

Department of Health and Human Services
Commissioner's Office
221 State Street
11 State House Station
Augusta, Maine 04333-0011
Tel.: (207) 287-3707; Fax (207) 287-3005
TTY Users: Dial 711 (Maine Relay)

December 7, 2012

Members, Joint Standing Committee on Health and Human Services
#100 State House Station
Augusta, ME 04333-0100

Dear Members of the Joint Standing Committee on Health and Human Services:

This letter and attached summaries are in response to the Committee's letter dated April 25, 2012, regarding LD 1902, Resolve, Regarding Legislative Review of Chapter 30: Maine Uniform Accounting and Auditing Practices for Community Agencies, a Major Substantive Rule of the Department of Health and Human Services noting the "HHS Committee approved the major substantive rule with one change with regard to the definition of restricted revenue."

The rule has been "amended to reflect that restricted revenue is income from organizations and individuals that require the funds to be used for a specific purpose within a program and unrestricted revenue is revenue from funding sources to a community agency that is not restricted for a particular purpose within a program by the donor. The rule must reflect that revenue that has been designated to a specific program, but not for a specific purpose, is considered unrestricted revenue", as mandated in Resolve 2011, Chapter 157.

The Committee also requested that the DHHS Division of Purchased Services consider the comments of Paul L. Morgan of Penquis CAP in the attached position summary. The Division of Contract Management formerly the Division of Purchased Services reviewed the position summary and considered the 6 (six) suggested changes. Attached is DHHS' response for your review.

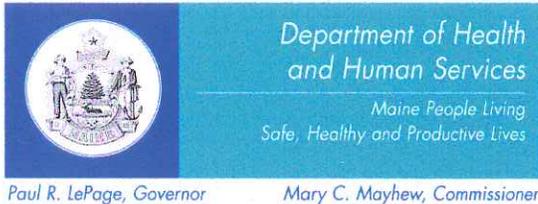
If you have any questions or concerns regarding DHHS' response please contact Karen Kalka at 287-4267.

Sincerely,

Mary C. Mayhew
Commissioner

MCM/klv

cc: Karen Kalka, Acting Director, Division of Contract Management



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DHHS Response to HHS Committee Letter (April 25, 2012)
LD 1902 Resolve, Regarding Legislative Review of C 30: MAAP for Community Agencies,
a Major Substantive Rule of DHHS
Consideration of Comments of Paul Morgan, Penquis CAP

Third – Reasonable Reporting Deadlines

The Department has considered this request; however, the reporting period has been specified based on the need to comply with Federal requirements. The Division of Contract Management Policy and Procedures Manual (<http://www.maine.gov/dhhs/contracts/policy-procedure-manual.html>) specifies submission of the Agreement Closeout Report within 60 days from the end of the agreement. This timeframe allows the Department to collect funds owed and return the Federal portion within the 90 days required by Federal circulars. We will modify the Manual to include the suggested language “Quarterly Reports may not be required less than thirty (30) days from the end of the quarter and may be revised at a later date to match the SEDA report as necessary.”

Fifth – Request and Approval of Budget Revisions

The Division of Contract Management Policy and Procedures Manual (<http://www.maine.gov/dhhs/contracts/policy-procedure-manual.html>) requires Agreement Administrators to approve a budget revision within 15 working days of the request. We will modify the Manual to include the language “The Department Agreement Administrator will give the provider written notification of acceptance or denial of all requests to revise the agreement within fifteen (15) working days of receipt of the request. If approved, copies of the revised agreement pages will be attached to the approval letter. If the Agreement administrator does not respond in the timeframe specified, the budget revision may be deemed accepted as long as 1) the Provider can prove submission of the budget revision request to the Department and 2) the submission is compliant with the MAAP and Federal regulations.”

Sixth – Liquidating Balances Due to the Community Agencies

The Division of Contract Management Policy and Procedures Manual (<http://www.maine.gov/dhhs/contracts/policy-procedure-manual.html>) states “When agreement funds are due the provider as determined by submission of the Agreement Closeout Report, the Department will issue payment to the provider not to exceed the amount of the agreement. The provider will submit an invoice for approval.” We will modify the Manual to include the language “Payment to the Provider will be made within 25 working days of approval of the Agreement Closeout Report and receipt of a proper invoice, but no later than 90 days of receipt of the Agreement Closeout Report.”

Position Summary of Paul L. Morgan, CMA Penquis C.A.P., Inc.
For the Health & Human Services Committee
Regarding

LD 1902 Resolve, Regarding Legislative Review of Chapter 30: Maine Uniform Accounting and Auditing Practices for Community Agencies, a Major Substantive Rule of the Department of Health and Human Services

As requested by Jane Orbeton, I am summarizing the changes I am requesting on behalf of the Community Action Program's Fiscal Directors Association. There are six changes requested.

