means any public or private nonprofit organization, firm, individual, partnership or business corporation operated for profit, which:

    (a) Operates a social service program at the community level; and

    (b) Receives public funds, either directly or indirectly, from one or more state departments or agencies; and

    (c) Is not an administrative unit of the Federal government or State government.

    (d) Is not exclusively a general or psychiatric hospital within the meaning of Maine Administrative Procedures Act 10-144, Chapter 112, Chapters III and XXV, respectively.

12. Continuation agreements are agreements with an end date that does not coincide with Agency's fiscal year.

13. Cost sharing or matching means that portion of project or program costs not borne by the Federal and/or State government.

14. Cost sharing settlement is a cost sharing agreement where multiple funding sources share in the expense of a funded service.

15. Department means the Maine Department of Health and Human Services, as well as other Departments and agencies of State government approved for inclusion in this chapter by the Commissioner. As of July 1, 1996 the Maine Department of Transportation was approved for inclusion in this chapter by the Commissioner.

16. Department examination means actions determined to be necessary by the Department's Division of Audit, including, but not limited to, analyses and/or testing of reported agreement balances and transactions, provisions of internal control systems and compliance with rules. Examinations conducted by the Department may be of a limited scope and are not considered an audit under generally accepted auditing standards or generally accepted government auditing standards.

17. Department review means a review by the Department's Division of Audit of the community agency's submitted annual financial statements. A review may include desk and/or quality control reviews or such other reviews as the Department may establish by rule. Reviews are done for the purpose of accepting or rejecting the audit submission for Federal and State Department purposes or for the purpose of financially closing out the agreement(s) for the Department.

18. Division of Audit is the responsible audit group in the Maine Department of Health and Human Services and the Maine Department of Transportation.

19. Federal funds means all federal funds received by the community agency as defined by OMB Circular A-133 and MAAP and not just those agreements received from the Department. It includes Federal direct, indirect and pass-through funds from all sources.

20. Federal pass-through funds means those funds received by a community agency from the Department and identified in the agreement as federal funds.

21. Financial/service claims are periodic reports from a community agency that provide the financial and/or service activity of a "social service" agreement over a period of time.

22. Generally Accepted Accounting Principles (GAAP) are uniform minimum standards and guidelines for financial accounting and reporting ordinarily employed by skilled accountants and agreed upon by authoritative practitioners of recognized professional standing, such as the Financial Accounting Standards Board (FASB), Governmental Accounting Standards Board (GASB) and other recognized professional bodies.

23. Generally Accepted Auditing Standards (GAAS) are auditing standards promulgated by the American Institute of Certified Public Accountants.

24. Government Auditing Standards are auditing standards promulgated by the Comptroller General of the United States.

25. Independent Public Accountant (IPA) means a person who complies with generally accepted government auditing standards and who is one of the following:

    (a) A licensed certified public accountant or person working for a licensed certified public accounting firm; or

    (b) A public accountant licensed on or before December 31, 1970, or a person working for a public accounting firm licensed on or before December 31, 1970.

26. Indirect expenses are costs that have been incurred for common or joint objectives that cannot be readily identified with a particular final cost objective.

27. Known questioned costs are actual costs found to be in non-compliance with Federal and State compliance requirements.

28. Likely questioned costs are the IPA's estimate of the total costs questioned as a result of the specifically identified questioned costs.

29. Major agreement is an agreement or combination of agreements (continuation agreements) which purchase the same service and expenditures equal or exceed $100,000 during the fiscal year of the agency.

30. Material finding is non-compliance with agreement conditions where the known questioned costs or likely questioned costs are $1,000 of expenditures identified on the SEDA for that agreement or continuation agreement for specific compliance areas (see Section .03C). For non-compliance with no direct dollar impact, the IPA should determine whether the degree of non-compliance is more than inconsequential.

31. Nonparticipating department is a department or division of State government other than one defined as a Department in this section that has not been approved for inclusion in this chapter by the Commissioner.

32. Nonprofit organization means any agency, institution or organization that consists of or is owned and operated by one or more corporations or associations no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual.

33. Program is an activity or set of activities intended to help achieve a particular outcome for the public.

34. Program income means gross income earned by the community agency that is directly generated by a supported activity or earned as a result of the award. Program income includes, but is not limited to income from fees for services performed, the use or rental of real or personal property acquired under Department-funded projects, the sale of commodities or items fabricated under an agreement, license fees and royalties on patents and copyrights and interest on loans made with agreement funds. MaineCare revenue, whether fee for service, unit based or cost settled, is considered program income.

35. Public means a municipal, county or other governmental body that is a political subdivision within the state.

36. Restricted revenue is income from organizations or individuals that require the funds to be used for a specific purpose within a program.

37. Risk pool means utilizing and assessing risk factors for determining the need for an examination of an agreement. Such risk factors may include the value of the agreement and prior and current community agency historical profile.

38. Single audit means an audit made pursuant to Federal OMB Circular A-133 or any subsequent revisions to that circular. The single audit must be conducted by a qualified independent public accountant.

39. Social service means any social services program funded in whole or in part through an agreement issued by the Department. MaineCare funding, whether cost-based or fee for service, is excluded unless specifically identified as a social service program in an agreement award. (Note 1)

40. State funds mean those State funds received by a community agency directly from a State department, bureau, office or agency that do not represent Federal pass-through funds.

41. Sub-contract means an award of financial assistance in the form of money, or property in lieu of money, made under an award by a recipient to an eligible subrecipient or by a subrecipient to a lower tier subrecipient.

42. Subrecipient means the legal entity to which a sub-contract is made and which is accountable to the recipient for the use of the funds provided.

43. Tier 1 agency is a community agency with less than $500,000 in total annual agreement expenditures of agreement funding from the Department.

44. Tier 2 agency is a community agency with $500,000 or more in total annual agreement expenditures of agreement funding from the Department.

45. Unrestricted revenue is revenue from funding sources to a community agency that is not restricted for a specific purpose within a program by the donor. Revenue that has been designated to a specific program, but not a specific purpose is considered unrestricted revenue.

46. Vendor means a dealer, distributor, merchant, or other sellers providing goods or services that are required for the conduct of a State or Federal program. These goods or services may be for an organization's own use or for the use of beneficiaries of the State or Federal program.

Note 1 - "Social services" includes, but is not limited to social, correctional, legal, health, medical, mental health, mental retardation, rehabilitation, substance abuse, transportation services, programs for children, juveniles, teens and adults, families and the elderly.

SECTION .02

ACCOUNTING AND FINANCIAL MANAGEMENT STANDARDS FOR COMMUNITY AGENCIES

SUMMARY: To outline minimum standards for the presentation of financial statements and the Schedule of Expenditures of Department Awards (SEDA), dollar thresholds for presentation of financial statements and the SEDA, record retention standards, internal control standards and timetables for reporting.

A. STANDARDS FOR PRESENTATION OF FINANCIAL STATEMENTS

Responsibility for financial statements - Community agencies will be required to submit audited entity-wide financial statements and compliance audit to each funding Department if annual agreement expenditures equal or exceed $500,000. Agreement expenditures are the amount of agreement funds earned on the financial claims submitted to the Department.

1. Federal Standards

If the community agency is required to have a single audit of financial statements in accordance with OMB Circular A-133, that audit should be conducted and reported in accordance with those standards and should include all Federal awards which pass through the Department. That audit will satisfy the entity-wide financial audit requirement of these rules.

If the community agency can satisfy its federal audit requirement through a program-specific audit as specified in OMB Circular A-133, §__.235 and its Federal funds are the only amounts awarded within its State agreements, that audit will satisfy the audit requirement of these rules.

2. Department Standards

(a) TIER 1- No Entity-Wide Financial Statements

If a community agency has less than $500,000 in total annual agreement expenditures of agreement funding from the Department, no entity-wide financial statements are required.

Tier 1 option - A community agency within Tier 1 may opt to follow the rules for audits and reporting under Tier 2.

(b) TIER 2 - Audited Financial Statements

If a community agency has $500,000 or greater in total annual agreement expenditures of agreement funding from the Department, it must at a minimum have an entity-wide audit of its financial statements and a compliance audit of the supplemental SEDA conducted by a qualified IPA in accordance with Section .03 of these rules.

B. **STANDARDS FOR FINANCIAL STATEMENTS (Tier 2 only)**

1. Responsibilities for financial statements: The financial statements are the representation of the community agency. It is the responsibility of the governing body of the community agency to ensure the statements are completed in accordance with these standards.

2. Submission of financial statements: The community agency must submit its financial statements and IPA's reports to the Department in accordance with these rules.

3. Presentation of financial statements: Financial statements must be prepared annually. The basic financial statements shall consist of those statements and disclosures required by Generally Accepted Accounting Principles for the community agency.

   (a) The financial statements of a community agency must be audited on an entity-wide basis in accordance with Generally Accepted Auditing Standards and *Government Auditing Standards*.

   (b) The audited financial statements must be accompanied by the audited SEDA.

C. **STANDARDS FOR SCHEDULE OF EXPENDITURES OF DEPARTMENT AGREEMENTS (SEDA)**

1. Purpose – The SEDA provides the Department with information identifying agreement expenditures based on the Agreement Close-out Report(s) (ACR) submitted to the Department during the current fiscal year.

