



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
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Appeal Decision

March 26, 2012

Robert Kennelly, Executive Director
Pathways, Inc.
P.O. Box 1267
Auburn, Maine 04211-1267

Re: Pathways, Inc. FY 2006

Dear Mr. Kennelly:

We are in receipt of your letter dated August 15, 2011 in which you appeal the Department Report of Pathways, Inc. for the fiscal year 2006 dated June 27, 2011.

Your agency is appealing Findings 2 and 3 and the balance due the Department of \$5,387. Below are the agency's and Division of Audit's (Division) positions specific to the areas of dispute.

1. Agency Position Finding 2:

You state that you have no idea where the auditors obtained the amount of \$2,236 identified as equipment that was charged to agreement CS2-06-011. You believe that the amount of \$2,236 was erroneously classified as equipment when it should have been classified as rent.

Division of Audit Position:

We disagree with your position. The Division requested document to support your position that the expense was rent and not equipment and we have not received any additional documentation from your agency to this date.

2. Agency Position Finding 3:

You state that the grant amendment for agreement MR2-06-305 adjusted the budget for MaineCare dollars and that Division properly eliminated the MaineCare dollar for dollar in the amount of \$339,693. But you see no reason for the Division to then add \$9,946 to revenues.

Division of Audit Position:

We disagree with your position. The adjustment to add \$9,946 to revenue is correct because your closeout report had identified MaineCare revenues as \$329,747 when the actual MaineCare revenue is \$339,693 as stated on the MaineCare audit dated April 29, 2011. Your report had understated revenues by the difference of $(\$339,693 - \$329,747 = \$9,946)$.

For the reasons noted above we are unable to amend our original Report and the balance of \$5,387 is now due to the Department.

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.

Please send your check for \$5,387, 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 Carol P. Thompson, CPA, Audit Manager at 287-2775. Thank you.

Sincerely,



Herbert F. Downs
Director

cc:

Carol Fleury, Purchased Services Manager, DPS, DHHS
Melody Foster, Purchased Services Manager, DPS, DHHS
Mary Garate, Accounting Technician, DHHS Service Center, DAFS

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.