2-1-2012

Annual Report on Activities and Performance, 2011

Maine State Legislature
Office of Program Evaluation and Government Accountability
Beth Ashcroft
Maine State Legislature, beth.ashcroft@legislature.maine.gov

Follow this and additional works at: http://digitalmaine.com/opega_docs

Recommended Citation
http://digitalmaine.com/opega_docs/6

This Text is brought to you for free and open access by the Legislature Documents at Maine State Documents. It has been accepted for inclusion in Office of Program Evaluation and Government Accountability by an authorized administrator of Maine State Documents. For more information, please contact statedocs@maine.gov.
Office of Program Evaluation and Government Accountability

Annual Report on Activities and Performance

2011

a report to the Government Oversight Committee and the Legislature from the Office of Program Evaluation & Government Accountability of the Maine State Legislature
GOVERNMENT OVERSIGHT COMMITTEE OF THE 125TH LEGISLATURE – 2ND SESSION

Senator Roger J. Katz, Chair
Senator Margaret M. Craven
Senator Bill Diamond
Senator Garrett P. Mason
Senator Earle L. McCormick
Senator Nancy B. Sullivan

Representative David C. Burns, Chair
Representative Andrea M. Boland
Representative Joyce A. Fitzpatrick
Representative Leslie T. Fossel
Representative Chuck Kruger
Representative Donald E. Pilon

Committee Clerk
Etta Connors
Phone: (207) 287-1901
Fax: (207) 287-1906
Email: etta.connors@legislature.maine.gov

Mailing Address:
Government Oversight Committee
82 State House Station
Augusta, Maine 04333-0082

Web:
http://www.maine.gov/legis/opega/About_GOC.html

OFFICE OF PROGRAM EVALUATION & GOVERNMENT ACCOUNTABILITY

Director Beth Ashcroft, CIA  beth.ashcroft@legislature.maine.gov

Staff
Jennifer Henderson, Principal Analyst
Wendy Cherubini, Senior Analyst
Scott Farwell, Analyst
Matthew Kruk, Analyst
Maura Pillsbury, Analyst
Etta Connors, Administrative Secretary

Mailing Address:
82 State House Station
Augusta, Maine 04333-0082
Phone: (207) 287-1901
Fax: (207) 287-1906
Web: http://www.maine.gov/legis/opega/
Email: etta.connors@legislature.maine.gov

Requests for OPEGA reviews are considered by the Governor Oversight Committee in accordance with a standard process. Requests must be made in writing and must be initiated or sponsored by a legislator. Individual legislators or citizens should review the process and FAQ that are posted on OPEGA’s website at http://www.maine.gov/legis/opega/ProcessProducts.html. There is also a form there to help facilitate the GOC’s consideration of the request. Legislative committees can request reviews directly through a written communication to the Government Oversight Committee.

Copies of OPEGA’s reports are free.
Reports are available in electronic format at:
http://www.maine.gov/legis/opega/Reports.html

Hard copies of reports may be obtained by contacting OPEGA at:
(207) 287-1901
Office of Program Evaluation & Government Accountability
82 State House Station • Augusta, ME • 04333-0082
February 10, 2012

The Honorable Roger J. Katz, Senate Chair
The Honorable David C. Burns, House Chair
And Members of the Government Oversight Committee
82 State House Station
Augusta, Maine 04333

The Honorable Kevin L. Raye, President of the Senate
and Members of the 125th Maine Senate
3 State House Station
Augusta, Maine 04333

The Honorable Robert W. Nutting, Speaker of the House
and Members of the 125th Maine House of Representatives
2 State House Station
Augusta, Maine 04333

Dear Government Oversight Committee Members, Senators and Representatives:

In accordance with 3 MRSA §995.4, I respectfully submit OPEGA’s Annual Report on Activities and Performance for 2011. OPEGA’s service to the Legislature as a non-partisan resource is meant to provide support in overseeing and improving the performance of State government. I hope that you and Maine’s citizens continue to view our efforts and results as a worthwhile use of taxpayer dollars as we continue working to increase our value to you.

Sincerely,

Beth L. Ashcroft
Director

Cc: Joseph G. Carlton, Jr., Secretary of the Senate
    Heather J. R. Priest, Clerk of the House
# Table of Contents

<table>
<thead>
<tr>
<th>ANNUAL REPORT</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>About OPEGA</td>
<td>1</td>
</tr>
<tr>
<td>Key OPEGA Activities</td>
<td>2</td>
</tr>
<tr>
<td>Performance on Strategic Plan Goals and Objectives</td>
<td>3</td>
</tr>
<tr>
<td>Goal A: Provide timely, relevant and useful information and recommendations</td>
<td>5</td>
</tr>
<tr>
<td>Goal B: Conduct all work with objectivity and accuracy</td>
<td>8</td>
</tr>
<tr>
<td>Goal C: Communicate regularly on activities, results and impacts</td>
<td>9</td>
</tr>
<tr>
<td>Goal D: Utilize OPEGA’s resources effectively, efficiently and economically</td>
<td>10</td>
</tr>
<tr>
<td>Overall indicators of outcomes</td>
<td>11</td>
</tr>
<tr>
<td>Summary of Reports and Results</td>
<td>14</td>
</tr>
<tr>
<td>Acknowledgements</td>
<td>19</td>
</tr>
<tr>
<td>APPENDICES</td>
<td></td>
</tr>
<tr>
<td>A. Additional Detail Related to Select Performance Measures</td>
<td>20</td>
</tr>
<tr>
<td>B. Listing of Available OPEGA Reports by Date Issued</td>
<td>21</td>
</tr>
<tr>
<td>C. Summary of Implementation and Follow Up Status on Issued Reports</td>
<td>24</td>
</tr>
</tbody>
</table>
About OPEGA

History:


Organization:

OPEGA is part of a unique organizational arrangement within the Legislature that ensures both independence and accountability. This structure is critical to assuring that OPEGA can perform its function in an environment that is as free of political influence and bias as possible.

The Legislative Council appoints the Director of OPEGA for five year terms and also sets the Director’s salary. OPEGA’s activities are overseen by the legislative Government Oversight Committee (GOC), a 12-member bi-partisan and bi-cameral committee appointed by legislative leaders according to Joint Rule. The GOC’s oversight includes approving OPEGA’s budget and annual work plan as well as monitoring OPEGA’s use of resources and performance.

Staffing:

OPEGA has an authorized staff of seven professionals including the Director and the Administrative Secretary, who also serves as the Committee Clerk for the GOC.

Function:

OPEGA primarily supports legislative oversight by conducting independent reviews of State government as directed by the GOC. As legislators perform their oversight function, they often have questions about how policies are being implemented, how programs are being managed, how money is being spent and what results are being achieved.

The GOC and OPEGA address those questions from an unbiased perspective through performance audits, evaluations and studies. The independence and authorities granted by their governing statute provide the Legislature with a valuable supplement to policy committee oversight. In addition, the GOC and OPEGA are in an excellent position to examine activities that cut across State government and span the jurisdictions of multiple policy committees.

The results of OPEGA’s reviews are provided to legislators and the public through formal written reports and public presentations.

---

1 When directed to do so, OPEGA also has authority to perform audits of non-State entities that receive State funds or have been established to perform governmental functions.
Key OPEGA Activities

During 2011, OPEGA:

- Developed an annual work plan for 2011 in conjunction with the Government Oversight Committee (GOC).

- Completed five performance reviews and two special investigative projects for the Government Oversight Committee. Issued three standard written reports, three information briefs and a series of memos on results related to those projects and also gave oral presentations in conjunction with the release of those documents. For a listing of all reports issued by the Office since 2005, see Appendix B.

- Coordinated and prepared the GOC for a public investigatory proceeding involving the questioning of Maine Turnpike Authority officials on April 15, 2011. The proceeding concluded with a request for further investigation by the Maine Attorney General. Provided information and support to the Attorney General’s Office as requested over the course of that investigation.

- Initiated and conducted work on two other reviews. Reports on both will likely be submitted to the GOC within the first quarter of 2012.

- Monitored the status of management and legislative actions taken to address the findings and recommendations from previously issued reports.

- At the direction of the GOC, drafted legislation to implement recommendations from two of OPEGA’s reports. One bill was introduced in the first regular session of the 125th Legislature and was passed by the Legislature. It resulted in a special study commission on allocations of the Fund for a Healthy Maine that convened and completed its work in late fall 2011. Another bill affecting quasi-independent State agencies is expected to be introduced during the second session.

