

Kennebec Valley Community Action Program and Affiliates

Waterville, Maine

Required Schedule Under the *Maine
Uniform Accounting and Auditing
Practices for Community Agencies*

Year Ended September 30, 2021



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Kennebec Valley Community Action Program

Required Schedule Under the *Maine Uniform Accounting and Auditing*

Practices for Community Agencies

Year Ended September 30, 2021

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Independent Auditor's 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*

Board of Directors
Kennebec Valley Community Action Program
Waterville, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States 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 which comprise the statement of financial position as of September 30, 2021, 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 have issued our report thereon, dated June 30, 2022.

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) as a basis for designing 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 of 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.

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 financial statements. 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 Kennebec Valley Community Action Program's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Kennebec Valley Community Action Program's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wipfli LLP

Wipfli LLP

June 30, 2022

Madison, WI

Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Department Agreement and on Internal Control over Compliance in Accordance with Maine Uniform Accounting and Auditing Practices for Community Agencies and Report on Schedule of Expenditures of Department Agreements

Board of Directors
Kennebec Valley Community Action Program
Waterville, Maine

Report on Compliance for Each Major Department Agreement

We have audited Kennebec Valley Community Action Program's (a nonprofit 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 in the Contract Compliance Rider(s) of the Agency's agreement(s) with the Maine Department of Health and Human Services and the Maine Department of Transportation (the "Department") 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, 2021. Kennebec Valley Community Action Program's major Department programs 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 statutes, regulations and the terms and conditions of its grant awards applicable to its major 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; 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 the 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.

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, 2021.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with MAAP and which is described in the accompanying schedule of findings and questioned costs as item 2021-001. Our opinion on each major Department agreement is not modified with respect to these matters.

Kennebec Valley Community Action Program's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Kennebec Valley Community Action Program's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 a 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2021-001, that we consider to be a significant deficiency.

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 of Schedule of Expenditures of Department Agreements

We have audited the financial statements of Kennebec Valley Community Action Program as of and for the year ended September 30, 2021, and have issued our report thereon, dated June 30, 2022, 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 MAAP 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.

