

# MAINE STATE LEGISLATURE

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Office of Program Evaluation and  
Government Accountability

Annual Report on  
Activities and Performance

2009

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a report to the  
Government Oversight Committee and the Legislature  
from the  
Office of Program Evaluation & Government Accountability  
of the Maine State Legislature

January

2010

## GOVERNMENT OVERSIGHT COMMITTEE OF THE 123<sup>RD</sup> LEGISLATURE

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Senator Richard A. Nass  
Senator Joseph C. Brannigan  
Senator Bill Diamond  
Senator Earle L. McCormick  
Senator A. David Trahan

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Representative Bruce A. Bickford  
Representative David C. Burns  
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Representative Margaret R. Rotundo

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Individual legislators or members of the public desiring an OPEGA review of a particular subject can make their requests to members of the Government Oversight Committee or OPEGA directly. There is a description of the process at <http://www.maine.gov/legis/opega/ProcessProducts.html> as well as a form 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  
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BETH L. ASHCROFT  
DIRECTOR

MAINE STATE LEGISLATURE  
OFFICE OF PROGRAM EVALUATION AND  
GOVERNMENT ACCOUNTABILITY

January 14, 2010

The Honorable Deborah Simpson, Senate Chair  
The Honorable Dawn Hill, House Chair  
And Members of the Government Oversight Committee  
82 State House Station  
Augusta, Maine 04333

The Honorable Elizabeth H. Mitchell, President of the Senate  
and Members of the 124<sup>th</sup> Maine Senate  
3 State House Station  
Augusta, Maine 04333

The Honorable Hannah M. Pingree, Speaker of the House  
and Members of the 124<sup>th</sup> 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 2009. This month marks the fifth anniversary of OPEGA's service to the Legislature as a non-partisan resource meant to provide support in overseeing and improving the performance of State government. In 2005, OPEGA became operational and Maine joined the ranks of 47 other states, and the federal government, that have non-partisan legislative performance audit or program evaluation offices.

Throughout those five years, the OPEGA staff and I have remained committed to being meaningful contributors to the practice of good government in the State of Maine. I believe we have exemplified the concept of good government by adhering to our values and striving to be a model for best practices in performing our function. This includes adherence to the professional standards for performance auditing issued by the U.S. Government Accountability Office after which the Office is modeled. We have also consistently striven to understand and meet varying legislative expectations for the services we provide.

This is the third report OPEGA has submitted to the Legislature on the Office's activities and performance. Prior reports in July 2006 and January 2008 included information on overall accomplishments and summaries of specific actions that had been taken in response to our reports. In September 2008, the Office developed a Strategic Plan that includes specific goals, objectives and performance measures for a two year period. The Plan is intended to ensure focus for OPEGA, to allow measurement of our progress in achieving those goals and to give us an avenue for talking with others about our performance. It was approved by the Government Oversight Committee (GOC) and has been implemented by OPEGA.

Consequently, this report primarily serves to illustrate where we stand on the established performance measures. In addition, it includes other information on inputs, outputs and outcomes over the past five years that are important for assessing whether OPEGA's function has been a cost-beneficial use of State resources. Appendix C also provides some information specific to the individual reports released and recommendations made by OPEGA over the past five years - including the overall status of implementation, key results stemming from actions taken and fiscal impacts associated with identified issues and recommendations.

For those who were expecting OPEGA to produce significant cost savings that could be immediately cut from the State budget, it may be debatable as to whether the Office has yet achieved its purpose. Identifying such specific savings opportunities is only one of the benefits that could be expected to flow from OPEGA's broad statutory charge and there are many reviews where OPEGA has been tasked with pursuing other objectives. Nonetheless, in collaboration with the GOC, we have consistently contributed to enhancing the cost-effectiveness of State activities, regardless of the charge we were pursuing in any particular review. We have done so by:

- raising awareness of areas where public funds have been unnecessarily, unwisely or inappropriately spent;
- raising awareness of areas where public resources spent may not be achieving intended results or may not be achieving those results in the most cost-effective or efficient manner;
- providing new information, or fresh perspectives, on the amount of resources supporting certain State efforts or functions; and
- pointing out opportunities to enhance accountability and transparency while improving the financial and performance information available for policy and decision-making.