   (a) MAAP Tier 1:
   A community agency that annually expends $50,000 or more of agreement funds must prepare the SEDA and submit to the Division of Audit in accordance with these rules.

   (b) MAAP Tier 2:
   The community agency must prepare the SEDA. The Agency's IPA must issue an audit report on the SEDA. This SEDA and IPA report must accompany the annual audited financial statements submitted to the Division of Audit.

2. Required format

   (a) Each agreement with expenditures during the current year must be identified by State department, division or office, agreement number, agreement amount, agreement term, service area, agreement status, and related Federal and State expenses.

(b) The method of settlement referenced in the Agreement Compliance Section of the agreement will determine the basis of settlement. For example, fee-for-service would be based on the units delivered times the applicable rate.

(c) The expenditures for each agreement are based on claims submitted to the Department for the current fiscal year. The SEDA must include both interim and final agreements, if applicable.

(d) The expenditures on the SEDA must represent only the Department portion of the claimed expenses.

(e) If financial claims submitted to the Department cross two or more fiscal years, the community agency should review the make-up of the claims to determine what portion of the claimed expenses belong to the current year. For cost sharing agreements that are in interim status, the community agency must determine the Department expenditures based on the agreement pro forma adjustments and the budgeted Department cost sharing percentage.

(f) The SEDA must contain notes that, at a minimum, identify agreements tested and the percentage of agreements tested.

3. SEDA supporting documentation - Financial records and/or worksheets must be available to support financial claims submitted to the Department. The financial claims that are the basis for the SEDA must be maintained to support SEDA amounts. All financial records and financial claims that support SEDA amounts must be supplied upon request to the Division of Audit.

D. STANDARDS FOR RETENTION OF FINANCIAL AND ADMINISTRATIVE RECORDS

1. Financial records for agreements and supporting documentation under these rules must be retained for a period of three (3) years from the date of submission of the final expenditure report with the following exceptions:

(a) If any litigation, claim, audit, examination or appeal is started before the expiration of the 3-year period, the records shall be retained until all litigation, claims or audit findings involving the records have been resolved and final action taken.

(b) Records for real property and equipment acquired with Federal funds shall be retained for 3 years after final disposition.

E. INTERNAL CONTROL STANDARDS

Community agencies shall establish and maintain internal controls to achieve the organization's goals and objectives. Internal controls shall be designed to provide reasonable assurance about the achievement of the community agency's objectives with regard to the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable rules and regulations. Internal control standards shall consist of the following five interrelated components.

1. ***Control environment***: The control environment sets the tone of an organization, influencing the control consciousness of its people. It is the foundation for all other components of internal control, providing discipline and structure. Control environment factors include the integrity, ethical values, management's operating style, delegation of authority systems, as well as the processes for managing and developing people in the organization.

2. ***Risk Assessment:*** Risk assessment is the community agency's identification and analysis of relevant risks to achievement of its objectives, forming a basis for determining how the risks should be managed. A precondition for risk assessment is establishment of objectives and thus risk assessment is the identification and analysis of relevant risks to achievement of assigned objectives. Risk assessment is a prerequisite for determining how the risks should be managed.

3. ***Control activities*:** Control activities are the policies and procedures that help ensure management directives are carried out. They help ensure that necessary actions are taken to address risks to achievement of the community agency's objectives. Control activities occur throughout the organization, at all levels and in all functions. They include a range of activities as diverse as approvals, authorizations, verifications, reconciliations, reviews of operating performance, security of assets and segregation of duties.

4. ***Information and communication***: Information and communication systems support the identification, capture, and exchange of information in a form and time frame that enable people to carry out their responsibilities. Information and communication systems play a key role in internal control systems as they produce reports, including operational, financial and compliance-related information, that make it possible to run and control the community agency.

5. ***Monitoring*:** Monitoring is a process that assesses the quality of internal control performance over time. This is accomplished through ongoing monitoring activities or separate evaluations. Internal control deficiencies detected through these monitoring activities should be reported upstream and corrective actions should be taken to ensure continuous improvement of the system.

F. REPORTING TIMETABLES

Community agencies will submit reports and the SEDA as follows:

1. Tier 1 agencies must submit the SEDA no later than four (4) months after their fiscal year end. The SEDA must be signed and dated by an appropriate manager or administrator certifying to its accuracy.

2. Tier 2 agencies must submit the audited entity-wide financial statements and the audited SEDA no later than nine months after the fiscal year end of the community agency.

3. Tier 1 and Tier 2 agencies that fall under the audit requirements of OMB Circular A-133 must submit the entity-wide financial statements, the SEDA and the Federal OMB Circular A-133 reporting package no later than nine (9) months after the fiscal year end of the community agency.

4. Cost allocation plans due to the Maine Department of Transportation are due no later than four (4) months after the fiscal year end of the community agency for Tier 1 agencies and nine (9) months after the fiscal year end of the community agency for Tier 2 agencies.

   Electronic submission is recommended and should be sent to dhhs.audit@maine.gov for submission to the Maine Department of Health and Human Services. Electronic submissions to the Maine Department of Transportation should be sent to OfficeofAudit.MaineDOT@maine.gov.

SECTION .03

AUDIT REQUIREMENTS

SUMMARY: This section present requirements to community agencies and IPAs for audits of community agencies under these rules and to Department audit personnel for Department examinations of community agency agreements.

A. AUDIT RESPONSIBILITIES OF COMMUNITY AGENCIES

Community agencies and IPAs must understand the requirements of both Federal and Department audit requirements and they are as follows:

1. **Federal Audit Requirement:**

Community agencies are responsible for obtaining audits that satisfy Federal audit requirements in accordance with OMB Circular A-133. All Federal audits for community agencies will be performed by a qualified IPA. Department auditors will be responsible for providing the necessary oversight of these audits to assure adequate coverage of pass-through Federal awards to community agencies.

If the community agency can satisfy its Federal audit requirement through a program-specific audit as specified in OMB Circular A-133, §__.235, and its Federal funds are the only agreement amounts awarded by the Department, that audit will satisfy the audit requirement of these rules.

2. **Department Audit Requirement:**

All community agencies within Tier 2 (or within Tier 1 but opting for a Tier 2 audit) are required to have a qualified IPA conduct an audit in accordance with these rules. The Department will be responsible for providing the oversight of the community agency report submission.

(a) Financial statements: The IPA shall determine whether the financial statements of the community agency are presented fairly in all material respects in conformity with Generally Accepted Accounting Principles. The IPA shall also determine whether the SEDA is presented fairly in all material respects in relation to the community agency's financial statements taken as a whole.

(b) All audits shall be conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* (the Yellow Book) issued by the Comptroller General of the United States.

(c) In addition to the requirements of the Yellow Book, the IPA shall perform procedures to obtain an understanding of internal controls over Department programs sufficient to plan the audit to support a low assessed level of control risk for all programs tested.

(d) Except as provided in paragraph 2(e) of this section, the IPA shall plan and perform testing of internal controls over programs tested to support a low

assessed level of control risk for the assertions relevant to the compliance requirements for each program tested.

(e) When the internal control over some or all the compliance requirements for a program are likely to be ineffective in preventing or detecting noncompliance, the planning and performing of testing described in 2(d) of this section are not required for those compliance requirements. However, the IPA shall report a significant deficiency (including whether any such condition is a material weakness), assess the related control risk at the maximum, and consider whether additional compliance tests are required because of ineffective internal control.

(f) In addition to the requirements of the Yellow Book, the IPA shall determine whether the community agency has complied with laws, regulations, and the provisions of contracts or grant agreements that may have a direct and material effect on each of its programs.

(g) The compliance testing shall include tests of transactions and such other auditing procedures necessary to provide the IPA sufficient evidence to support an opinion on compliance.

3. Upon request, the IPA shall send to the Department audit working papers, reports, letters and correspondence. The IPA shall also cooperate with the Department in the conduct of quality control reviews of an audit made under these rules.

B. DEPARTMENT AUDIT REPORTING STANDARDS

The IPA will issue the following reports as a result of audits of community agencies in accordance with these rules.

The IPA's reports may be in the form of either combined or separate reports and may be organized differently from the manner presented in this section. The IPA's report shall state that the audit was conducted in accordance with this part and include the following:

1. **Independent Auditors' Report** on the entity-wide financial statements of the community agency for the fiscal year. The audit should be conducted in accordance with Generally Accepted Auditing Standards and *Government Auditing Standards*.

2. **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements in Accordance with *Government Auditing Standards.*** This report is required for all audits performed in accordance with *Government Auditing Standards*.

3. **Report on Compliance with Requirements Applicable to Each Program Tested and on Internal Control Over Compliance and Schedule of Expenditures of Department Agreements in Accordance with Maine Uniform Accounting and Auditing Practices for Community Agencies.** This report is modeled after the report required by Federal Circular OMB A-133.

4. **Schedule of Findings and Questioned Costs** shall include the following four components:

(a) A summary of the IPA's results which shall include:

(i) The type of report issued on the financial statements of the community agency (i.e., unqualified opinion, qualified opinion, adverse opinion, or disclaimer of opinion).

(ii) Where applicable, a statement that significant deficiencies in internal control were disclosed by the audit of the financial statements and whether any such conditions were material weaknesses.

(iii) A statement as to whether the audit disclosed any noncompliance which is material to the financial statements of the community agency.

