

## Government Oversight Committee

### Topics for Consideration and Reconsideration Revised as of February 27, 2009

At the February 13, 2009 meeting, the GOC reviewed a list of topics to be considered for OPEGA's next work plan. The Committee took action to remove topics from the list and considered new topics suggested by GOC members and the State Auditor. The attached list reflects those actions and now contains the topics remaining for consideration as of the February 13<sup>th</sup> meeting. One new written request from a legislator has also been added

The topics are now arranged in categories as follows:

**Section A** – Topics that have previously been considered by the 124<sup>th</sup> GOC

**Section B** – New topics requested by legislators

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<b>Section A: Topics Previously Considered by the 124<sup>th</sup> GOC</b>				
	<b>Topic</b>	<b>Dept</b>	<b>Possible Areas of Focus</b>	<b>Additional Information</b>
<b>1</b>	Leased Office Space	DAFS	Costs and use of office leased by the State	<ul style="list-style-type: none"> <li>• OPEGA was in fieldwork phase on this review when GOC suspended it in October 2008.</li> <li>• Current questions are focused on whether State is leasing space at best possible price and whether State is using leased office space as efficiently as possible, i.e. is the space fully utilized.</li> </ul>
<b>2</b>	Revenue Collected through the Courts	JUD	<ul style="list-style-type: none"> <li>• Internal controls over collection, deposit, accounting and safeguarding of revenue</li> <li>• Effectiveness and timeliness of collections efforts, i.e. are all funds due the State being collected timely</li> </ul>	<ul style="list-style-type: none"> <li>• OPEGA suggested this topic when work plan was being developed. We had learned through work on other reviews that this area had not been audited for some time. Topic also had potential fiscal impact – some fine revenues go to HF.</li> <li>• The State Controller’s Internal Audit Division also has plans for a review of revenue controls in the Courts but estimates it will be another 6 months before it is able to do possibly begin that review.</li> </ul>
<b>3</b>	Division of Financial and Personnel Services (Service Centers)	DAFS	<ul style="list-style-type: none"> <li>• Potential for increased process efficiencies within Service Center and client agencies</li> <li>• Definition of roles/responsibilities between Service Center and client agencies</li> <li>• Staffing for financial processes and administration in Service Center and client agencies</li> <li>• Control environment and internal control systems</li> <li>• Change management</li> <li>• Achievement of expected savings from consolidation</li> </ul>	<ul style="list-style-type: none"> <li>• OPEGA suggested this topic during 2007-2008 work plan development. Centralization of key administrative functions affected most agencies. OPEGA had noted potential internal control weaknesses in financial processes in some reviews. There were complaints from agencies being served about process inefficiencies and quality of customer service. In addition, Brookings had highlighted financial administration as an area of possible savings.</li> <li>• Since then, the State Controller’s Internal Audit Division has completed a review of internal controls in at least one Service Center. OPEGA understands that recommendations for improvements are being shared with all Service Centers.</li> <li>• We also understand that the DAFS Associate Commissioner continues to address concerns from the agencies being served that are brought to her attention.</li> <li>• A more defined scope for this review would need to be selected.</li> </ul>
<b>4</b>	State Lottery		<ul style="list-style-type: none"> <li>• Administration and operating expenses;</li> <li>• Revenue;</li> <li>• Safeguarding of assets</li> </ul>	<ul style="list-style-type: none"> <li>• This topic was put on OPEGA’s 2007-2008 work plan as a possible area of savings from a survey of other states done by OPEGA.</li> <li>• Per OFPR, Lottery is an enterprise account meaning it is operated like a business. Net income is split between GF and Other Spec Rev. Lottery brings in about \$50 million to GF annually. Allocated expenses of about \$5 million per year do not include expenses for costs of goods sold. Cost of goods sold expenses do not get reviewed by Legislature as part of appropriations process.</li> </ul>

