

Government Oversight Committee

Review of Past OPEGA Reports and Status of Action on Each February 13, 2009

At the February 13, 2008 meeting, the OPEGA Director will brief the GOC on actions that have been taken on past reports. The purposes of this briefing are to:

- assure GOC members are aware of current status;
- determine whether there are specific actions current GOC members desire to take on these reports; and
- discuss with the GOC what OPEGA's continued follow up efforts on these reports should be.

The materials include a listing of all reports issued by OPEGA. The highlighted reports are those that the Director expects to specifically address with the GOC either because the GOC may want to take further action or because OPEGA's follow up efforts need to be clarified. Summaries of those reports that appeared in OPEGA's Annual Reports are included. The reports on the list that are not highlighted are those that the Director does not feel require further GOC consideration or further follow up by OPEGA.

Listing of Available OPEGA Reports by Date Issued

Report Title	Date Issued	Overall Conclusion	JSC's that Received Report
State Contracting for Professional Services: Procurement Process	September 2008	Practices generally adequate to minimize cost-related risks; controls should be strengthened to promote accountability.	AFA
DHHS Contracting for Cost-Shared Non-MaineCare Human Services	July 2008	Cash management needs improvement to assure best use of resources.	AFA HHS
State Administration Staffing	May 2008	Better information needed to objectively assess possible savings opportunities.	AFA
State Boards, Committees, Commissions and Councils	February 2008	Opportunities may exist to improve State's fiscal position and increase efficiency.	AFA State & Local Nat. Resources
Bureau of Rehabilitation Services: Procurements for Consumers	December 2007	Weak controls allow misuse of funds, affecting resources available to serve all consumers.	AFA Labor
Riverview Psychiatric Center: An Analysis of Requests for Admission	August 2007	Majority seeking admission not admitted for lack of capacity but appear to have received care through other avenues; a smaller group seemed harder to place in community hospitals.	CJ&PS HHS
Urban-Rural Initiative Program	July 2007	Program well managed; data on use of funds should be collected.	Transportation
Highway Fund Eligibility at the Department of Public Safety	January 2007	The absence of a clear definition of HF eligibility and reliable activity data prevent a full and exact determination of which DPS activities are eligible to receive HF.	AFA CJ&PS Transportation
Economic Development Programs in Maine	December 2006	EDPs still lack elements critical for performance evaluation and public accountability.	AFA Agriculture BRED Taxation
Guardians ad litem for Children in Child Protection Cases	July 2006	Program management controls needed to improve quality of guardian ad litem services and assure effective advocacy of children's best interests.	HHS Judiciary
Bed Capacity at Riverview Psychiatric Center	April 2006	RPC referral data is unreliable; other factors should be considered before deciding whether to expand.	CJ&PS HHS
State-wide Information Technology Planning and Management	January 2006	State is at risk from fragmented practices; enterprise transformation underway and needs steadfast support.	AFA State & Local
Review of MECMS Stabilization Reporting	December 2005	Reporting to Legislature provides realistic picture of situation; effective oversight requires focus on challenges and risks.	AFA HHS
Title IV-E Adoption Assistance Compliance Efforts	November 2005	Maine DHHS has made progress in addressing compliance issues; additional efforts warranted.	HHS

