

MAINE STATE LEGISLATURE

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LAWS
OF THE
STATE OF MAINE
AS PASSED BY THE

ONE HUNDRED AND EIGHTH LEGISLATURE

FIRST REGULAR SESSION

January 5, 1977 to July 25, 1977

PUBLISHED BY THE DIRECTOR OF LEGISLATIVE RESEARCH IN
ACCORDANCE WITH MAINE REVISED STATUTES ANNOTATED,
TITLE 3, SECTION 164, SUBSECTION 6.

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PUBLIC LAWS
OF THE
STATE OF MAINE

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Sec. 1. 20 MRSA § 3748, sub-§ 3, ¶ G is enacted to read:

G. Any administrative unit which experiences a decrease in enrollment in either elementary or secondary education programs of 33% or greater between April 1st of the base year and October 1st of the year prior to the year of the allocation of funds shall at a minimum be eligible to have its subsidy based on the basic elementary or secondary per pupil operating rate.

Sec. 2. Appropriation. There is appropriated to the Department of Educational and Cultural Services from the General Fund for the fiscal year ending June 30, 1978, the sum of \$76,671.31 to carry out the purposes of this Act. The breakdown shall be as follows:

EDUCATIONAL AND CULTURAL SERVICES, DEPARTMENT OF	1976-77
All Other	\$76,671.31

Effective October 24, 1977

CHAPTER 541

AN ACT to Simplify, Improve and Reduce the Cost of State Agencies
Auditing Human Service Contracts and Grants.

Be it enacted by the People of the State of Maine, as follows:

5 MRSA c. 148 is enacted to read:

CHAPTER 148

HUMAN SERVICE COMMUNITY AGENCY ACCOUNTING PRACTICES ACT

§ 1631. Short title

This chapter shall be cited as the "Human Services Community Agency Accounting Practices Act."

§ 1632. Declaration

A community agency, which conducts human services funded by several state departments or accounts, is required to fulfill various accounting practices set forth by several state departments, often in an uncoordinated, overlapping and inefficient manner.

Such a community agency is subjected, within one fiscal year, to numerous routine audits by the same or different state departments.

Such a community agency is caused significant and often unnecessary expenses of meeting state requirements of various accounting practices and routine audits, which review only a portion of its funds at any one time.

Many such community agencies propose that the State adopt standard accounting practices, including under normal circumstances, only one financial audit for each fiscal year covering all funds disbursed by the State and received by a community agency.

The Legislature finds that current accounting practices applicable to such community agencies are costly to Maine taxpayers, are inefficient and may be improved to more fully protect state funds and therefore justify this Act.

§ 1633. Definitions

For the purposes of this chapter, unless the context otherwise indicates, the following words and phrases shall have the following meanings.

1. Agreement. "Agreement" means a legally binding written document between 2 parties, including such documents as are commonly referred to as accepted application, proposal, prospectus, contract, grant, joint or cooperative agreement, purchase of service or state aid.

2. Auditor. "Auditor" means State Auditor of the Department of Audit.

3. Community agency. "Community agency" means any public or private nonprofit organization; or any firm, partnership or business corporation operated for profit, which:

A. Operates a human service program at the community level; and

B. Is not an administrative unit of the Federal or State Government.

4. Department. "Department" means the Departments of Educational and Cultural Services, Human Services and Mental Health and Corrections; the Division of Community Services of the Executive Department; the Criminal Justice Planning and Assistance Agency of the Executive Department; or the Department of Transportation, and may mean such other administrative units of State Government as are defined from time to time by the State Auditor.

5. Human service. "Human service" means any alcoholism, children's community action, corrections, criminal justice, developmental disability, education, elderly, health, income supplementation, juvenile, law enforcement, legal, medical care, mental health, mental retardation, poverty, rehabilitation, services to older people, substance abuse, transportation or youth service or other social service operated by a community agency under an agreement financially supporting the service wholly or in part by funds authorized for expenditure by the department, except manpower programs and except education services operated directly by public schools or school administrative districts on behalf of a political subdivision of this State.