- Conducted research related to eight requests for OPEGA reviews. Presented seven of the requested topics to the GOC for consideration in 2011. The remaining one will be presented to the GOC in early 2012.

- Coordinated, prepared for and staffed 18 GOC meetings including preparing written meeting materials and meeting summaries.

- Provided briefings on reports, or other information, as requested to various legislative policy committees including the Joint Standing Committees on: Taxation; Transportation; and Energy, Utilities and Technology.

- Conducted orientation sessions for new legislators and policy committee Chairs and Leads to educate legislators about OPEGA’s function and how OPEGA could be of assistance to them. Also solicited legislator input on topics of interest for potential OPEGA reviews through multiple avenues.

- Maintained the OPEGA/GOC website, including regularly posting OPEGA reports and related documents as well as GOC meeting agendas and summaries.

- Submitted the statutorily required annual report on OPEGA’s activities and performance for 2010 to the Government Oversight Committee and the Legislature.
Performance on Strategic Plan Objectives

Since 2009, OPEGA has been measuring and reporting its performance against the goals and objectives established in a GOC-approved Strategic Plan. The specific objectives in that Plan were for a two year time period covering 2009 and 2010. OPEGA is, however, reporting performance against the relevant objectives in that Plan again this year while working to update the Plan for 2012.

OPEGA Strategic Plan

Mission

The Office of Program Evaluation and Government Accountability exists to support the Legislature in monitoring and improving the performance of State government by conducting independent, objective reviews of State programs and activities with a focus on effectiveness, efficiency and economical use of resources.

Vision

OPEGA is valued as a credible source of objective information that contributes to good government and benefits Maine's citizens.

Values

OPEGA seeks to be a model for best practices in government and is committed to:

- Independence and objectivity
- Professionalism, ethics and integrity
- Participatory, collaborative approach
- Timely, effective communications
- Valuable recommendations
- Continuous improvement
- Using skilled and knowledgeable staff
- Minimizing disruption of operations
- Identifying root causes
- Measuring its own performance
- Smart use of its own resources

Indicators of Overall Outcomes

In addition to tracking performance measures specifically related to achievement of our stated objectives, OPEGA also tracks and reports on other measures that are broad indicators of the outcomes of our work. These include:

- number of visits to OPEGA’s website;
- percentage of recommendations that have been implemented or addressed affirmatively by the agencies or the Legislature; and
- estimated fiscal impact, actual or potential, associated with OPEGA recommendations.

When directed to do so by the Government Oversight Committee, OPEGA is also authorized to perform audits of non-State entities that receive State funds or have been established to perform governmental functions.
Specific Goals, Objectives and Performance Measures

| Goal A: Provide timely, relevant and useful information and recommendations. |
|-----------------------------------------|------------------------------------------------|
| **Objective**                           | **Performance Measure & Target**                  |
| A.1 Conduct performance audits and studies on topics that are of interest to the Legislature. | % of reports actively considered by Legislature within one year of report release. See Appendix A for “actively considered” criteria.  
**Target = 75% by December 31, 2011** |
| A.2 Complete projects by established due dates. | % of projects completed by due date.  
**Target = 75% by December 31, 2011** |
| A.3 Issue average of two reports per analyst for each biennium. | Average # of reports released per analyst.  
**Target = 2 per analyst by December 31, 2011** |
| A.4 Present recommendations that, if implemented, will improve the short-term or long-term performance of State government. | % of reported recommendations that meet one or more criteria for performance improvement. See Appendix A for criteria.  
**Target = 100% annually** |

| Goal B: Conduct all work with objectivity and accuracy. |
|-----------------------------------------|------------------------------------------------|
| **Objective**                           | **Performance Measure & Target**                  |
| B.1 Adhere to internal quality assurance process on all performance audits and analytical studies. | % of projects where key quality assurance points are completed prior to report release. See Appendix A for key QA points.  
**Target = 100% annually** |
| B.2 Produce reports that legislators recognize as credible. | % of reports fully endorsed by vote of the Government Oversight Committee.  
**Target = 100% annually** |

| Goal C: Communicate regularly on our activities, results and impacts. |
|-----------------------------------------|------------------------------------------------|
| **Objective**                           | **Performance Measure & Target**                  |
| C.1 Keep Legislature apprised of current and planned OPEGA activities on a quarterly basis. | # of activity updates provided to Legislative Council.  
**Target = 1 per quarter by end of each quarter** |

| Goal D: Utilize OPEGA’s resources effectively, efficiently and economically. |
|-----------------------------------------|------------------------------------------------|
| **Objective**                           | **Performance Measure & Target**                  |
| D.1 Maintain staff training at level required by the Generally Accepted Government Auditing Standards (GAGAS) for performance auditors. | % of staff meeting training requirements in GAGAS Standard 3.46.  
**Target = 100% by December 31, 2011** |
| D.2 Stay within appropriated budget. | % variance of FY actual to budget.  
**Target = 0% or less by end of each fiscal year** |
Over the course of 2010 and 2011, OPEGA’s work and work products for the Legislature have evolved to include more than the full performance audits and evaluations that typically result in formal, written reports. OPEGA’s work products also now include written Information Briefs resulting from research OPEGA has performed on topics of interest to legislators. These Briefs are more informational in nature and do not usually include findings that require corrective action.

OPEGA has also been tasked with several “special projects” including working for the Appropriations and Financial Affairs Committee on State contracts for professional and administrative services in 2010 and assisting the GOC with two investigatory type projects in 2011. OPEGA has typically communicated the results of its work on these special projects through written memos or briefing documents for the legislative committees OPEGA is assisting. The results may or may not include suggestions for legislative or agency actions.

Following is a snapshot of performance for the past three years, including 2011, as related to the objective-specific measures that were established in OPEGA’s Strategic Plan for 2009 - 2010. For the purposes of reporting on these measures, OPEGA is counting each assigned project (regardless of its nature) as a performance audit or study and the resulting written communication on those projects (regardless of the form) as a report. Under this definition, OPEGA completed 7 projects and issued 8 reports in 2011 as both an Information Brief and Final Report were issued for one project. The expanded nature of OPEGA’s work and work products for the Legislature will be taken into consideration as we develop performance objectives and measures for 2012 and beyond.

**Goal A: Provide timely, relevant and useful information and recommendations.**

<table>
<thead>
<tr>
<th>Obj. A.1: Conduct performance audits and studies on topics that are of interest to the Legislature.</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2009 - 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td># of reports issued</td>
<td>5</td>
<td>2</td>
<td>8</td>
<td>15</td>
</tr>
<tr>
<td># of reports actively considered by Legislature within one year of release</td>
<td>3</td>
<td>2</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>% of reports actively considered by Legislature within one year of release</td>
<td>60%</td>
<td>100%</td>
<td>63%</td>
<td>67%</td>
</tr>
</tbody>
</table>

*Performance Target = 75% by December 31, 2011*

The criteria used to determine whether a report has been “actively considered” are included in Appendix A. This year OPEGA released a wide variety of reports spread out over the course of the year. The majority of them received active consideration from the Legislature shortly after their release. This consideration included requests that OPEGA, or the audited agency, gather additional information regarding points raised in the reports, initiation of legislation to address OPEGA’s findings, referral of an issue uncovered by OPEGA to the Attorney General’s Office, and a request for OPEGA to present its results to a joint standing committee.

Three reports released in 2011 did not meet OPEGA’s established criteria for “actively considered” yet still seemed to be of interest to the Legislature at the time of their release. Two of these were the Information Briefs issued on the Certificate of Need program and Opportunities to Contain Costs and Achieve Efficiencies in Correctional Health Care Services. It is OPEGA’s observation that although legislators have responded positively to short format, informational reports like these, they do not often prompt immediate action by legislators as they typically do not identify problems of an urgent nature. OPEGA believes such written products are still of value as the information they contain can educate legislators and be used to support their decision making. For example, the Information Brief on Certificate of Need was issued while the Legislature was still considering bills on this

---

3 OPEGA assisted the GOC in investigating the uses of gift cards purchased with Maine Turnpike Authority funds and the sale of State property to the Warden of the Maine State Prison.
topic. The GOC Chair suggested sending the Brief to all legislators so they could be better prepared to vote on the pending bills.

The full report on Health Care Services in the Correctional System is the third report that has not yet met the criteria OPEGA established for this performance measure at the time of this Annual Report. This report was not released until November of 2011 and there was little time for any legislative action before year’s end. The Government Oversight Committee held its public comment period on this report early in January 2012 where there appeared to be a significant degree of public and legislative interest in OPEGA’s results. If this report meets the “actively considered” criteria by November 2012, then the percentage of reports meeting this performance measure would be 75% for 2011 and 73% for the period 2009 – 2011.