Audit Title: Title IV-E Adoption Assistance Compliance Efforts	
<p>General Review Question: <i>Has DHHS taken corrective actions to address the Title IV-E compliance issues noted in the April 2005 audit report of the Federal Office of the Inspector General (OIG)?</i></p>	
<p>As a result of this review, OPEGA:</p>	
<p>Explained:</p> <ul style="list-style-type: none"> • Federal Title IV-E Adoption Assistance Program and related Foster Care Program; • how DHHS administers Title IV-E; and • results of prior federal and State Title IV-E audits. 	<p>Determined:</p> <ul style="list-style-type: none"> • DHHS had taken some corrective actions; but • additional actions were warranted to better address Title IV-E audit findings and improve overall compliance with Title IV-E regulations.
<p>Identified specific concerns with:</p> <ul style="list-style-type: none"> • training procedures and materials; • reviews of Title IV-E eligibility determinations; • document retention periods; • action on past audit findings; and • assignment of responsibility for ensuring Title IV-E compliance. 	<p>Which presented the risk that:</p> <ul style="list-style-type: none"> • State may continue to be non-compliant with federal Title IV-E regulations and have to return federal reimbursements received on ineligible expenses in the future. The OIG's audit had determined that the State of Maine needed to return \$2.5 million and negotiate the resolution of another \$1.7 million for FY01 – FY03.
<p>Key Actions Taken or Committed to: ¹</p>	
<ul style="list-style-type: none"> ✓ Written training procedure and guide developed for Financial Resource Specialists making Title IV-E eligibility determinations. ✓ Enhanced quality assurance process developed and implemented to provide acceptable level of independent review of eligibility determinations. ✓ New procedures for DHHS responses to audit findings developed and implemented to assure effective corrective actions are taken in timely manner. ✓ Role of Title IV-E compliance officer and related responsibilities assigned to specific individual within Office of Child and Family Services. 	

¹ Does not represent all actions taken or committed to as a result of this review. See full report for more.

State-wide Planning and Management of Information Technology (January 2006)

<p>Performance Audit Focus: Is information technology (IT) across the State being planned for and managed in a way that maximizes the effectiveness and efficiency of State government and keeps exposure from associated risks at an acceptable level?</p>	<p>Overall Conclusion: State is at risk from fragmented practices; enterprise transformation underway and needs steadfast support.</p>										
<p>OPEGA's recommendations primarily focused on:</p> <ul style="list-style-type: none"> • improving quality of IT products, services and results; • increasing efficiency and productivity in IT and other State functions; • improving communication and information available for planning, decision-making and oversight of IT activities and expenditures; and • avoiding the costs and public dissatisfaction associated with troubled system implementations or the inability to effectively perform government functions due to technology issues. 	<p>Key Actions Taken:</p> <ul style="list-style-type: none"> ✓ The Legislature assigned responsibility for oversight of the Office of Information Technology (OIT) to the Joint Standing Committee on State and Local Government. ✓ OIT has made good progress in completing the action items committed to as a result of OPEGA's recommendations, but has been hampered by resource constraints. ✓ OIT has established financial and accounting processes that allow it to better to quantify and control State-wide IT expenses. ✓ OIT has established processes that allow it to better control and make informed decisions about information technology investments across the Executive Branch. ✓ Significant efforts have been made to improve management of IT projects including adoption of a project management methodology and training of personnel assigned project management responsibilities. ✓ OIT has developed a number of written policies and procedures intended to be consistently applied State-wide although effective implementation is still on-going. ✓ There is now an Executive Branch IT auditor dedicated to conducting on-going reviews of high-risk IT areas and assisting management in mitigating risks identified. OPEGA and the GOC continue to monitor the results of those auditing efforts. ✓ Progress has been made but computer security, enterprise planning, investment decision-making processes, and business continuity planning still require significant attention and resources. 										
<table border="1"> <tr> <th colspan="2">Potential fiscal impact (estimated):</th> </tr> <tr> <td>Future avoided costs:</td> <td>could not be estimated*</td> </tr> <tr> <td>Reduced costs:</td> <td>could not be estimated**</td> </tr> <tr> <td>Increased efficiencies:</td> <td>could not be estimated**</td> </tr> <tr> <td>Additional resources needed to implement:</td> <td>could not be estimated***</td> </tr> </table>	Potential fiscal impact (estimated):		Future avoided costs:	could not be estimated*	Reduced costs:	could not be estimated**	Increased efficiencies:	could not be estimated**	Additional resources needed to implement:	could not be estimated***	
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<p>* If identified weaknesses had not existed, the State could have avoided past costs to fix problems from poor system developments and implementations. For example, in Sept 2006 DHHS reported that it had spent over \$16 million extra dollars to date in addressing problems with the newly implemented Maine Claims Management System (MECMS). Costs have continued to grow since this estimate and MECMS is only one State system that has had implementation problems resulting in extra costs in the past. DHHS' estimate also does not include cost of hours spent by State Executives. Implementing OPEGA's recommendations will help to minimize such extra and unnecessary costs in the future.</p> <p>**Reported findings, recommendations and management actions from this review should also have significant impact on future savings and avoided costs as the State makes wiser investments in technology; can increase efficiencies related to use of electronic information, controls and reporting; and is better prepared to minimize system down time related to security issues or disasters. These future savings and avoided costs can not be readily estimated.</p> <p>***Actions from this review also require some additional resources over a period of time. These additional resources could not be readily estimated.</p>											