Beyond the dollar and cents, I believe our efforts have also advanced good government in two other meaningful ways. These include:

- Contributing to culture change. The causes of some of the most significant issues identified by OPEGA have their roots in the culture of the responsible State agency or State government as a whole. Recognizing and speaking openly about cultural concerns, as we have done in several reports, helps support culture change efforts the agencies may already have underway or pushes them to address issues they may not have recognized they had. In some respects, OPEGA's function also helps change the culture in State government just by virtue of being present. We have observed that agencies responsible for potential review topics discussed by the Government Oversight Committee begin putting their own attention to improvements needed in those areas even before a review is performed. State officials and employees also approach their decisions and actions with extra thoughtfulness when there is greater potential for them to be reviewed or challenged.
- Facilitating discussions. Sometimes the initial value of an OPEGA report is just that it provides a focal point for legislators to have more open, direct and productive discussions on subjects that have been of recurring concern for them or their constituents for years. In essence, the fact-based information and objective perspectives OPEGA provides can help dispel or confirm concerns raised through anecdotes. It then becomes possible and acceptable to begin having the kinds of conversations that will hopefully lead to change where necessary.

Lastly, it is important to note the role that OPEGA and the GOC play in enhancing citizen understanding of, and confidence in, State government. Our work products and the activities of the Government Oversight Committee have substantially increased the body of knowledge about State operations, programs and activities that is publicly available to Maine's citizens. Interested citizens have another avenue through which to monitor the performance of State government for themselves and another platform from which to become engaged should they so choose. Legislators can also draw upon the information in OPEGA's work products to respond to constituents' questions and concerns.

While the majority of OPEGA's reviews have identified areas for improvement, we have also reported when things are working well. Even where corrective actions have been recommended, we have consistently given agencies the opportunity to show they were taking action and have been supportive and complimentary, where appropriate, of agencies that were already attempting to implement change. This balanced approach to our public reporting gives citizens added comfort that identified problems are being actively addressed.

I am proud of the OPEGA staff and the contributions the Office has made to good government over the past five years. I hope that you and Maine's citizens will view our efforts and results as a worthwhile use of taxpayer dollars as we continue to increase our value to you in the years to come.

Sincerely,

A handwritten signature in black ink that reads "Beth L. Ashcroft". The signature is written in a cursive style with a large, prominent initial "B".

Beth L. Ashcroft  
Director

Cc: Joy O'Brien, Secretary of the Senate  
Millicent MacFarland, Clerk of the House



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# About OPEGA

## History:

The Office of Program Evaluation and Government Accountability (OPEGA) is a non-partisan, independent legislative office created by Public Law 2001, chapter 702. The Office first became operational in January 2005. Its authorizing statute is 3 MRSA §§991- 997.

## 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.

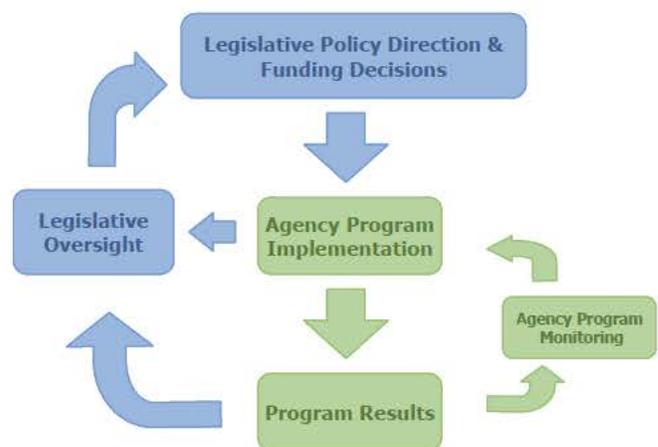
The Legislative Council appoints the Director of OPEGA for five year terms and also sets the Director's salary. OPEGA's activities, however, are overseen by the legislative Government Oversight Committee (GOC), a 12-member bi-partisan and bi-cameral committee appointed by legislative leaders according to Joint Rule. The GOC's oversight includes approval of OPEGA's budget and annual work plan as well as monitoring of OPEGA's 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<sup>1</sup>. 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.

