

Department of Health and Human Services  
Financial Services - Audit  
11 State House Station  
Augusta, Maine 04333-0011  
Tel. (207) 287-2403  
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## Appeal Decision

September 28, 2012

Sally Tardiff, Executive Director  
Shaw House  
136 Union Street  
Bangor, Maine 04401

**Re: Shaw House's FY 2006 - 2008**

Dear Ms. Tardiff:

We are in receipt of your letter dated May 22, 2012 in which you appeal the Department Report of Shaw House for the fiscal years 2006 and 2008 dated March 26, 2012.

Your agency is appealing Finding # 1 and the balance due to the Department in the amount of \$162,375. Below are the agency's and Division of Audit's (Division) positions specific to the areas of dispute.

**1. Agency Position:**

You state that program revenues for both 2006 and 2008 included HUD match funds of \$36,250. However, the correct amount of HUD funds is only \$14,250. The difference of \$22,000 is actually grant funds. The amount has been double counted in both 2006 and 2008.

**Division of Audit Position:**

We agree with your position. After considering the additional information provided we can see that the \$22,000 was grant funds.

**2. Agency Position:**

You state that the allocation of Targeted Case Management (TCM) funds to the grant appear to be highly skewed for fiscal year 2006. In that year 88% of the TCM funds were allocated to the grant. However, in 2007 and other years, only 56% of the TCM funds were allocated to the grant. You believe it makes the most sense to use TCM allocations that are consistent with other years.

**Division of Audit Position:**

We disagree with your position. The information provided by the agency is what we have to rely on. Had the agency provided the Division with the information for fiscal years 2007 and 2008 we would have relied on that. If consistency is the main concern then maybe the 88% should be applied to 2007 and 2008 to be consistent. The Division's main concern is what is correct. How are we to know that 56% or 58% allocation is correct without any supporting documentation?

As a result of your appeal the balance due to the Department has been reduced to \$134,613 (See Revised Exhibits A, A-1, A-3).

**Department Appeals, Resolutions and Sanctions:**

Upon receipt of this appeal decision your agency has sixty (60) days to accept or continue your appeal. To continue at step b you must submit a written request to James D. Bivens, Director, Office of Administrative Hearings, Marquardt Building, 11 State House Station, Augusta, Maine 04333, identifying which decision(s) from the Appeal Decision you wish to continue to appeal. For complete appeal rights see *Notice of Appeal Rights of Community Agencies*.

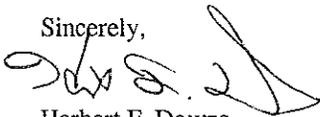
If your Agency accepts this appeal decision, please submit a corrective action plan for all the non-compliance findings which have not been eliminated as a result of this appeal and make prompt payment of any balances due.

Please send your corrective action plan to: Social Services Unit, DHHS Financial Services - Audit at the above address. The corrective action plan should identify specific steps to be taken and the anticipated completion date. The plan should be signed by an appropriate manager or administrator. For your convenience, we have attached a hard copy of the corrective action plan form. An electronic copy of the corrective action plan form may be obtained on our website at [www.maine.gov/dhhs/audit](http://www.maine.gov/dhhs/audit).

Please send your check for \$134,613, payable to the Treasurer, State of Maine, to Mary Garate, Accounting Technician, DHHS Service Center, Department of Administrative and Financial Services, 221 State Street, 11 State House Station, Augusta, Maine 04333.

If you have any questions, please do not hesitate to contact Anthony Madden, Audit Supervisor at 287-2834. Thank you.

Sincerely,



Herbert F. Downs  
Director

cc:

Patricia Wall, DPS, DHHS  
Mary Garate, Accounting Technician, DHHS Service Center, DAFS  
Edwards, Faust & Smith, CPA

Division of Audit

Revised Summary of Agreement Settlements and Close Out

Shaw House

For the Fiscal Years Ended June 30, 2006, 2007 and 2008

Line Agreement Profile

	A-1		A-3	
	Day, Outreach	Day, Outreach	Day, Outreach	
1 Program	605057	706049	00720	
2 Encumbrance				
3 Number	CS3-06-008	CS3-07-012	CS3-08-012	
4 From	07/01/05	07/01/06	07/01/07	Total
5 To	06/30/06	06/30/07	06/30/08	
6 Status	Final	Final	Final	
7 Settlement	Cost	Cost	Cost	