Riverview Psychiatric Center: An Analysis of Requests for Admission (August 2007)

Analytical Study Focus:
 How many individuals are not being admitted to RPC due to lack of capacity? Are there multiple requests for the same individual? What happens to individuals who are denied immediate admission to RPC? Where do admission requests originate from and what are the reasons for the requests? 

Overall Conclusion:
 Majority of those seeking admission were not admitted due to lack of capacity but appear to have received care through other avenues; a smaller group seemed harder to place in community hospitals and do not appear to have been satisfactorily served.

OPEGA's recommendations primarily focused on:
 This study was meant to provide legislators with information for decision-making and did not include specific recommendations for management or legislative action.

Key Actions Taken:

- ✓ The Government Oversight Committee reviewed the results of the study and sent a letter to the Joint Standing Committees on Health and Human Services and Criminal Justice and Public Safety drawing attention to particular concerns the study results, and subsequent public comments, had raised for members.

Potential fiscal impact (estimated):	
Future avoided costs:	Costs that may have been incurred if decision to build additional capacity had been made based on inaccurate data - could not be readily estimated.

State Administration Staffing (May 2008)

Fiscal Opportunity Study Focus:
 Are there potential opportunities to reduce administrative costs in State government related to upper level administration and organizational structure? 

Overall Conclusion:
 Better information needed to objectively assess possible savings opportunities.

OPEGA's recommendations primarily focused on:

- improving information available for oversight and decision-making regarding the State's organizational structure and administrative positions;
- potentially reducing administrative costs through using the information to continue with a comprehensive, longer-term approach to evaluating the State's current organizational structure and resources devoted to administration.

Key Actions Taken:

- ✓ The Department of Administrative and Financial Services acted on two of OPEGA's recommendations by contracting for a market study of total compensation packages for State employees and for the development of standardized organizational charts for all Departments in the Executive Branch.
- ✓ Those deliverables are due from the consultant in the immediate future and will be available for Legislature to proceed with further evaluating the State's organizational structure and compensation packages for certain categories of positions as recommended by OPEGA.

Potential fiscal impact (estimated):	
Reduced costs:	could not be estimated*
Additional resources needed to implement:	\$52,000**

*No reasonable basis yet exists to estimate potential savings. Estimates may be possible if OPEGA's recommendations to develop additional information are implemented.

**Recommendations are being partially implemented by hiring a consultant to do market study of compensation and to develop organizational charts. Estimate represents the cost of the contract.

Guardians *ad litem* for Children in Child Protection Cases (July 2006)

Performance Audit Focus:

Are guardian *ad litem* (GAL) services provided in compliance with statute, effective in promoting children’s best interests, and supported by adequate resources?



Overall Conclusion:

Program management controls are needed to improve quality of guardian *ad litem* services and assure effective advocacy of children’s best interests.

OPEGA’s recommendations primarily focused on:

- improving quality of GAL services and outcomes for children;
- improving communication and information available for planning, decision-making and oversight of GAL activities and expenditures; and
- improving the alignment of GAL activities with legislative intent.

Potential fiscal impact (estimated):

Additional resources needed to implement:	One time costs - \$54,000 Annual costs - \$244,000*
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*Many improvements needed to assure quality service had been limited by resource constraints in the past. Proposal for addressing needed improvements was put forth by the Judiciary’s Advisory Committee on Children and Families in response to OPEGA’s report. Estimated additional resources are those included in the proposal that related to recommendations in this OPEGA audit.