Wipfli LLP

Wipfli LLP

June 30, 2022

Madison, Wisconsin

KENNEBEC VALLEY COMMUNITY ACTION PROGRAM

Schedule of Expenditures of Department Agreements
Year Ended September 30, 2021

Department/ Office	Agreement Number	Agreement Amount	Agreement Period	Agreement Services	Agreement Status	Federal Expenses	State Expenses	Total Department Expenses	DOT Only Local Share Expenses	DOT Only Total Agreement/Match Expenses
Maine DHHS:										
DHHS-CDC	COM-21-5706	\$ 14,500	02/01/21-12/31/21	Vaccination Supports	Interim	\$ 8,126	\$ 0	\$ 8,126	\$ 0	\$ 0
DHHS-CDC	COM-21-5009	136,868	02/01/21-12/31/21	Social Supports	Interim	84,528	0	84,528	0	0
DHHS-CDC	COM-20-4003D	36,571	06/01/20-01/31/21	Social Supports	Final	18,633	0	18,633	0	0
DHHS-CFS	CFS-21-7004A	529,898	10/01/20-09/30/21	CSBG	Final	477,175	0	477,175	0	0
DHHS-CFS	CFS-20-7104	564,597	01/01/20-09/30/22	CSBG - CARES Act	Interim	221,918	0	221,918	0	0
DHHS-CFS	None	185,520	04/01/21-03/31/22	OCFS Licensing - CRRSAA	Interim	4,173	0	4,173	0	0
DHHS-CFS	None	76,300	09/01/20-09/30/21	CFS Licensing - CARES	Final	76,300	0	76,300	0	0
DHHS-CFS	CFS-21-4014A	701,559	07/01/20-06/30/21	KV Van Transportation - Low Income/Child Welfare	Final	138,500	193,243	331,743	0	0
DHHS-CFS	CFS-22-4014	701,559	07/01/21-06/30/22	KV Van Transportation - Low Income/Child Welfare	Interim	34,879	52,749	87,628	0	0
DHHS-CFS	CFS-20-1406B	490,928	07/01/19-06/30/21	State Head Start	Final	41,499	145,710	187,209	0	0
DHHS-CFS	CFS-22-1406	490,928	07/01/21-06/30/23	State Head Start	Interim	11,842	43,766	55,608	0	0
DHHS-OFI	OFI-22-403	490,000	07/01/21-06/30/23	Whole Families	Interim	37,879	0	37,879	0	0
Subtotal Maine DHHS						\$ 1,155,452	\$ 435,468	\$ 1,590,920	\$ 0	\$ 0
Maine DHHS Indirect:										
Maine Children's Trust	MCT-21-1600	\$ 153,000	07/01/20-06/30/21	CAN - Kennebec County	Final	\$ 0	\$ 117,596	\$ 117,596	\$ 0	\$ 0
Maine Children's Trust	MCT-21-1600	153,000	07/01/20-06/30/21	CAN - Somerset County	Final	0	116,505	116,505	0	0
Maine Children's Trust	Sub CFS-21-1600 B	153,000	07/01/21-06/30/22	CAN - Kennebec County	Interim	0	25,535	25,535	0	0
Maine Children's Trust	Sub CFS-21-1600 B	153,000	07/01/21-06/30/22	CAN - Somerset County	Interim	0	31,974	31,974	0	0
Maine Children's Trust	Sub CFS-19-1601 B ext	1,350,854	10/01/19-12/31/20	Home Visiting	Final	264,352	12,136	276,488	0	0
Maine Children's Trust	Sub CDO-21-4230	824,820	01/01/21-09/30/21	Home Visiting	Final	565,314	190,695	756,009	0	0
Maine Children's Trust	None	2,500	10/01/20-09/15/21	Standards Grant	Final	2,500	0	2,500	0	0
Maine Children's Trust	None	7,500	10/01/20-09/30/21	Front Porch - Somerset County	Final	7,500	0	7,500	0	0
Maine Children's Trust	None	7,500	10/01/20-09/30/21	Front Porch - Kennebec County	Final	7,500	0	7,500	0	0
Alfond Youth Center	CFS-21-2115	27,094	09/01/21-09/30/22	Teen Center TANF	Interim	710	0	710	0	0
Subtotal Maine DHHS Indirect						\$ 847,876	\$ 494,441	\$ 1,342,317	\$ 0	\$ 0
Maine DOT:										
DOT	CSN 40891	474,520	07/01/19-06/30/21	Formula Grant - Admin/Operating	Final	\$ 120,645	\$ 27,579	\$ 148,224	\$ 53,336	\$ 201,560
DOT	CSN 41595	1,594,590	02/01/20-Open	Formula Grant - FTA CARES Act	Interim	730,422	0	730,422	0	730,422
DOT	CSN 42272	1,000	10/15/20-11/30/20	Formula Grant - RTAP	Final	1,000	0	1,000	0	1,000
DOT	CSN 42275	8,200	08/01/20-12/31/20	Formula Grant - RTAP	Final	8,200	0	8,200	0	8,200
DOT	CSN 42920	6,518	01/21/21-07/31/21	Formula Grant - RTAP	Final	6,518	0	6,518	0	6,518
DOT	CSN 43358	3,799	06/01/21-12/31/21	Formula Grant - RTAP	Interim	3,524	0	3,524	0	3,524
DOT	CSN 40862	645,635	09/16/19-09/06/26	Buses and Bus Facilities Formula, Competitive & Low/No Emissions Program	Interim	572,685	99,951	672,636	19,624	692,260
						\$ 1,442,994	\$ 127,530	\$ 1,570,524	\$ 72,960	\$ 1,643,484
Total						\$ 3,446,322	\$ 1,057,439	\$ 4,503,761	\$ 72,960	\$ 1,643,484

Notes

Percentage of DHHS department expenditures tested as major in current year in relation to total department expenditures - 81.6%.
Percentage of DOT department expenditures tested as major in current year in relation to total department expenditures - 42.8%

The Schedule of Expenditures of Department Agreements of Kennebec Valley Community Action Program (KVCAP) was prepared for the purpose of complying with the *Maine Uniform Accounting and Auditing Practices for Community Agencies* (MAAP), issued by the Maine Department of Health and Human Services (the "Department"). This schedule is a presentation of grant revenues, expenditures, and balances of KVCAP's agreements with the Department, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States, and is not intended to be a complete presentation of KVCAP's revenues and expenses.