(iv) Where applicable, a statement that significant deficiencies in internal control over programs tested were disclosed by the audit and whether any such conditions were material weaknesses.

(v) The type of report the IPA issued on compliance for programs tested (i.e., unqualified opinion, qualified opinion, adverse opinion, or disclaimer of opinion).

(vi) An identification of all programs tested.

(b) Findings relating to the financial statements which are required to be reported in accordance with *Government Auditing Standards.*

(c) Findings and questioned costs for Department awards which shall be presented in sufficient detail for the community agency to prepare a corrective action plan and take corrective action to allow the Department to issue a management decision regarding the corrective action. Findings shall include the following detail:

(i) **Department program name as identified on the contract and agreement number.**

(ii) **Criteria:** The criteria or specific requirement upon which the audit finding is based, including statutory, regulatory, or other citation.

(iii) **Condition:** The condition found, including facts that support the deficiency identified in the audit finding.

(iv) **Known Questioned Costs:** Identification of all questioned costs equal to or exceeding $1,000 and how they were computed.

(v) **Likely Questioned Costs:** Identification of all likely questioned costs equal to or exceeding $1,000 and how they were computed.

(vi) **Context:** Information to provide proper perspective for judging the prevalence and consequences of the audit finding, such as whether the audit finding represents an isolated instance or a systematic problem. Where appropriate, instances identified shall be related to the universe and the number of cases examined and be quantified in terms of dollar value.

(vii) **Cause:** A brief explanation of what caused the finding should be detailed.

(viii) **Effect:** The possible asserted effect to provide sufficient information to the community agency and the Department to permit them to determine the cause and effect to facilitate prompt and proper corrective action.

(ix) **Recommendation:** Recommendations to prevent future occurrences of the deficiency identified in the audit findings.

(x) **Management response/corrective action:** Views of responsible officials of the community agency detailing corrective action taken or planned by the community agency. Elements should include corrective taken or planned, estimated dates the corrective action was taken or planned and the official responsible for the corrective action.

(d) Prior year items - the IPA will include a presentation of the status of findings and questioned costs from prior year. If there were no findings in the prior year, the schedule must state there were none.

C. AUDIT COMPLIANCE TESTING STANDARDS

This standard applies to IPAs in the performance of audits of community agencies in Tier 2 and those in Tier 1 opting for audits under this rule.

1. Testing of agreements and 50% rule

(a) All agreements selected for testing must be tested for compliance and internal control.

(b) The determination of which agreements to test must be based on the expenses identified in the SEDA. The IPA, at a minimum, must perform compliance testing on agreements that make up 50% of the total expenditures claimed. In instances where the SEDA includes expenses from both the Maine Department of Transportation and the Maine Department of Health and Human Services, the IPA must, at a minimum, perform compliance testing of at least 50% of the total expenditures claimed for each of the Departments. The IPA shall use a risk-based approach to determine which Department agreements should be selected for testing. This risk-based approach shall include consideration of current and prior audit experience, oversight by Federal and State agencies, and the inherent risk to the Department agreements.

(c) All major agreements must be tested at least once every three years. If the inclusion of these agreements significantly raises the percentage tested, the IPA and the Division of Audit can agree, in writing, on a plan of action.

(d) For Department agreements that do not reconcile to the agency's fiscal year end (stub agreement) where there is a preceding or subsequent agreement that purchases the same service(s) (continuation agreement), the expenditures for these agreements must be combined and considered in the major agreement determination.

2. Materiality – Materiality for compliance testing is based at the agreement budget level and is based on the following:

A "material finding" is non-compliance with agreement conditions where the known questioned costs or likely questioned costs are $1,000 or more of the expenditures identified on the SEDA for that agreement or continuation agreement specific to the individual compliance areas below:

- Non-budgeted line items in excess of $1,000 (cost settled)
- Equipment purchases not approved by the Department (cost settled)
- Inequitable allocation of general and administrative (Indirect Cost) (cost settled)
- Ineligible clients (cost/unit settled)
- Final financial reports (FFR) not supported by financial records (cost settled)
- Unit reports not supported by service records (unit settled)
- Settlement not prepared consistent to agreement conditions (cost/unit settled)
- Settlement not including the appropriate match commitment (cost/unit settled)
- Settlement not including all available income (cost settled)
- Total expenses in any category except subcontracts (personnel, equipment, all other) exceed the budgeted amount for that category by 10% or $1,000, whichever is greater (cost settled)
- The subcontract category is considered restricted funding, and as such, no variance between budgeted and actual amounts is allowed.

3. For non-compliance that does not have a direct financial impact (i.e. reporting) the IPA should determine whether the degree of non-compliance is more than inconsequential.

4. Compliance Criteria - The compliance criteria to be tested are those specified in the agreement compliance section and Section .04 of these rules.

5. IPA's Reports - The IPA's report on compliance must encompass each agreement tested in accordance with the standards of Section .03 C.

6. IPA's Workpapers - The IPA must, at a minimum, maintain workpapers that are available upon request by the Division of Audit that document testing of the community agency's administrative controls and compliance requirements in the following areas:

(a) The community agency has knowledge of Federal and Department regulations and has procedures in place to safeguard Department funds (administrative controls).

(b) Costs are in accordance with the applicable Federal circulars, MAAP regulations, and any exceptions identified in the agreement award.

(c) The allocation of costs either directly or indirectly is equitable (if cost settled).

(d) The final costs claimed by the community agency are within the thresholds related to budget revisions (if cost settled).

(e) The community agency has a system in place to monitor agreement advances and ensure interest from advances is reimbursed to the Department.

(f) All obligations due the Department are liquidated within 90 days after the termination of an agreement.

(g) Costs are for the services identified in the agreement program (if cost settled).

(h) Services are only provided to eligible clients (if applicable).

(i) Match commitment meets the requirement of the federal circulars and the agreement award (if applicable).

(j) Reports are submitted to the Department timely.

(k) Subrecipient agreements are properly monitored (if applicable).

(l) The community agency has adhered to any special conditions identified in the agreement.

D. DEPARTMENT EXAMINATIONS

The Department may require or perform Department examinations of community agencies under the following circumstances:

1. As a result of the risk pool process.

2. At the request of the community agency.

3. At the request of a State department as a result of an audit report or findings which indicate material weaknesses in internal controls, lack of compliance with agreement conditions, or other matters which indicate lack of controls over agreement funds or assets.

4 As a result of desk reviews or quality control reviews of audit reports that indicate substantial inadequacies exist with the audit. However, inadequacies in entity-wide audits are expected to be resolved by the community agency in conjunction with its IPA.

5. As a result of State recognition of potential irregularities or illegal acts.

6. At the request of a department for a limited-purpose review not covered in the scope of a financial and compliance audit.

7. Field visits shall be coordinated for community agencies funded by both DHHS and DOT.

SECTION .04

STANDARD ADMINISTRATIVE REQUIREMENTS AND COMPLIANCE FOR DEPARTMENT AGREEMENTS

Summary: This section establishes the adoption of OMB Circulars and other Federal and Department guidance applicable to the agreements between Community Agencies and the Department. Compliance and administrative requirements are outlined, including the appeals procedure for the appeals and resolution of financial issues arising from audits and Department examinations.

A. **Adoption of Federal OMB Circulars and Common Rule**

Administrative requirements and cost principles applicable to Federal funds are adopted as being applicable to Department funded agreements.

1. Applicability

The Department will apply administrative requirements and cost principles to the following entities:

(a) Nonprofit Entity

(i) Office of Management and Budget (OMB) Circular A-110, "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations".

Office of Management and Budget (OMB) Circular A-122, "Cost Principles for Non- Profit Organizations".

(b) Educational Entity

(i) Office of Management and Budget (OMB) Circular A-110, "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations".

(ii) Office of Management and Budget (OMB) Circular A-21, "Cost Principles for Educational Institutions".

(c) Public Entity

(i) Office of Management and Budget (OMB) Circular A-102 (Common Rule), "Grants and Cooperative Agreements with State and Local Governments"

(ii) Office of Management and Budget (OMB) Circular A-87, "Cost Principles for State and Local Governments".

(d) For-Profit Entity

(i) Office of Management and Budget (OMB) Circular A-102 (Common Rule), "Grants and Cooperative Agreements with State and Local Governments".

Office of Management and Budget (OMB) Circular A-87, "Cost Principles for State and Local Governments"

2. State Restrictions to Cost Principles

The provisions of OMB A-21, OMB A-87 and OMB A-122 shall apply to Department agreements with community agencies. The following restrictions to the Federal circulars are identified below. Any additional restrictions must be specifically identified in the agreement award.

Advisory councils consist of a group of individuals who meet periodically to discuss areas of concern and provide feedback to a community agency. Advisory council costs are unallowable, unless required by the terms of the grant or agreement and included in the approved budget.

Compensation. Employee compensation in excess of $100,000 per year for any individual, including managers and executives, charged directly or indirectly to an agreement is unallowable, unless the employee is a doctoral level clinical practitioner who is employed for 100% of his or her time as a clinical practitioner. Costs for any retirement benefits, bonuses, incentive awards, or deferred compensation contributions provided to individual employees that are not available to all regular, full time employees are unallowable. Such costs must be part of an established written policy and not dependent upon end-of-year availability of funds.