<table>
<thead>
<tr>
<th>Obj. A.2: Complete projects by established due dates.</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td># of projects completed</td>
<td>2</td>
<td>7&lt;sup&gt;4&lt;/sup&gt;</td>
</tr>
<tr>
<td># of projects completed by established due dates</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>% of projects completed by established due dates</td>
<td>100%</td>
<td>71%</td>
</tr>
</tbody>
</table>

Performance Target = 75% by December 31, 2011

This measure was challenging to track and meet during 2011 due to the nature and timing of the projects the GOC assigned to OPEGA. Throughout the year, OPEGA juggled competing priorities in order to be responsive to time-sensitive legislative needs and emerging concerns. In addition, very few of these projects had specific deadlines attached to them, which provided no set benchmark to gauge whether the project had been completed on time.

Despite the absence of specific deadlines, OPEGA had committed to completing four of the seven projects within a particular timeframe. We completed two of those four projects within the expected timeframe, but were delayed in completing the two large projects – Maine Turnpike Authority and Healthcare Services in the Correctional System. The Maine Turnpike Authority review was originally expected to be completed in the fall of 2010, but was not done until December 2010 with the final report being released in January 2011. Similarly, we had expected to complete the Healthcare Services in the Correctional System project in the first quarter of 2011 but the final report was not released until November 2011. When it became evident that we were not going to have that review finalized in the first quarter of 2011, we issued an Information Brief in April covering topics related to efficiencies and cost containment opportunities so that the agency and legislative committees could consider them while the Legislature was in session.

Two of the remaining three projects involved OPEGA supporting the GOC in Committee-led inquiries into the use of gift cards purchased with Maine Turnpike Authority funds and the sale of State real estate to the Maine State Prison Warden. OPEGA provided the results of research and analyses on these projects within timeframes necessary for the GOC’s proceedings. We delivered the results on the last project, review of State real estate sales for the past five years, within three months of when it was assigned by the GOC and, consequently, we are counting it as a project that we delivered within expected timeframes.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td># of reports issued</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td># of analysts on staff (full-time equivalents)</td>
<td>4.5</td>
<td>4</td>
</tr>
<tr>
<td>Average # reports released per analyst</td>
<td>1.6</td>
<td>2</td>
</tr>
</tbody>
</table>

<sup>4</sup> OPEGA released both an Information Brief (April 2011) and a Final Report (November 2011) related to the project on Healthcare Services in the Correctional System.
In 2011 OPEGA released eight reports on seven projects with four full-time equivalents. As a result, the Office has already met its goal of producing two reports per analyst over the 2011-2012 biennium. OPEGA has five authorized full-time analyst positions. However, one position was vacant for seven months and another analyst had a combination of paid leave and part-time hours over the course of six months. In order to meet the assigned workload, OPEGA’s Director took primary responsibility for completing the work necessary on the two special projects involving GOC investigations.

Obj. A.4: Present recommendations that, if implemented, will improve the short-term or long-term performance of State government.

Measure: Percent of recommendations that meet one or more criteria for performance improvement.

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td># of recommendations made</td>
<td>21</td>
<td>14</td>
<td>20</td>
</tr>
<tr>
<td># of recommendations meeting one or more criteria</td>
<td>21</td>
<td>14</td>
<td>20</td>
</tr>
<tr>
<td>% of recommendations meeting one or more criteria</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Performance Target = 100% annually

The number of recommendations made in a year is reflective of the scope of the reviews OPEGA is assigned and the state of the activities and entities subject to the review. Appendix B contains a listing of all reports and a summary of the overall conclusion for each. As illustrated in Figure 1, the potential benefits from implementing recommendations made by OPEGA can vary from year to year as a function of the topics selected for review and the scope of the review as approved by the GOC. There is more than one expected benefit associated with most recommendations.

In recent years, OPEGA’s reports have focused on recommendations that, if implemented, could be expected to produce a positive financial impact like reduced costs or improved cash flow. This continued to be a focus in 2011, however, there was also a significant increase in the number of recommendations focused on reducing fraud, waste and abuse and on improving compliance. The recommendations that could reduce risk of fraud, waste and abuse came mainly from the Maine Turnpike Authority and Maine Green Energy Alliance reports. The recommendations that could result in improved compliance came primarily from the reports on the Maine Turnpike Authority and Healthcare Services in the Correctional System. The considerations used to determine whether a recommendation met the criteria for performance improvement are described in Appendix A.

![Figure 1. Expected Benefits of OPEGA Recommendations from Reports Issued 2009 - 2011](image-url)
Goal B: Conduct all work with objectivity and accuracy.

### Obj. B.1: Adhere to internal quality assurance process on all performance audits and analytical studies.

#### Measure: Percent of projects where key quality assurance points are completed prior to report release.

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td># of projects completed</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td># of projects where adherence to all applicable quality assurance points was expected</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td># of projects with all applicable quality assurance points met</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>% of projects with all applicable key quality assurance points met</td>
<td>100%</td>
<td>20%</td>
</tr>
</tbody>
</table>

*Performance Target = 100% annually*

Since beginning operations in 2005, OPEGA has adhered as fully as possible to the performance auditing standards issued by the United States Government Accountability Office (GAO) known as the *Generally Accepted Government Auditing Standards (GAGAS)* or Yellow Book standards. Adherence to professional standards assures that OPEGA’s work is objective and accurate and that reported results are appropriately supported by that work. Since 2009, OPEGA has been tracking completion of key quality assurance (QA) points incorporated into our internal processes that we believe are most critical to ensuring adherence to the professional standards.

The eight specific key quality assurance points that OPEGA tracks are described in Appendix A. We only count a quality assurance point as being met if we have documentary evidence that the required action was performed within the specified timeframe. In 2011, we did not meet, or did not have adequate documentary support for, one or two QA points on four of the five projects those points applied to. This is the first time since we began tracking this performance measure in 2009 that we have not met the target of 100%.

On three projects we did not meet the requirement for all project team members and the Director to complete conflict of interest statements prior to the Director’s approval of the fieldwork plan. The conflict of interest statements were completed shortly after approval of the fieldwork plan on the MTA project. They were not completed at all on two projects that resulted in Information Briefs from OPEGA’s research of the Certificate of Need process and the sales of State real estate for the past five years. This was primarily due to a lack of clarity as to whether the nature of the work on these projects required staff conflict of interest statements and the fact that specific responsibility for assuring the statements got completed had not been assigned to particular team members on those projects. While the requirement for written conflict of interest statements was not met on these projects, all OPEGA staff know they are expected to immediately disclose any potential situations that could impair, or be perceived to impair, their objectivity on any review. No such situations were disclosed on these projects.

There were also three projects where we did not meet the requirement for the work on all fieldwork steps to be reviewed prior to the Director’s approval of draft findings and recommendations. We are confident that all work was sufficiently reviewed to assure objectivity and accuracy of our results prior to release of our final reports or Information Briefs on those projects. However, there was not adequate evidence that all the work was reviewed prior to the Director approving the draft findings and recommendations. The primary reasons for missing this QA point on these projects are:

- OPEGA striving to complete more projects with quicker turnaround times;
- the timing of when the formal documentation on the work was being completed in relation to the timing of exit conferences and discussion of findings and recommendations with agencies; and
- lack of a standardized OPEGA tool or process for tracking the completion of QA points throughout the project.

We plan to address these causes by re-assessing what QA points are most important and the appropriate timing of them within a project. We also intend to develop and implement a QA point tracking and sign off tool.
Two projects OPEGA completed in 2011 were not conducted according to our typical review and reporting process. These projects involved supporting the GOC in committee-led investigations of the sale of real estate to the Maine State Prison Warden and the investigation into the Maine Turnpike Authority’s purchase of gift cards. Due to the nature of the work and work products involved in these projects, many of OPEGA’s standard quality assurance points did not apply. We did, however, take prudent measures to assure our results were objective and as accurate as practicable given the circumstances of the project.

**Obj. B.2: Produce reports that legislators recognize as credible.**

<table>
<thead>
<tr>
<th>Measure: Percent of reports fully endorsed by vote of the Government Oversight Committee.</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td># of reports issued</td>
<td>5</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td># of reports subject to GOC endorsement vote</td>
<td>3</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td># of reports subject to endorsement vote that were fully endorsed by the GOC</td>
<td>3</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>% of reports subject to endorsement vote that were fully endorsed by the GOC</td>
<td>100%</td>
<td>100%</td>
<td>67%</td>
</tr>
</tbody>
</table>

*Performance Target = 100% annually*

In accordance with statute, the GOC typically votes on whether to endorse, endorse in part, or decline to endorse reports submitted by OPEGA. These votes signal whether the GOC is comfortable with the credibility of OPEGA’s work and whether the issues and recommendations warrant consideration and action, as appropriate, by the Legislature and/or the responsible agency.

