

§1541. Powers and duties relating to accounting

The Department of Administrative and Financial Services, through the Office of the State Controller, has authority: [PL 2003, c. 600, §2 (AMD).]

1. Official system of general accounts. To maintain an official system of general accounts, unless otherwise provided by law, embracing all the financial transactions of the State Government;

2. Approve contracts and orders. To examine and approve all contracts, orders and other documents, the purpose of which is to incur financial obligations against the State Government, to ascertain that moneys have been duly appropriated and allotted to meet such obligations and will be available when such obligations will become due and payable;

3. Audit. To audit and approve bills, invoices, accounts, payrolls and all other evidences of claims, demands or charges against the State Government; and to determine the regularity, legality and correctness of such claims, demands or charges. The State Controller may elect to audit electronically based systems for adequate safeguards and procedural controls. Notwithstanding any other provision of law, the State Controller may engage through sole source contracts auditors, accountants and investigators the State Controller considers necessary for special audits, financial audits and investigations to monitor and ensure adherence to contracts and to ensure proper financial controls. This subsection may not be construed to limit the powers and duties conferred and imposed by law upon the State Auditor as provided in Title 5, chapter 11; [PL 2005, c. 3, Pt. L, §1 (AMD).]

4. Inspect materials and labor. To inquire into and cause an inspection to be made of articles and materials furnished, or work and labor performed, for the purpose of ascertaining that the prices, quality and amount of such articles or materials are fair, just and reasonable, and that all the requirements expressed or implied pertaining thereto have been complied with, and to reject or disallow any excess;

5. Reports. To make monthly reports on all receipts and expenditures of the State Government to the Governor and the State Auditor; to make monthly reports on appropriations, allotments, encumbrances and authorized payments to the Governor, to the State Auditor and to the head of the department or agency directly concerned;

6. Forms. To prescribe the forms of receipts, vouchers, bills or claims to be filed by departments and agencies with the Department of Administrative and Financial Services; [PL 2007, c. 466, Pt. A, §10 (AMD).]

7. Subsidiary accounts. To prescribe such subsidiary accounts, including cost accounts, for the various departments and agencies as may be desired for the purposes of administration, supervision and financial control;

8. Examine accounts. To examine the accounts of every department or agency receiving appropriations from the State;

9. Illegality of expenditures. To report to the Attorney General for such action, civil or criminal, as he may deem necessary, all facts showing illegality in the expenditure of public moneys or the misappropriation of public properties;

10. Other rights, powers and duties. To exercise the rights, powers and duties conferred and imposed by law upon the State Auditor that were effective November 9, 1931 insofar as these relate to financial administration and general accounting control of the State Government, involving the keeping of general accounts, the auditing before payment of bills or vouchers and the authorizing of all claims against the State for which appropriations have been made. The State Controller may delegate authority for final approval of bills and vouchers to state agencies subject to adequate safeguards. This delegation of authority may be revoked by the State Controller at any time. The State Controller shall set up and

maintain special accounts with respect to money received for designated purposes from the Federal Government.

[PL 1993, c. 410, Pt. C, §1 (AMD).]

10-A. Internal control standards. To implement the following internal control standards that define the minimum level of quality acceptable for internal control systems in operation throughout the various state agencies and departments and constitute the criteria against which such internal control systems must be evaluated by the State Controller. Internal control systems for the various state agencies and departments must be developed in accordance with the following internal control guidelines established by the State Controller.

A. Internal control systems of state agencies and departments are to be clearly documented and readily available for examination. Documentation of a state agency's or department's internal control systems must include internal control procedures, internal control accountability systems and identification of the operating cycles. Documentation of the state agency's or department's internal control systems must appear in management directives, administrative policy, procedures and manuals. [PL 2003, c. 451, Pt. F, §1 (NEW).]

B. All transactions and other significant events involving state agencies or departments must be promptly recorded, clearly documented and properly classified as to amount, account, fund and fiscal year. Documentation of a transaction or event must include the entire process or life cycle of the transaction or event, including the initiation or authorization of the transaction or event, all aspects of the transaction while in process and the classification in the accounting records. [PL 2003, c. 451, Pt. F, §1 (NEW).]