<sup>1</sup> 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

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During 2009, OPEGA:

- Developed an annual work plan for 2009 in conjunction with the Government Oversight Committee (GOC).
- Completed 5 performance reviews. Issued 4 final written reports and one Information Brief related to those projects and gave oral presentations in conjunction with the release of those documents. OPEGA has completed a total of 19 projects since 2005. For a listing of reports on those projects, see Appendix B.
- Conducted research related to 15 requests for OPEGA reviews that were received from legislators and citizens. Presented the requested topics to the GOC for consideration.
- Assisted the Appropriations and Financial Affairs Committee in its fall 2009 streamlining effort as directed by the Committee and the Office of Fiscal and Program Review.
- Coordinated, prepared for and staffed 14 GOC meetings including preparing written meeting materials and meeting summaries.
- Monitored the status of management and legislative actions taken to address the findings and recommendations from issued reports.
- Provided briefings on reports, or other information, as requested to various legislative policy committees including the Joint Standing Committees on: Appropriations and Financial Affairs; State and Local Government; Judiciary; Taxation and Agriculture, Conservation and Forestry.
- Tracked proposed legislation affecting OPEGA, or addressing OPEGA reports, and presented testimony as appropriate.
- Maintained the OPEGA/GOC website including regularly posting OPEGA reports and related documents as well as GOC meeting agendas and summaries.
- 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.
- Evaluated its review processes to identify opportunities for improved efficiencies or effectiveness.
- Produced an audio recording of an OPEGA report as a trial effort to make reports more readily available to busy legislators.
- Submitted its statutorily required annual report on activities and performance for 2008 to the Government Oversight Committee and the Legislature.

# Five Year Review of Inputs, Outputs and Outcomes

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The cost-effectiveness and efficiency of any activity or function can be assessed by considering the resources contributed to the function (inputs), the outputs produced and ultimately the outcomes achieved as a result. Table 1 is a snapshot of those factors during the five years that OPEGA and the GOC have been fully operational.

The output and outcome indicators we have selected to report are those we believe best reflect:

- the level of legislative and public interest in our work;
- the degree to which our work offers improvements to State government operations and finances; and
- our contributions to the body of public information about State government that is readily available to legislators and citizens.

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 (GOC) 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.

OPEGA has only recently begun tracking some of the outcome-related data and does not have statistics for the full five years. The period reported on is noted for each of the indicators.