Travel costs for community agencies, including but not limited to employees, executives and members of the board of trustees or trustees. Costs in excess of Maine State reimbursement amount for mileage, lodging and meals are unallowable. Out of state travel is unallowable unless approved, in writing, by the Department agreement administrator, prior to the travel.

B. Compliance Requirements

Community agencies receiving agreement funding shall follow the more restrictive of the applicable program regulations, Federal circulars, MAAP, and the agreement award.

1. Agreement compliance

(a) In addition to the administrative requirements and cost principles, the Department has identified in the "Agreement Compliance Section" of the agreement award specific compliance categories (compliance supplement) that reference specific agreement conditions that could lead to material non-compliance:

Bonding Requirement
Budget Compliance
Activities Allowed or Unallowed
Allowable Costs/Cost Principles
Cash Management
Davis-Bacon Act
Eligibility
Equipment and Real Property Management
Matching Level of Effort , Earmarking
Period of Availability of Federal and State Funds

Procurement and Suspension and Debarment
Program Income
Real Property Acquisition/Relocation Assistance
Reporting
Subrecipient Monitoring
Special Tests And Provisions

These areas of compliance, as applicable, must be specifically referenced in each agreement with the community agency.

C. Administrative Requirements

1. Contractual Process

(a) Community agencies enter into agreements with the Department to provide goods and/or services.

(b) All agreements with the Department include the agreement number, the agreement terms, the scope of goods and/or services to be provided, compliance requirements, method of payment, agreement budget, method of settlement, pro forma settlement, the types of reports due to the Department and the due dates of any required reports.

(c) All agreements are administered by a Department agreement administrator.

(d) The Department agreement administrator is responsible for administering the agreement during the agreement period. This includes approval authority for all payments made to the community agency, approval authority to any budget or budget revisions submitted to the Department by the community agency, agreement settlements and liquidation of all outstanding balances due to or from the Department. However, the Department agreement administrator does not have the authority to approve budgets or budget revisions that are contrary to the MAAP rules, including any federal regulations incorporated therein, as later determined by the Division of Audit. All budget and budget revisions are subject to the Division of Audit examination process and these MAAP rules.

(e) Review and approval of community agency submissions by the Department's agreement administrator does not relieve the community agency from being audited according to MAAP and federal regulations in cases where this approval may be counter to MAAP and federal regulations.

2. Pro Forma

(a) The agreement must include a pro forma that clearly identifies the steps necessary to reach an accurate settlement.

(b) Community agencies entering into Department agreements must follow the cost sharing methodology described in the agreement and as reflected in the pro forma included in the agreement document except as detailed in (c) below.

(c) Community agencies are required to follow applicable federal circulars, program regulations and MAAP restrictions, even if those restrictions are not expressly set forth in the pro forma. For example, bad debt will always be eliminated against expense as an

unallowable expense, even if the pro forma did not show bad debt being eliminated. If during the settlement process the community agency notes that the pro forma did not accurately reflect the restrictions imposed by federal circulars, program regulations and MAAP restrictions, the final settlement to the Department must be based on the actual restrictions even though not consistent to the agreement pro forma.

3. Revisions of Budgets and Program Plans

The community agency shall request prior written approval for budget revisions whenever one or more of the following conditions occur:

(a) The total expenses in personnel, equipment or all other category exceed the budgeted amount for that category by at least ten percent or $1,000, whichever is greater,

(b) The total expenses in the subcontract category vary from the budgeted amount,

(c) Total income, excluding agency commitment, differs from the budgeted amount by at least ten percent or $5,000, whichever is greater,

(d) The total agency commitment differs from the budgeted amount,

(e) There are non budgeted line items in excess of $1,000.

The community agency must request a budget revision at least thirty (30) days prior to the agreement termination date. If revision approval is not granted in writing prior to the date of the required final report, all costs that exceed the budget thresholds shall be deemed questioned costs. In addition, any variance, if any, between the actual agency commitment and the budgeted amount shall be adjusted on the agreement settlement form prior to cost sharing.

4. Cost Sharing Settlements (Multiple Funding Sources):

The Department enters into agreements where the Department participates in programs with multiple funding sources. Below are Department cost sharing principles to be followed in the budgeting and settlement process:

(a) Unrestricted revenues shall be specifically identified as such in the agreement budget. These amounts are comprised of revenues that have been designated to the program by such sources as local governments, United Way, private client fees and the community agency's commitment to the program. The agency's stated commitment to the program shall be included in the final settlement whether or not the community agency transferred these funds to the program. All unrestricted revenues are to be cost shared in the final settlement with the Department.

(b) Restricted revenue sources that purchase part of a program must be eliminated against the related expenses prior to cost sharing.

(c) Revenue from other federal and state funding sources that are not considered agreement revenue must be eliminated dollar for dollar prior to cost sharing.

(d) Program income such as client fees must be eliminated against program expenses dollar for dollar prior to cost sharing. Client fees-private must be made available for cost sharing, unless specifically restricted against identified expenses in the budgeting process.

(e) All MaineCare revenue, whether fee for service, unit based or cost settled, must be eliminated dollar for dollar against expense prior to cost sharing.

(f) An agency must eliminate all in-kind revenue and expenses prior to cost sharing. In-kind revenue and expenses are third party non-cash transactions that add benefits to a program.

(g) An agency must eliminate all subcontract revenues and related expenses prior to cost sharing.

(h) If an agreement award has multiple pro formas, a final settlement must be prepared consistent to the pro formas.

(i) The final financial report (agreement closeout report) must include the total Department agreement amount as available revenue for settlement purposes.

5. Liquidation of Outstanding Balances

Community agencies must liquidate any outstanding balance due the Department within ninety days after termination of an agreement (Note: The agreement can be more restrictive and require payment prior to the ninety days). If reimbursement is not made timely, the Department may charge interest based on the U.S. Treasury, Cash Management Improvement Act (CMIA).

6. Examination Process

(a) The Division of Audit may elect to perform a Department examination of Tier 1 community agencies' ACR(s) as submitted to the Department.

(b) The Division of Audit will perform a desk review for Tier 1 A-133 and Tier 2 community agencies to determine compliance with the agreement, MAAP, and Federal Circular A-133 requirements, if applicable.

(f) The Division of Audit shall prepare an examination report of community agencies selected for Department examination. The results will be communicated to the community agency and the Department.

(g) Upon receipt of the Department examination report, the community agency has sixty (60) days to either accept or appeal. Acceptance shall include a corrective action plan to recommendations and full payment of any balances due. Failure to comply within the allotted time may result in sanctions being applied by the Department.

(h) Periodically, the Division of Audit may elect to perform a quality control review of IPA's workpapers

D. **Department Appeals, Resolutions and Sanctions**

1. Appeals Procedures

Step a - Director of Audit – Maine DHHS and MaineDOT

A community agency may appeal, in writing, the findings of a Department examination within sixty (60) days after receiving the report from the Department. The appeal letter must identify the issues being appealed and include the specific supporting documentation. It must be addressed to the Director of the Division of Audit either at the Maine DHHS or Maine DOT.

The Director or the Director's designee will initiate a review of the audit appeal and will, as needed, consult with program management responsible for the affected agreements, agreement administrators, and other applicable and appropriate staff.

The Director or the Director's designee will issue a written decision on the appeal and the full basis of the decision to the community agency no later than sixty (60) days following the receipt of the appeal letter, unless both parties agree to an extension. The letter may be co-signed by other DHHS staff as applicable.

Step b - Office of Administrative Hearings – Maine DHHS

If the community agency wishes to proceed further in its appeal, it may appeal to the Office of Administrative Hearings within sixty (60) days of receiving the decision from the Director of the Division of Audit. The issue(s) on appeal will be limited to what was raised at the Step a appeal. The hearing will be a de novo Order of Reference appeal hearing. The hearing officer will issue a recommended decision with the Commissioner issuing a final decision.

Step b - Commissioner of the MaineDOT – MaineDOT

If the community agency wishes to proceed in its appeal, it may appeal to the Commissioner of MaineDOT within sixty (60) days of receiving the decision from the Director of the Office of Audit. The issue(s) on appeal will be limited to what was raised at the Step a appeal. The Commissioner's decision is the final Department appeals action.

Step c - Judicial appeal – Maine DHHS and MaineDOT

The Commissioner's decision is the final Department appeals action. Any further appeal is to the Maine Superior Court pursuant to Maine Rules of Civil Procedure, Rule 80C and 5 M.R.S.A. §11001.

2. Resolution of Appeals and Sanctions

When the community agency chooses not to further pursue its appeal, the process has been exhausted or the Department and community agency reach agreement, a letter will be sent by the Department confirming the terms of the settlement.

As required by the terms of the settlement, the community agency must within thirty (30) days of receipt of the letter, as applicable;

1) make full payment of any balance due;

2) make arrangement for a repayment plan acceptable to the Department

3) submit a corrective action plan acceptable to the Department regarding any non-compliance issues.

If there are no future agreements, the Department may also turn the matter over to the Attorney General or to a collection agency.

SECTION .05

DEPARTMENT RESPONSIBILITIES

Summary: The Department shall establish procedures for administering agreements with community agencies in accordance with MAAP and the regulations. Specific Department responsibilities shall, at a minimum, include the following:

A. **ADMINISTRATIVE RESPONSIBILITIES**

1. To prepare requests for proposals for agreements with community agencies.

2. To negotiate agreements with community agencies that contain all applicable accounting and administrative requirements contained within these rules.