Disclosures:

Is your Agency required to have a Federal Single Audit? **Yes**

Kennebec Valley Community Action Program

Schedule of Findings and Questioned Costs

Year Ended September 30, 2021

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?	None reported
Noncompliance material to financial statements noted?	No

State Agreements

Internal Control over programs tested:	
Material weaknesses identified?	No
Significant deficiencies identified?	Yes
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?	Yes

Identification of programs tested:

Name of Programs:

Department of Health and Human Services:

- Home Visiting – CFS-19-1601B and CDO-21-4230
- State Head Start – CFS-20-1406B and CFS-22-1406
- Community Services Block Grant – CFS-20-7104 and CFS-21-7004A
- KV Van – CFS-21-4014A/CFS-22-4014

Department of Transportation

- DOT Buses and Bus Facilities – CSN 40862

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

Findings: None

Questioned Costs: None

Kennebec Valley Community Action Program

Schedule of Findings and Questioned Costs

Year Ended September 30, 2021

Section III - Findings and Questioned Costs for State Agreements

2021-001 Internal Control over Eligibility

State Agreement – Community Services Block Grant (CSBG) – CFS-21-7004A; COVID-19 CSBG CARES - CFS-20-7104.

Criteria – Management is responsible for the design and implementation of internal controls to ensure only eligible clients are paid benefits from CSBG funds.

Condition and Context – Through our testing of CSBG eligibility, we noted two instances of clients that were paid benefits from CSBG funds; however, they were COVID Social Support clients and should have been paid from a different funding source. We also noted one client where there was no application on file.

Cause – A lack of internal controls over account coding and the review and approval of payments and over the review process for applications.

Effect – CSBG funds were used to pay for clients that were not determined eligible to receive CSBG benefits. The cost of the assistance may be disallowed. The income eligibility documentation, specifically the application, on file was not in line with the Organization's policies on one of the clients tested, but it did appear this client would still be considered eligible had the Organization's policies been followed.

Recommendations – Controls should be implemented to ensure all clients paid benefits with CSBG funds have applied for and been determined eligible for the program. Controls should be implemented to ensure CSBG applications and supporting documents are on file and reviewed against the Organization's guidelines, prior to approval.

Views of Responsible Officials - Management agrees with the finding and has developed and begun implementation of a corrective action plan.

Kennebec Valley Community Action Program

Schedule of Findings and Questioned Costs

Year Ended September 30, 2021

Summary Schedule of Prior Year Findings

Findings Required to be Reported under Government Auditing Standards

2020-001 – Material Audit Adjustment

Criteria – Management is responsible for the design and implementation of internal controls to detect and correct material misstatements prior to submitting the financial statements for audit.

Condition and Context – Through our audit of deferred revenue, one material adjustment was necessary for the financial statements to be in accordance with U.S. GAAP. Program surpluses with no further conditions or barriers to earning were improperly deferred.

Cause – A lack of internal controls to analyze deferred program revenue surpluses for additional conditions or barriers to earning.

Effect – Deferred revenue was overstated, and revenue was understated by \$847,774.

Recommendations – Controls should be implemented to ensure revenues are analyzed for conditions or barriers required to be overcome for recognition. Revenue should be recognized as barriers to earning are overcome.

Views of Responsible Officials and Planned Corrective Actions – The finding pertains to revenues within our Transportation programs and the implementation of ASU No. 2018-08, Not-for-Profit Entities (Topic 958) revenue recognition standards that went into effect 10/1/2019. Transportation programming runs on a 7/1 to 6/30 program year that crosses our agency's fiscal year of 10/1 to 9/30. It has been our practice to defer funds on these contracts and recognize revenue at the completion of the contract once settled. As contracted dollars normally cover expenses crossing fiscal periods, we did not make the connection that the recognition of revenue would be different with fee for service contracts. When these entries were questioned and we received additional guidance around ASU No. 2018-08, that went into effect 10/1/2019, a complete review of all our revenue sources to determine conditions and barriers was completed. Our procedures are being updated to incorporate checklists are being developed to aid in the review process.