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<b>Section A (cont.): Topics Previously Considered by the 124<sup>th</sup> GOC</b>				
	Topic	Dept	Possible Areas of Focus	Additional Information
5	State Publications	Various	<ul style="list-style-type: none"> <li>• Resources used in preparing and distributing reports and publications</li> <li>• Statutorily required reports: continued need for, usefulness of or less costly means of providing</li> <li>• Opportunities to reduce publication costs.</li> </ul>	<ul style="list-style-type: none"> <li>• This topic was put on OPEGA's 2007-2008 work plan as a possible area of savings from a survey of other states done by OPEGA.</li> <li>• Per MFASIS, FY06 expenditures on publishing, printing, binding, photocopying, etc. is approx. \$8.8 million with over half from GF. These costs do not include state employee time.</li> <li>• Believe there is likely some effort to purchase materials as inexpensively as possible through bulk purchasing</li> <li>• A more defined scope for this review would be helpful. Depending on scope, this may be a topic that interns could assist with.</li> </ul>
6	ASPIRE Program	DHHS	<ul style="list-style-type: none"> <li>• Internal controls re: goods and services purchased for clients</li> <li>• Eligibility criteria</li> <li>• Performance measures</li> <li>• Overlap with services provided by BRS</li> </ul> <p><b>Legislative Interest Areas</b></p> <ul style="list-style-type: none"> <li>• Prevention and detection of fraud, waste and abuse in welfare programs</li> <li>• Effectiveness of welfare programs - moving people off program</li> </ul>	<ul style="list-style-type: none"> <li>• OPEGA suggested this topic following the completion of Bureau of Rehabilitation Services review in December of 2007 that found a misuse of funds in goods and services procured for clients.</li> <li>• ASPIRE stands for Additional Support for People in Retraining and Employment. Program provides same type of supports, and purchases similar goods and services for DHHS clients, as BRS provides to disabled individuals seeking employment.</li> <li>• Several legislators have expressed interest in welfare programs. This program was mentioned specifically by one legislator.</li> <li>• <b>As of GOC meeting on 2-13-09, OPEGA Director will inquire of State Auditor whether this program is covered by Single Audit and whether there have been any concerns and report back to GOC.</b></li> </ul>
7	Emergency Rooms Stays for Persons in Mental Health Crises		<ul style="list-style-type: none"> <li>• Length of ER stays</li> <li>• Consequences of not being able to be admitted to Riverview.</li> <li>• Cost to State of persons in mental health crises spending long periods in ERs</li> </ul>	<ul style="list-style-type: none"> <li>• This topic has been on the On Deck list since 2006. It was an area of interest for a member of the 122<sup>nd</sup> GOC.</li> <li>• Some data related to this topic was analyzed and reported by OPEGA in its Analytical Study of Requests for Admissions to Riverview Psychiatric Center – August 2007.</li> <li>• <b>As of GOC meeting on 2-13-09, Senator Brannigan will inquire of DHHS what tracking of emergency room use is being done and whether reductions in ER use have been documented since change to delivery system, re; using Spring Harbor and Acadia, was made.</b></li> </ul>

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<b>Section A: Topics Previously Considered by the 124<sup>th</sup> GOC</b>				
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8	Medicaid Waiver - Mental Retardation	DHHS	<ul style="list-style-type: none"> <li>• Rate setting</li> <li>• Differences in rates and hours of service by client</li> <li>• Cost differences in self-directed vs. agency-directed care</li> <li>• Costs per client</li> <li>• Program/service effectiveness and efficiency</li> <li>• Service and performance expectations for contractors</li> <li>• Alignment of contractor efforts with State goals and objectives</li> <li>• Need and appropriateness of services provided</li> <li>• Payments exceeding authorized amounts.</li> </ul>	<ul style="list-style-type: none"> <li>• This topic was added to the On Deck list in 2006 as the result of request from a legislator.</li> <li>• DHHS has had on-going activity in this area to standardize rates, etc. to try to reduce costs. However, this program has recently been in a significant over budget situation that has required DHHS to implement strategies to curtail costs including limitations on services.</li> <li>• <b>At GOC meeting on 2-13-09, the State Auditor discussed concerns with Medicaid MR Waiver related to payments to providers exceeding authorized amounts and lack of reasonable basis and support for rates being paid to providers in the Home and Community-based Services Waiver.</b></li> </ul>
9	Economic Development Programs	DECD Various	<p>Reducing Overlaps and Administrative Costs</p> <ul style="list-style-type: none"> <li>• Potential overlaps among programs;</li> <li>• Opportunities to combine or eliminate programs to reduce administrative costs;</li> <li>• Other opportunities to reduce administrative costs</li> </ul> <p>Selected Individual Programs</p> <ul style="list-style-type: none"> <li>• Effectiveness, efficiency, relevancy, overlap with other programs</li> </ul> <p>Tax incentive economic development programs as a group</p> <ul style="list-style-type: none"> <li>• Effectiveness, efficiency, relevancy, overlap with other programs</li> </ul>	<ul style="list-style-type: none"> <li>• OPEGA issued the report from its Performance Audit of Economic Development Programs in Maine in December 2006. That report recommended that the Legislature consider further evaluation in the areas listed as possible areas of focus.</li> <li>• DECD has contracted for an independent evaluation of a portfolio of EcDev programs (identified in an inventory prepared by Maine Development Foundation) and how they are contributing, as a portfolio, to the State's economic development goals. That evaluation report is expected to be available in March 2009. It is possible that results of the report will lead to actions that reduce costs.</li> <li>• OPEGA currently plans to review that report, when available, and report to the GOC (as part of its follow up efforts) on the degree to which the evaluation results address the concerns and recommendations raised in OPEGA's report so the GOC can decide whether further actions should be considered.</li> <li>• A defined scope for any further review would need to be selected.</li> <li>• <b>As of GOC meeting on 2-13-09, GOC will wait to have OPEGA review report from independent evaluation.</b></li> </ul>