3. To ensure each agreement between the Department and the community agency includes an Agreement Compliance Section and a pro forma.

   (a) Agreement Compliance Section

   Each agreement shall contain a standard section which presents the related agreement compliance testing requirements. Each area of compliance indicated as applicable shall be cross-referenced to the agreement.

   (b) Pro Forma Agreement Closeout Report

   Each agreement shall contain a pro forma to illustrate the closeout method to be applied. Illustrative amounts should be filled in on the pro forma.

   (c) Special Provisions

   An agreement may present in the Agreement Compliance Section an applicable special compliance area in addition to the standard areas. Special compliance areas must have a measurable effect to the agreement. Any special compliance area must be identified and cross-referenced to the agreement. In addition, a separate page must be inserted in the agreement which specifies the compliance requirements.

4. To provide technical advice to community agencies and IPAs to assist them in understanding their responsibilities under the agreement.

5. To monitor agreement fiscal and program performance.

6. To resolve agreement balances resulting from audits and examinations.

7. To apply sanctions when necessary when non-compliance findings are not resolved.

B. AUDIT OVERSIGHT AND EXAMINATION RESPONSIBILITIES

Division of Audit personnel of the Department are responsible for the following:

1. To perform Department examinations of community agency records.

2. Ensure that 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.

3. To conduct desk reviews of audits of community agencies performed by IPAs.

4. To conduct quality control reviews of selected IPAs' audits.

5. To review the community agency's SEDA.

6. To prepare examination reports for agreements administered by the Department.

7. To review agreement pro formas for conformity to achieve a fair and equitable settlement which complies with all applicable rules and regulations.

8. To assess risk for Department examinations associated with Tier I community agencies. At a minimum, such factors as frequency of audit, past history, level of agreement funding, etc. may be considered.

9. To provide the necessary training concerning the regulatory requirements of this Act.

10. To provide technical advice and act as a liaison between all interested parties.

11. To inform the community agency of any additional Departments approved for inclusion in this chapter by the Commissioner.

12. To respond to community agency non-compliance and corrective action plans.

13. To respond to community agency appeals in accordance with Section .04.

14. To advise Department program management of community agencies materially not complying with the MAAP reporting requirements.

STATUTORY AUTHORITY: 5 MRSA c.148-C, sub-c. 1660-H.

EFFECTIVE DATE: January 1, 1987

AMENDED: July 1, 1989

REPEALED AND REPLACED: December 28, 1996 -- Removed as 18-106 Chapter 1 in favor of this joint Chapter 30.

AMENDED: December 16, 2006

APPENDIX

Appendix A
ABC, Inc.

Schedule of Expenditures of Department Agreements
Fiscal Year Ended June 30, 2008

Department Office	Agreement Number	Agreement Amount	Agreement Period	Agreement Service	Agreement Status	Federal Expenses	State Expenses	Total Department Expenses	DOT Only Local Share Expenses	DOT Only Total Agreement/Match Expenses
DHHS:										
DPS	CFS-08-1050	340,000	10/01/07-9/30/08	Child Care-Slots	Interim	185,000	75,000	**260,000**		
DPS	CFS-07-1050	330,000	10/01/06-9/30/07	Child Care-Slots	Final	80,000	56,500	**136,500**		
DPS	CFS-08-1055	425,000	10/01/07-9/30/08	Child Care-Vouchers	Interim	220,000	112,000	**332,000**		
DPS	CFS-07-1055	416,000	10/01/06-9/30/07	Child Care-Vouchers	Final	55,000	26,000	**81,000**		
CFS	CFS-08-1075	N/A	10/01/07-9/30/08	Food	Interim	37,500		**37,500**		
CFS	CFS-07-1075	N/A	10/01/06-9/30/07	Food	Final	11,200		**11,200**		
DPS	CFS-08-1090	85,000	10/01/07-9/30/08	Transportation	Interim	17,000	45,000	**62,000**		
DPS	CFS-07-1090	85,000	10/01/06-9/30/07	Transportation	Final	6,000	16,000	**22,000**		
Maine CDC	CFS-08-1040	180,000	7/01/07-6/30/08	Teen Health	Final	81,685	81,685	**163,370**		
DPS	CFS-08-1045	90,000	7/01/07-6/30/08	Substance Abuse	Final	36,000	50,500	**86,500**		
DPS	CFS-08-1047	110,000	7/01/07-6/30/08	Counseling	Final	80,000	30,000	**110,000**		
DPS	CFS-08-1065	245,000	7/01/07-6/30/08	Transportation	Final		236,000	**236,000**		
DPS	CFS-07-1066	180,000	7/01/06-6/30/09	Counseling	Interim		55,000	**55,000**		
DHHS Indirect:										
Agency B	CSC 4403	50,000	7/01/07-6/30/08	Transportation	Final	25,000	25,000	**50,000**		
Agency C	CSC 4425	70,000	7/01/07-6/30/08	Transportation	Final		65,000	**65,000**		
Subtotal (DHHS)						834,385	873,685	**1,708,070**		
DOT:										
OPT	U067G505219 ME-18-X038-11744.00 ME-18-X038-11744.01	265,723	7/01/07-6/30/09	Admin/operating/Capital	Interim	20,857	2,771	**23,628**	10,994	34,622
OPT	U066G604307 ME-18-X037-10740.00	254,938	7/01/06-6/30/08	Admin/operating/Capital	Final	215,648	21,878	**237,526**	59,424	296,950
Subtotal (DOT)						236,505	24,649	**261,154**	**70,418**	331,572
TOTAL						1,070,890	898,634	**1,969,224**		

Example

ABC, Inc.
Schedule of Expenditures of Department Agreements
Fiscal Year Ended June 30, 2008

NOTES:

Disclosures:
Is your Agency required to have a federal A-133 Audit? YES_____ NO _____

Tier 1 Agencies Only:
I certify to the best of my knowledge that the Schedule includes all MAAP agreements. Additionally, the schedule accurately reflects the financial service claims submitted to the Department during this fiscal year...

Signed _____Title_____Date_____

Example

Appendix B

INSTRUCTION FOR COMPLETION OF SCHEDULE OF EXPENDITURES OF DEPARTMENT AGREEMENTS

The purpose of the SEDA is to summarize financial/service claims submitted by the agency to the Department and to determine if the agency qualifies as a MAAP Tier 1 or Tier 2. If Tier 2 the SEDA must identify which agreements and programs were tested for compliance.

GENERAL INSTRUCTIONS:

The SEDA will include the activity of both DHHS and DOT. If another State Department is included under MAAP, Community Agencies will be notified. The SEDA must include DHHS and DOT funding received indirectly from other entities.

The SEDA must isolate the activity of DHHS and DOT. Agreement activity subtotals must be included for each Department.

DHHS and DOT require the same information, except DOT requires "Local Share Expenses" and "Total Agreement Expenses".

INSTRUCTIONS:

Department/Office
Enter applicable Department and Office

Agreement Number
Enter agreement number. Additionally, DOT requires the PIN number be identified.

Agreement Amount
Enter agreement amount. If agency elects to identify agreement activity based on separate pro formas or settlement restrictions contained in the agreement, the agreement amount should only include the portion of the agreement amount restricted to that activity/settlement. However, the sum of the individual settlements must equal the agreement amount (see instructions for Total Federal/State Expenses). The preparer should use the Notes to the SEDA for clarification, if necessary.
Agreement Period
Enter the beginning and end dates of the agreement.

Agreement status
Enter all agreements (interim and final) with financial activity during the current period for both Departments.

Example

Total Department Expenses
The SEDA is a summary of financial claims submitted to the Department. Expenses included on the SEDA must reconcile to these claims.

If a claim to the Department does not reconcile to the agency's fiscal year end, and the current year expenses cannot be readily determined, the preparer can pro rate expenses between accounting periods. However, the expenses included in the SEDA over the life of the agreement must equal the total expenses claimed.

The Agency may elect to identify agreements with separate pro formas or settlement restrictions as one merged settlement or separate settlements under separate lines on the SEDA. The preparer should use the Notes to the SEDA for clarification, if necessary.

If separate settlements, the format should be similar to the following:

Office	Agreement Number	Agreement Amount	Agreement Period	Agreement Service	Agreement Status	Federal Expenses	State Payments	Total Agreement Expenses
DPS	CFS-07-1050	250,000	10/01/06-9/30/07	Child Care-Slots	Final	41,000	20,500	61,500
DPS	CFS-07-1050	9,900	10/01/06-9/30/07	CC-Eligibility	Final	4,000	5,900	9,900
DPS	CFS-07-1050	10,100	10/01/06-9/30/07	Program Improve.	Final	0	10,100	10,100
DPS	CFS-07-1050	40,000	10/01/06-9/30/07	Family Network	Final	20,000	20,000	40,000
DPS	CFS-07-1050	20,000	10/01/06-9/30/07	Certification	Final	15,000	0	15,000
		330,000				**80,000**	**56,500**	**136,500**

Federal Expenses
Enter the amount of Total Department Expenses that was borne by Federal funds. The Agency must review the agreement award and Department payments to determine the make-up of the expenses between Federal and State funds. If the actual payments versus expenses claimed do not clearly identify the Federal amount, the allocation of Federal to State funds can be pro rated.

