



**KENNEBEC VALLEY COMMUNITY
ACTION PROGRAM**

**Required Schedules under the *Maine Uniform
Accounting and Auditing Practices for
Community Agencies***

September 30, 2016

KENNEBEC VALLEY COMMUNITY ACTION PROGRAM

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
Kennebec Valley Community Action Program

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Kennebec Valley Community Action Program (a nonprofit organization), which comprise the statement of financial position as of September 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and we have issued our report thereon dated April 26, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Kennebec Valley Community Action Program's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Kennebec Valley Community Action Program's internal control. Accordingly, we do not express an opinion on the effectiveness Kennebec Valley Community Action Program's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

PFBF, CPAs

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Kennebec Valley Community Action Program's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Perry, Fitts, Boulette and Fitton, CPAs

April 26, 2017



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
DEPARTMENT AGREEMENT AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE *MAINE UNIFORM ACCOUNTING AND AUDITING PRACTICES
FOR COMMUNITY AGENCIES***

To the Board of Directors of
Kennebec Valley Community Action Program

Report on Compliance for Each Major Department Agreement

We have audited Kennebec Valley Community Action Program's (the Organization) compliance with the types of compliance requirements described in the *Maine Uniform Accounting and Auditing Practices for Community Agencies* (MAAP), and with the requirements identified in the Contract Compliance Riders that could have a direct and material effect on each of the Organization's major Department agreements for the year ended September 30, 2016. The Organization's major Department agreements are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state department agreements.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major Department agreements based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the MAAP. Those standards and MAAP require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Department agreement occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Department agreement. However, our audit does not provide a legal determination of the Organization's compliance.

PFBF, CPAs

Opinion on Each Major Department Agreement

In our opinion, Kennebec Valley Community Action Program complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major department agreements for the year ended September 30, 2016.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with types of compliance requirements referred to above. In planning and performing our audit, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on a major Department agreement and to test and report on internal control over compliance in accordance with MAAP, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Department agreement on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Department agreement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Department agreement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Schedule of Expenditures of Department Agreements Required by *Maine Uniform Accounting and Auditing Practices for Community Agencies*

We have audited the financial statements of Kennebec Valley Community Action Program as of and for the year ended September 30, 2016, and have issued our report thereon dated April 26, 2017, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of department agreements is presented for purposes of additional analysis as required by *Maine Uniform Accounting and Auditing Practices for Community Agencies* and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of department agreements is fairly stated in all material respects in relation to the financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of MAAP. Accordingly, this report is not suitable for any other purpose.

Perry, Fitts, Boulette and Fitton, CPAs

April 26, 2017

**Kennebec Valley Community Action Program
Schedule of Expenditures of Department Agreements
Year Ended September 30, 2016**

Department/ Office	Agreement Number	Agreement Amount	Agreement Period	Agreement Service	Agreement Status	Federal Expenses	State Expenses	Total Department Expenses	DOT Only Local Share Expenses	DOT Only Total Agreement/Match Expenses
Maine DHHS:										
DHHS-CFS	CFS-16-4004B	\$ 175,596	2/1/16-12/31/16	KV Van Transportation - Low Income	Interim	\$ 146,030		146,030	-	-
DHHS-CFS	CFS-16-4004B	440,649	2/1/16-12/31/16	KV Van Transportation - Child Welfare	Interim	355,995		355,995	-	-
DHHS-CFS	CFS-15-4004D	228,707	10/1/14-1/31/16	KV Van Transportation - Low Income	Final	63,906		63,906	-	-
DHHS-CFS	CFS-15-4004D	379,898	10/1/14-1/31/16	KV Van Transportation - Child Welfare	Final	-	91,260	91,260	-	-
DHHS-CFS	CFS-17-1406	430,613	7/1/16-6/30/18	State Head Start	Interim		67,014	67,014	-	-
DHHS-CFS	CFS-16-1406A	237,422	7/1/15-6/30/16	State Head Start	Final		187,865	187,865	-	-
DHHS-CFS	CFS-16-7004A	65,142	10/1/15-9/30/16	CSBG - Employment Services	Final	62,258		62,258	-	-
DHHS-CFS	CFS-16-7004A	65,667	10/1/15-9/30/16	CSBG - South End Teen Center	Final	61,759		61,759	-	-
DHHS-CFS	CFS-16-7004A	12,449	10/1/15-9/30/16	CSBG - Families in Transition	Final	12,123		12,123	-	-
DHHS-CFS	CFS-16-7004A	80,021	10/1/15-9/30/16	CSBG - Family Enrichment Council	Final	80,021		80,021	-	-
DHHS-CFS	CFS-16-7004A	33,535	10/1/15-9/30/16	CSBG - Community Initiatives/H&P	Final	32,868		32,868	-	-
DHHS-CFS	CFS-16-7004A	30,039	10/1/15-9/30/16	CSBG - Community Assessment/Training	Final	29,370		29,370	-	-
DHHS-CFS	CFS-16-7004A	24,736	10/1/15-9/30/16	CSBG - Housing Services	Final	24,736		24,736	-	-
DHHS-CFS	CFS-16-7004A	90,421	10/1/15-9/30/16	CSBG - Poverty Initiative	Final	90,421		90,421	-	-
DHHS-CFS	CFS-15-1514C	1,499,850	9/30/14-3/31/16	Home Visiting	Final	159,549	318,696	478,245	-	-
DHHS-CFS	FP-16-448	-	10/1/15-9/30/16	Child & Adult Care Food Program	Final	168,812		168,812	-	-
DHHS-ADS	ADS-17-5872	4,020	7/1/16-6/30/17	KV Van Transportation Disability Services	Interim	-	1,593	1,593	-	-
DHHS-ADS	ADS-16-5872	2,520	7/1/15-6/30/16	KV Van Transportation Disability Services	Final	-	2,677	2,677	-	-
DHHS-	COM-16-114	69,379	5/1/16-3/31/17	Youth Outreach	Interim	19,206		19,206	-	-
Subtotal Maine DHHS						1,307,054	669,105	1,976,159	-	-
Maine DHHS Indirect:										
Maine Children's Trust	MCT-16-113A	1,549,845	4/1/16-9/30/18	Home Visiting	Interim	361,443	66,880	428,323	-	-
Subtotal Maine DHHS Indirect						361,443	66,880	428,323	-	-
Maine DOT:										
MaineDOT	CSN 35019; PIN 018582.00/016110.00/017176.00/0	287,052	10/6/15-10/6/20	Enhanced Mobility of Seniors and Individuals with Disabilities	Interim	172,231	21,529	193,760	21,529	215,289
MaineDOT	CSN 36337; PIN 019538.00	5,000	7/1/16-6/30/17	RTAP	Interim	1,196	-	1,196	-	1,196
MaineDOT	CSN 36591; PIN 020787.05	541,020	7/1/16-6/30/17	Admin/Operating/Capital	Interim	130,753	23,769	154,521	50,014	204,535
MaineDOT	CSN 36013; PIN 020764.00/020790.00	15,000	7/1/15-12/31/16	Admin/Operating/Capital	Final	15,000	-	15,000	11,000	26,000
MaineDOT	CSN 35120; PIN 020787.00/020789.00/020773.00	513,616	7/1/15-6/30/16	Admin/Operating/Capital	Final	297,749	59,640	357,389	105,039	462,428
Subtotal Maine DOT						616,929	104,938	721,867	187,582	909,448
Total						\$ 2,285,426	840,923	3,126,349	187,582	909,448