Current Status: The recommendations were implemented for the year ended September 30, 2021. No similar findings were noted in the September 30, 2021, audit.

Kennebec Valley Community Action Program

Schedule of Findings and Questioned Costs

Year Ended September 30, 2021

Summary Schedule of Prior Year Findings (Continued)

Findings and Questioned Costs for Major Department Agreements

2020-002 Internal Control over Income Eligibility

State Agreement – Community Services Block Grant (CSBG); CFS-20-7004A & CFS-20-7104.

Criteria – Management is responsible for the design and implementation of internal controls to determine and document income eligibility for CSBG Emergency Funds.

Condition and Context – Through our testing of CSBG eligibility, we noted eight instances where client's income determination process did not follow the Organization's guidelines.

Cause – A lack of internal controls over the review process for applications.

Effect – Income eligibility documentation on file was not in line with the Organization's policies on eight of their clients tested, but it did appear these clients would still be considered eligible had the Organization's policies been followed.

Recommendations – Controls should be implemented to ensure CSBG emergency funds applications and supporting documents are reviewed against the Organization's guidelines, prior to approval.

Views of Responsible Officials and Planned Corrective Actions – The Emergency Assistance program processes were developed very quickly in response to the pandemic and fine-tuned over several months. Staff from across several components of the agency were involved in creating the processes. In addition, the staff who were taking applications were new to eligibility programming; a variety of people were reviewing applications during invoicing, and it was not consistent; and a newly hired manager, who eventually took on approving applications and was new to the process, went on an extended medical leave which interrupted the oversight process. These factors led to some errors in processing applications during this start-up phase.

In order to address this finding and strengthen the determination and documentation of income eligibility, the following processes have been put in place to ensure compliance going forward:

- Income eligibility is now programmed into the empowOR database.
- Program oversight is now solely the responsibility of Energy & Housing Services.
- All applications are currently reviewed by an assigned lead before submitting payment. Once a new Community Initiatives Manager is hired/trained this task will fall to them.
- The E&HS Fiscal & Compliance Specialist will conduct audits on client applications at a minimum of 5 applications or 10% of applications submitted each month, whichever is higher.

Current Status: The recommendations were implemented for the year ended September 30, 2012. No similar findings were noted in the September 30, 2021 audit.

Kennebec Valley Community Action Program

Schedule of Findings and Questioned Costs

Year Ended September 30, 2021

Summary Schedule of Prior Year Findings (Continued)

Findings and Questioned Costs for Major Department Agreements, Continued

2020-003 Internal Controls over Reporting

State Agreement – Community Services Block Grant (CSBG); CFS-20-7004A

Criteria – Management is responsible for following the prescribed form and instructions for the Agreement Closeout Report (ACR) for CSBG.

Condition and Context – Through our testing of CSBG reporting, we noted that State of Maine DHHS' instructions for completing the ACR were not followed.

Cause – A lack of internal controls over the review process for the agreement's ACR.

Effect – The calculated amount earned by KVCAP was understated and the amount due back to the Agency was overstated by \$6,066.

Recommendations – Additional review controls should be implemented to ensure the CSBG ACR is prepared using the prescribed instructions.

Views of Responsible Officials and Planned Corrective Actions – The guidance that KVCAP has received from past reporting is that the ACR should always match the pro forma in the approved contract. At the time the original ACR report was submitted, the accountant submitting the report questioned the percentages showing on the ACR and not agreeing to the pro forma, changed the percentages on the ACR report and asked the contract's program administrator if that change should have been made. There was no response to this initial question regarding that change.

When this change was questioned as part of compliance testing, we reached out again to the contract's program administrator, and received an answer that did not indicate the change that was made was incorrect. It was upon our third attempt to get clarification on this matter that a contract manager for budgets was brought into the conversation and indicated that the final ACR report did not need to agree to the pro forma. Upon this clarification, the ACR report was corrected and reissued. KVCAP made a good faith effort to get clarification on this reporting requirement in order to be in compliance with our contract. In order to strengthen our internal controls, a copy of reporting instructions will be included in our contract files and the reporting packages being submitted for internal review prior to filing the report with our state contract administrator.