State Expenses
Enter the amount of Total Department Expenses that was borne by State funds. The Agency must review the agreement award and Department payments to determine the make-up of the expenses between Federal and State funds. If the actual payments versus expenses claimed do not clearly identify the State amount, the allocation of Federal and State funds can be pro rated.

Local Share Expenses
DOT only: identify the expenses associated with the local match

Example

Total Agreement Expenses
DOT only: add "Total Department Expenses” and "Local Share match"

NOTES:

Tier 2 Agencies:
The SEDA or the Notes to the SEDA must specifically identify programs tested.

The Notes to the SEDA must identify the percentage of major agreements tested in relation to total Department expenses. The SEDA must identify the percentages applicable to DOT and DHHS.

DISCLOSURES:

The Agency must disclose if they are required to have a Federal Circular A-133 Audit. If required, the Federal Circular A-133 Reporting package must be forwarded to the DHHS and/or DOT Office of Audit based on the submission requirements of Circular A-133.

Tier 1 Agencies:
The SEDA must be signed and dated by a responsible Official of the Agency. The Official must certify as to the accuracy of the SEDA.

Tier 2 Agencies:
The SEDA does not need to be signed. The SEDA will be included as part of MAAP Compliance Audit. The IPA will issue a report on the SEDA.

Example

Appendix C

Example 1

Independent Auditor's Report on Compliance with Requirements Applicable to Each Program Tested and on Internal Control Over Compliance and Schedule of Expenditures of Department Agreements in Accordance with Maine Uniform Accounting and Auditing Practices for Community Agencies

(Report with Unqualified Opinion on Compliance and No Material Weaknesses or Significant Deficiencies)

[To the Board of Directors of
Addressee]

Compliance

We have audited the compliance of Sample Community Agency with the types of compliance requirements described in the *Maine Uniform Accounting and Auditing Practices for Community Agencies* (MAAP), and with the requirements in the Contract Compliance Rider(s) of the Agency's agreement(s) with the Department that are applicable to each of its major Department agreements for the year ended June 30, 20X1. The Agency's major Department agreements are identified in the accompanying SEDA. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Department agreements is the responsibility of the Agency's management. Our responsibility is to express an opinion on Sample Community Agency's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Maine Uniform Accounting and Auditing Practices for Community Agencies*. Those standards and MAAP require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Department agreement occurred. An audit includes examining, on a test basis, evidence about Sample Community Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Sample Community Agency's compliance with those requirements.

In our opinion, Sample Community Agency complied, in all material respects, with the requirements referred to above that are applicable to each of its major Department agreements for the year ended June 30, 20X1. (However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with MAAP and which are described in the accompanying schedule of findings and questioned costs as items {list finding reference numbers, for example, 20X1-1 and 20X1-2.})

Internal Control Over Compliance

The management of Sample Community Agency is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts,

Example

and grants applicable to Department agreements. In planning and performing our audit, we considered Sample Community Agency's internal control over compliance with the requirements that could have a direct and material effect on a major Department agreement in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Sample Community Agency's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a Department agreement on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a Department agreement such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a Department agreement that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a Department agreement will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Sample Community Agency's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Sample Community Agency's response and, accordingly, we express no opinion on it.

Schedule of Expenditures of Department Awards

We have audited the basic financial statements of Sample Community Agency as of and for the year ended June 30, 20X1, and have issued our report thereon dated Month, XX, XXXX. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Department Awards is presented for the purposes of additional analysis as required by *Maine Uniform Accounting and Auditing Practices for Community Agencies* and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Example

This report is intended solely for the information and use of management, *[identify the body or individuals charged with governance]*, others within the entity, the Board of Directors, and the Department as the awarding agency and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Firm's signature

City, State
[Date]

Example

Example 2

Independent Auditor's Report on Compliance with Requirements Applicable to Each Program Tested and on Internal Control Over Compliance and Schedule of Expenditures of Department Agreements in Accordance with Maine Uniform Accounting and Auditing Practices for Community Agencies

(Report with Qualified Opinion on Compliance and Significant Deficiencies and Material Weaknesses)

[To the Board of Directors of
Addressee]

Compliance

We have audited the compliance of Sample Community Agency with the types of compliance requirements described in the *Maine Uniform Accounting and Auditing Practices for Community Agencies* (MAAP), and with the requirements identified in the Contract Compliance Rider(s) of the Agency's agreement(s) with the Department that are applicable to each of its major Department agreements for the year ended June 30, 20X1. Sample Community Agency's major Department agreements are identified in the accompanying Schedule of Expenditures of Department Awards. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Department agreements is the responsibility of Sample Community Agency's management. Our responsibility is to express an opinion on Sample Community Agency's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Maine Uniform Accounting and Auditing Practices for Community Agencies*. Those standards and MAAP require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Department agreement occurred. An audit includes examining, on a test basis, evidence about Sample Community Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Sample Community Agency's compliance with those requirements.

As described in item *[list finding reference number, for example, 20X1-3]* in the accompanying schedule of findings and questioned costs, Sample Community Agency did not comply with requirements regarding *[identify the type(s) of compliance requirement]* that are applicable to its *[identify the major Department agreement]*. Compliance with such requirements is necessary, in our opinion, for Sample Community Agency to comply with requirements applicable to that agreement.

In our opinion, except for the noncompliance described in the preceding paragraph, Sample Community Agency complied, in all material respects, with the requirements referred to above that are applicable to each of its major Department agreements for the year ended June 30, 20X1. (The results of our auditing procedures also disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with MAAP and which are

Example

described in the accompanying schedule of findings and questioned costs as items {list finding reference numbers, for example, 20X1-1 and 20X1-2.})

Internal Control Over Compliance

The management of Sample Community Agency is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to Department agreements. In planning and performing our audit, we considered Sample Community Agency's internal control over compliance with the requirements that could have a direct and material effect on a major Department agreement in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Sample Community Agency's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies and others that we consider to be material weaknesses.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a Department agreement on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a Department agreement such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a Department agreement that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items *[list finding reference numbers, for example, 20X1-4 and 20X1-5]* to be significant deficiencies.
.
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a Department agreement will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, we consider items [*list finding reference numbers, for example 20X1-6 and 20X1-7*] to be material weaknesses. Sample Community Agency's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Sample Community Agency's response and, accordingly, we express no opinion on it.

Example

Schedule of Expenditures of Department Awards

We have audited the basic financial statements of Sample Community Agency as of and for the year ended June 30, 20X1, and have issued our report thereon dated Month, XX, XXXX. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Department Awards is presented for the purposes of additional analysis as required by *Maine Uniform Accounting and Auditing Practices for Community Agencies* and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, *[identify the body or individuals charged with governance]*, others within the entity, the Board of Directors, and the Department as the awarding agency and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Firm's signature

City, State
[Date]

Example

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

State Awards

Internal Control over programs tested:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for programs tested	Unqualified
Any audit findings disclosed that are required to be reported in accordance with MAAP regulations?	Yes

Identification of programs tested:

Name of Program:

Example

Section II - Findings Required to be Reported under *Government Auditing Standards*

Criteria -

Condition -

Cause -

Effect -

Recommendation -

Management Response -

Example

Section III - Findings and Questioned Costs for State and/or Federal Awards

Department Program Name and Agreement Number -

Criteria -

Condition -

Known Questioned Costs -

Likely Questioned Costs -

Context -

Cause -

Effect -

Questioned Costs -

Recommendation -

Management Response/corrective action -

Example

Section IV - Status of Prior Year Findings

Example

APPENDIX E
AGREEMENT COMPLIANCE FORM

This section identifies compliance requirements that must be considered in audits of agreements between the Department and a Community Agency. Below is a summary of required compliance tests as well as sections within the agreement award relevant to such testing. Failure to comply with any of these areas could lead to material deficiencies.

X Review the **Federal** compliance requirements specific to the following CFDA identifiers:

CFDA # 93.710 CFDA # _____ CFDA # _____

OMB A-133 Compliance Supplement located at www.whitehouse.gov/omb/circulars

and review all the State compliance requirements listed below that apply to Federal Funds.