See accompanying notes to schedule of expenditures of department agreements.

**KENNEBEC VALLEY COMMUNITY ACTION PROGRAM
NOTES TO SCHEDULE OF EXPENDITURES
OF DEPARTMENT AGREEMENTS
For the Year Ended September 30, 2016**

NOTE 1 – MAJOR AGREEMENTS

The Organization expended \$3,126,349 in Department agreements. Of these total expenditures 68% were tested as major agreements. Major agreements are identified in the summary of auditors' results section of the schedule of findings and questioned costs.

NOTE 2 – UNIFORM GUIDANCE AUDIT

The Organization was required to have an audit in accordance with the Uniform Guidance for the year ended September 30, 2016. The report issued on compliance was unmodified and did not disclose any instances of noncompliance, material weaknesses or significant deficiencies. The separate report was dated April 26, 2017.

**KENNEBEC VALLEY COMMUNITY ACTION PROGRAM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2016**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

State Agreements

Internal Control over programs tested:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	No
Type of auditor’s report issued on compliance for programs tested	Unmodified
Any audit findings disclosed that are required to be reported in accordance with MAAP regulations?	No

Identification of program tested and service:

CFS-16-7004A	CSBG
CFS-15-1514C	Home Visiting Services
FP-16-448	CACFP
CSN 35019;	Challenger Vehicle Purchase
PIN018582.00/016110.00;	
017176.00;017175.00;	
019352.00	

**KENNEBEC VALLEY COMMUNITY ACTION PROGRAM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
For the Year Ended September 30, 2016**

Section II – Findings Required to be Reported under *Government Auditing Standards*

NONE

Section III – Findings and Questioned Costs for Major Department Agreements

NONE

**KENNEBEC VALLEY COMMUNITY ACTION PROGRAM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
For the Year Ended September 30, 2016**

Section IV – Status of Prior Year Findings

2015-001 – Client Eligibility Determination

Agreement: CFS-15-4004D, Maine DHHS KV Van Transportation

Condition -

The Organization did not follow the poverty threshold guidelines for low income client eligibility determination as outlined in Rider A of Agreement CFS-15-4004D.

Criteria -

Rider A, Page 3 of the agreement defined low income as 125% of the Federal Poverty Guideline (FPG. The Organization was required to verify that services were provided to low income clients with income levels at or below the 125% FPG.

Cause -

By not reviewing in detail the agreement content, the Organization did not recognize the change in the allowable poverty threshold for client eligibility determination from 150% in the prior year's agreement to 125% that was included in the renewal of the subsequent year's agreement that began October 1, 2014.

Effect -

Clients that were determined to be eligible by the Organization for services, and received those services, were not eligible under the guidelines outlined in the agreement. This error could have resulted in questioned costs and possible amounts due to the State to reimburse for services provided to ineligible clients. Upon discovery during the audit, the Organization was able to get a waiver from the Department for the award period that allowed a higher threshold of income to be used, and that covered all clients that were determined eligible by the Organization under the incorrect guidelines.

Recommendation -

We recommend that management thoroughly review all agreements when they are renewed so that any changes in content or compliance criteria are identified and addressed. This information should be relayed to all program and finance personnel to ensure that all agreement guidelines are followed.

Views of Responsible Officials and Planned Corrective Action -

Management agrees with the finding. Program management will review in detail the contracts from one year to another so that any changes in content and compliance criteria are identified and addressed.

Status -

Resolved