



November 29, 2011

Sen. Roger J. Katz and Rep. David C. Burns
Co-Chairs
Government Oversight Committee
82 State House Station
Augusta, ME 04333-0082

Dear Senator Katz and Representative Burns:

At the September 6, 2011 meeting of your Committee, you asked the Efficiency Maine Trust (the Trust) to report back to you on the final disposition of the funds that passed through the Trust to the Maine Green Energy Alliance (MGEA).

In summary, we can report that the original auditor that questioned costs in the MGEA audit made a follow-up review of MGEA's corrective actions and, of the approximately \$500,000 expended by MGEA, identified only \$198.09 of costs that remained questioned. The Board of Trustees accepted the additional review of the auditor and determined that the remaining amount is *de minimis* and no further action will be taken. The matter was also reported to the US Department of Energy -- the grantor agency -- and no further action is anticipated.

As we described to you at your meeting of September 6, through the summer and early fall MGEA was in the process of implementing a Corrective Action Plan to cure deficiencies that were identified in the independent A-133 audit, issued on August 9, 2011 for the period ending April 30, 2011 by Macdonald Page & Co., LLC.

Macdonald Page subsequently reviewed the performance of the MGEA Corrective Action Plan. The review was conducted in accordance with the accepted standards of the American Institute of Certified Public Accountants. The findings of that review are in the attached report, dated September 22, 2011. Importantly, Macdonald Page's review of the concerns surrounding documentation of time records for salaried employees resulted in "no findings" of Questioned Costs. Macdonald Page's review of concerns about expense authorizations and expense documentation found outstanding Questioned Costs totaling \$198.09. The remaining Questioned Costs result from four expenditures -- \$35.05 at a restaurant; \$25.00 for a trade association dinner; \$95.54 at an office supply store, and \$42.50 for mileage reimbursement -- that were found to have insufficiently detailed documentation to determine if the purchases complied with and are allowable per OMB Circular A-122.

Macdonald Page's findings were presented to the Efficiency Maine Trust's Board of Trustees at its monthly meeting on October 12, 2011, and by unanimous vote the Board voted to accept the report. On a finding that the value of the outstanding Questioned Costs is *de minimis*, that it would cost more to



continue investigating than the value in question, and that the matter has received full independent review from OPEGA and the independent auditor, the Trust now considers the matter closed for purposes of accounting.

The Trust has reported the details of this process and the findings to the US Department of Energy and no further action by DOE is anticipated.

The Trust would like to reiterate its appreciation for the thorough and objective review of these matters that was conducted by the OPEGA staff. Together with the public hearing given to this matter by your Committee and the Energy, Utilities and Technology Committee, the extensive review made by staff and Trustees at Efficiency Maine, and by the independent auditor, we believe that the public interest has been upheld. Moreover, the process recommendations made by OPEGA and adopted by the Trust are being put in place to ensure that risks of insufficient documentation and risks of non-compliance with proper accounting practices are avoided. This is a positive outcome in which all parties can take satisfaction.

With best regards,

A handwritten signature in black ink, appearing to read "Michael D. Stoddard", written in a cursive style.

Michael D. Stoddard
Executive Director

Enclosure

CC: Sen. Michael Thibodeau, Co-Chair, Committee on Energy, Utilities and Technology
Rep. Stacey Fitts, Co-Chair, Committee on Energy, Utilities and Technology
Ms. Beth Ashcroft, Director, OPEGA
Martin Hanish, Treasurer, Board of Directors of the Maine Green Energy Alliance
Naomi Mermin, Chair, Efficiency Maine Trust Board of Trustees

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors
Efficiency Maine Trust
Augusta, Maine

We have performed the procedures enumerated below, which were agreed to by you, solely to assist you in verifying Maine Green Energy Alliance's (MEGA) corrective action taken on the findings in the April 30, 2011 A-133 report. Maine Green Energy Alliance is responsible for the Organization's compliance with the grant requirements and for establishing and maintaining internal control over compliance with the grant requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. All procedures covered the period of June 1, 2010 to April 30, 2011.

Our procedures and results are as follows for each corrective action:

1. Corrective Action

MGEA's Board Treasurer has reviewed all of the Executive Director's expense reimbursements for all expenses from inception to date.

Procedure: A listing of all expenses paid to vendor "Seth Murray" was generated from the QuickBooks file from June 1, 2010 to April 30, 2011 and agreed to the listing of expenses reportedly paid to the Executive Director and subsequently reviewed by the Board Treasurer.