X Review the **State** compliance requirements in applicable areas specified below:

X	1.) **INTERNAL CONTROL**	
X	2.) **STANDARD ADMINISTRATIVE PRACTICES** A. OMB A-110/Common Rule General Pre-award Requirements Financial and Program Mangement Property Standards Procurement Standards Reports and Records Termination and Enforcement After the Award Requirements	B. Department Additions Standards for Bonding Program Budget
x	3.) **ACTIVITIES ALLOWED OR UNALLOWED**	Rider A Section III
x	4.) **ALLOWABLE COSTS/COST PRINCIPLES** X OMB A-122 ____ OMB A-87	____ OMB A-21
x	5.) **CASH MANAGEMENT**	
x	6) **ELIGIBILITY**	
	7.) **EQUIPMENT AND REAL PROPERTY MANAGEMENT**	
x	8.) **MATCHING, LEVEL OF EFFORT, EARMARKING**	
x	9.) **PERIOD OF AVAILABLITY OF FUNDS**	
x	10.) **PROCUREMENT AND SUSPENSION AND DEBARMENT**	
	11.) **PROGRAM INCOME**	
x	12.) **REPORTING**	Rider A Section III
x	13.) **SUBRECIEPIENT MONITORING**	
x	14.) **SPECIAL TESTS AND PROVISIONS**	
x	15.) **AGREEMENT SETTLEMENT:** (Check all that are applicable)	**COST SHARING** X **FEE FOR SERVICE** **UNIT COST** **LINE ITEM EXPENSE** **OTHER (specify):**

Example

Appendix F
Pro Forma

Community Agency: ABC Agency, Inc.
Fiscal Year End: 9/30/2008
Funding Department: Department of Health and Human Services
Agreement Number: CFS-08-1040
Agreement Period: 7/1/07-6/30/08
Agreement Amount: $180,000

Part I Agreement Totals

		Revenue	Expense	Balance
1.	Per Agreement Budget	293,500	293,500	0
	Agreement Adjustments			
2.	MaineCare/Program Expenses	(45,000)	(45,000)	0
3.	Restricted United Way/Equipment	(5,000)	(5,000)	0
4.	In-Kind Revenue/Expenses	(3,500)	(3,500)	0
				0
5.	Total Adjustments	(53,500)	(53,500)	0
6.	Totals Available for Cost Sharing	240,000	240,000	0

Part II Agreement Cost Sharing

	Funding Source	Budget %	Revenue	Expense	Balance
7.	Agreement # (state funds)	37.50	90,000	90,000	0
8.	Agreement # (federal funds)	37.50	90,000	90,000	0
9.	All Other	25.00	60,000	60,000	0
10.	Totals	100.00	240,000	240,000	0

Part III Settlement

		Department Payments	Allocated Expenses	Due Dept. (Agency)
11.	Settlement			

Notes to adjustments:

Example

PRO FORMA

FEE FOR SERVICE

Community Agency:	ABC Agency, Inc.
Fiscal Year End:	9/30/2008
Funding Department	Department of Health & Human Services
Agreement Number DHHS:	CFS-07-1050
Agreement Period:	10/1/2006 - 9/30/2007
Agreement Amount:	$330,000
Program/Service:	Subsidized Child Care Slots

A. ACTUAL UNITS PROVIDED AT THE APPROVED UNIT RATE

Unit of Measure		# of Units required per Agreement	# of Units Provided per Service Reports	Rate per Unit	Units x Rate
Service Name	**County**				
Center (Preschool)	Oxford	700		125.00	0.00
				0.00	0.00
Home (Infant Care)	Oxford	400		125.00	0.00
Home (Toddler Care)	Oxford	600		120.00	0.00
Home (Preschool Care)	Oxford	700		100.00	0.00
Home (Schoolage Care)	Oxford	300		95.00	0.00
				0.00	0.00
				0.00	0.00
				0.00	0.00
				Total Amount:	0.00

B. ELIGIBILITY AND REPORTING FUNDS *If % of Units Delivered is less than 75%, must complete Section C-2*

	E & R Funds per agreement	Total Units Required	Total Units Reported	% of Units Delivered	Total E & R Funds Earned *(Amount X %)*
Child Care Services	9,900.00	2700		0%	-

C. SETTLEMENT

Section 1 Direct Service Funds	
a. Total Amount from Section A:	
b. Parent Co-pay Assessed	
c Net reimbursment from Dept (a. - b.)	0.00
d. DHHS Direct Service Funds (Rider B. 2.d)	250,000.00
e. Enter Lesser Amount of c. or d.	
f. Total DHHS Payment Received to Date	
g. Amt. (due DHHS) due Agency (e-f)	0.00

Section 2 Eligibility and Reporting Funds	
a. Total Amount from Section B:	0.00
b. Total E & R Funds Received:	9,900.00
c. Amount due DHHS:	9,900.00

Section 3: Program Improvement Funds and Family Network Support Funds

P I Revenue	P I Expense	Balance
10,100.00	10,100.00	0.00
FNS Revenue	**FNS Expense**	**Balance**
40,000.00	40,000.00	0.00

Section 4 Summary of Agreement Settlement Forms

	Due DHHS	Due Provider
Program Improvement	0.00	0.00
Family Network Support	0.00	0.00
Accreditation	0.00	0.00
F1a ASF-Sec.C1	0.00	0.00
F1a ASF-Sec.C2	0.00	0.00
	0.00	0.00
TOTAL DUE	0.00	0.00

Make Checks Payable "Treasurer, State of Maine"

PRO FORMA
QUALITY CERTIFICATION PRO-FORMA
(Accreditation)

Community Agency: ABC Agency, Inc.
Fiscal Year End:
Funding Department: Department of Health & Human Services
Agreement # DHHS: CFS-07-1500
Agreement Period: 10/1/2006 - 9/30/2007
Agreement Amount: $330,000
Program/Service: Quality Certification

(1) **Service Name and County**	(2) **Quality Units*** Enter # of Units from Rider F-1a eligible for 10% Differential *(FTE's)*	(3) **Substantial Progress Units** Enter # of Units from Rider F-1a eligible for 5% Differential *(FTE's)*	(4) **DHHS Approved Rate** Enter Rate from Form 6 Service Summary	(5) **Quality Units** Amount Earned Column #2-Units multiplied by Column #4-Rate	(6) **Substantial Progress Untis** Amount Earned Column #3-Units multiplied by Column #4-Rate	(7) **Amount of Quality Certification Funds** Column #5 multiplied by 10%	(8) **Amount of Substantial Progress Funds** Column #6 multiplied by 5%
Center:							
Infant Care				-	-	-	-
Toddler Care				-	-	-	-
Preschool Care			125.00	-	-	-	-
Schoolage Care				-	-	-	-
Family:							
Infant Care			125.00	-	-	-	-
Toddler Care			120.00	-	-	-	-
Preschool Care			100.00	-	-	-	-
Schoolage Care			95.00	-	-	-	-
A. Total Quality Certification Funds and/or Substantial Progress Funds Earned:						-	-

SETTLEMENT

B. Amount of Quality Certification and/or Substantial Progress Funds Available (Rider B, Page 1, Section 2.b)	$20,000	
C. Enter Lesser Amount (A or B)		
D. Amount of Quality Certification and/or Substantial Progress Funds Received to Date from DHHS:		
E. If C is greater than D, Amount due Provider (C - D)		
F. If D is greater than C, Amount due DHHS (D - C)		

*See CSC Action Transmittal #DCCS-PI-2001-09 issued on September 5, 2001

Rider F-1 ASF

Appendix G
Agreement Closeout Report (ACR)
Actual

Community Agency: ABC Agency, Inc.
Fiscal Year End: 9/30/2008
Funding Department: Department of Health and Human Services
Agreement Number: CFS-08-1040
Agreement Period: 7/1/07-6/30/08
Agreement Amount: $180,000
Program/Service: Teen Health

Part I	Agreement Totals	Revenue	Expense	Balance
1.	Per Financial Claim	293,750	281,250	12,500
	Agreement Adjustments			
2.	MaineCare/Program Expenses	(52,000)	(52,000)	0
3.	Restricted United Way/Equipment	(4,500)	(4,500)	0
4.	In-Kind Revenue/Expenses	(3,500)	(3,500)	0
5.	Available CFS-08-1040	10,000		
6.	Total Adjustments	(50,000)	(60,000)	10,000
7.	Totals Available for Cost Sharing	243,750	221,250	22,500

Part II	Agreement Cost Sharing				
Funding Source		Actual%	Revenue	Expense	Balance
8.	Agreement # (state funds)	36.92	90,000	81,685	8,315
9.	Agreement # (federal funds)	36.92	90,000	81,685	8,315
10.	All Other	26.16	63,750	57,880	5,870
11.	Totals	100.00	243,750	221,250	22,500

Part III	Settlement	Department Payments	Allocated Expenses	Due Dept. (Agency)
12.	Settlement	170,000	163,370	6,630

Notes to adjustments:
Line #5 To adjust CFS 08-1040 revenue per agency, $170,000 to agreement amount, $180,000 for cost sharing purposes.

Example

AGREEMENT SETTLEMENT FORM (ASF)

FEE FOR SERVICE

Community Agency:	ABC Agency, Inc.
Fiscal Year End:	9/30/2009
Funding Department	Department of Health & Human Services
Agreement Number DHHS:	CFS-09-1050
Agreement Period:	10/1/08-9/30/09
Agreement Amount:	$631,288
Program/Service:	Subsidized Child Care Slots

A. ACTUAL UNITS PROVIDED AT THE APPROVED UNIT RATE

Unit of Measure		# of Units required per Agreement	# of Units Provided per Service Reports	Rate per Unit	Units x Rate
Service Name	**County**				
Center					
Infants	Any County	90	79.75	170.00	13,557.50
Toddlers	Any County	170	215.75	150.00	32,362.50
Preschool	Any County	1220	1,161.00	120.00	139,320.00
School Age	Any County	340	422.50	85.00	35,912.50
School Age	Any County	340	198.75	100.00	19,875.00
Family Child Care					
Infants	Any County	9	12.00	130.00	1,560.00
Toddlers	Any County	8	0.00	125.00	0.00
Preschool	Any County	44	39.00	110.00	4,290.00
School Age	Any County	0	0.00	100.00	0.00
Center					
Infants	Any County	246	298.50	175.00	52,237.50
Toddlers	Any County	940	991.00	155.00	153,605.00
Preschool	Any County	702	676.25	145.00	98,056.25
School Age	Any County	270	242.75	120.00	29,130.00
Family Child Care					
Infants	Any County	20	21.00	125.00	2,625.00
Toddlers	Any County	274.86	235.50	115.00	27,082.50
Preschool	Any County	274	253.50	110.00	27,885.00
School Age	Any County	0		90.00	0.00
				Total Amount:	637,498.75

