



## **Testimony of the Efficiency Maine Trust**

**Naomi Mermin, Chair, Board of Trustees**

**On the Final Disposition of the Sub-Grant to the Maine Green Energy Alliance (MGEA)**

**Presented to the Government Oversight Committee  
of the Maine Legislature**

**Augusta, Maine  
January 6, 2012**

Senator Katz, Representative Burns, and Honorable Members of the Committee:

At the September 6, 2011 meeting of your Committee, you asked 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).

On behalf of the Efficiency Maine Trust (the Trust), I am pleased to offer the following update:

1. Through the summer and early fall MGEA was in the process of implementing a Corrective Action Plan to cure deficiencies that had been identified in an independent audit prepared by MGEA's auditor, Macdonald Page.
2. Macdonald Page subsequently reviewed the performance of the MGEA Corrective Action Plan in accordance with the accepted standards of the American Institute of Certified Public Accountants. The highlights of that review are:
  - (a) regarding concerns surrounding documentation of time records for salaried employees, the auditor determined that there were no findings of Questioned Costs.
  - (b) regarding concerns about expense authorizations and expense documentation, the auditor found insufficiently detailed documentation for 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 resulting in total Questioned Costs totaling \$198.09.
3. The Staff of Efficiency Maine presented the final audit to me and my fellow Trustees and we voted unanimously to accept the report of the auditor. We determined that the remaining amount is *de minimis* and no further action would be taken.
4. The Staff of Efficiency Maine reported to the US Department of Energy -- the grantor agency -- and no further action is anticipated.



5. On November 29, 2011, the Trust's Executive Director sent a letter to the co-chairs of this committee, to the co-chairs of the Energy, Utilities and Technology Committee, and to Linda Pistner in the Office of the Attorney General in which the above findings were reported and a copy of the auditors final report was enclosed.

I also wish to report to your Committee that the Trust has implemented the recommendations of the OPEGA Report to ensure that risks of insufficient documentation and risks of non-compliance with proper accounting practices are avoided.

Specifically, OPEGA's report recommends that in future sub-grants, agencies should "assure that sub-recipients have adequate and proper controls prior to disbursing grant funds" and should establish criteria to use when designating entities to partner in grant applications. The Trust has welcomed these two recommendations and has already taken steps to incorporate them in our operating standards for grant applications and administration.

As noted in OPEGA's report, the Trust has an extensive written *Monitoring and Compliance Plan* that it uses in connection with grants of federal funds. In September, our Board amended this *Plan* by unanimous vote to incorporate OPEGA's recommendations, including procedures for Trust staff to:

- identify the relative risk of sub-recipients related to financial controls and accounting,
- require the organization to complete a comprehensive checklist indicating preparedness to execute necessary policies, procedures, and financial controls, and
- enhancing oversight for higher risk situations.

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 ably served.

Thank you.