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Testimony of the  
Division of Audit  
Department of Health and Human Services

Before the Joint Standing Committee on State and Local Government

In Support of LD 91  
An Act to Update the Maine Uniform Accounting and Auditing  
Practices Act for Community Agencies

Sponsored by: Representative Matlack  
Hearing Date: February 17, 2021

Senator Baldacci, Representative Matlack and Members of the Joint Standing Committee on State and Local Government, I am Tony Madden, Deputy Director of the Division of Audit for the Department of Health Human Services. I am here today to introduce and speak in support of LD 91, *An Act to Update the Maine Uniform Accounting and Auditing Practices Act for Community Agencies*.

LD 91 updates language in Maine Uniform Accounting and Auditing Practices Act to implement current Federal standards under the Uniform Guidance. The bill also eliminates an advisory committee to the Commissioner of the Department of Health and Human Services and an annual report to the Legislature originally intended to provide updates on implementation.

In 1984, the Federal Government implemented the Single Audit Act. The Act created a single audit requirement for state and local government units that received over \$100,000 in federal funds. The Act also required state and local government units provide oversight of any federal funds passed on to nonprofit community agencies (subrecipients). The Department of Health and Human Services recognized the need to develop statutory and regulatory guidance to implement these requirements.

An advisory committee made up of members of nonprofit community agencies, Certified Public Accountants (CPAs) and members of the Department's audit unit was formed to develop and implement the governing legislation and Department rules. The first version of the MAAP law was passed and implemented in 1985.

The MAAP rule has been in place for over 35 years with only minor changes, mostly to comply with changes in the Federal Single Audit Act. The original need for the advisory committee to establish and implement Maine's single audit regulations has long since expired. Additionally, the need for the annual report to the legislature on the Department's experience with the MAAP rules has passed. The program is working as intended with more accountability and

standardization of audits on both Federal and State funds passed on to nonprofit community agencies. This is why we propose to repeal both from statute.

In 2014, the Federal single audit was codified in 2 CFR part 200, now known as the Uniform Guidance. The current Maine Uniform Accounting and Auditing Practices Act contains outdated references to the A-133 Single Audit Act. Additionally, the dollar thresholds established requiring audits have changed over the years. This bill updates the outdated references and corrects the dollar thresholds to the current levels.

Thank you for your time and attention. I am happy to answer any questions you have and to make myself available for the work session.