B. ELIGIBILITY AND REPORTING FUNDS *If % of Units Delivered is less than 75%, must complete Section C-2*

	E & R Funds per agreement	Total Units Required	Total Units Reported	% of Units Delivered	Total E & R Funds Earned *(Amount X %)*
Child Care Services	14,008.00	4948	4847	98%	14,008.00

C. SETTLEMENT

Section 1 Direct Service Funds

a. Total Amount from Section A:	637,498.75
b. Parent Co-pay Assessed	82,976.00
c Net reimbursment from Dept (a. - b.)	554,522.75
d. DHHS Direct Service Funds (Rider B. 2.c)	536,120.00
e. Enter Lesser Amount of c. or d.	536,120.00
f. Total DHHS Payment Received to Date	536,120.00
g. Amt. (due DHHS) due Agency (e-f)	0.00

Section 2 Eligibility and Reporting Funds

a. Total Amount from Section B:	14,008.00
b. Total E & R Funds Received:	14,008.00
c. Amount due DHHS:	0.00

Section 3: Program Improvement Funds

P I Revenue	P I Expense	Balance
13,612.00	13,612.00	0.00

H.S. Family CC Home Admin Funds Revenue	& Expense	Balance
5,364.00	5,364.00	0.00

Section 4 Summary of Agreement Settlement Forms

	Due DHHS	Due Provider
Program Improvement	0.00	0.00
Family Network Support	0.00	0.00
F1 ASF.QRS	1,734.12	0.00
F1a ASF-Sec.C1	0.00	0.00
F1a ASF-Sec.C2	0.00	0.00
	1,734.12	0.00
TOTAL DUE	1,734.12	0.00

Make Checks Payable "Treasurer, State of Maine"

Agency Signature & Date

DHHS Agreement Administrator Signature & Date

Example

AGREEMENT SETTLEMENT FORM (ASF)
QUALITY DIFFERENTIAL
(Quality Rating System)

Community Agency: ABC Agency, Inc.
Fiscal Year End: 9/30/2009
Funding Department: Health & Human Services
Agreement # DHHS: CFS-09-1050
Agreement Period: 10/1/2008 - 9/30/2009
Agreement Amount: $62,184
Program/Service: Quality Differential

(1) **Service Name and County** Any County	(2) **QRS Step 4 Quality Units** Enter # of Units from Rider F-1a eligible for 10% Differential *(FTEs)*	(3) **QRS Step 3 Progress Units** Enter # of Units from Rider F-1a eligible for 5% Differential *(FTEs)*	(4) **QRS Step 2 Units** Enter # of Units from Rider F-1a eligible for 2% Differential *(FTEs)*	(5) **DHHS Approved Rate** Enter Rate from Form 6 Service Summary	(6) **QRS Step 4 Quality Units** Amount Earned Column #2-Units multiplied by Column #5-Rate	(7) **QRS Step 3 Progress Units** Amount Earned Column #3-Units multiplied by Column #5-Rate	(8) **QRS Step 2 Units** Column #4-Units multiplied by Column #5-Rate	(9) **Amount of QRS Step 4 Quality Units Funds** Column #6 multiplied by 10%	(10) **Amount of QRS Step 3 Progress Units Funds** Column #7 multiplied by 5%
Center:									
Infant Care	79.75	0	0	170.00	13,557.50	-	-	1,355.75	-
Toddler Care	215.75	0	0	150.00	32,362.50	-	-	3,236.25	-
Preschool Care	1161	0	0	120.00	139,320.00	-	-	13,932.00	-
Schoolage Care	422.5	0	0	85.00	35,912.50	-	-	3,591.25	
Schoolage Care	0	0	198.75	100.00	-	-	19,875.00	-	-
Family:									
Infant Care	12	0	0	130.00	1,560.00	-	-	156.00	-
Toddler Care	0	0	0	125.00	-	-	-	-	-
Preschool Care	39	0	0	110.00	4,290.00	-	-	429.00	-
Schoolage Care	0	0	0	100.00	-	-	-	-	-
Any County									
Center:									
Infant Care	298.5	0	0	175.00	52,237.50	-	-	5,223.75	-
Toddler Care	991	0	0	155.00	153,605.00	-	-	15,360.50	-
Preschool Care	676.25	0	0	145.00	98,056.25	-	-	9,805.63	-
Schoolage Care	0	242.75	0	120.00	-	29,130.00	-	-	1,456.50
Family:									
Infant Care	21	0	0	125.00	2,625.00	-	-	262.50	-
Toddler Care	235.5	0	0	115.00	27,082.50	-	-	2,708.25	-
Preschool Care	253.5	0	0	100.00	25,350.00	-	-	2,535.00	-
Schoolage Care	0	0	0	90.00	-	-	-	-	-
Sub-Total Quality Differential Funds Earned by Step/Level:								58,595.88	1,456.50
A. Total Quality Differential Funds Earned:									

SETTLEMENT

B. Amount of Total Quality Funds Available (Rider B, Page 1, Section 2.b)	$
C. Enter Lesser Amount (A or B)	$
D. Amount of Quality Certification and/or Substantial Progress Funds Received to Date from DHHS:	$
E. If C is greater than D, Amount due Provider (C - D)	
F. If D is greater than C, Amount due DHHS (D - C)	$

Example

APPENDIX H
AGREEMENT SETTLEMENT FORM
DOT/Passenger Transportation
D.O.T. SECTION 9
URBAN TRANPORTATION PROGRAM
DEFICIT FUNDING
Sample Community Agency
Fiscal Year Ending:

CFDA#:
Project Name/No:
PIN#
Agreement Period:

Total Operating Costs		$
Less:		
Fares		
Net Operating Deficit		$
Revenue:		
Federal		$
State		$
Local		$
Total Revenues		$
Surplus/Deficit		$

Federal Participating Share

1. Amount of Non-Federal Funds Contributed:		
State	$	
Local	$	
Total Non-Fed		$
2. 50% of the net Project Costs:		
Federal Share @ 50%		$
3. Operating Deficit After Adding Local Funds But Before Adding UMTA Funds		
Operating Costs	$	
Less:		
Fares	$	
State	$	
Local	$	
Deficit Before UMTA		$
4. Maximum Amount of Grant		
Federal Share Paid		$
Participating Share (Steps 1-4)		$
Federal Over (Under) Paid		$

State Participation Share

Max Authorized Amount		$
State Share @ 50%	$	
State Share Paid	$	
State Over (Under) Paid	$	

Conclusion:

Purpose:

To determine whether the federal share of operating costs complies with federal requirements.
Participating shares paid can be no greater than the smallest of the following:
1. The amount of non-federal funds contributed;
2. 50% of the net project costs;
3. The operating deficit after adding local funds but before adding UMTA funds, or;
4. The maximum amount of the grant.

State Funds from MDOT cannot exceed the amount authorized, and in no event exceed 50% of the

Example

AGREEMENT SETTLEMENT FORM
DOT/Passenger Transportation
D.O.T. SECTION #
RURAL TRANSPORTATION PROGRAM
DEFICIT FUNDING

Sample Community Agency
Fiscal year Ending:

CFDA#:
Project Name/No:
PIN#
Agreement Period:

	Operating	Admin	Capital	Total
Gross Expenditures	$	$	$	$
Less:				
Contra-Expenditures	$	$	$	$
Operating Revenue	$	$	$	$
Excess Unrestricted	$	$	$	$
Fed	$	$	$	$
Total Deductions	$	$	$	$
Net Expenditures/Deficit	%	%	%	
Federal Share				
Maximum %	$	$	$	$
Amount Paid	$	$	$	$
Maximum Amount	$	$	$	$
Over (Under) Maximum	%	%	%	
State Share				
Maximum %	$	$	$	$
Amount Paid	$	$	$	$
Maximum Amount	$	$	$	$
Over (Under) Maximum	%	%	%	
Summary:				
Federal Over Paid	$	$	$	$
State Over Paid	$	$	$	$
Total Over Paid	$	$	$	$

Note: This form is used for all funds other than Section 9 - Urban Transportation Program Deficit Funding. Including, but not limited to: Section 3, 16,or 18 funds; JARC, Reverse Commute…

Example

AGREEMENT SETTLEMENT FORM
DOT/Passenger Transportation
LEASE AGREEMENTS

Sample Community Agency
Fiscal Year Ending:

CFDA#:
Project Name/No:
PIN#
Agreement Period:

	CAPITAL	TOTAL
Gross Expenditure	$	$
Less:		
Local Share	$	$
Net Expenditures/Deficit	$	$
Federal Participating Share		
Maximum %		
Amount Paid	$	$
Maximum Amount	$	$
Over(Under) Maximum	$	$
State Participating Share		
Maximum %		
Amount Paid	$	$
Maximum Amount	$	$
Over(Under) Maximum	$	$
Summary		
Federal Over(Under) Paid	$	$
State Over(Under) Paid	$	$
Total Over(Under) Paid	$	$

Notes

Example