Only three of the eight reports released during 2011 were reports on full performance reviews and were, therefore, subject to an endorsement vote of the GOC. Of those three, two were fully endorsed by unanimous vote. The third report was released late in the fall and had not yet been voted on as of year’s end.

**Objective C: Communicate regularly on our activities, results and impacts.**

**Obj. C.1: Keep Legislature apprised of current and planned OPEGA activities on a quarterly basis.**

<table>
<thead>
<tr>
<th>Measure: Number of activity updates provided to the Legislative Council.</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st quarter activity updates provided to the Council</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>2nd quarter activity updates provided to the Council</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>3rd quarter activity updates provided to the Council</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>4th quarter activity updates provided to the Council</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td># quarters in which activity updates were presented to the Legislative Council</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

*Performance Target = 1 per quarter by end of each quarter*

The purpose of this objective and related performance measure was to help assure that the larger legislative community, beyond just GOC members, was kept informed of OPEGA’s activities. For several reasons, we have failed to meet our target of quarterly briefings at Legislative Council meetings in any year since establishing this performance measure in 2009 nor has the Council been requesting such briefings. We intend to re-assess whether this objective and performance measure are meaningful or should be changed when we update our Strategic Plan.

Despite failing to meet the specific performance measure on this objective, OPEGA has worked toward meeting the intent behind it by keeping legislators informed in the following ways:

- written advance notification of the scheduled public presentation of OPEGA reports and related GOC public comment periods to the members of legislative leadership and all Joint Standing Committees that may have jurisdiction over, or a special interest in, the subject matter of the reports;
distribution of full copies of the final reports to each member of legislative leadership and all joint standing committees that may have jurisdiction over, or a special interest in, the subject matter of the reports immediately following release of the report;

email notification to all legislators that a final report has been released and is available, typically with a report summary attached; and

posting of OPEGA reports, work plans and GOC Meeting Agendas and Summaries to OPEGA’s website.

Goal D: Utilize OPEGA’s resources effectively, efficiently and economically.

| Obj. D.1: Maintain staff training at level required by the Generally Accepted Government Auditing Standards (GAGAS) for performance auditors. |
|---|---|---|
| **Measure:** Percent of staff meeting training requirements in GAGAS Standard 3.46. | 2009 - 2010 | 2011-2012 |
| # of staff with training requirements per the Generally Accepted Government Auditing Standards (GAGAS) | 5 | 6 |
| # of staff who completed training as required for the two year period | 5 | 6 |
| % of staff meeting training requirements | 100% | 100% |

Performance Target = 100% by December 31, 2011

As previously mentioned, OPEGA’s work is guided primarily by the Generally Accepted Government Auditing Standards (GAGAS). GAGAS Standard 3.46 requires performance auditors to meet continuing professional education (CPE) requirements. Every two years each auditor must complete a total of 80 CPE hours, with at least 20 CPE being completed in each year and at least 24 of the total 80 hours of CPE being directly related to government auditing or the government environment.

The six OPEGA professionals to whom these CPE requirements applied in 2011 met the training requirements for the year. Budgetary constraints have made it increasingly challenging to obtain the necessary CPE hours through quality, effective training that has real value for improving OPEGA staff skills and knowledge. We take advantage of free or inexpensive training opportunities that are at least relevant to our work whenever possible.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Measure:</strong> Percent variance of fiscal year actual expenditures to budget (General Fund).</td>
<td>FY 2009</td>
<td>FY 2010</td>
</tr>
<tr>
<td>Total General Fund dollars appropriated</td>
<td>$981,663</td>
<td>$836,385</td>
</tr>
<tr>
<td>Total General Fund dollars expended</td>
<td>$717,336</td>
<td>$708,850</td>
</tr>
<tr>
<td>Dollar variance of expenditures to appropriations</td>
<td>($264,327)</td>
<td>($127,535)</td>
</tr>
<tr>
<td>% variance of expenditures to appropriations</td>
<td>(27%)</td>
<td>(15%)</td>
</tr>
</tbody>
</table>

Target = 0% or less by end of each fiscal year

OPEGA has been under budget each year since beginning operations in 2005. Consequently, the Director requested a reduced appropriation for the 2010 – 2011 biennial budget to better align the appropriation level with current resource needs. The 124th Legislature chose to further reduce OPEGA’s budget for the FY10 – FY11 biennium to help address the State’s continuing fiscal challenges. As a result, OPEGA’s appropriations for FY10 were 14.8% lower than in FY09.
The increase in OPEGA’s appropriated budget from FY10 to FY11 is the result of a transfer, at the beginning of FY11, of $147,268 in OPEGA’s unencumbered balances remaining from fiscal years 2008 – 2010\(^5\). This balance was transferred into OPEGA’s All Other budget for FY11 to cover the anticipated costs of consultants needed on the Maine Turnpike Authority and Correctional Healthcare Services projects. Without this transfer, OPEGA’s adjusted budget for FY11 would have been $814,780.

Despite the reduced appropriations from prior years, OPEGA continued to come in under budget in both FY10 and FY11. This is primarily due to an analyst position that was vacant for a portion of both those years. In addition, the actual costs for printing and advertising in both years were lower than budgeted.

**Overall Indicators of Outcomes**

In addition to measuring our performance against specific objectives, we also track data on three measures that are broad indicators of the outcomes of our work. These are:

- number of visits to OPEGA’s website;
- percentage of recommendations implemented or affirmatively addressed; and
- estimated potential fiscal impacts associated with OPEGA recommendations.

Outcomes associated with OPEGA’s work are affected by many factors beyond OPEGA’s control. For example, the nature of the review topics assigned to OPEGA by the Government Oversight Committee can vary considerably from year to year and not all are primarily focused on cost savings. The ability to calculate estimated savings also varies based on the exact nature of the recommendations made and data available. Nonetheless, OPEGA is committed to identifying and documenting opportunities to improve the State’s fiscal situation, where applicable, within the study areas determined by the GOC.

Similarly, while OPEGA is committed to offering recommendations that are actionable and make sense for the State, there are many factors outside our control that affect whether those recommendations are implemented. Such factors include agency priorities, the nature and availability of resources needed to accomplish the implementation and political considerations. Some of our recommendations also call for actions that lay the ground work, or nurture support, for longer term improvements that may take time to implement and may not show their full benefits for years to come.

**Number of Visits to OPEGA’s Website**

We track this measure as an indicator of the overall interest in our function and our work products. As shown in Table 1, our website traffic in 2011 substantially increased from 2010. We believe this likely reflects the fact that several of OPEGA’s projects in 2011 were of significant general interest to Maine’s citizens and were well covered by Maine’s media. We know that the OPEGA report on the Maine Turnpike Authority, the GOC’s subsequent investigation into the use of gift cards and the resignation of the MTA’s Executive Director also received national, and possibly international, coverage in some trade publications.

---

\(^5\) Unencumbered balances that had accumulated from OPEGA’s expenditure variances over the years have gradually been reduced to cover unbudgeted cost-of-living adjustments to salaries and, as approved by the Legislative Council, to help address the State’s continuing fiscal deficits. In total, about $1.4 million of appropriations made to OPEGA in fiscal years 2010 and prior were lapsed back to the General Fund.
Table 1. Details of OPEGA Website Traffic for 2010 and 2011

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>5,634 total visits</strong> to OPEGA’s website</td>
<td></td>
<td><strong>10,845 total visits</strong> to OPEGA’s website</td>
</tr>
<tr>
<td></td>
<td>4,256 visits from 110 Maine towns</td>
<td>8,761 visits from 133 Maine towns</td>
</tr>
<tr>
<td></td>
<td>861 visits from 47 other states and Dist. of Columbia</td>
<td>1,439 visits from the 49 other states and Dist. of Columbia</td>
</tr>
<tr>
<td></td>
<td>517 visits from 70 countries other than the USA</td>
<td>645 visits from 83 countries other than the USA</td>
</tr>
</tbody>
</table>

For the period 2008 – 2011, there were a total of 31,798 visits to the website including:
- 25,467 visits from 366 Maine towns;
- 4,143 visits from the 49 other states and the District of Columbia; and
- 2,188 visits from 118 countries other than the USA.

