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Testimony in support of LD 1215, “A Resolve to Require the State Auditor To Report on Corrective Actions Regarding the Administration of Federal Grants.”

Presented by Representative Walter Riseman House District 69 to the Joint Committee on State and Local Government today, Monday, April 26, 2021.

Good morning Senator Baldacci, and Representative Matlack and other distinguished members of the Committee on State and Local Government. My name is Representative Walter Riseman and I represent House District 69 which includes Harrison, Bridgton and Denmark which includes two counties. Today I am testifying today in support of LD 83, “A Resolve to Require the State Auditor To Report on Corrective Actions Regarding the Administration of Federal Grants.”

As fellow committee members I believe you are aware of my focus on financial accountability and governmental transparency. As a former Chief Financial Office of a med-size non-profit organization which received significant funding from federal and state pass-through grants, my responsibilities included overseeing the receipt and expenditures of grants. Each year we were required to have an independent auditor monitor the activity to ensure compliance with federal rules and regulations. Any discrepancy, whether major or minor was reported as a finding and required a “corrective action plan” to address the issue. The corrective action was reviewed the next year by the auditor to assure the correction plan was completed or at least in progress. Ignoring a needed corrective action could result in the grant recipient becoming ineligible for future funding and/or a monetary claw-back of funds.

The same is true for the State of Maine. Each year the state auditor conducts a similar review of contracts the state has received from the federal government. The most glaring example of corrective action not taken by the state was the Riverview Facility which ended up sending back over \$18 million to the federal government. It really is problematic when these issues go uncorrected.

The results of the state audit are reported every year by the state auditor. Many issues are including major and minor. I have reported some of the issues to this committee in the past and asked whose responsibility it was to ensure that these issues were dealt with. No one seemed to have a definitive answer. The purpose of this bill is make sure there is a clear line of authority and responsibility to correct major findings. I urge your to support this bill with an OTP recommendation. I am available to answer any questions. Attached is documentation about some of the more major findings.

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