



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
March 12, 2007
Accepted March 26, 2007

CALL TO ORDER

The Chair, Rep. Canavan, called the Government Oversight Committee meeting to order at 1:12 p.m. in Room 202 of the Burton Cross Building.

ATTENDANCE

Senators:	Sen. Courtney, Sen. Dow, Joining the meeting in progress: Sen. Mitchell Absent: Sen. Bartlett, Sen. Perry, and Sen. Raye,
Representatives:	Rep. Canavan, Rep. Pendleton, Rep. Lansley, Rep. McLeod, and Rep. Vaughan Absent: Rep. Boland
Legislative Officers and Staff:	Beth Ashcroft, Director of OPEGA Jennifer Reichenbach, Analyst, OPEGA Scott Farwell, Analyst, OPEGA Etta Begin, Adm. Secretary, OPEGA

Introduction of Government Oversight Committee Members

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

SUMMARY OF FEBRUARY 26, 2007 MEETING

Motion: That the Meeting Summary of February 26, 2007 be accepted as written. (Motion by Sen. Courtney, second by Rep. McLeod, PASSED, vote unanimous, 7-0).

COMMITTEE VOTE ON OPEGA FINAL REPORT

- **Highway Fund Eligibility at the Department of Public Safety**

Director Ashcroft informed the Committee that OPEGA advertised in four weekend newspapers an announcement of the Public Hearing scheduled for today related to OPEGA's Review of the Highway Fund Eligibility at the Department of Public Safety.

- **Public Comment Period**

Director Ashcroft reported that no written comments had been received, but did receive an oral comment from a citizen, Bill Pierce. Mr. Pierce said that although OPEGA's results showed that the Highway Fund may be funding more than just eligible highway related activities at the Department of Public Safety, he did not want the results construed as though there were overall cost savings. He and other citizens wanted to make sure that police coverage be available 24/7, and if there was no funding from the Highway Fund, that there be a way to continue the funding of police activities.

Chair Canavan asked if there were public comments on the above Report to be heard at this meeting.

Director Ashcroft reported that she had received an email from Ken Capron and thought he would be at the public hearing. Chair Canavan asked the Director to share Mr. Capron's email with the Committee. Below are Mr. Capron's questions/observations and Director Ashcroft's responses.

1. The format and presentation of the report is outstanding and what brought about OPEGA's enhanced reporting capabilities.

OPEGA creates its own reports using a word document with imported graphics from power point.

2. It appears, based on information within the report, the departments involved were very transparent and forthcoming in working with OPEGA and asked if that was the case.

Everyone involved in the review from the Department of Public Safety and Service Center B was very cooperative and Director Ashcroft thanked them.

3. Had this topic ever been the subject of an audit by the State Auditor, and if so, why the weaknesses previously addressed have not been resolved by management.

As noted in the report, in 1978 the State Audit Department was asked to do a similar analysis and put forward percentages and results, but it does not appear that the recommended percentage split was implemented until sometime later. The Director was not sure if this had necessarily been an issue for management to resolve.

4. Does the absence of appropriate cost/management accounting functions indicate a similar weakness throughout many segments of the Executive Branch, should management have addressed these shortcomings sooner, and is there a general level of incompetence revealed by poor accounting and financial management practices?

As discussed on several previous occasions, OPEGA has found cost and performance data that can be linked to particular activities to be generally lacking, or not easily accessible, in State Government. The lack of available data will continue to be a problem for OPEGA in answering legislative questions until efforts to collect the administrative and service costs, and performance data for departments and agencies of State Government are undertaken.

5. Why Maine needs a separate fund identified as the Highway Fund, as opposed to treating the funds as a subcomponent of the General Fund?

The Director could not speak to this question.

6. Does the new Commissioner have any historical experience with GAAP and cost/management accounting?

The Director could not speak to this question.

Hearing no other response for public comment from those attending the meeting, the Chair moved to the Committee work session on the Report.

- **Committee Work Session**

At the request of Chair Canavan, Director Ashcroft reviewed the contents of the report. She also reported that OPEGA had given a presentation on the Report to the Transportation Committee.

The Committee's discussion included the following:

- Who will receive the information contained in the report;
- The lack of readily accessible data to answer legislative requests like this;
- Whether the Transportation Committee asked for more recommendations from OPEGA or indicated what action they would take on the report results;
- The difficulty in getting a definition of eligibility from either the statutes or the constitution;
- Whether there are models available on cost accounting and management; and
- Whether the Gambling Control Unit should be assigned to the Maine State Lottery.

