Reports Required by
Maine Uniform Accounting and Auditing
Practices For Community Agencies

Year Ended September 30, 2013
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<tr>
<th>Section</th>
<th>Page</th>
</tr>
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INDEPENDENT AUDITOR’S 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 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 Kennebec Valley Community Action Program’s major Department agreements for the year ended September 30, 2013. Kennebec Valley Community Action Program’s major Department agreements are identified in the summary of auditor’s 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 Department agreements.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of Kennebec Valley Community Action Program’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 Maine Uniform Accounting and Auditing Practices for Community Agencies (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 Kennebec Valley Community Action Program’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 Kennebec Valley Community Action Program’s compliance.

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INDEPENDENT AUDITOR’S 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, CONTINUED

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, 2013.

Report on Internal Control Over Compliance

Management of Kennebec Valley Community Action Program is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Kennebec Valley Community Action Program’s internal control over compliance with the types of requirements that could have a direct and material effect on each major Department agreement to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each 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 Kennebec Valley Community Action Program’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 material weaknesses or significant deficiencies. 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.
INDEPENDENT AUDITOR’S 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, CONTINUED

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.

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, 2013, and have issued our report thereon dated
February 25, 2014, 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.

[Signature]

Augusta, Maine
February 25, 2014
<table>
<thead>
<tr>
<th>Department/Office</th>
<th>Agreement Number</th>
<th>Agreement Amount</th>
<th>Agreement Period</th>
<th>Agreement Service</th>
<th>Agreement Status</th>
<th>Federal Expenses</th>
<th>State Expenses</th>
<th>Total Department Expenses</th>
<th>DOT Only Local Share</th>
<th>DOT Only Total Agreement/Match Expenses</th>
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<tr>
<td>DHHS-CFS</td>
<td>CFS-13-400A</td>
<td>191,500</td>
<td>10/12-9/30/13</td>
<td>KV Van Transportation - Regular</td>
<td>Final</td>
<td>156,324</td>
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<td>DHHS-CFS</td>
<td>CFS-13-401A</td>
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<td>10/12-12/31/13</td>
<td>KV Van Transportation - Special</td>
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<td>-</td>
<td>245,692</td>
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<td>DHHS-CFS</td>
<td>CFS-13-140B</td>
<td>71,154</td>
<td>10/12-12/31/13</td>
<td>State Head Start</td>
<td>Final</td>
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<td>DHHS-CFS</td>
<td>CFS-13-140A</td>
<td>71,154</td>
<td>7/13-8/30/14</td>
<td>State Head Start</td>
<td>Initial</td>
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<td>31,082</td>
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<td>DHHS-CFS</td>
<td>CFS-13-7004A</td>
<td>82,828</td>
<td>10/12-9/30/13</td>
<td>CSBG - Employment Services</td>
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<td>DHHS-CFS</td>
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<td>57,045</td>
<td>10/12-9/30/13</td>
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<td>CSBG - Famine in Transition</td>
<td>Final</td>
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<td>DHHS-CFS</td>
<td>CFS-13-7004Q</td>
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<td>CSBG - Family Enrichment Council</td>
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<td>DHHS-CFS</td>
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<td>42,860</td>
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<td>CSBG - Community Window/HIP</td>
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<td>DHHS-CFS</td>
<td>CFS-13-7004Q</td>
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<td>10/12-9/30/13</td>
<td>CSBG - Community Assessment/Training</td>
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<td>DHHS-CFS</td>
<td>CFS-13-7004Q</td>
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<td>CSBG - Housing &amp; Energy Services</td>
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<td>DHHS-CFS</td>
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<td>8,900</td>
<td>10/12-9/30/13</td>
<td>CSBG - Skowhegan Child Care</td>
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<td>8,900</td>
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<td>DHHS-CFS</td>
<td>CFS-13-161A</td>
<td>1,104,575</td>
<td>7/12-9/30/13</td>
<td>Home Visiting</td>
<td>Final</td>
<td>655,677</td>
<td>49,291</td>
<td>704,968</td>
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<td>DHHS-CFS</td>
<td>CDC-14-1314</td>
<td>999,900</td>
<td>9/30-12/31/14</td>
<td>Home Visiting</td>
<td>Intermediate</td>
<td>1,777</td>
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<td>DHHS-CFS</td>
<td>PP-13-448</td>
<td>125,422</td>
<td>10/12-9/30/13</td>
<td>Child &amp; Adult Food Program</td>
<td>Final</td>
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<td>DHHS-CFS</td>
<td>CFS-13-602A</td>
<td>28,970</td>
<td>10/12-9/30/13</td>
<td>Child Nutrition Discretionary Grants Limited Availability</td>
<td>Final</td>
<td>28,970</td>
<td>-</td>
<td>28,970</td>
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<td>DHHS-ADS</td>
<td>DSS-13-139A</td>
<td>26,105</td>
<td>7/12-9/30/13</td>
<td>KV Van Transportation</td>
<td>Final</td>
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<td>16,047</td>
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<td>DHHS-ADS</td>
<td>ADS-14-5872</td>
<td>26,105</td>
<td>7/12-9/30/14</td>
<td>KV Van Transportation</td>
<td>Intermediate</td>
<td>-</td>
<td>3,937</td>
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<td><strong>Subtotal Maine DHHS</strong></td>
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<td></td>
<td></td>
<td>1,552,629</td>
<td>419,240</td>
<td>1,971,869</td>
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</tr>
</tbody>
</table>

**Total**

$3,440,699

**462,103**

**2,972,596**

**2,972,596**

**847,001**

See accompanying notes to schedule of expenditures of department agreements.
MAJOR AGREEMENTS

The Organization expended $2,523,101 in Department agreements. Of these expenditures, 77% were tested as major agreements. Major agreements are identified in the summary of auditor’s results section of the schedule of findings and questioned costs.