| <b>Table 1. Five Year Snapshot of Inputs, Outputs and Outcome Indicators for OPEGA</b>   |  |
|--|--|
| <b>Inputs</b>  |  |
| # of full-time equivalent positions<br>(Sept. 2005 – Dec. 2009)  | 7 FTE's<br>Full staffing was achieved as of September 2005 with the hiring of 4 analysts. There has been some turnover in staff since then resulting in the equivalent of 16 months of vacancy for one FTE.  |
| General Fund \$ expended<br>(Jul. 2004 – Dec. 2009)  | Total = \$3,338,419<br>Personal Services - \$2,896,401<br>All Other - \$437,220<br>Capital - \$5,222<br>These figures include expenditures for Government Oversight Committee expenses that are appropriated in OPEGA's budget.  |
| <b>Outputs</b>   |  |
| # of projects initiated<br>(Jan. 2005 – Dec. 2009)   | Total = 27<br>Status as of December 31, 2009:<br>Completed – 19                      In Progress – 3<br>Suspended – 1                      Discontinued – 4  |
| # of publicly released major work products<br>(Jan. 2005 – Dec. 2009)  | Reports and Information Briefs – 23<br>Written Scoping Recommendations and Statements – 32<br>Power Point Presentations – 11<br>Legislative Oversight Guides – 3<br>GOC Meeting Summaries – 65   |
| # of reported recommendations<br>(Jan. 2005 - Dec. 2009)   | Total = 132<br>Directed to Management – 81    Directed to Legislature – 50   |
| # of Government Oversight Committee meetings staffed<br>(Jan. 2005 – Dec. 2009)  | Total = 65   |
| # of legislative committees other than GOC receiving requested briefings or other information<br>(Jan. 2005 – Dec. 2009)             | Total = 10<br>OPEGA has interacted with several committees on multiple occasions. The most frequent interaction has been with the Appropriations and Financial Affairs Committee.  |
| <b>Indicators of Overall Outcomes</b>  |  |
| # of visits to OPEGA's website<br>(Jan. 2008 – Dec. 2009)  | Total visits to OPEGA's website for 2008 and 2009 = 15,319<br>This website traffic included:<br>12,450 visits from 205 Maine towns<br>1,843 visits from 49 other states and the District of Columbia<br>1,026 visits from 92 countries other than the USA                                |
| # of OPEGA reports physically distributed upon request<br>(Jan. 2009 – Dec. 2009)  | OPEGA provides copies of its reports and links to electronic copies to members of all committees with jurisdiction over the topics reviewed. In addition, during 2009 OPEGA distributed:<br>15 hard copies of reports to legislators who requested them<br>2 audio recordings of reports |
| % of recommendations that have been implemented or addressed affirmatively by agencies or the Legislature<br>(Jan. 2005 – Dec. 2009) | 47.7% of all recommendations made (63 of 132)<br>56.8% of recommendations directed to Management (46 of 81)<br>34% of recommendations directed to the Legislature (17 of 50)   |

| <b>Indicators of Overall Outcomes (cont.)</b>  |   |
|--|---|
| <p>Fiscal impacts associated with reported issues and recommendations*<br/>(Jan. 2005 – Dec. 2009)</p> | <p>As a result of identified weaknesses, the State incurred at least: \$20.3 million in unplanned costs that could have been avoided<sup>2</sup>; \$4.1 million in overpayments and other unnecessary expenditures<sup>3</sup>; \$167,806 in confirmed misuse of funds and fraud<sup>4</sup>; and \$180,000 in potential fraud still under investigation<sup>5</sup> - as well as inefficiencies and reduced productivity 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.</p> <p>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<sup>6</sup>:</p> <p style="padding-left: 40px;">\$190,700 in potential reduced costs; and<br/>4,012 hours of State employee time (the equivalent of nearly 2 full-time positions) that could be saved.</p> <p>Additional resources needed to implement recommendations made (including those meant to improve quality of services) are estimated to be at least<sup>7</sup>:</p> <p style="padding-left: 40px;">\$126,394 in one time expenditures<br/>\$434,000 in annual expenditures</p> |

\* See Appendix C for more specific information about fiscal impacts, the implementation status and key results to date associated with each OPEGA review.

**Examples** of OPEGA recommendations for structural change that could have significant positive fiscal impacts are those we made in the recently released report on Fund for a Healthy Maine Programs.

Those recommendations call for improvements in transparency and alignment of the financial and performance information submitted to the Legislature. The structural changes envisioned, when applied to the FHM budgetary programs and others across State government, would provide legislators with key information they need to eliminate or combine programs and functions, thus reducing costs. Legislators would also be able to better discern where additional resources are needed to effectively meet State goals.

<sup>2</sup> See the summaries for reports on Title IV-E Adoption Assistance and State-wide Planning and Management of Information Technology in Appendix C.

<sup>3</sup> See the summaries for reports on DHHS Contracting for Cost-Shared Non-MaineCare Human Services, MaineCare Children’s Outpatient Services and MaineCare Durable Medical Equipment and Medical Supplies in Appendix C.

<sup>4</sup> See the summary for the report on Bureau of Rehabilitation Services in Appendix C.

<sup>5</sup> See the summary for the report on MaineCare Durable Medical Equipment and Medical Supplies in Appendix C.