**Percent of Recommendations Implemented or Affirmatively Addressed**

This is a measure of how often action is taken by agencies or the Legislature to address the specific issues identified in our reviews, either through implementation of our recommended action or through alternative actions reasonably expected to improve the situation we identified. Tracking this data gives us insight into the significance and usefulness of our results and recommendations, as well as the overall effectiveness of our function in facilitating warranted changes in State government.

For the period January 2005 through December 2011 (based on OPEGA’s follow up to date) 53% of all recommendations made (88 of 166) have now been implemented or affirmatively addressed including:
- 58.1% of the recommendations directed to management (61 of 105); and
- 44.3% of recommendations directed to the Legislature (27 of 61).

OPEGA is aware of activity in progress that, if successfully completed, could result in implementation of another 22 recommendations, 14 of which had been directed to management and eight to the Legislature. This would increase the percentage of recommendations implemented to 66.3% overall – representing 71.4% and 57.4% of those directed to management and the Legislature, respectively.

In 2011, due to limited resources, we conducted limited or no follow-up on six of eight projects completed prior to 2010 that are still in active followup status. Consequently, action may have been taken on recommendations we are not yet aware of or have not confirmed as complete. We also note that as of 2011, we were no longer actively following up on four older reports that, at the time of our final follow up, had a total of 21 recommendations (16 to management and 5 to the Legislature) that had not been fully acted on.

**Estimated Potential Fiscal Impact Associated with OPEGA Recommendations**

The fiscal impacts associated with issues and recommendations reported by OPEGA for the period January 2005 through December 2011 are summarized below. Fiscal impacts associated with OPEGA’s 2011 reports are included in the figures for unnecessary expenditures, confirmed misuse of funds, actual reduced costs and additional resources needed. These impacts are described in more detail in the Summary of Reports and Results section of this report. Supporting information about the fiscal impacts estimated for older reports can be found in OPEGA’s prior annual reports.
As a result of identified weaknesses documented through OPEGA’s work, there was at least:

- $20.3 million in unplanned costs that could have been avoided;
- $4.12 million in overpayments and other unnecessary expenditures;
- $597,806 in confirmed misuse of funds and fraud; and
- other inefficiencies, reduced productivity and opportunities for increase revenue that could not be readily quantified.

Correcting these deficiencies, as recommended by OPEGA, should help ensure that such negative fiscal impacts are not incurred in the future. Additionally, in 2011, the Maine Turnpike Authority was able to recover $430,000 associated with misspent funds and fraud by its executive director.

Other OPEGA recommendations for longer term or more structural changes have offered the potential for avoiding or reducing costs on a more significant level. For most of these, there was no reasonable basis for readily developing realistic, quantifiable estimates of what those positive fiscal impacts might be. In the few instances where sufficient information was available, we conservatively estimated at least:

- $766,834 in actual reduced costs on an annual basis;
- $190,700 in potential reduced costs on an annual basis;
- $4,132,907 in potential reduced costs on a one-time basis; and
- 5,612 hours of State employee time (the equivalent of nearly 3 full-time positions) that could be saved or redirected.

Additional resources needed to implement recommendations made (including those meant to improve quality of services) are estimated to be at least:

- $1,218,744 in one time expenditures; and
- $539,665 in annual expenditures.

An example of OPEGA recommendations for structural change that could have significant positive fiscal impacts are those associated with our project on Health Care Services in the Correctional System. Re-bidding health care services contracts and incorporating risk sharing provisions into the terms of new contracts have the potential for better containing, if not significantly reducing, health costs over the long term.

Sometimes the structural changes OPEGA recommends require additional resources to implement that are later off-set by decreased costs or increased efficiencies. An example of this is the addition of engineering staff at the Maine Turnpike Authority that is expected to reduce costs related to contracted services directly through doing more work in house and indirectly through being able to manage competitive bidding for more engineering projects. While the cost of additional staff is known, it is difficult to estimate how much could ultimately be saved.
During 2011, OPEGA reported on seven projects bringing the total reports published by OPEGA since 2005 to 29. A listing of those reports can be found in Appendix B.

**Maine Turnpike Authority**

OPEGA found that the Maine Turnpike Authority’s (MTA) decisions on bonding and tolling were driven and supported by a strong planning process, but that some contracting practices and expenditure controls needed improvement. Additional clarity was also needed around the statutory requirement for a transfer of surplus to Maine Department of Transportation and what was included in the operating expense budget MTA presented to the Legislature for approval. Specific issues addressed in the report were:

- Current Definition of Operating Surplus Makes Transfers to MaineDOT Unlikely
- Nature of MTA’s Relationship with Contracted Engineering Firm has Implications for Capital Program and Bondholder Protections
- Management of Services Contracts Often More Informal than Prudent
- MTA is Sole Sourcing Services that Could be Competitively Bid
- MTA’s Operating Budget Does Not Include All Operating Expenses
- MTA’s Sponsorships and Donations Suggest Expansion of Mission and Present Risk of Inappropriate Expenditures
- Policies Governing Expense Approvals, Required Documentation and Allowable Expenses Not Effectively Implemented, Particularly for Travel and Meal Expenses

OPEGA also reported on a number of MTA expenditures that legislators might question as reasonable, necessary or appropriate. This included $297,238 in expenses for sponsorships or donations to charitable and non-charitable non-profit organizations and more than $157,000 in purchases of gift certificates that MTA claimed were donated to a variety of organizations, but could provide no formal records of those donations.

MTA committed to, and immediately began taking, corrective action on those issues it could address. This included initial steps to restructure its relationship with its long-time, sole sourced, engineering services consultant and to meet more of its needs through competitively bid contracts or internal staff. MTA also improved its fiscal reporting to the Legislature and re-evaluated its policies and level of expenditures in the areas OPEGA had questioned.

MTA recently reported to OPEGA that through its actions on OPEGA’s recommendations it had reduced its annual expenditures by a total of $766,834. These savings are expected to be on-going each year. MTA also reported $105,665 in additional on-going annual costs for added engineering positions and implementing quarterly compliance audits and a whistleblower hotline service. It is expected that the cost of engineering positions will eventually be off-set and exceeded by reductions in contracted engineering services.

Legislative action was also taken as a result of the report. The House Chair of the Joint Standing Committee on Transportation introduced LD 1538 to clarify the amount of annual fiscal support MTA is to provide to MaineDOT and address other policy and governance matters specific to MTA. That legislation was approved by the Legislature and signed into law by the Governor in June 2011. The Government Oversight Committee also voted to introduce legislation aimed at improving the transparency, accountability, governance and financial practices in several specified areas for all substantial existing and future quasi-independent state entities. The OPEGA Director is currently working with the GOC on that legislation which will be introduced in the second session of the 125th Legislature.

Lastly, the GOC undertook a special investigation into the $157,000 in gift certificate purchases that MTA claimed were donated to various charitable and professional organizations. OPEGA provided the staff support for the GOC investigation as a special project described below.
GOC Special Project: Investigation into MTA’s Purchase of Gift Cards

In early 2011, the Government Oversight Committee took on the role of a legislative investigatory committee in an effort to determine what had become of the $157,000 in gift certificates purchased by the MTA Executive Director with MTA funds. MTA had no records of the donations of these gift certificates, but the Executive Director had provided a list of organizations that he recalled had received the majority of the donations. The GOC requested records, using its statutory subpoena powers as necessary, from seventeen vendors the gift certificates were purchased from, eight organizations that purportedly received the gift certificates as donations and five MTA officials. OPEGA provided staff support to the GOC in requesting, obtaining, reviewing and analyzing the information received from these parties, as well as in coordinating the GOC’s public questioning, under oath, of ten MTA board members, managers and staff at its meeting on April 15, 2011.

In the midst of the GOC’s investigation, the MTA’s Executive Director resigned and an interim director was selected by the MTA Board. The Board also initiated its own forensic audit of MTA’s travel, meal and credit card expenditures as well as other purchases and activities of the former Executive Director. Information from that on-going forensic audit was also shared with OPEGA.

OPEGA’s analysis of the information gathered through the GOC’s records request and MTA’s forensic audit found that:

- gift certificate purchases by the Executive Director dated back as far as the year 2000;
- no more than 11% of the gift certificates had actually been donated to the organizations MTA had identified;
- a number of gift certificates had, in fact, been redeemed by the Executive Director himself for what did not appear to be for business purposes; and
- it was highly possible he had used many others for non-business purposes as well.