FEDERAL CIRCULAR A-133 AUDIT

The Organization was required to have a Federal Circular A-133 audit for the year ended September 30, 2013. 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 February 25, 2014.
Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's 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

Major State Agreements

Internal Control over major programs:
  Material weaknesses identified? No
  Significant deficiencies identified
    not considered to be material weaknesses? No
Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with MAAP regulations? No

Identification of major programs:

<table>
<thead>
<tr>
<th>Agreement Number</th>
<th>Agreement Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>CFS-13-1619A/CFS-14-1514</td>
<td>Home Visiting</td>
</tr>
<tr>
<td>CSN 31244; PIN 6442.00</td>
<td>Transit Vehicle Purchase</td>
</tr>
<tr>
<td>CSN 29286; PIN 017278.00/017278.01</td>
<td>Admin/Operating/Capital</td>
</tr>
<tr>
<td>CSN 30790; PIN 019581.00</td>
<td>Admin/Operating/Capital</td>
</tr>
<tr>
<td>CSN 29030; PIN 016278.02</td>
<td>Admin/Operating/Capital</td>
</tr>
<tr>
<td>CFS-13-7004Q</td>
<td>Community Services Block Grant</td>
</tr>
<tr>
<td>FP-13-448</td>
<td>Child &amp; Adult Care Food Program</td>
</tr>
</tbody>
</table>

Auditee qualified as low-risk auditee? No

Section II - Findings Required to be Reported under Government Auditing Standards

NONE

Section III - Findings and Questioned Costs for Major Department Agreements

NONE
Finding #2012-1 – Reporting (Repeat Finding)  
Agreement - CFS-12-1406A, State Head Start

Criteria –

Maine Uniform Accounting and Auditing Practices for Community Agencies (MAAP) requires community agencies receiving Department funding to submit various financial and programmatic reports within specific timelines (depending on the reporting schedules contained in the agreements).

Condition Found, Effects and Recommendations –

For Agreement CFS-12-1406A, one quarterly performance measures report was filed beyond its due date. Late reporting could result in the delay of grant receipts from the funding source. We recommend the Organization review its procedures that track contract report due dates and filings, so that all required reports are filed prior to the due date.

Questioned Costs –

None

Management Response –

The late filing of the State Head Start quarterly performance report (due 4/15/2012) was an unfortunate oversight. When realized (4/20/2012), the department’s Office Manager contacted the state contract officer by phone and email indicating the report had been completed and copies were then filed accordingly. Responsibility for reporting on this contract has since been reassigned to the department’s Grants and Information Coordinator to assure all reporting deadlines are met.

Status –

Resolved. For the year ended September 30, 2013, the major Department agreements’ reporting requirements were met. In addition, the State of Maine Department of Health & Human Services has issued their examination report for the year ended and September 30, 2012 and considers the year to be closed.
Finding #2012-2 – Eligibility Agreement – CFS-12-4004A, KV Van Transportation

Criteria –

Eligibility requirements over this agreement include the verification of income of the individuals who receive services.

Condition Found, Effects and Recommendations –

During our testing of 40 client files out of 227 served under this KV Van Transportation agreement, we noted that in 2 of the 40 files tested, income eligibility was not verified before providing services to the clients. One of the two clients was later determined to be over income and not eligible for services. We recommend that controls over the income eligibility verification process be strengthened to ensure ineligible clients are served.

Questioned Costs –

For the client determined to be over income, the Organization billed and received reimbursement for transportation services provided from December 1-15, 2011 under Agreement CFS-12-4004A in the amount of $64.

Management Response –

The program will review and clarify the process for both initial income eligibility determination during the fiscal year and redetermination for clients whose service carries over between fiscal years. In both cases cited, the clients were sent redetermination applications that were not returned in a timely manner and services were not canceled prior to the start of the new contract period. While the current system is sound in ensuring that new services are not started without appropriate income verification, systems will be enhanced to monitor the status of redeterminations to ensure that either applications are received in a timely manner or services to the consumer are discontinued. While this process has previously been assigned to several different staff members, the process of redetermination will be assigned to one specific staff member with designated time lines to ensure accuracy and accountability.

Status –

Resolved. For the year ended September 30, 2013, the major Department agreements’ eligibility requirements were met. In addition, the State of Maine Department of Health & Human Services has issued their examination report for the year ended and September 30, 2012 and considers the year to be closed.