- **Committee Vote**

Motion: That the Government Oversight Committee endorse OPEGA's final Report on Highway Fund Eligibility at the Department of Public Safety. (Motion by Rep. Pendelton, second by Sen. Mitchell, PASSED; vote unanimous, 12-0.)

Director Ashcroft will follow up to find out the result of the Transportation Committee's discussion on the Report and what actions they will be taking.

REPORT OF OPEGA DIRECTOR

• **Status of Audits in Progress**

Director Ashcroft reported on the status of audits in progress:

- **Highway Fund Use by Department of Public Safety** is completed and the GOC voted to endorse the report. Fifty-one hours remained of the hours budgeted to complete this review and those hours will be added to unallocated project hours.

- **Urban Renewal Initiative Program** is in the fieldwork phase. Sample selections are underway and scheduling visits to municipalities will begin soon.

- **Bureau of Rehabilitation Services: Expenditures for Clients in DVR and DBVI:** Fieldwork testing is underway and involves extensive data analysis, and visits to field offices. The fieldwork should be completed within two months. The time frame for finalizing the report will depend on the nature and extent of any findings and recommendations.
- **Analysis of Riverview Admissions Request Data:** Expecting to have report in April.

- **Briefing on Other OPEGA Activities**

Director Ashcroft gave an update on other activities OPEGA has been involved in since the beginning of the Legislative Session. They include:

- Giving orientation briefing to Joint Standing Committee Chairs and Leads;
- Giving informational briefings on OPEGA and GOC to Agriculture, Conservation and Forestry, Transportation, Insurance and Financial Services, Appropriations and Financial Affairs, Health and Human Services, Judiciary, Natural Resources and State and Local Government Joint Standing Committees;
- Distributing past reports to appropriate Joint Standing Committees;
- Presenting reports as requested by Joint Standing Committees including the Economic Development Programs in Maine Report to Appropriations and Financial Affairs and Business, Research and Economic Development; Guardians *Ad Litem* to Judiciary; and Highway Fund Eligibility at Department of Public Safety to Transportation;
- Tracking legislation that may impact OPEGA directly or is related to past or potential OPEGA reviews;
- Assisting OPLA and OFPR Analysts as their Committees deal with issues prompted by our audits;
- Meeting with Legislators who have concerns that may be potential topics for OPEGA audits or who are considering legislation that would impact OPEGA or potentially duplicate OPEGA efforts; and
- Redesigning OPEGA's Website.

UNFINISHED BUSINESS

- **Information Technology Audits on OPEGA's Work Plan**

Director Ashcroft referred the Committee to the three Information Technology audits currently on OPEGA's work plan that had been approved by the 122nd GOC. These audits would be a more detailed look into three areas of weakness found when OPEGA performed a risk assessment as part of the larger Information Technology Audit. She suggested OPEGA prepare an RFP to hire consultants to perform the audits. The reviews and estimated audit hours are:

- Project Management and Implementation, 400 hours
- System Security, 200 hours
- Acquisition and Maintenance of Technology Infrastructure, 60 hours

Committee discussion followed regarding whose responsibility it was to conduct and pay for the audits, which State Department should be responsible for IT audits, and whether the audits should be done in-house or by an outside contractor.

Richard Thompson, Chief Information Officer, Office of Information Technology, was at the meeting to help answer members' questions regarding the audits. Mr. Thompson agreed the three audits should be done and they should be done by outside contractors.

Motion: That OPEGA proceed with the RFP for the three Information Technology audits currently on the work plan, and that Director Ashcroft report back to the Government Oversight Committee on the responses received prior to entering into a contract to have the audits done. (Motion by Sen. Mitchell, second by Rep. Vaughan, PASSED, vote unanimous, 8-0).

Chair Canavan asked if there was objection to taking items out of order. Hearing none, the Chair then moved to **New Business, Briefing by Commissioner Wyke.**

NEW BUSINESS

- **Briefing by Commissioner Wyke on the Administration's Assessment of Brookings Cost Savings Estimates**

At the invitation of the GOC, Rebecca Wyke, Commissioner, Department of Administration and Financial Services, summarized the Administration's assessment of the Brookings costs savings estimates.

Commissioner Wyke was in agreement with Director Ashcroft's memo to the GOC dated March 12 regarding the Brookings Report.

Commissioner Wyke gave an overview of the percentage of increases/decreases of State department budgets over the last four years and the current budget. She outlined suggested reduction areas listed by the Brookings and Trostel Reports and explained why the Administration did not agree with the dollar amounts stated in the Reports.