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<b>10</b>	State Boards, Committees, Commissions and Councils	Various	<p>Opportunities to reduce costs and/or increase efficiencies and State employee productivity by freeing up employee time through:</p> <ul style="list-style-type: none"> <li>• Eliminating Inactive Boards</li> <li>• Eliminating Boards with a Large Portion of Vacant Seats or Reducing Number of Members</li> <li>• Eliminating Advisory Boards</li> <li>• Consolidate Administration of Regulatory Boards Under OLR</li> <li>• Reduce Costs for Facility Rentals and Refreshments</li> <li>• Standardize Board Compensation</li> </ul>	<ul style="list-style-type: none"> <li>• OPEGA issued the report from its Fiscal Opportunity Study of State Boards, Committees, Commissions and Councils in February 2008. That report recommended that the Legislature consider seven identified fiscal opportunities. As of the end of the last session, six of those opportunities had not yet been fully considered. See bullets in previous column.</li> <li>• The State and Local Government Committee of the 123rd Legislature did address some of the OPEGA report items and thought that the SL&amp;G Committee of the 124<sup>th</sup> might continue with the rest.</li> <li>• OPEGA continues to monitor actions on this report to update the GOC but it is possible that some items may not be acted on without further work and more specific recommendations as to what changes should be made.</li> <li>• A specific scope would need to be identified for any further OPEGA work.</li> <li>• <b>As of GOC meeting on 2-13-09, OPEGA Director will brief State and Local Government Committee on the recommendations in this report. GOC will wait to hear back from S&amp;LG on that.</b></li> </ul>
<b>11</b>	State Administration Staffing	Various	<p>Determining whether opportunities exist to reduce costs by:</p> <ul style="list-style-type: none"> <li>• altering State organizational structure – layers and spans of control</li> <li>• adjusting total compensation packages for certain categories of employees</li> </ul>	<ul style="list-style-type: none"> <li>• OPEGA issued the report from its Fiscal Opportunity Study of State Administration Staffing in May 2008. That report recommended that the Legislature direct the Executive Branch to obtain and provide information that could be used to assess the State's organizational structure and adequacy of total compensation packages.</li> <li>• DAFS voluntarily took action to obtain the information recommended by OPEGA through contracting for a market study of compensation and the development of standardized organizational charts for the Executive Branch. The deliverables from that consultant are due in the immediate future and will be available to the Legislature.</li> <li>• OPEGA is continuing to follow up on actions taken on this report. As part of this, OPEGA intends to review the deliverables when they are available and report to the GOC, and other committees as appropriate, on possible next steps toward determining whether any fiscal opportunities exist.</li> <li>• <b>As of GOC meeting on 2-13-09, GOC will wait to see what action AFA Committee takes on the expected deliverables.</b></li> </ul>
<b>12</b>	Pharmaceuticals (Prescription Drugs and Medicaid Drug Rebate)	DHHS	<ul style="list-style-type: none"> <li>• Effectiveness of measures taken to contain costs</li> </ul>	<ul style="list-style-type: none"> <li>• GOC considered this topic during development of 2007-2008 work plan. Other states had found savings in this area.</li> <li>• DHHS had made significant efforts to reduce costs in this area including establishing a preferred drug list.</li> </ul>

