

Paul R. LePage, Governor

Mary C. Mayhew, Commissioner

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

June 21, 2013

Asit Ganatra, Corporate Controller
Lutheran Community Services of Maine
261 Sheep Davis Road, Suite A-1
Concord, NH 03301

Re: Lutheran Community Services of Maine FY 2009

Dear Mr. Ganatra:

We are in receipt of your letter dated January 16, 2013 in which you appeal the Department Report of Lutheran Community Services of Maine for the fiscal year ended June 30, 2009 dated November 30, 2012.

Your agency is appealing the balance due to the Department in the amount of \$19,292. Below are the agency's and Division of Audit's (Division) positions specific to the areas of dispute.

1. Agency Position:

You state that for agreement MH2-09-511 the balance due the Department is not correct. You believe that the total expense amount used by the Division is not the correct amount and you cite the Division's PNMI Audit dated April 23, 2012 in which the total expense amount of \$2,183,015 is identified. You believe the balance due to the Department would be reduced to \$9,403 as a result of using the total expense of \$2,183,015.

Division of Audit Position:

We agree with your position regarding total expenses of \$2,183,015. However, we disagree with your position regarding the balance due to the Department. The Division's PNMI audit did identify the correct total expense amount, corroborated by a trial balance, however the PNMI audit also identified \$7,500 of service provider tax that was not allocable to the audit period.

As a result of the Appeal we have reduced the balance due to the Department from \$19,292 to \$12,823 (see revised Exhibits A, A-1).

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 to 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*.

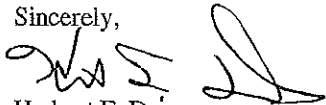
If your Agency accepts this appeal decision, please submit a corrective action plan for all non-compliance findings and make prompt payment of any balances due.

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/social-services/forms.shtml.

Please send your check for \$12,823, 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 Manager at 287-2834. Thank you.

Sincerely,



Herbert F. Downs

Director

cc:

Patricia Wall, DPS, DHHS

DHHS Receivables, DHHS Service Center, DAFS

Department of Health and Human Services
 Division of Audit
 Summary of Agreement Settlements and Close Out
 Lutheran Community Services of Maine, Inc.
 For the Fiscal Year Ended June 30, 2009

Line Agreement Profile

1 Program
 2 Encumbrance
 3 Number
 4 From
 5 To
 6 Status
 7 Settlement

A-1				
DD & Deaf	PNMI Residential	Other Residential	Rental Subsidy	
20081008*2579	20080526*12492	20080915*2013	20080804*929	
MH1-09-840	MH2-09-511	MH2-09-555	MR1-09-155	Total
07/01/08	07/01/08	07/13/08	07/01/08	
10/31/08	06/30/09	06/30/09	06/30/09	
Final	Final	Final	Final	
Unit	Cost	Unit	Unit	

8 Agreement Budget	25,680	87,120	178,500	191,422	482,722
9 Agreement Payments	24,824	87,120	147,390	191,422	450,756
10 Balance	856	-	31,110	-	31,966

Agreement Settlement

11 Opening Balance	-	-	-	-	-
12 Agreement Payments	A 24,824	87,120	147,390	191,422	450,756
13 Agreement Expenses	B (24,824)	(74,297)	(147,390)	(191,422)	(437,933)
14 Balance	-	12,823	-	-	12,823

Agreement Close Out

15 Agreement Deficit	-	-	-	-	-
16 Carry Forward Balance	-	-	-	-	-
17 Due to DHHS-Federal	-	-	-	-	-
18 Due to DHHS-State	-	12,823	-	-	12,823
19 Due to (Agency)	-	-	-	-	-
20 Agreement Repayments	-	-	-	-	-
21 Total	-	12,823	-	-	12,823

Notes

- A Agreement payments per Department records
- B Allocated expenses as claimed by Agency, except for MH2-09-511 (see Revised Exhibit A-1)

Line	Description	2		3		4 (2-3)		5		6		7 (6-7)		8 (10-11)		9 (12-13)	
		Revenue	Expense	Revenue	Expense	Revenue	Balance	Revenue	Expense	Revenue	Expense	Revenue	Expense	Revenue	Expense	Revenue	Variance
Part I. Agreement Totals																	
1	Prior Year Stub Period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Current Year Stub Period	2,365,710	2,365,710	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Total Revenue/Expenses	2,365,710	2,365,710	-	-	-	-	-	-	-	-	-	-	-	-	-	13,100
5	Agreement Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13,100
Part II. Agreement Cost Sharing																	
A	McCare	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B	Adj PNMI McCare	(2,174,008)	(2,174,008)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
C	Elim restricted revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,533
D	Disallowed service provider tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
E	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,500
F	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
G	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
H	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Total Adjustments	(2,174,008)	(2,174,008)	-	-	-	-	-	-	-	-	-	-	-	-	-	7,533
7	Totals Available for Cost Sharing	191,702	191,702	-	-	-	-	-	-	-	-	-	-	-	-	-	28,133
Part III. Agreement Cost Sharing																	
Funding Source		Revenue %	Available Revenue	Allocated Expense	Balance	Revenue %	Available Revenue	Allocated Expense	Balance	Revenue %	Available Revenue	Allocated Expense	Balance	Revenue %	Available Revenue	Allocated Expense	Balance
8	MHZ-09-511	45.45%	87,120	87,120	-	0.00%	-	-	-	45.57%	87,120	74,297	12,823	45.57%	87,120	74,297	12,823
9	All Other	54.55%	104,582	104,582	-	0.00%	-	-	-	54.43%	104,052	88,742	15,310	54.43%	104,052	88,742	15,310
10	Totals	100.00%	191,702	191,702	-	0.00%	-	-	-	100.00%	191,172	163,039	28,133	100.00%	191,172	163,039	28,133

Notes to adjustments:
 2 Amounts for per Audit were taken from PNMI audit dated 4/23/12
 5-A,B To adjust PNMI McCare revenue from \$1,992,926 per 4th quarter report to \$2,000,459 per revised PNMI McCare audit dated 4/23/12 and eliminate audited PNMI dollar-for-dollar against expenses
 5-C To eliminate revenue identified as restricted per 4th quarter report against expenses dollar-for-dollar
 5-D To eliminate disallowed service provider tax

Agreement Settlement:	87,120
Agreement Payments	74,297
Allocated Expenses	12,823
Balance	12,823

Department of Health and Human Services
Division of Audit

NOTICE OF APPEAL RIGHTS OF COMMUNITY AGENCIES

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

I. 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.