C. Transactions and other significant events involving state agencies or departments may be authorized and executed only by persons acting within the scope of their authority. Authorizations must be clearly communicated to managers and employees and must include the specific conditions and terms under which authorizations may be made. [PL 2003, c. 451, Pt. F, §1 (NEW).]

D. Key duties and responsibilities involving state agencies or departments, including authorizing, approving and recording transactions; issuing and receiving assets; making payments; and reviewing or monitoring transactions, must be assigned systematically to a number of individuals to ensure that effective checks and balances exist. [PL 2003, c. 451, Pt. F, §1 (NEW).]

E. Qualified and continuous supervision of all transactions and significant events must be provided by state agencies or departments to ensure that internal control objectives are achieved. The duties of a supervisor in carrying out this responsibility include clearly communicating the duties, responsibilities and accountabilities assigned to each staff member, systematically reviewing each member's work to the extent necessary and approving work at critical points to ensure that work flows as intended. [PL 2003, c. 451, Pt. F, §1 (NEW).]

F. Access to resources and records must be limited to authorized individuals as determined by the state agency or department head, except that the powers and duties of the State Auditor may not be limited by this subsection. Restrictions on access to resources depend upon the vulnerability of the resource and the perceived risk of loss, both of which must be periodically assessed. The state agency or department head is responsible for maintaining accountability for the custody and use of resources and shall assign qualified individuals for that purpose. Periodic comparison must be made between the resources and the recorded accountability of the resources to reduce the risk of unauthorized use or loss and protect against waste and wrongful acts. The vulnerability and value of the state agency or department resources determine the frequency of this comparison.

Within each state agency or department there must be a qualified employee whose responsibility, in addition to the employee's regularly assigned duties, is to ensure that the state agency or department has written documentation of its internal accounting and administrative control system on file. The employee shall, annually, or more often as conditions warrant, evaluate the

effectiveness of the state agency's or department's internal control system and establish and implement changes necessary to ensure the continued integrity of the system. The employee shall:

- (1) Ensure that the documentation of all internal control systems is readily available for examination by the State Controller, Commissioner of Administrative and Financial Services and State Auditor;
- (2) Certify to the State Controller that the appropriate updates have been made and implemented by the state agency or department;
- (3) Ensure that the results of audits and recommendations to improve state agency or department internal controls are promptly evaluated by the state agency or department management;
- (4) Ensure that timely and appropriate corrective actions are effected by the state agency or department management in response to an audit;
- (5) Ensure that all actions determined by the state agency or department management as necessary to correct or otherwise resolve matters are addressed by the state agency or department in its budgetary request to the Legislature; and
- (6) Immediately notify the State Controller when an auditor, inspector general or other representative from the Federal Government or another nonstate organization requests access to state agency resources and records related to internal controls. The State Controller shall notify the State Auditor, the Office of Program Evaluation and Government Accountability and other interested parties of the audits and investigations in a timely manner.

All unaccounted for variances, losses, shortages or thefts of funds or property must be immediately reported to the State Controller, who shall review the matter to determine the amount involved that must be reported to the appropriate state agency or department management, law enforcement officials and the State Auditor. The State Controller shall also determine the internal control weakness that contributed to or caused the condition. The State Controller shall then make recommendations to the state agency or department official overseeing the internal control system and other appropriate management officials. The recommendations of the State Controller must address the correction of the conditions found and the necessary internal control policies and procedures that must be modified. The state agency or department oversight official and the appropriate management officials shall immediately implement policies and procedures necessary to prevent a recurrence of the problems identified and report the steps taken to the State Controller. From time to time the State Controller shall examine the policies and procedures implemented to ensure that the relevant policies and procedures are functioning appropriately. [PL 2005, c. 490, §1 (AMD).]