Chair Canavan asked Commissioner Wyke if she thought the state comparisons in the Trostel Report were apples-to-apples. The Commissioner does not believe Mr. Trostel went into the level of detail that would be required to make a comparison of apples-to-apples, but he did give the State areas that should be looked at.

The members of the Committee thanked both Commissioner Wyke and Crystal Canney, Associate Commissioner, Office of Financial and Personnel Services, for attending the meeting and providing the Committee with the Administration's assessment of the Brookings Report.

Chair Canavan recognized Sen. John Nutting who requested an opportunity to express his concerns and recommendations on where to look for administrative savings. Sen. Nutting discussed the reasons for his bill, LD 1021, Resolve, to Lower the Cost of State Government, that includes establishing a commission to investigate areas where costs could be lowered. The bill calls for OPEGA to staff this commission.

The members of the Committee thanked Sen. Nutting for the information he provided.

- **Review of Legislation With Potential Impact to OPEGA**

Director Ashcroft referred members to the information in their notebooks that lists legislation related to OPEGA. The current legislation is:

- LD 984, Resolve, To Evaluate MaineCare Finances
- LD 1021, Resolve, To Lower the Cost of State Government
- LD 1089, An Act to Create the Maine Natural Resource and Environment Efficiency Commission
- LD 1163, An Act to Implement the Recommendations of the Office of Program Evaluation and Government Accountability Regarding Economic Development in Maine
- SP 271, Joint Order that the Joint Standing Committee on BRED May Submit, to the Senate, a Bill to Implement the Report of OPEGA on Economic Development Programs in the State
- LD 1109, Resolve, To Establish a Study Commission to Reform Taxes and Spending in Maine
- LR 1362, An Act to Require OPEGA to Provide Audit and Oversight Services Regarding Medical and Dental Services Provided in the County Jails and State Prisons
- LR 1868, Resolve, To Require the Department of Marine Resources and OPEGA to Conduct a Review and Audit of the Water Quality Division

Sen. Mitchell said the statute created for OPEGA intended that not everyone be able to put legislation in telling OPEGA what it will work on and that OPEGA was not created to staff any committees or commissions that were created. She asked Director Ashcroft to explain the process.

Director Ashcroft said one of the GOC's responsibilities is to direct how OPEGA uses its resources and was created to be bipartisan and bicameral. Legislation last session did include mandates for OPEGA, but the Joint Standing Committees followed OPEGA's procedure and submitted a review request to the GOC. That request was voted on by the GOC to add the request to OPEGA's work plan.

Sen. Mitchell expressed her concern that OPEGA's work and resources not be spent on getting further information at the request of another State department that does not have sufficient funds in its budget to proceed further on its own. Rep. Vaughan suggested that if OPEGA were receiving such requests, the requesting department be responsible for funding the review.

UNFINISHED BUSINESS con't

- **GOC and OPEGA Process for Handling Requests for OPEGA Audits**

Director Ashcroft reviewed with the GOC the written material drafted from previous Committee discussions on the process for handling requests for OPEGA audits.

Chair Canavan asked if a box could be added that could be checked if it were a Legislator making the request on behalf of a constituent.

Rep. Vaughan wanted to assure that if it was a Legislator making the request, that the GOC received the information in a timely manner so the Legislator would have adequate time to take the necessary action required. Director Ashcroft said the Process for Handling Request for OPEGA Audits addressed that matter.

Sen. Dow recommended that the process be used and then, if changes are needed, bring the suggested changes back to the Committee for consideration. Sen. Courtney cautioned on the number of requests OPEGA may receive and said it should be monitored closely.

Rep. McLeod noted that on the Frequently Asked Questions form, under the section of What may be audited that it may not only be State funds so may want to consider changing that language. The GOC agreed it should be changed and Director Ashcroft will amend the sentence to read: "OPEGA performs independent reviews of State programs, agencies and activities, including non-government entities receiving public funds."

Motion: That the GOC approve the implementation of the Process for Handling Request for OPEGA Audits, including the OPEGA Audit Request Form, Frequently Asked Questions and OPEGA Audit Request Recommendation Form. (Motion by Rep. Lansley, second by Rep. McLeod, PASSED, vote unanimous, 7-0).

SCHEDULE NEXT COMMITTEE MEETING

The Committee scheduled Monday, March 26, 2007 at 1:00 p.m. for the next GOC meeting.

ADJOURNMENT

The Government Oversight Committee meeting was adjourned at 3:57 p.m. on the motion of Sen. Dow, second by Rep. Pendelton, unanimous.