Key Actions Taken:

- ✓ Judicial Branch established the Advisory Committee on Children and Families to make proposals for implementing some of OPEGA’s recommendations. The Advisory Committee also considered guardian *ad litem* services for family court matters in addition to child protective cases.
- ✓ Advisory Committee submitted its report to the Supreme Judicial Court in February 2008. The Committee’s recommendations substantially address the variety of concerns raised in OPEGA’s report including establishing an independent board for reviewing complaints against GALs.
- ✓ Some of the recommendations made by the Advisory Committee require additional resources, but not all of them do.
- ✓ The Supreme Judicial Court has not yet proposed adoption of any of the Advisory Committee’s recommendations to the Judiciary Committee, in part due to significant budgetary issues.
- ✓ Judicial Branch has enhanced training for GALs, and improved screening processes for prospective GALs.
- ✓ Judicial Branch has reorganized to bring the CASA program (Court Appointed Special Advocates) under the supervision of the Family Division.
- ✓ Judicial Branch desires to maintain proper separation of the branches by only reporting formally on the status of its actions to the Joint Standing Committee on Judiciary. The GOC has concurred. However, the expected formal report has not been given to the Judiciary Committee and there is uncertainty as to what other actions have been taken or are planned to address the concerns.
- ✓ The GOC requested Judiciary Committee assistance in obtaining a formal reporting on actions from the Judicial Branch.

Economic Development Programs In Maine (December 2006)

Performance Audit Focus:

Is the established system of controls sufficient to ensure that economic development programs are a cost-beneficial use of public funds and are meeting their intent? Which particular programs should be subjected to further evaluation?

Overall Conclusion:

Economic development programs still lack elements critical for performance evaluation and public accountability.

OPEGA's recommendations primarily focused on:

- improving the alignment of economic development programs and activities with legislative intent;
- improving communication and information available for planning, decision-making and oversight of economic development activities and expenditures; and
- potentially increasing efficiencies, reducing costs and improving outcomes of programs through better coordination of all the State's economic development programs.

Key Actions Taken:

- ✓ The 123rd Legislature passed LD 1163 to implement many of OPEGA's recommendations. It was enacted as Public Law 2007 Chapter 434.
- ✓ As a result, the State now has an operational definition of what constitutes an economic development incentive program; an inventory of State programs that meet that definition including basic information on each program; a plan and design for regular independent evaluation of the portfolio of programs and reporting of those evaluation results to the Legislature.
- ✓ The enacted law also created a Maine Economic Development Evaluation Fund as a special revenue fund derived from a percentage of the economic development funds that recipients receive. Section 13 of the Public Law allocates those funds (\$150,000 in both FY08 and FY09) for a comprehensive economic development evaluation.
- ✓ DECD issued an RFP and selected a team to perform an independent evaluation of the State's portfolio of economic development programs not already covered by other evaluations. The evaluation got underway in the fall of 2008 and the report is expected to be available to the Legislature in March 2009. It is expected to include a case study of Pine Tree Development Zones and Community Development Block Grant.
- ✓ BRED Committee considered proposals from DECD and the Maine Development Foundation to fill the role of portfolio coordinator recommended by OPEGA. BRED selected DECD and continues to monitor how that role is being fulfilled.
- ✓ BRED and DECD have also taken several other actions and more are planned. OPEGA continues to follow up on the details of these efforts.

Potential fiscal impact (estimated):

Future avoided costs:	could not be estimated*
Reduced costs:	could not be estimated*
Increased efficiencies:	could not be estimated*
Additional resources needed to implement:	One time costs - \$20,000 Annual costs - \$190,000**

*Current costs of existing programs and inefficiencies could be significantly reduced from better coordination or elimination of programs that are not cost-beneficial or are no longer necessary. State could also avoid significant costs that would be incurred if new programs were established that may not be necessary or effective in meeting State strategy. Amount of savings or cost avoidance cannot be reasonably estimated at this time but will be tracked as they become evident from action taken by the Legislature.

**Additional resources are needed to develop to position the State to realize any potential savings, avoid costs and improve program effectiveness. Estimates of additional resources needed are from proposals made by DECD to the BRED Committee in Jan./Feb. '08. \$150,000 is for an independent evaluation that will be funded by a new special revenue source.

Bureau of Rehabilitation Services: Procurements for Consumers (December 2007)

Performance Audit Focus:
 Are internal controls for BRS vocational rehabilitation programs adequate to assure that expenditures for consumers are appropriate, reasonable, properly approved and accounted for?