Current Status: The recommendations were implemented for the year ended September 30, 2021. No similar findings were noted in the September 30, 2021 audit.

Kennebec Valley Community Action Program

Schedule of Findings and Questioned Costs

Year Ended September 30, 2021

Summary Schedule of Prior Year Findings (Continued)

2020-004 Internal Controls over Identification of Agreements Subject to MAAP and Reportable on the SEDA

State Agreement – Coronavirus Relief Fund, SLY0081/SLT0029; COVID-19 Response, COM-20-4003

Criteria – Management is responsible for identification of agreements subject to MAAP and for reporting related expenditures on the Schedule of Expenditures of Department Agreements (SEDA).

Condition and Context – Through our testing of agreements and the SEDA, we noted funds expended under the Coronavirus Relief Fund and COVID-19 Response agreements were not included on the SEDA prepared by management.

Cause – A lack of internal controls over the review process of new agreements for MAAP applicability.

Effect – The SEDA as prepared did not include six agreements with a total of \$26,090 of expenditures subject to MAAP.

Recommendations – Additional review controls should be implemented to ensure that all agreements subject to MAAP are identified and that expenditures under those agreements are included on the SEDA.

Views of Responsible Officials and Planned Corrective Action – This was an oversight on KVCAP's part. We are updating our contract management procedures, including this reporting requirement to the contract management checklist, and training another individual in the preparation of the SEDA in order to have an additional checkpoint for final review.

Current Status: The recommendations were implemented for the year ended September 30, 2021. No similar findings were noted in the September 30, 2021 audit.



Building Stronger
Individuals, Families and Communities

Kennebec Valley Community Action Program

Corrective Action Plan for Current Year Findings

Finding 2021-001: Internal Control over Eligibility

Questioned Costs: None

AL#93.569: State Agreement – Community Services Block Grant (CSBG) - CFS-21-7004A;
COVID-19 CSBG CARES - CFS-20-7104.

Criteria – Management is responsible for the design and implementation of internal controls to ensure participant benefits are paid out of the proper program.

Condition and Context – A sample of 17 CSBG and COVID-19 CSBG participant files were selected out of a population of 106 that received direct assistance from the programs. Through our testing of eligibility, we noted two instances of clients that were paid benefits from COVID-19 CSBG funds; however, they were COVID Social Support clients and should have been paid from a different funding source. No costs were questioned as likely questioned costs would not be expected to exceed \$25,000.

Cause – There was a disconnect between the client application process and the accounts payable process resulting in the payment oversights.

Effect – COVID-19 CSBG funds were used to provide assistance for two clients that were not eligible to receive benefits.

Recommendation – Controls should be implemented to ensure client benefits are paid out of the intended program.

Views of Responsible Officials - Management agrees with the finding and has developed and begun implementation of a corrective action plan.

We have been working to strengthen our internal controls over determination and documentation for client services. The actions that have been taken are:

- Income eligibility was programmed into the empowOR database.
- The responsibility for program oversight was given solely to Energy & Housing Services for new client applications.
- All applications were reviewed by an assigned lead or the Community Initiatives Manager before submitting for payment.
- The E&HS Fiscal & Compliance Specialist conducted audits on client applications at a minimum of 5 applications or 10% of applications submitted each month, whichever was higher.

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Even with these action steps in place, there is still a gap that needs to be filled to ensure compliance. All of the prior actions will remain in place and we will address this gap by:

1. Change - Applications review and approval will now be done by the Director of Energy & Housing Services/Community Initiatives. This will bring consistency to that action as we are in another transition of filling the Community Initiatives Manager position.
2. Added Control - An after the fact review of application files by a member of the Finance Department will be conducted. This will allow for a “third party” review to address any unintentional oversights by program staff that may occur due to the volume of client assistance that is being handled by the department and “form fatigue” that may happen after looking at the same form multiple times. This outside review will ensure that any errors are found and addressed in a timely manner.

Person Responsible: Trish Walker, Controller Tele: 207-859-1570

Implementation date: No later than July 31, 2022