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<b>13</b>	Public Health Labs	DHHS	<ul style="list-style-type: none"> <li>• Possible outsourcing of some lab work</li> <li>• User fees charged</li> <li>• Testing being conducted by multiple State agencies using different labs.</li> </ul>	<ul style="list-style-type: none"> <li>• GOC considered this topic during development of 2007-2008 work plan. Other states had found savings in this area.</li> </ul>
<b>14</b>	Tax Collection (income, sales, use, fuel, cigarette)	MRS	<ul style="list-style-type: none"> <li>• Timely collection and deposit of taxes (including efforts to collect overdue taxes)</li> <li>• Effective efforts to assure credits, etc. taken to reduce taxes owed are valid</li> </ul>	<ul style="list-style-type: none"> <li>• GOC considered this topic during development of 2007-2008 work plan. Other states had found savings in this area.</li> <li>• The State offered a Tax Amnesty program approx. several years ago in effort to collect overdue taxes.</li> </ul>
<b>15</b>	Access to Services for MaineCare Members	DHHS	<ul style="list-style-type: none"> <li>• Delivery network</li> <li>• Availability, timeliness and quality of various healthcare services in different parts of State</li> <li>• Inefficiencies in referrals between providers for MaineCare members</li> </ul>	<ul style="list-style-type: none"> <li>• Legislator concern discussed with OPEGA. At Legislator's request, OPEGA Director met with a hospital in NH who serves MaineCare member in southern Maine to hear concerns that were leading that hospital to make policy decisions that would affect MaineCare member access to primary care physicians and other services in that area.</li> </ul>
<b>16</b>	Maine Military Authority: Maine Readiness Sustainment Maintenance Center (Rehab of Equipment)		<ul style="list-style-type: none"> <li>• Costs to dispose of aluminum wheels, engines, gas/diesel and whether these items could be sold for salvage or recycling instead.</li> </ul>	<ul style="list-style-type: none"> <li>• Legislator interest discussed with OPEGA based on a discussion this legislator had with a constituent.</li> <li>• <b>As of GOC meeting on 2-13-09, OPEGA Director would make inquiries of the agency about how salvagable materials/equipment were being handled and report back to GOC.</b></li> </ul>
<b>17</b>	Animal Welfare Department	AG	<ul style="list-style-type: none"> <li>• Alignment of activities with purpose and legislative intent</li> <li>• Effectiveness and efficiency of programs/activities</li> </ul>	<ul style="list-style-type: none"> <li>• Legislator interest discussed with OPEGA based on a discussion this legislator had with a constituent.</li> </ul>
<b>18</b>	New Technology to Reduce Oil Consumption in State Buildings		<ul style="list-style-type: none"> <li>• Verification of new technology's effectiveness in reducing oil consumption</li> <li>• Calculation of estimated savings State could realize by employing new technology</li> </ul>	<ul style="list-style-type: none"> <li>• Current GOC member interest.</li> <li>• <b>As of GOC meeting on 2-13-09, Senator Trahan will provide information on technology he is aware of to Senator Simpson to share with State and Local Government Committee as they review Bureau of General Services budget.</b></li> </ul>
<b>19</b>	Use of Federal Funds Available to State for Training	DHHS	<ul style="list-style-type: none"> <li>• Determination of whether any current State activities qualify to be supported by a federal program that State is apparently not currently drawing from</li> </ul>	<ul style="list-style-type: none"> <li>• Current GOC member interest.</li> </ul>

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	<b>Topic</b>	<b>Dept</b>	<b>Possible Areas of Focus</b>	<b>Additional Information</b>
20	Personal Use of State Assets: recreational vehicles (ATVs, boats, snowmobiles, etc.); airplanes and helicopters; houses and camps	Various	<ul style="list-style-type: none"> <li>• Policies in place regarding personal use of assets</li> <li>• Compliance with policies and how compliance is monitored</li> <li>• Appropriateness of current or past personal use of significant State assets</li> </ul>	<ul style="list-style-type: none"> <li>• This topic is based on a request directed to OPEGA through a legislator by an individual who requested identity be kept confidential. OPEGA has conducted some brief research in preparation for putting this topic on the GOC's Quarterly List of Requests Received.</li> <li>• That brief research has included collecting inventories of these assets from the Departments that have them as well as any policies governing the use of these assets. OPEGA has not had opportunity to review the inventories or policies in detail.</li> <li>• This is a fairly broad topic and would need a more defined scope for OPEGA to complete work in a timely manner.</li> <li>• <b>As of GOC meeting on 2-13-09, OPEGA would report back to GOC on this after completing review of information that has been gathered from agencies on inventories and use policies for these assets.</b></li> </ul>
21	Long-term Care: Nursing Homes	DHHS	<ul style="list-style-type: none"> <li>• Reducing costs and improving quality through possible changes to: <ul style="list-style-type: none"> <li>○ current payment rates and structure to incentivize reducing costs;</li> <li>○ inspection system to reduce inefficiencies;</li> <li>○ nursing services and care delivery approaches to better match them to patients' needs and wishes; and</li> <li>○ coordination between hospitals and nursing homes.</li> </ul> </li> <li>• Quality of care in relation to cost</li> </ul>	<ul style="list-style-type: none"> <li>• Current GOC member interest</li> </ul>
<b>Section B: New Topics Submitted by Legislators</b>				
	<b>Topic</b>	<b>Dept</b>	<b>Possible Areas of Focus</b>	<b>Additional Information</b>
22	Wallop-Breaux Program	IF&W MR	<ul style="list-style-type: none"> <li>• Amount of federal funding State is receiving through this program</li> <li>• Restrictions or requirements on use of funds</li> <li>• Agency compliance with fund use restrictions or requirements</li> </ul>	<ul style="list-style-type: none"> <li>• Legislator has submitted written Audit Request form on this topic.</li> <li>• The federal funding is received on basis of saltwater and freshwater activity in Maine.</li> <li>• Legislation has been introduced to establish a saltwater fishing license in Maine which could result in increased funding being received.</li> <li>• Legislator would like assurance that Maine is using funds in compliance with federal requirements before any additional funds are received.</li> </ul>