8 Agreement Budget	222,983	223,000	223,000	668,983
9 Agreement Payments	222,983	223,000	223,000	668,983
10 Balance	-	-	-	-

Agreement Settlement

11 Opening Balance	-	-	-	-
12 Agreement Payments	A 222,983	223,000	223,000	668,983
13 Agreement Expenses	B (88,370)	(223,000)	(224,961)	(536,331)
1 Balance	134,613	-	(1,961)	132,652

Agreement Close Out

15 Agreement Deficit	-	-	(1,961)	-
16 Carry Forward Balance	-	-	-	-
17 Due to DHHS-Federal	22,077	-	-	22,077
18 Due to DHHS-State	112,536	-	-	112,536
19 Due to (Agency)	-	-	-	-
20 Agreement Repayments	-	-	-	-
21 Total	134,613	-	(1,961)	134,613

Notes

A Agreement Payments Per Department Records

B Allocated Expenses Per Agency's Submission

**Agency:** Shaw House  
**Name:** CS3-06-0008  
**Program:** Day, Outreach, Rapid Response, Trans House  
**FYE:** 06/30/06  
**Status:** Final  
**Settlement:** Cost

**Agreement Profile:** CS3-06-0008  
**Number:** 222,983  
**From:** 7/1/2005  
**To:** 6/30/2006  
**Status:** Final  
**Settlement:** Cost

**Agreement Activity:** DHHS ASF  
**Budget:** 222,983  
**Payments:** 222,983  
**Balance:** -

**Revised Exhibit A-1**

Line	Notes to adjustments:	Per Agreement Pro-Forma		Per Agency		Per Audit		Variance
		Revenue	Expense	Revenue	Expense	Revenue	Expense	
<b>Part I. Agreement Totals</b>								
1	Prior Year Stub Period	-	-	-	-	-	-	-
2	Current Year Stub Period	873,750	873,750	-	-	981,316	863,285	128,031
3	Adjustments	-	-	-	-	-	-	-
4	Per Financial Statements - SAO	873,750	873,750	-	-	981,316	863,285	128,031
5	Agreement Adjustments	-	-	-	-	-	-	-
A	MaineCare	(273,848)	(273,848)	-	-	(541,657)	(541,657)	-
B	United Way	(26,000)	(26,000)	-	-	-	-	-
C	Other Restricted Revenue	-	-	-	-	(327,283)	(327,283)	-
D	Adj PNMI MaineCare Revenue	-	-	-	-	40,286	-	40,286
E	Allocation of G & A Expenses	-	-	-	-	-	155,304	(155,304)
F	Allocation of MaineCare TCM	-	-	-	-	195,163	-	195,163
G	Adjust HUD Match To Actual	-	-	-	-	(22,000)	-	(22,000)
H	Include Committed Revenue	-	-	-	-	26,561	-	26,561
6	Total Adjustments	(299,848)	(299,848)	-	-	(628,930)	(713,636)	84,706
7	Totals Available for Cost Sharing	573,902	573,902	-	-	352,386	139,649	212,737
<b>Part II. Agreement Cost Sharing</b>								
Funding Source		Revenue	Available Revenue	Allocated Revenue	Expense	Balance		
8	CS3-06-0008	68.79%	394,807	394,807	88,370	134,613		
9	All Other	31.21%	179,095	179,095	51,279	78,124		
10	Totals	100.00%	573,902	573,902	139,649	212,737		

<b>Agreement Settlement:</b>	
Agreement Payments	222,983
Allocated Expenses	88,370
Balance	134,613

**Line Notes to adjustments:**  
 5A Eliminate \$346,494 of audited PNMI MaineCare and \$124,440 of allocated TCM MaineCare.  
 5B



## NOTICE OF APPEAL RIGHTS OF COMMUNITY AGENCIES

### MAAP SECTION .04 C. as amended December 7, 2006.

#### 1. Appeals Procedures

##### Step a - Director of Audit

A Community Agency may appeal, in writing, the findings of an IPA audit or 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 Office of Audit.

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. If, upon initial review, the Director, and any other parties involved, agree with the position of the Community Agency, the Director may proceed to issue a decision.

If the appeal is not resolved after the initial review, the Director or the Director's designee will convene an informal review meeting. The informal review meeting will involve the Office of Audit, the Community Agency, 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 a timed extension. The letter may be co-signed by other DHHS staff as applicable.

##### Step b - Office of Administrative Hearings

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 Office 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 c - Judicial appeal

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.