



SEN. ELIZABETH H. MITCHELL, CHAIR
REP. MARILYN E. CANAVAN, CHAIR

MEMBERS:

SEN. PHILIP L. BARTLETT, II
SEN. JONATHAN T.E. COURTNEY
SEN. DANA L. DOW
SEN. JOSEPH C. PERRY
SEN. KEVIN L. RAYE
REP. ANDREA M. BOLAND
REP. SCOTT E. LANSLEY
REP. EVERETT W. MCLEOD, SR.
REP. PEGGY A. PENDLETON
REP. MICHAEL A. VAUGHAN

MAINE STATE LEGISLATURE
GOVERNMENT OVERSIGHT COMMITTEE

MEETING SUMMARY

December 6, 2007

Accepted January 9, 2008

CALL TO ORDER

The Chair, Senator Mitchell, called the Government Oversight Committee to order at 10:20 a.m. in the Burton Cross Building.

ROLL CALL

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| Senators: | Sen. Mitchell, Sen. Raye, Sen. Dow, and Sen. Courtney Absent: Sen. Bartlett and Sen. Perry |
| Representatives: | Rep. Canavan, Rep. Pendleton, and Rep. Boland Joining the meeting in progress: Rep. Lansley Absent: Rep. McLeod and Rep. Vaughan |
| Legislative Officers and Staff: | Beth Ashcroft, Director of OPEGA Mary Gingrow-Shaw, Principal Analyst, OPEGA Wendy Cherubini, Analyst, OPEGA Etta Begin, Adm. Secretary, OPEGA |
| Executive Branch Officers and Staff: | Laura Fortman, Commissioner, Department of Labor Jane Gilbert, Deputy Commissioner, Department of Labor Jill Duson, Director, Bureau of Rehabilitation Services Penny Plourde, Director, Division of Vocational Rehabilitation Harold Lewis, former Director, Division of the Blind and Visually Impaired Dennis Corliss, Director, Security and Employment Service Center Karen Fraser, Manager, Systems Improvement and Quality Assurance Anke Siem, Rehabilitation Service Manager, Security and Employment Service Center Michael Colleran, Assistant Attorney General, Office the Attorney General |

INTRODUCTION OF GOVERNMENT OVERSIGHT COMMITTEE MEMBERS

Members of the Government Oversight Committee introduced themselves for the benefit of the listening audience.

SUMMARY OF OCTOBER 31, 2007 MEETING

Motion: That the Meeting Summary of October 31, 2007 be accepted as written. (Motion by Rep. Pendleton, second by Sen. Dow, PASSED by unanimous vote, 7-0).

PRESENTATION OF FINAL REPORT

Bureau of Rehabilitation Services: Procurements for Consumers

Director Ashcroft introduced Wendy Cherubini, who was the lead OPEGA Analyst on the Bureau of Rehabilitation Services Audit.

Ms. Cherubini acknowledged Jennifer Reichenbach and Scott Farwell, the other OPEGA Analysts who worked on the Report. She also thanked management and staff in the Bureau of Rehabilitation Services, Department of Administrative and Financial Services, the Office of Information Technology supporting BRS, the Commissioner and Deputy Commissioner of Labor, Commissioner of Administrative and Financial Services, the Associate Commissioner of Financial and Personnel Services, Director of BRS, DVR and DBVI Division Directors, Director of Security Employment Service Center and the Manager of Systems Improvement Quality Assurance at BRS.

Following the report presentation there was discussion and questions from the Committee in the following areas:

- the possibility for a greater amount of fraud or other misuse than the \$100,000 discovered by OPEGA;
- Federal standards and compliance audits;
- lack of documentation to support successful closure of cases;
- the State Department of Audit's annual single audit of Federal programs identified the same weaknesses in BRS' procurement process;
- criteria used to identify the higher risk cases;
- referral of fraud by 3 BRS employees to the Attorney General's office;
- supervisory rules and procedural directives at BRS; and
- necessity for spot checks on cases/transactions.

Commissioner Fortman was given the opportunity to address the Committee.

The Commissioner thanked OPEGA for the time it spent on the Report and with Department of Labor staff throughout the review. Her comments regarding the Report included:

- reasons the Department of Labor contracted with Berry, Dunn, McNeil and Parker;
- top priorities and the development of a work plan for BRS;
- creation of the Service Improvement Quality Assurance Committee;
- development of a case review process;
- the commitment of the Department that services are provided appropriately, that quality services are provided to its clients and ethical behavior from its staff; and
- implementing the Report's management findings.

Chair Mitchell explained that a public hearing will be held at the next GOC meeting and at that meeting the public will have the opportunity to make comments. The Committee takes no action on the report at this time.

Sen. Dow said the Department has a list of actions it will take that includes deadlines for those actions. He said it is not uncommon as these lists are gone through that the dates for completion have to be changed. It is not a failure if something is not done on the exact date that has been set, the failure would be if a new date wasn't assigned to it realistically.