Overall Conclusion:
 Weak controls allow misuse of funds, affecting resources available to serve all consumers.

OPEGA's recommendations primarily focused on:

- reducing fraud, waste and abuse related to consumer expenditures by implementing appropriate preventive and detective controls;
- improving communications on expectations and rules for expenditures through stronger written policies and procedures;
- reducing costs or increasing resources available for all consumers by requesting that consumers contribute financially to their own vocational rehabilitation plan if they are able to do so; and
- increasing efficiencies through technological improvements to the ORSIS system.

Key Actions Taken:

- ✓ Semi-annual reviews of a sample of cases and transactions are being conducted by the DAFS Security and Employment Service Center (independent of BRS). According to BRS, this has been identified as a "best practice" by the Rehabilitation Services Administration.
- ✓ BRS reviewed additional transactions OPEGA had flagged as having potential for misuse or fraud. As a result, BRS identified additional misused funds and referred additional cases to the Attorney General's Office for review.
- ✓ As of March 2008, BRS began regularly monitoring ORSIS data using automated tools to identify transactions or cases with risk indicators that should be reviewed.
- ✓ BRS established most of the required internal controls within ORSIS by June 2008.
- ✓ BRS revised its procurement processes. Standard Operating Procedures (SOP) in Procurement were issued in May 2008.
- ✓ The SOP's included new and strengthened policies and procedures recommended by OPEGA. BRS also updated its guidance for staff on certain categories of procurements.
- ✓ BRS held training for leaders and staff that emphasized public stewardship, introduced the revised SOP's, addressed the importance of performance coaching and consultation in casework and introduced the new ORSIS internal controls.
- ✓ BRS implemented a redesigned case review protocol that includes required supervisory reviews of cases for new counselors, high cost/long term cases and a sample of cases active for more than 6 months.
- ✓ Staff and supervisor evaluations completed after July 1, 2008 were expected to incorporate a specific performance expectation regarding fiscal and programmatic compliance.

Potential fiscal impact (estimated):	
Reduced costs:	could not be estimated*
Increased efficiencies:	could not be estimated
Reduced fraud, waste & abuse	at least \$167,806**

*Improved controls and seeking consumer financial contributions toward their plans should minimize future expenses on each case thus making more funds available to serve more clients. The amount of these savings can not be readily estimated.

**OPEGA's report estimated the amount of identified misuse at over \$100,000 based on agreed upon case figures with BRS from an OPEGA sample of 68 cases. BRS has completed its review of additional cases committed to as an action item from the report and identified an additional \$67,806 in misused funds.

State Boards, Committees, Commissions and Councils (February 2008)

Fiscal Opportunity Study Focus:

Are there potential cost savings, increased efficiencies or other fiscal opportunities to be realized associated with State boards, committees, commissions and councils?

Overall Conclusion:

Opportunities may exist to improve State's fiscal position and increase efficiency.

OPEGA's recommendations primarily focused on:

- reducing actual costs and freeing up State employee time by reducing the number or size of existing boards, committee, commissions and councils;
- reducing costs related to refreshments, facilities and compensation for members of these organizations;
- improving the alignment of activities related to these organizations with legislative intent; and
- improving information available for oversight and decision-making regarding activities and expenses of boards, committees, commissions and councils.

Key Actions Taken:

- ✓ The 123rd Legislature passed LD 2298 which was enacted as Public Law 2007 Chapter 623. The law implements OPEGA's recommendations for amending the reporting requirements in 5 MRSA Chapter 379 to provide for the capture of all costs associated with listed boards and additional information on their activities.
- ✓ The new law also resulted in other changes to 5 MRSA Chapter 379 that address issues the Secretary of State's Office had been encountering in fulfilling their duties under that statute.
- ✓ The 123rd Joint Standing Committee on State and Local Government (SL&G) addressed the fiscal opportunity regarding possible consolidation of boards that appeared to have similar areas of focus. With the assistance of other Joint Standing Committees, it was determined that the boards should not be consolidated.
- ✓ SL&G proposed a plan for review of the remaining fiscal opportunities as well as the other recommendations in the next legislative session. OPEGA and the GOC continue to monitor actions taken.

