Notice of Agency Rule-making Adoption

AGENCY: Department of Health and Human Services, Division of Audit

CHAPTER NUMBER AND TITLE: Section 10-144, Chapter 30, Maine Uniform Accounting and Auditing Practices for Community Agencies.

ADOPTED RULE NUMBER: 2012-139

CONCISE SUMMARY: The Department has adopted final rules of the Maine Uniform Accounting and Auditing Practices for Community Agencies. The Maine Legislature directed the Department to adopt new rules that are consistent with federal standards and preserve the authority of community agency boards. Definitions have been expanded and changed to mirror federal definitions. The requirement for an audited Schedule of Agreement Operations and a compiled Agreement Settlement Form has been eliminated. Standards for a Schedule of Expenditures of Department Awards (SEDA) are established. Community agencies with annual agreement expenditures of $100,000, but less than $500,000 are required to have an entity-wide review of its financial statements and supplemental SEDA. Internal control standards have been changed to the five internal control standards adopted by the American Institute of Certified Public Accountants. Electronic submission is provided as the preferred method of submitting audits to the Department. Audit requirements have been updated and all audits must be performed in accordance with *Government Auditing Standards*.

Auditing requirements mirror generally accepted auditing standards, government auditing standards and Federal Circular OMB A-133. Audit reporting requirements have been updated to mirror Federal Circular OMB A-133 with the exception of known and likely questioned costs. Those costs have been quantified at $1,000 whereas OMB A-133 has quantified those costs at $10,000. Compliance requirements for community agencies are updated to mirror Federal Circular OMB A-133. The requirement for a budget revision for changes in revenue and any unbudgeted line items has been eliminated. The requirement for a budget revision for personnel and the all other category has been increased to the greater of $10,000 or 10%. The requirement for a budget revision in the subcontract category has been changed from a category to the greater of $1,000 or 10% per subcontract. Revenue restricted for a program is allowed to cost share in the same manner as unrestricted revenue. Standards for liquidation of outstanding balances have been added. Appeals, resolution and sanctions have been changed to reflect current practice for both DHHS and DOT. Finally, the responsibilities of both DHHS and DOT have been updated to reflect current practice.

These rules will not adversely impact small businesses or impose any added costs on municipalities or counties.

See http://www.maine.gov/dhhs/audit/social-services for rules and related rulemaking documents.

EFFECTIVE DATE: July 1, 2012

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