The GOC thanked the Commissioner and others in attendance for information provided.

The Committee will hold a public hearing and comment period on the Performance Audit of the Bureau of Rehabilitation Services: Procurements for Consumers at its meeting on January 7, 2008 and will also vote on the report at that meeting. (**Note:** the meeting originally scheduled for January 7, 2008, had to be rescheduled to January 9, 2008).

Director Ashcroft recognized Wendy Cherubini, Scott Farwell and Jennifer Reinchenbach for their work on the report and the GOC thanked the OPEGA staff.

REPORT FROM OPEGA DIRECTOR

Status of Audits in Progress

Director Ashcroft said four reviews are completed:

- Bureau of Rehabilitation Services
- Highway Fund Use by Department of Public Safety
- Requests for Admission to Riverview Psychiatric Center
- Urban Rural Initiative Program

In progress includes:

- **Boards/Committees/Commissions/Councils** is in fieldwork. OPEGA is looking at an end of January or first of February for the report date.
- **Contracting for Health and Social Services** is ongoing and progressing more slowly than expected due to difficulty in scheduling meetings with representatives from the Department and other various issues. OPEGA probably will not wait until the entire review is complete before furnishing some of its findings.
- **Information Technology: Acquisition and Maintenance of Technology Infrastructure; Project Management; and Systems Security** will be addressed later in the meeting, but it is OPEGA's recommendation that the reviews be discontinued.
- **State Publications** has just been initiated and is in the planning stage.
- **State Administration Staffing** is in progress. OPEGA is in its preliminary research phase and is attempting to share some preliminary work with the Appropriations and Financial Affairs Committee. There are three general areas that the preliminary objectives are being done on. One relates specifically to positions in upper level administration, the preliminary analyses of which were released to the GOC and AFA Committee earlier. OPEGA also was to provide preliminary analysis around contracted professional services. OPEGA was in a position to provide to the AFA Committee the information it had committed to, but Director Ashcroft said she spoke with Sen. Rotundo and they both recognized, unfortunately, that the presentation of preliminary results to the AFA Committee has limited value to the AFA Committee in their Initiative effort and also has had other consequences that were unintended but not unexpected. Unfortunately the release of preliminary information by OPEGA, in an attempt to be helpful to the AFA Committee, resulted in the Administration spending a lot of

resources trying to explain that information and that probably would not have been necessary if OPEGA had followed its typical process. For those reasons, Sen. Rotundo and Director Ashcroft felt they would prefer to wait until January and have a more developed piece of work from OPEGA.

NEW BUSINESS

Project Direction Recommendation for IT Reviews

Director Ashcroft said at the end of 2006 one of the management actions that the Office of Information Technology had committed to in response to OPEGA's findings from the Statewide IT Review, was to establish an internal IT audit function within the Executive Branch. Internal audit results were to be sent to OPEGA, which would be in a position to monitor whether the function was effective in resolving some weaknesses that OPEGA had found as a result of the review. When the budget was presented, however, resources were not available for OIT to establish an internal audit function so OPEGA recommended to the GOC that more IT audits be put on OPEGA's work plan so that someone was doing the more detailed audit work necessitated from the results of the prior review. Three areas considered high risk were added to OPEGA's work plan. Prior to issuing an RFP for bids from outside contractors, OPEGA met with the Office of Information Technology to go over the RFP and discussed the fact that IT had been working on improvements. The CIO also felt they knew where their weaknesses were, and that it might not be the best use of resources to hire a consultant to point out weaknesses they were already aware of. OPEGA proposed that OIT do a self-assessment of their risks and controls so there would be a better understanding of where hiring an outside consultant may be valuable.

OPEGA has begun designing a self-assessment questionnaire for OIT to complete. Recently, however, the State Controller's Office has been able to set aside an IT auditor resource to devote to the Office of Information Technology. They now have someone that will be doing IT auditing internal to the Executive Branch. There is an arrangement that the reports produced from IT audits will be sent to OPEGA, who will monitor the effectiveness of their audit function.

Consequently, it is OPEGA's recommendation that the three IT projects on OPEGA's work plan be discontinued at this time, eliminating the need to commit additional OPEGA resources for the projects. OPEGA's recommendation is based on the fact that an IT audit function internal to the Executive Branch is being established as was originally planned to address the findings from OPEGA's IT review.

Sen. Dow agreed with OPEGA's recommendation but suggested that after the Office of Information Technology performs their assessment, it should also be reviewed by OPEGA.

Motion: That the Government Oversight Committee accepts OPEGA's recommendation to discontinue the three IT reviews on OPEGA's current work plan. (Motion by Sen. Raye, second by Sen. Dow, PASSED by unanimous vote 10-0).