Potential fiscal impact (estimated):

Future avoided costs:	could not be estimated*
Increased efficiencies:	at least 4,012 hours of State employee time**
Reduced costs:	at least \$190,000**

*Future costs could be avoided by eliminating or not creating unnecessary or ineffective boards. Avoided costs could not be reasonably estimated.

**Seven fiscal opportunities related to existing boards were identified. Possible savings of \$190,000 were roughly estimated for three of those. Additional productivity savings of 4012 hours in State employee staff time was also conservatively estimated for these opportunities. More detailed assessments are needed to produce reasonable estimates for other findings, but some additional savings and productivity gains would be possible.

DHHS Contracting for Cost Shared Non-MaineCare Human Services (July 2008)

Performance Audit Focus:

Are there potential fiscal opportunities related to the financial close-out phase of cost shared non-MaineCare agreements for human services?



Overall Conclusion:

Cash management needs improvement to assure best use of resources.

OPEGA's recommendations primarily focused on:

- improving cash management by avoiding situations where providers owe substantial dollars back to the State and implementing more assertive collection efforts;
- improving information available to track receivables due back from providers to aid timely collection; and
- increasing employee productivity by reducing the need to spend time collecting receivables or addressing appeals that could have been avoided.

Key Actions Taken:

- ✓ Actions to be taken by DHHS in response to OPEGA's reported findings had due dates of September 2008 and the first quarter of 2009. OPEGA will be following up with DHHS to determine the status of those planned actions.
- ✓ DHHS has continued to make significant improvements in producing financial data and reports that allow program managers to monitor budget to actual expenditures on individual agreements on a current basis.

Potential fiscal impact (estimated):	
Reduced costs:	at least \$3,642,242*
Increased efficiencies:	could not be estimated*

*We conservatively estimate that DHHS could avoid disbursing approximately \$2.6 million in funds annually. This estimate is equal to the actual amount due the State in our sample of 28 providers. More assertive collection efforts could also result in a one time infusion of an estimated \$960,660 from full collection of balances still owed the State at the time of our review. This estimate is also equal to actual dollars owed by providers in our sample. It is reasonable to expect that the amounts the State could avoid paying out and that are currently still due to the State exceed these estimates. The estimated savings may be partly offset by amounts for anticipated collections that are already built into DHHS budgets.

State Contracting for Professional Services: Procurement Process (September 2008)

<p>Performance Audit Focus: Do current procurement practices minimize costs for professional services by assuring those services are necessary and purchased at reasonable rates? </p>	<p>Overall Conclusion: Practices generally adequate to minimize cost-related risks; controls should be strengthened to promote accountability.</p>		
<p>OPEGA's recommendations primarily focused on:</p> <ul style="list-style-type: none"> • strengthening existing controls to ensure accountability for decisions made to procure services through processes that do not result in competitive bidding - thus helping to ensure that costs paid for services and risks of fraud, waste and abuse are minimized; and • conducting further audit work to determine whether there are fiscal concerns with the State's Cooperative Agreements with the University of Maine and Community College systems. 	<p>Key Actions Taken:</p> <ul style="list-style-type: none"> ✓ Actions to be taken by the DAFS Division of Purchases in response to OPEGA's reported findings have due dates of June 30, 2009. OPEGA will be following up with the Division to determine the status of those planned actions. ✓ The State Controller's Internal Audit Office is currently preparing to begin the audit of Cooperative Agreements recommended by OPEGA. The State Controller committed to provide the Government Oversight Committee an interim report on this audit in March 2009 with a final report due in July 2009. 		
<p>Potential fiscal impact (estimated):</p>			
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%; padding: 2px;">Reduced costs:</td> <td style="padding: 2px;">could not be estimated*</td> </tr> </table>	Reduced costs:	could not be estimated*	
Reduced costs:	could not be estimated*		
<p>*There is no reasonable basis to estimate potential savings from tightening up on sole sourcing, contract amendments and renewals without examining individual contracts in detail. In addition, there may be fiscal opportunities that will be identified through the audit of Cooperative Agreements that is to be undertaken by the State Controller based on OPEGA's recommendation. That audit is not yet complete.</p>			