These results, and the testimony that was provided during the GOC’s April 15th meeting, resulted in the GOC formally requesting further investigation into the matter by the Attorney General’s Office.

Based on the results of its forensic audit, MTA filed a civil suit for theft of funds against the former Executive Director and has since recouped $430,000 from him and the MTA’s fidelity insurance companies. MTA incurred a one-time cost of $42,350 for this audit. The Attorney General’s investigation recently resulted in the filing of criminal charges against the former Executive Director and he has pled guilty to those charges. Sentencing is expected to take place in spring 2012.

Certificate of Need

Statute requires State approval of certain initiatives proposed by health care and nursing facilities through a defined Certificate of Need (CON) process. Those initiatives include the expansion of facilities and equipment, the provision of new services, and transfers of ownership and control.

OPEGA’s limited review of this subject found that, overall, Maine’s Certificate of Need application review and determination process is clear, systematic and transparent. The Certificate of Need Unit within the Department of Health and Human Services consistently follows the prescribed process and considers each aspect of an application for approval separately. The Commissioner’s determinations appear to be consistent with the staff’s recommendations and most approved applications contain conditions intended to assure the initiative complies with the purposes of the Certificate of Need program.

Consequently, the review did not result in OPEGA recommendations for any corrective action. The Information Brief issued from this review included a detailed description of the CON requirements and process. It was shared with all legislators to provide them with additional context at the time the Legislature was considering bills proposing changes to CON requirements.
Maine Green Energy Alliance

The GOC assigned this review to OPEGA as a rapid response following a request received from the Legislature’s Joint Standing Committee on Energy Utilities and Technology. Questions had been raised publicly about how Maine Green Energy Alliance (MGEA) had come to be a sub-grantee on a grant administered by the Efficiency Maine Trust (EMT), whether MGEA had been spending its federal dollars appropriately and whether there were issues with legislators and legislative candidates being employed by MGEA. MGEA was a start-up organization at the time it received grant money and, at the time of our review, was being disbanded as its Board and the EMT Board had agreed that the results it was achieving were not as expected.

OPEGA found that MGEA had weak financial and administrative controls and was using informal business practices that created high risk for misuse of grant funds and non-compliance with law and regulations. No inappropriate funding uses were identified, but compliance issues were noted. Specific issues discussed in this report were:

- MGEA Operated with Weak Financial Controls and Informal Business Practices
- MGEA Not Compliant with Some Federal Regulations and Contract Requirements
- MGEA Board Ineffective and Not Compliant with State Law for Public Benefit Corporations
- MGEA's Engagement with Its Legal Firm Represented Apparent Conflict of Interest
- Some Costs Incurred Could Have Been Avoided or Reduced with Better Planning
- Lobbyist Disclosure Forms Filed by Federle Mahoney, LLC for Services Rendered to MGEA Did Not Include Original Source of Payments
- EMT Did Not Ensure MGEA had Capacity and Controls to Properly Administer Funds

While OPEGA found no inappropriate uses of funding, we did identify $10,990 in costs incurred may have been unnecessary with better planning on the part of MGEA. There was also an additional $8,818 in expenditures made by the MGEA Executive Director for which there was insufficient documentation for OPEGA to determine the reasonableness or necessity of the expenditure.

Since MGEA was being disbanded, OPEGA’s recommendations were made to EMT to establish policies and procedures to help ensure that such a high risk situation with a sub-grantee or contractor would not occur again in the future. EMT has since developed such policies and procedures which were adopted by the EMT Board.

OPEGA also recommended that the Legislature consider whether to establish statutory requirements addressing steps all agencies should take to guard against having sub-grantees or contractors that had unacceptably high levels of financial or performance risk associated with them. The GOC voted to introduce legislation to implement these recommendations and OPEGA will be working with the GOC to draft that legislation.

GOC Special Project: Investigation into Sale of Real Estate to Maine State Prison Warden

In July 2011, the Joint Standing Committee on Criminal Justice and Public Safety requested an OPEGA review of a recent sale of State property and buildings in Thomaston, Maine to the current Warden of the Maine State Prison. Concerns about this transaction had already been raised publicly.

The GOC considered the review request at its meeting on July 19, 2011. At that meeting, OPEGA also presented a summary of initial research performed based on documents obtained from the State’s Bureau of General Services. The GOC assigned OPEGA additional follow-up research on how the broker involved in this transaction was selected and also requested that OPEGA schedule former State employees and other individuals who participated in the transaction to come before them at a meeting on August 16, 2011. OPEGA provided the results of its additional research at the August 16th meeting and the GOC questioned seven individuals.
The GOC found the judgment used by State officials lacking in allowing the sale to proceed, and supported the effort currently underway to undo the transaction, but otherwise found no intentional misdealings. This situation and issues raised about other real estate sales in the past few years prompted the GOC to direct OPEGA to review all sales of State real estate in the past five years. That project is described below.

**Sales of State Real Estate**

The concerns voiced in response to the sale of the Ship Street Circle property in Thomaston to the Warden of the Maine State Prison suggested that legislators expected the State to carry out real estate sales in a manner that ensures best value to the State and transparency to the public. OPEGA’s review of 49 sales of State-owned real estate over the last five years found that these sales were carried out in an inconsistent manner that may not meet the expressed legislative expectations, particularly with regard to public transparency.

OPEGA identified four departments that conducted a total of 49 real estate sales: the Department of Administrative and Financial Services (DAFS), the Department of Transportation (MaineDOT), the Department of Inland Fisheries and Wildlife (IFW), and the Department of Conservation (CON). No uniform process for conducting real estate sales exists across these departments. Real estate sales were infrequent for all departments except MaineDOT, which is the only department with well-established, formal policies and procedures for conducting real estate transactions. Statutes governing real estate sales vary by department and provide limited direction.

The Department of Administrative and Financial Services has since developed and implemented a specific policy and procedure to be followed in sales of State real estate being conducted by that Department. The GOC has reviewed the policy and found it to be reflective of their expectations. There is continuing discussion about whether the GOC should introduce legislation to require that the policy take the form of technical or major substantive rules, as well as how to assure that sales conducted by other State agencies also conform to the expectations for public notice, marketing and assuring best value.

**Health Care Services in the Correctional System**

This review focused on health care services delivered to prisoners in the State’s adult and juvenile facilities by the primary private correctional care providers under contracts with the Department of Corrections (MDOC). OPEGA contracted a consultant with correctional health care expertise to conduct most of the fieldwork for this review. The consultant found that weaknesses existed in MDOC’s monitoring of contractor compliance and performance and that the contractor was not compliant with some MDOC policies and professional standards. OPEGA’s report also discussed the systemic changes in the administration and delivery of health care services that the new MDOC administration had been undertaking since the fieldwork on this project was completed. Specific issues discussed in the report were:

- Medications Not Properly Administered and/or Recorded
- Medical Files Not Complete or Consistently Maintained
- Required Annual Health Exams Not Consistently Tracked and Sometimes Not Performed
- Response to Sick Calls Not Timely and/or Inadequately Documented
- Staff Training Insufficient and Poorly Documented
- MDOC Systems for Monitoring Contractor Performance Inadequate
- MDOC Contracts Not Structured to Help Contain Health Care Costs

In April 2011, prior to releasing the final report on this review, OPEGA issued an Information Brief to the Legislature detailing suggestions the consultant had offered for containing future correctional health care costs and achieving efficiencies, while maintaining or improving the quality of care available to prisoners. These suggestions included re-bidding the contracts for services with various changes to the RFP requirements and structure of the contract; and using data to better monitor utilization and improve planning.
Since the release of OPEGA’s final report in November 2011, MDOC has issued a Request for Proposals for the delivery of health care services and is on track to have new contracts in place by July 2012. MDOC also took steps to incorporate some risk sharing provisions for off-site medical services suggested by OPEGA’s consultant into its FY12 contract with the current vendor. MDOC reported that as of November 2011, emergency room visits were down 88%, inpatient days were down 66% and outpatient referrals were down 55%. The actual costs savings that might be associated with this have not yet been calculated and there is potential for the re-bidding of the contract to also achieve savings. The RFP includes seeking proposals for implementing the recommended electronic medical records system which MDOC estimates will cost $800,000 to $1 million. DOC will evaluate when the bids are received whether it can afford to implement this system.