FIRST – Conflicts Between Agreement and Rules

Section .04, C, 1. (e) [page 21]

The Department and other State employees who review and authorize an agreement for signature should bear responsibility that agreements entered into by the Department are in conformance with this rule and other state and federal rules. Recommend the following language be added to this section:

In those instances where there is a contradiction between the agreement and MAAP or federal rule, the community agency will not be penalized with the recall of funds or deemed a high risk auditee for following the terms of the agreement.

SECOND – Change Definition of Restricted and Unrestricted Revenue

Section .01 B DEFINITIONS [page 5]

The Department should not unduly restrict from cost sharing non state funding sources. Recommend the following definitions be used, which had been agreed upon by the MAAP Advisory Committee in a prior draft of the proposed rule.

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

THIRD – Reasonable Reporting Deadlines

Section .02, C, add a number 4 [page 9]

To ensure community agencies have the time required to file accurate and complete reports required in the agreement that will be required to match the SEDA under these rules the following item 4 should be added:

Agreement Close-out Reports are due to the Department no later than ninety (90) days from the end of the agreement. Agreement Administrators may require the Agreement Close-Out Report earlier but no sooner than sixty (60) days after the agreement end date. Quarterly Reports may not be required less than thirty (30) days from the end of the quarter and may be revised at a later date to match the SEDA report as necessary.

FOURTH – Limit the Time Period for Audit Examination Report

Section .04, C, 6. (c) [page 23]

The Department should have set due dates and consequences for not meeting those due dates for their processes just as the community agencies have on their end. The following language should replace item (c):

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 within nine (9) months of the community agency submission of their statements to the Division of Audit. Failure to issue an examination report to the community agency within this time frame constitutes acceptance by the Department of the report as filed.

FIFTH – Request and Approval of Budget Revisions

Section .04, C, 3 [page 21 & 22]

This section should outline the Department's responsibility to timely respond to budget revisions that are requested and what the consequences of their failure to meet the response time required. I recommend the last paragraph of this section be revised as follows:

The community agency must request a budget revision at least thirty (30) days prior to the agreement termination date. The Agreement Administrator must respond in writing accepting or rejecting the budget revision or propose an alternative budget revision within fifteen (15) days of receiving the budget revision request. If the Agreement Administrator does not reply within this time period the budget revision is deemed accepted by the Agreement Administrator as long as the community agency can prove receipt of the budget revision request by the Department. If the revision approval is not granted in writing prior to the date of the required final report, all costs that exceed the approved agreement 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.

SIXTH – Liquidating Balances Due to Community Agencies

Section .03, C, 6. (f) [page 17]

The Department requires us to liquidate balances owed to the Department within 90 days of the end of the agreement. There currently is nothing in MAAP that says when the Department must liquidate balances due to community agencies. I recommend the following be added as a separate letter to this section.

The Department will liquidate all balances due the community agency within 90 days of receiving the Agreement Close-out Report.

SENATE

Res 2012 C157

cc. Carol Thompson
Herb Seary
HOUSE

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LISA M. COTE, Committee Clerk

State of Maine
ONE HUNDRED AND TWENTY-FIFTH LEGISLATURE
COMMITTEE ON HEALTH AND HUMAN SERVICES

April 25, 2012

Mary Mayhew, Commissioner
Department of Health and Human Services
221 State Street
Augusta, ME 04330

Health & Human Services
APR 27 2012
Commissioner's Office

Re: LD 1902, Resolve, Regarding Legislative Review of Chapter 30: Maine Uniform Accounting and Auditing Practices for Community Agencies, a Major Substantive Rule of the Department of Health and Human Services

Dear Commissioner Mayhew:

During the Second Regular Session of the 125th Legislature the Health and Human Services Committee considered LD 1902, Resolve, Regarding Legislative Review of Chapter 30: Maine Uniform Accounting and Auditing Practices for Community Agencies, a Major Substantive Rule of the Department of Health and Human Services. The HHS Committee approved the major substantive rule with one change with regard to the definition of restricted revenue.

We are writing to ask that the DHHS Division of Purchased Services consider the comments of Paul L. Morgan of Penquis C.A.P. as presented in the attached memo under paragraphs 3, 5 and 6. The comments relate to reasonable reporting deadlines for close-out reports, approval of budget revisions and the timeframe for liquidation of balances to community agencies by DHHS.

We appreciate the consideration of the comments from Penquis C.A.P. that were received during work session on LD 1902.

Sincerely,

Earle L. McCormick

Sen. Earle L. McCormick
Senate Chair

Meredith N. Strang Burgess

Rep. Meredith N. Strang Burgess
House Chair

cc: Members, Health and Human Services Committee
Paul L. Morgan, Penquis C.A.P.

Position Summary of Paul L. Morgan, CMA Penquis C.A.P., Inc.
For the Health & Human Services Committee
Regarding

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