G. Notwithstanding any other provision of law relating to confidentiality of information, the State Controller is granted access to all information in the files of any department or agency of the State as necessary to carry out the duties of the State Controller under this subsection; [PL 2003, c. 451, Pt. F, §1 (NEW).]

[PL 2005, c. 490, §1 (AMD).]

10-B. Confidentiality of internal audit working papers belonging to the Office of the State Controller. Prior to the release of a final audit or investigation report and in the sole discretion of the State Controller, to disclose internal audit working papers to the department, commission or agency subject to the audit or investigation and to other auditors or law enforcement when such disclosure will not prejudice the audit or investigation. Except as provided in this subsection, internal audit working papers are confidential and may not be disclosed to any person. After release of the final audit or investigation report, internal audit working papers may be released as necessary to:

A. The department, commission or agency that was subject to the audit or investigation; [PL 2007, c. 539, Pt. S, §1 (NEW).]

B. A federal agency providing a grant to the audited entity; [PL 2007, c. 539, Pt. S, §1 (NEW).]

C. Law enforcement agencies for the purpose of criminal law enforcement or investigations; and [PL 2007, c. 539, Pt. S, §1 (NEW).]

D. Other auditors in their work, including but not limited to the State Auditor; [PL 2007, c. 539, Pt. S, §1 (NEW).]

[PL 2007, c. 539, Pt. S, §1 (NEW).]

11. Definition. The words, "the State Government," as used in this section shall include the judiciary and the Executive Department of the Governor.

[PL 1967, c. 427, §3 (NEW).]

12. Central data procession service.

[PL 1975, c. 322, §2 (RP).]

12-A. Conference fee accounts.

[PL 1995, c. 316, §1 (RP).]

13. Travel expense reimbursement. Through the State Controller, with the approval of the Commissioner of Administrative and Financial Services, to establish policies for travel expense reimbursement and carrying out this chapter. Those policies determining which expenses are reimbursable and levels of reimbursement are deemed rules, and must be adopted, modified and repealed, only in accordance with procedures set forth in the Maine Administrative Procedure Act, Title 5, chapter 375.

A. Notwithstanding any other provision of law, a state agency, as defined in section 8002, subsection 2, may not authorize reimbursement for travel by any person at a rate greater than the rate established in section 8 for state employees, except that a community action agency as defined in Title 22, section 5321 and the Maine State Housing Authority may reimburse at a greater rate if:

(1) The employee of the agency being reimbursed is not a state employee for the purpose of collective bargaining;

(2) The source of funds to pay for the reimbursement for travel is a nonstate source, including funds from a federal agency that are passed through the State for distribution; and

(3) The rate of reimbursement for travel does not exceed the standard mileage rate for that year, as established by the United States Department of Treasury. [PL 1997, c. 601, §1 (AMD).]

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14. Fixed assets. To maintain an official statewide system for fixed assets for all state agencies to update and reconcile annually.

[PL 1997, c. 90, §1 (NEW).]

SECTION HISTORY

PL 1967, c. 427, §3 (AMD). P&SL 1969, c. 251, §C1 (AMD). PL 1975, c. 322, §2 (AMD). PL 1977, c. 248 (AMD). PL 1979, c. 70 (AMD). PL 1979, c. 312, §2 (AMD). PL 1983, c. 209 (AMD). PL 1985, c. 761, §G9 (AMD). PL 1985, c. 785, §§A52,53 (AMD). PL 1987, c. 402, §A38 (AMD). PL 1991, c. 780, §§Y42,43 (AMD). PL 1993, c. 410, §C1 (AMD). PL 1995, c. 316, §1 (AMD). PL 1997, c. 90, §1 (AMD). PL 1997, c. 601, §1 (AMD). PL 2003, c. 451, §F1 (AMD). PL 2003, c. 600, §§2,3 (AMD). PL 2003, c. 600, §3 (AMD). PL 2005, c. 3, §L1 (AMD).

PL 2005, c. 490, §1 (AMD). PL 2007, c. 466, Pt. A, §10 (AMD). PL 2007, c. 539, Pt. S, §1 (AMD).

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