6. Income supplementation. "Income supplementation" means any donated food, food stamp, income maintenance, public assistance or welfare program operated by a community private nonprofit organization under an

agreement financially supporting the program wholly or in part by funds authorized for expenditure by the department.

7. Nonprofit organization. "Nonprofit organization" means any agency, institution or organization which is, or is owned and operated by, one or more corporations or associations no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual and which has a territory of operations that may extend to a neighborhood or community region or the State.

8. Public. "Public" means municipal, county or other governmental body which is a political subdivision within the State.

§ 1634. Accounting practices

1. Intent. It is the intent of the Legislature that an agreement entered into by the department with a community agency, the purpose of which is to financially support the provision of a human service, shall be governed by the following accounting practices effective with the dates indicated herein and unless future enactments of law rescind the provisions of this chapter.

2. Standard practices. Effective July 1, 1978, the department, when preparing to enter into an agreement or when a party to an agreement subject to subsection 1, shall utilize agreement forms, procedures for development of an agreement, accounts payable forms and supporting documentation and accounting principles, policies and procedures which are uniform and standard.

3. Standard audit practices. For any community agency which is a party to an agreement subject to subsection 1, and which has an initial effective date on or after January 1, 1978, under normal circumstances, the community agency shall be subject to only one financial audit covering a 12-month period of actual receipts and expenditures under all agreements in force between the community agency and the department during that 12-month period. Such an audit shall be performed in accordance with subsection 5. Such a single audit per year shall be intended to meet the reasonable requirements of each department financially supporting the community agency. The department shall accept such an audit as satisfying the department requirements unless gross omissions, errors or other conditions exist as defined in the accounting practices drafted and proposed by the State Auditor. The 12-month period covered shall be the fiscal year of the community agency, unless the State Auditor determines that good and sufficient reasons exist to establish as the period of the audit a period other than the fiscal year of the community agency.

4. Provisions of agreements. Effective January 1, 1978, any agreement subject to subsection 1 shall include provisions authorizing application of this chapter to such an agreement without amendment of the agreement.

5. Performance of the audit. The audit shall be performed by a team consisting of one or more qualified auditors and may include an auditor representing each department financially supporting the community agency during the period covered by the audit. The audit team may be supplemented by detail and support personnel necessary to complete the audit in a timely manner. The audit team may consist of qualified auditors employed subject to the Personnel Law or licensed public accountants retained individually or as a firm. Accounting principles set forth to implement this chapter shall

authorize the department to accept as an audit, for the purpose of this chapter, any audit of a community agency certified by a licensed public accountant and meeting the requirements of this chapter and rules in effect pursuant to this chapter.

§ 1635. Implementation and rules

1. Submission of principles and rules to the Joint Standing Committee on Performance Audit. The Department of Audit shall submit in final form to the Joint Standing Committee on Performance Audit on or before January 1, 1978, proposed principles, policies, rules or regulations pursuant to, consistent with and necessary to administration of the intent of this chapter. The State Auditor shall be responsible for drafting the proposed rules in consultation with the Joint Standing Committee on Performance Audit.

2. Publication. Such rules shall be published by the State Auditor in proposed form on or before November 1, 1977, for a 30-day period of public comment.

3. Notice. A community agency to which this chapter applies shall be given written notice of the proposed rules by mail at the time proposed rules are published. At the same time the community agency will be given written notice of requirements it must meet to comply with this chapter and proposed rules drafted pursuant to it.

§ 1636. Applicability of chapter

1. Department of Audit. Nothing in this chapter shall be construed to effect or limit any previously existing power or duty of the Department of Audit.

2. United States of America. Nothing in this chapter shall be construed to effect or limit any power or duty which the United States Government reserves to itself.

It is the intent of this chapter that any accounting practice, including an audit, required by federal law or regulation which is administered by a department as a delegated agent of the United States of America, and which is required of a community agency subject to this chapter, should be performed as an accounting practice, including an audit, subject to this chapter. Such an audit should be integrated into an audit performed pursuant to this chapter.

Effective October 24, 1977

CHAPTER 542

AN ACT to Encourage the Use of Solar Energy in Maine Through Tax Exemptions.