**Action on Past Reports**

OPEGA and the GOC continue to monitor actions taken on previously issued reports, and determine whether additional Committee action is needed to implement recommendations not yet satisfactorily addressed. In 2011, as a result of follow up efforts on past reports, the GOC:

- Received regular report backs from the Commissioner of Corrections and Warden of Maine State Prison on efforts to change culture at MSP. Changing the culture and strengthening lines of communication to assure serious staff issues and concerns are addressed in an appropriate and timely way, without fear of retribution, are key to addressing root causes of issues OPEGA reported in the Maine State Prison Management Issues report in 2009. The report backs revealed that not much had really been done up until the change in administration in March 2011. Since that time, MSP has engaged in many different efforts aimed at producing culture change including some reorganization and elimination of positions, culture surveys of employees, hotlines to the Commissioner and Warden, and re-establishing a training program for new corrections officers.

- Introduced legislation calling for a special study commission to review the allocations from the Fund for a Healthy Maine, established 11 years ago, to assure that those allocations were appropriately aligned with the State’s current public and preventive health goals, strategies and emerging health issues. The Legislature passed the bill and the study commission conducted its work during the fall of 2011. The final report from the effort was submitted to the Legislature’s Joint Standing Committee on Health and Human Services and included recommended legislation aimed at a) recognizing obesity as a specific health priority that was receiving FHM support and b) increasing transparency and accountability for those programs receiving FHM allocations. That report is currently being considered by the Joint Standing Committee on Health and Human Services.

- Decided to introduce legislation to implement any relevant, unaddressed recommendations from the 2006 report on Economic Development Programs in Maine. OPEGA will be working with the GOC to draft that legislation after determining the status of actions that have been completed, or initiated, to address the reported issues.

Appendix C summarizes the current implementation and follow-up status of OPEGA’s reports.
Acknowledgements

OPEGA would like to acknowledge and express appreciation to others in State government for the knowledge, service and other assistance they willingly contribute to OPEGA’s reviews and general operations. In particular, special thanks to the:

- Office of the Executive Director of the Legislature;
- Office of Legislative Information Technology;
- Office of Policy and Legal Analysis;
- Office of Fiscal and Program Review;
- Law and Legislative Reference Library;
- Office of the State Controller;
- State Audit Department; and
- Office of the Attorney General.
### Appendix A: Additional Detail Related to Select Performance Measures

<table>
<thead>
<tr>
<th>Measure</th>
<th>Details</th>
</tr>
</thead>
</table>
| **A.1** % reports actively considered by Legislature within one year of report release. | We consider a report to meet the criteria for “actively considered” if one or more of the following has occurred:  
- OPEGA was asked to present report to a legislative body other than the GOC;  
- a legislative body other than the GOC discussed the report and/or whether to take action on the report;  
- a legislative body initiated some action to directly address the report results;  
- legislation was introduced to address report results;  
- individual legislators, other than GOC members, sought additional information or explanation on report contents from OPEGA;  
- the GOC sent a specific and direct communication to another legislative body about report results;  
- the GOC invoked its statutory powers to get more information from an agency or individual; or  
- the GOC requested specific additional work or information of OPEGA or an agency as a result of report. |
| **A.4** % of reported recommendations that meet one or more criteria for performance improvement. | We consider a recommendation to have met the criteria for performance improvement if effective implementation of it could be expected to produce one or more of the following results:  
- positive financial impact;  
- reduction in fraud, waste and abuse (or risk of);  
- improvement in efficiency or productivity;  
- improvement in quality;  
- improvement in information and communication;  
- improvement in alignment with legislative intent;  
- improvement in compliance; or  
- reduction in risk of negative consequences. |
| **B.1** % of projects where key quality assurance points are completed prior to report release. | The key quality assurance points we have identified in our current process include:  
- conflict of interest statements are completed by all team members and Director prior to approval of fieldwork plan or as soon as a member is assigned to the team in the fieldwork phase of a review;  
- Director approves project direction recommendation statement prior to submission to the GOC;  
- Director approves fieldwork plan – audit objectives, scope and work steps – prior to completion of substantial additional work;  
- all fieldwork steps and workpapers receive at least one level of review beyond preparer prior to Director approval of draft findings and recommendations;  
- Director approves draft findings and recommendations prior to formal exit conference with auditee;  
- Director approves final draft report prior to distribution to auditee for the 15 day comment period;  
- draft report is distributed in timeframe that allows auditee 15 day comment period before presentation to GOC; and  
- Director approves final report and other related documents prior to presentation to GOC. |
# Appendix B: Listing of Available OPEGA Reports by Date Issued

<table>
<thead>
<tr>
<th>Report Title</th>
<th>Date Issued</th>
<th>Overall Conclusion</th>
<th>JSC’s that Received Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Care Services in State Correctional Facilities</td>
<td>November 2011</td>
<td>Weaknesses exist in MDOC’s monitoring of contractor compliance and performance. Contractor not compliant with some MDOC policies and professional standards. New administration is undertaking systemic changes.</td>
<td>AFA CJ&amp;PS</td>
</tr>
<tr>
<td>Sales of State Real Estate</td>
<td>October 2011</td>
<td>Process is inconsistent across departments. Public notice on real estate sales is limited.</td>
<td></td>
</tr>
<tr>
<td>GOC Special Project: Investigation into Sale of Real Estate to Maine State Prison Warden</td>
<td>August 2011</td>
<td>GOC questioned judgment of State officials in allowing sale to proceed but found no intentional misdealings.</td>
<td></td>
</tr>
<tr>
<td>Maine Green Energy Alliance</td>
<td>August 2011</td>
<td>Weak controls and informal practices created high risk for misuse of funds and non-compliance. No inappropriate funding uses identified, but compliance issues were noted.</td>
<td>EU&amp;T</td>
</tr>
<tr>
<td>Certificate of Need</td>
<td>May 2011</td>
<td>Process appears clear, consistent and transparent. Opportunity for better documentation exists.</td>
<td>HHS</td>
</tr>
<tr>
<td>Health Care Services in State Correctional Facilities: Opportunities to Contain Costs and Achieve Efficiencies</td>
<td>April 2011</td>
<td>Opportunities exist to better manage costs of health care in State correctional facilities by restructuring contracts with providers and implementing electronic medical records.</td>
<td>AFA CJ&amp;PS HHS</td>
</tr>
<tr>
<td>GOC Special Project: Investigation into MTA’s Purchase of Gift Cards</td>
<td>April 2011</td>
<td>GOC determined there was sufficient evidence of potential misuse of funds to request an investigation by the Attorney General’s Office.</td>
<td></td>
</tr>
<tr>
<td>Maine Turnpike Authority</td>
<td>January 2011</td>
<td>Strong planning process drives bond and toll decisions. Some contracting practices and expenditure controls should be improved. Additional clarity needed around surplus transfer and operating expenses.</td>
<td>Transportation</td>
</tr>
<tr>
<td>Emergency Communications in Kennebec County</td>
<td>February 2010</td>
<td>Fragmented PSAP and dispatch network presents challenges. Quality and rate issues need to be addressed to optimize public safety.</td>
<td>EU&amp;T CJ&amp;PS</td>
</tr>
<tr>
<td>OPEGA’s Special Project on Professional and Administrative Contracts</td>
<td>February 2010</td>
<td>Opportunities exist to reduce FY11 General Fund costs for professional and administrative contracts by temporarily suspending some contracts. Potential also exists to reduce costs of on-going agreements.</td>
<td>AFA</td>
</tr>
<tr>
<td>Fund for a Healthy Maine Programs</td>
<td>October 2009</td>
<td>Adequate frameworks exist to ensure cost-effectiveness of specific activities. Allocations should be reassessed and changes should be made to improve financial transparency.</td>
<td>AFA HHS</td>
</tr>
<tr>
<td>MaineCare Durable Medical Equipment and Medical Supplies</td>
<td>July 2009</td>
<td>Prevention and detection of unnecessary or inappropriate claims should be strengthened to better contain costs.</td>
<td>AFA HHS</td>
</tr>
<tr>
<td>Report Title</td>
<td>Date Issued</td>
<td>Overall Conclusion</td>
<td>JSC's that Received Report</td>
</tr>
<tr>
<td>-----------------------------------------------------------------------------</td>
<td>-------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>---------------------------</td>
</tr>
<tr>
<td>Maine State Prison Management Issues</td>
<td>June 2009</td>
<td>The workplace culture of Maine State Prison may be exposing employees and the State to unacceptable risks and needs continued attention.</td>
<td>CJ&amp;PS</td>
</tr>
<tr>
<td>MaineCare Children’s Outpatient Mental Health Services</td>
<td>February 2009</td>
<td>8% of funds spent support DHHS’s administrative costs. Primary drivers are a contract with the ASO and costs incurred in processing provider claims. Another 19% of expenses can be attributed to providers’ administrative costs.</td>
<td>AFA</td>
</tr>
<tr>
<td>Fund For A Healthy Maine Programs: A Comparison of Maine’s Allocations to Other States and a Summary of Programs</td>
<td>February 2009</td>
<td>Maine consistently prioritized preventive health services more than other states.</td>
<td>AFA HHS</td>
</tr>
<tr>
<td>State Contracting for Professional Services: Procurement Process</td>
<td>September 2008</td>
<td>Practices generally adequate to minimize cost-related risks; controls should be strengthened to promote accountability.</td>
<td>AFA</td>
</tr>
<tr>
<td>DHHS Contracting for Cost-Shared Non-MaineCare Human Services</td>
<td>July 2008</td>
<td>Cash management needs improvement to assure best use of resources.</td>
<td>AFA HHS</td>
</tr>
<tr>
<td>State Administration Staffing</td>
<td>May 2008</td>
<td>Better information needed to objectively assess possible savings opportunities.</td>
<td>AFA</td>
</tr>
<tr>
<td>State Boards, Committees, Commissions and Councils</td>
<td>February 2008</td>
<td>Opportunities may exist to improve State’s fiscal position and increase efficiency.</td>
<td>AFA State &amp; Local Nat. Resources</td>
</tr>
<tr>
<td>Bureau of Rehabilitation Services: Procurements for Consumers</td>
<td>December 2007</td>
<td>Weak controls allow misuse of funds, affecting resources available to serve all consumers.</td>
<td>AFA Labor</td>
</tr>
<tr>
<td>Riverview Psychiatric Center: An Analysis of Requests for Admission</td>
<td>August 2007</td>
<td>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.</td>
<td>CJ&amp;PS HHS</td>
</tr>
<tr>
<td>Urban-Rural Initiative Program</td>
<td>July 2007</td>
<td>Program well managed; data on use of funds should be collected.</td>
<td>Transportation</td>
</tr>
<tr>
<td>Highway Fund Eligibility at the Department of Public Safety</td>
<td>January 2007</td>
<td>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.</td>
<td>CJ&amp;PS</td>
</tr>
<tr>
<td>Economic Development Programs in Maine</td>
<td>December 2006</td>
<td>EDPs still lack elements critical for performance evaluation and public accountability.</td>
<td>AFA Agriculture BRED Taxation</td>
</tr>
<tr>
<td>Guardians ad litem for Children in Child Protection Cases</td>
<td>July 2006</td>
<td>Program management controls needed to improve quality of guardian ad litem services and assure effective advocacy of children’s best interests.</td>
<td>HHS Judiciary</td>
</tr>
<tr>
<td>Bed Capacity at Riverview Psychiatric Center</td>
<td>April 2006</td>
<td>RPC referral data is unreliable; other factors should be considered before deciding whether to expand.</td>
<td>CJ&amp;PS HHS</td>
</tr>
<tr>
<td>Report Title</td>
<td>Date Issued</td>
<td>Overall Conclusion</td>
<td>JSC's that Received Report</td>
</tr>
<tr>
<td>------------------------------------------------------</td>
<td>-------------</td>
<td>------------------------------------------------------------------------------------</td>
<td>-----------------------------</td>
</tr>
<tr>
<td>State-wide Information Technology Planning and Management</td>
<td>January 2006</td>
<td>State is at risk from fragmented practices; enterprise transformation underway and needs steadfast support.</td>
<td>AFA State &amp; Local</td>
</tr>
<tr>
<td>Review of MECMS Stabilization Reporting</td>
<td>December 2005</td>
<td>Reporting to Legislature provides realistic picture of situation; effective oversight requires focus on challenges and risks.</td>
<td>AFA HHS</td>
</tr>
<tr>
<td>Title IV-E Adoption Assistance Compliance Efforts</td>
<td>November 2005</td>
<td>Maine DHHS has made progress in addressing compliance issues; additional efforts warranted.</td>
<td>HHS</td>
</tr>
</tbody>
</table>
## Appendix C: Summary of Implementation and Follow Up Status on Issued Reports