Results: Auditor noted the listing of expenses that were reviewed and approved by the Treasurer agreed to the expenses paid to vendor "Seth Murray" per the QuickBooks report. The Treasurer indicated he reviewed the expense reports. However, there was no indication on the document that invoices and receipts were matched to each expense on the report reviewed by the Treasurer.

Procedure: Ten percent of the invoices paid to the Executive Director were selected for testing to ensure they were in compliance with OMB Circular A-122. This resulted in a sample size of thirteen.

Results: Of the thirteen items selected, three did not have a supporting invoice or receipt. One of these items was a \$35.05 expense incurred at a restaurant. We were unable to determine if alcohol was served with this meal. Alcohol is specifically prohibited by OMB Circular A-122.

The second of these items was a \$25.00 expense incurred for a "MABEP dinner." Per internet research, it was determined that MABEP is the Maine Association of Energy Efficiency Professionals. Given the objective of MABEP, it appears reasonable that a member of the Maine Green Energy Alliance would attend a dinner held by this Organization.

The last of these items was a \$95.54 expense incurred at Staples. It is reasonable that the Maine Green Energy Alliance would purchase supplies at Staples due to the Organization being new and numerous supplies needing to be purchased. However, since there was no itemized receipt provided, we were unable to determine what was purchased and if those items purchased were in compliance with OMB Circular A-122.

The remainder of the items selected had an appropriate invoice or receipt for support and were allowable under A-122.

2. Corrective Action

All individuals who were salaried MGEA employees have certified in writing the hours they worked for each pay period as an employee of MGEA, the wages they received for those periods, and that their work activities were related to the DOE Retrofit Ramp-Up grant.

Procedure: A listing of all expenses relating to payroll was generated from the QuickBooks file and agreed to the timesheets reviewed and certified by each employee. All certifications submitted by employees were reviewed to determine if they were in compliance with OMB Circular A-87.

Results: No findings.

3. Corrective Action

All individuals who were managers of salaried employees have certified in writing that the employees that they managed did work the hours listed for each pay period and that their work activities were related to the DOE Retrofit Ramp-Up grant.

Procedure: Each manager certification was agreed to the employee timesheets submitted and reviewed as part of procedure two above to ensure all employees received proper manager certification. All certifications submitted by managers were reviewed to determine if they were in compliance with OMB Circular A-87.

Results: No findings.

4. Corrective Action

Management subsequently reviewed the \$3,681 of mileage expenses and updated the mileage reimbursement documentation to reflect the business purpose of the various trips that were lacking this documentation.

Procedure: A list of mileage expenses, amounting to \$3,681, that did not have documentation of a business purpose, was retrieved from the Macdonald Page & Co LLC's audit workpapers for the period ended April 30, 2011. This listing was agreed to the mileage expenses certified by each employee. All mileage expenses were reviewed to ensure they now had an appropriate business purpose listed and are allowable under OMB Circular A-122.

Results: One mileage expense in the amount of \$42.50 did not have an employee certification nor did it have an appropriate business purpose. The remainder of the mileage expenses had appropriate employee certification and a business purpose.

5. Corrective Action

All individuals who were MGEA employees and claimed mileage reimbursements for which they did not specify a business purpose have certified in writing the business purpose of that travel.

Procedures: The list of mileage expenses used in procedure four above was used to select a sample of ten percent, which resulted in a sample size of nine. Each item selected had its business purpose reviewed to determine if it was in compliance with OMB Circular A-122.

Results: No findings.

6. Corrective Action

Federle Mahoney, the attorney to which the legal expenses were paid, subsequently provided additional documentation of the activities that its employees performed by month and an estimate of the number of hours worked by month.

Procedures: The summary listing of hours and related activity prepared by Federle Mahoney was reviewed. Hours were totaled and divided into the total legal expense incurred by the Maine Green Energy Alliance to determine if the average hourly rate was appropriate.

Results: Average hourly rate was calculated to be \$97.

Procedures: The summary listing of hours and a description of their related activity prepared by Federle Mahoney was reviewed and 40 out of 262 items were selected to be cross-referenced to supporting documentation provided by Federle Mahoney to determine the validity of the summary listing. Of the forty items tested, eight did not have supporting documentation. For these eight, a description of the activity was reviewed to determine if the activity appeared reasonable, appropriate, and within the terms of the program. Each item selected was also reviewed to determine if it was in compliance with OMB Circular A-122.

Results: No findings.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance, or internal control over compliance, with the requirements described in the first paragraph of this report. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Directors of Efficiency Maine Trust, Maine Green Energy Alliance and Department of Energy and is not intended to be, and should not be, used by anyone other than these specified parties.



South Portland, Maine
September 22, 2011