<sup>6</sup> See the summaries for reports on Urban-Rural Initiative Program and State Boards, Committees, Commissions and Councils in Appendix C.

<sup>7</sup> See the summaries of reports on State-wide Planning and Management of Information Technology, Guardians ad Litem for Children in Child Protective Custody, Economic Development Programs in Maine and State Administration Staffing in Appendix C.

# Performance on Strategic Plan Objectives

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In September 2008, incorporating feedback received from numerous legislators, we undertook an internal evaluation of our performance to date. We used the results of that evaluation in drafting a Strategic Plan designed to elevate our performance to the next level and ensure we are maximizing our value to the Legislature. The Government Oversight Committee reviewed our draft plan and voted unanimously to approve it on February 13, 2009.

## 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<sup>8</sup> 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:

- # of visits to OPEGA's website;
- # of OPEGA reports physically distributed upon request;
- % of recommendations made or options presented that have been implemented or addressed affirmatively by the agencies or the Legislature; and
- estimated potential fiscal impact associated with OPEGA recommendations.

<sup>8</sup> 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

| <b>Goal A: Provide timely, relevant and useful information and recommendations.</b>  |  |
|--|--|
| <b>Objective</b>   | <b>Performance Measure &amp; Target</b>  |
| 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.<br><i>Target = 75% by December 31, 2010</i>  |
| A.2 Complete projects by established due dates.  | % of projects completed by due date.<br><i>Target = 75% by December 31, 2010</i>   |
| A.3 Issue average of two reports per analyst for each biennium.  | Average # of reports released per analyst.<br><i>Target = 2 per analyst by December 31, 2010</i>   |
| 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.<br><i>Target = 100% annually</i>  |
| <b>Goal B: Conduct all work with objectivity and accuracy.</b>   |  |
| <b>Objective</b>   | <b>Performance Measure &amp; Target</b>  |
| 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.<br><i>Target = 100% annually</i>   |
| B.2 Produce reports that legislators recognize as credible.  | % of reports fully endorsed by vote of the Government Oversight Committee.<br><i>Target = 100% annually</i>  |
| <b>Goal C: Communicate regularly on our activities, results and impacts.</b>   |  |
| <b>Objective</b>   | <b>Performance Measure &amp; Target</b>  |
| C.1 Keep Legislature apprised of current and planned OPEGA activities on a quarterly basis.  | # of activity updates provided to Legislative Council.<br><i>Target = 1 per quarter by end of each quarter</i>   |
| C.2 Establish new avenues for sharing OPEGA reports with legislators and others and evaluate cost-effectiveness of those avenues.              | # of new avenues utilized for multiple reports with cost-effectiveness evaluation completed.<br><i>Target = 2 by December 31, 2010</i>   |
| C.3 Develop and implement a revised process for monitoring and reporting on actions taken as a result of OPEGA reports.                        | Full implementation of approved process for monitoring and reporting on actions taken on OPEGA reports, including adherence to established schedules.<br><i>Original Target = By December 31, 2009</i><br><i>New Target = By July 30, 2010</i> |
| <b>Goal D: Utilize OPEGA's resources effectively, efficiently and economically.</b>  |  |
| <b>Objective</b>   | <b>Performance Measure &amp; Target</b>  |
| D.1 Maintain staff training at level required by the <i>Generally Accepted Government Auditing Standards (GAGAS)</i> for performance auditors. | % of staff meeting training requirements in GAGAS Standard 3.46.<br><i>Target = 100% by December 31, 2010</i>  |
| D.2 Identify opportunities to improve efficiency of OPEGA audit/study process.   | Completion of process evaluation and identification of opportunities.<br><i>Target = By July 31, 2009</i>  |
| D.3 Stay within appropriated budget.   | % variance of FY actual to budget.<br><i>Target = 0% or less by end of each fiscal year</i>  |

Over the course of 2009, we have been tracking our short-term performance against the objectives and measures established in our Strategic Plan. Following is a snapshot of our performance for the past three years, including 2009, as related to the objective-specific measures in that Plan.