(Implementation status based on information gathered by OPEGA as of 1-31-12)

<table>
<thead>
<tr>
<th>Report Title (Date)</th>
<th>Implementation Status</th>
<th>Follow up Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Care Services in State Correctional Facilities (November 2011)</td>
<td>Partially Implemented (Activity in Progress)</td>
<td>Follow-up continuing</td>
</tr>
<tr>
<td>Maine Green Energy Alliance (August 2011)</td>
<td>Partially Implemented (Activity in Progress)</td>
<td>Follow-up continuing</td>
</tr>
<tr>
<td>Maine Turnpike Authority (January 2011)</td>
<td>Mostly Implemented (Activity in Progress)</td>
<td>Follow-up continuing</td>
</tr>
<tr>
<td>Emergency Communications in Kennebec County (February 2010)</td>
<td>Mostly Implemented (Activity in Progress)</td>
<td>Follow-up continuing</td>
</tr>
<tr>
<td>OPEGA's Special Project on Professional and Administrative Contracts (February 2010)</td>
<td>Partially Implemented</td>
<td>No further active follow up</td>
</tr>
<tr>
<td>Fund for a Healthy Maine Programs (October 2009)</td>
<td>Partially Implemented (Activity in Progress)</td>
<td>Follow-up continuing</td>
</tr>
<tr>
<td>MaineCare Durable Medical Equipment and Medical Supplies (July 2009)</td>
<td>Partially Implemented (Activity in Progress)</td>
<td>Follow-up continuing</td>
</tr>
<tr>
<td>Maine State Prison Management Issues (June 2009)</td>
<td>Partially Implemented (Activity in Progress)</td>
<td>Follow-up continuing</td>
</tr>
<tr>
<td>MaineCare Children’s Outpatient Mental Health Services (February 2009)</td>
<td>Not Implemented</td>
<td>Follow-up continuing</td>
</tr>
<tr>
<td>State Contracting for Professional Services: Procurement Process (September 2008)</td>
<td>Fully Implemented</td>
<td>No further active follow up</td>
</tr>
<tr>
<td>DHHS Contracting for Cost-Shared Non-MaineCare Human Services (July 2008)</td>
<td>Partially Implemented (Activity in Progress)</td>
<td>Follow-up continuing</td>
</tr>
<tr>
<td>State Administration Staffing (May 2008)</td>
<td>Partially Implemented (Activity in Progress)</td>
<td>Follow-up continuing</td>
</tr>
<tr>
<td>State Boards, Committees, Commissions and Councils (February 2008)</td>
<td>Limited Implementation</td>
<td>Follow-up continuing</td>
</tr>
<tr>
<td>Bureau of Rehabilitation Services: Procurements for Consumers (December 2007)</td>
<td>Fully Implemented</td>
<td>No further active follow up</td>
</tr>
<tr>
<td>Urban-Rural Initiative Program (July 2007)</td>
<td>Fully Implemented</td>
<td>No further active follow up</td>
</tr>
<tr>
<td>Economic Development Programs in Maine (December 2006)</td>
<td>Partially Implemented</td>
<td>Follow-up continuing</td>
</tr>
<tr>
<td>Guardians ad litem for Children in Child Protection Cases (July 2006)</td>
<td>Partially Implemented</td>
<td>No further active follow up</td>
</tr>
<tr>
<td>Bed Capacity at Riverview Psychiatric Center (April 2006)</td>
<td>Fully Implemented</td>
<td>No further active follow up</td>
</tr>
<tr>
<td>State-wide Information Technology Planning and Management (January 2006)</td>
<td>Partially Implemented</td>
<td>No further active follow up</td>
</tr>
<tr>
<td>Review of MECMS Stabilization Reporting (December 2005)</td>
<td>Mostly Implemented</td>
<td>No further active follow up</td>
</tr>
<tr>
<td>Title IV-E Adoption Assistance Compliance Efforts (November 2005)</td>
<td>Fully Implemented</td>
<td>No further active follow up</td>
</tr>
</tbody>
</table>

Note: Implementation and follow up are not applicable for the following OPEGA study reports as they did not contain recommendations: Sales of State Real Estate; Certificate of Need; Health Care Services in State Correctional Facilities; Opportunities to Contain Costs and Achieve Efficiencies; Riverview Psychiatric Center: An Analysis of Requests for Admissions; Highway Fund Eligibility for the Department of Public Safety; and, Fund For A Healthy Maine Programs: A Comparison of Maine’s Allocations to Other States and a Summary of Programs.