UNFINISHED BUSINESS

Review Topics On-Deck, Tabled and of Interest in Prior GOC Discussions

Director Ashcroft referred to the list provided for the GOC's review. She suggested the GOC should review all topics listed as "on deck" and decide if any should be removed. She also suggested the GOC review any of the topics that were of previous interest to the Committee and decide whether to move them "on deck". Whatever is put "on-deck" would not affect OPEGA's current work plan.

Chair Mitchell asked if Director Ashcroft had recommendations. Director Ashcroft said the **ASPIRE Program (DHHS)** is a topic that the GOC recently added "on-deck" until the results of the Bureau of Rehabilitation Services' review was known because the programs are very similar. The ASPIRE Program helps support people

who need employment in general and, as BRS, procures goods and services for consumers. Director Ashcroft recommended that this topic remain “on deck”.

Sen. Dow said that if another program is reviewed, and OPEGA is finding similar patterns, it might be possible to begin to develop the guidelines many departments need. He has seen a pattern from earlier reviews right up to the presentation of today’s BRS review. If the pattern continues, the GOC may be in the position to make general recommendations to every department about how to look at their risk assessments. The members of the Committee agreed that themes emerging from OPEGA reviews should be talked about in more detail at a future GOC meeting. The Director was asked to include it as an agenda item for a scheduled meeting after January.

Director Ashcroft referred members to the **Bureau of Motor Vehicles Computer Migration Project**. It is a computer system project that has been “on-deck” for approximately two years and she believes the project has gone forward. Part of what the new IT Auditor is reviewing is project management and it is possible he will be looking at this topic in the work he is doing. Director Ashcroft does not believe it would be as valuable as it would have been two years ago. The GOC asked if Director Ashcroft could inquire as to the status of the project and if it has been encompassed by a broader review.

Director Ashcroft said the **Public Safety Administration** got thoroughly looked at when OPEGA reviewed the Highway Fund Use by Department of Public Safety. OPEGA looked at the appropriation’s program that also related to the public safety administration, and although it was not the same as doing a performance audit, did look at the activities that were going on within the unit, and did evaluate whether they met the criteria for being supported by the Highway Fund.

The scope of **Spurwink** may be encompassed in the scope of OPEGA’s contracting review.

Chair Mitchell asked what value the GOC could add to the **Vacant Positions** topic. Director Ashcroft replied that given the administration did its own look at that a short time ago, it would not be worth OPEGA looking at for some time into the future.

Chair Mitchell asked for information on the **Economic Development Programs: Overlap and Administrative Costs**. Director Ashcroft said the Department of Economic and Community Development has hired the Maine Development Foundation (MDF) to create an inventory of programs. Director Ashcroft suggested that this topic be re-evaluated after the MDF has completed its work. Chair Canavan asked for clarification of what the MDF’s focus will be, will it be to combine or eliminate programs, and what the timetable for completion is. Director Ashcroft said the MDF is creating an inventory that did not exist before, and are collecting specific data about each program that might help give a better view of whether OPEGA sees any places where there are overlaps. The MDF’s intention is to have the information available to DECD and the BRED Committee, who will take the next steps. The MDF is currently working on the inventory, and DECD asked OPEGA to share what inventory information it had from its review. Director Ashcroft will check on the expected completion date and report back to the GOC.

Chair Mitchell asked what OPEGA’s role would be on the **Education – Health Care Plans** review. Director Ashcroft believes OPEGA could do leg work to understand what the current situation is for health care plans for school districts. OPEGA would not do the actuarial work, so would have to think about hiring a specialist to determine if there could be cost savings or recommend that the administration do so. Chair Canavan believes the Insurance and Financial Services Joint Standing Committee had a bill combining the resources of the various public entities in order to save money by creating greater critical mass and suggested that Director Ashcroft check with the Chairs of that Committee.

Sen. Dow said it is very helpful to have the dollar estimate for each topic. Director Ashcroft said the topic areas where dollar estimates are noted as “unknown” is because OPEGA has not done any research on the amount. In some cases, obtaining the amount could be very involved or it might be only a matter of a phone call and she will see if the amounts can be obtained without OPEGA having to do too much research.

Rep. Boland said that it may be the right time to consider the **Support and Learning Systems** topic.

Director Ashcroft will do some research to gather additional information that may help the GOC decide what to do with the topics on the list. Chair Mitchell said that at the next GOC meeting Committee members should be prepared to talk about the topics on the list and make action recommendations regarding each.

SCHEDULE NEXT COMMITTEE MEETING

The Committee set Monday, January 7, 2008 at 10:00 a.m. for the next GOC meeting. (**Note:** that this meeting has been rescheduled to Wednesday, January 9, 2008 at 10:00 a.m.)

ADJOURNMENT

The Government Oversight Committee meeting was adjourned at 11:56 a.m. (Motion by Rep. Pendleton, second by Rep. Boland, unanimous).