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

| <b>Obj. A.1: Conduct performance audits and studies on topics that are of interest to the Legislature.</b> |      |      |      |
|--|------|------|------|
| <b>Measure: Percent of reports actively considered by Legislature within one year of report release.</b>   |      |      |      |
|  | 2007 | 2008 | 2009 |
| # of reports issued  | 4    | 4    | 5    |
| # of reports actively considered by Legislature within one year of release                                 | 4    | 2    | 3    |
| % of reports actively considered by Legislature within one year of release                                 | 100% | 50%  | 60%  |
| <i>Performance Target = 75% by December 31, 2010</i>   |      |      |      |

The criteria used to determine whether a report has been “actively considered” is included in Appendix A. Two of OPEGA’s five 2009 reports have not yet been actively considered by the Legislature. One of the two was an interim report issued as an Information Brief. Much of the information in that interim report was subsequently included directly, or by reference, in the final report on the topic. The Information Brief is, therefore, unlikely to receive legislative consideration as a standalone report. The second report not yet considered was released after the first session of the 124<sup>th</sup> Legislature adjourned and consequently has had limited opportunity for legislative consideration to date.

Two of OPEGA’s 2008 reports were released after the 123<sup>rd</sup> Legislature had adjourned and had not been acted on by the Legislature as of our last annual report. However, in recent months results from both of those reports have been presented to the Appropriations and Financial Affairs Committee (AFA) as offering potential opportunities for financial savings. AFA’s consideration of the information in these reports did not occur within one year of the reports’ release dates and, therefore, does not count toward achievement of this measure in 2008. However, it does mean that 100% of the reports released in 2008 have now received some legislative consideration.

| <b>Obj. A.2: Complete projects by established due dates.</b> |      |
|--|------|
| <b>Measure: Percent of projects completed by due date.</b>   |      |
|  | 2009 |
| # of projects completed                                      | 5    |
| # of projects with established due dates                     | 4    |
| # of projects completed by established due dates             | 2    |
| % of projects completed by established due dates             | 50%  |
| <i>Performance Target = 75% by December 31, 2010</i>         |      |

In past years, due dates were rarely set for OPEGA's projects. We recognized the need, however, to produce timely products and began working with the GOC in the fall of 2008 to establish due dates for all assigned projects. The due date is typically agreed to once the scope of the project has been approved by the GOC and OPEGA has had an opportunity to estimate the effort that will be required to complete the project.

As shown, only 4 of the 5 projects we completed in 2009 had established due dates. On one project, Maine State Prison Management Issues, management agreed to take action on potential issues identified by OPEGA at the end of OPEGA's preliminary research phase and the GOC determined it was appropriate to monitor management's actions without expending any further OPEGA resources at that time. This particular project was assigned high priority by the GOC and OPEGA completed the preliminary research in about one month from the time the project was put on OPEGA's Work Plan. However, because that project was finalized with a report prior to the stage when a due date for the full review would normally have been set, we are treating it as not having had an established due date for the purposes of this measure.

OPEGA was able to complete 2 of the remaining 4 projects – Children's Outpatient Mental Health Services and Fund for a Healthy Maine Programs: Phase I - by their due dates. We did not, however, issue the report for the MaineCare Durable Medical Equipment and Supplies review by March 2009 as was expected. This was in large part due to unanticipated challenges we encountered in performing analyses on a very large dataset of MaineCare claims. The completion of that project and the Fund for a Healthy Maine Programs: Phase II project were then also delayed by three new projects assigned to OPEGA and given priority by the GOC between March and June 2009. The GOC was aware that the new priorities would delay completion of these projects. These priorities were:

- the review of Maine State Prison Management Issues requested by a legislator representing former and current employees of the Prison;
- the review of Public Safety Answering Points and Dispatch Centers requested by the Senate delegation from Kennebec County and the Utilities and Energy Committee; and
- a special project on professional and administrative services contracts requested by the Appropriations and Financial Affairs Committee (AFA) to assist with their 2009 streamlining initiative.

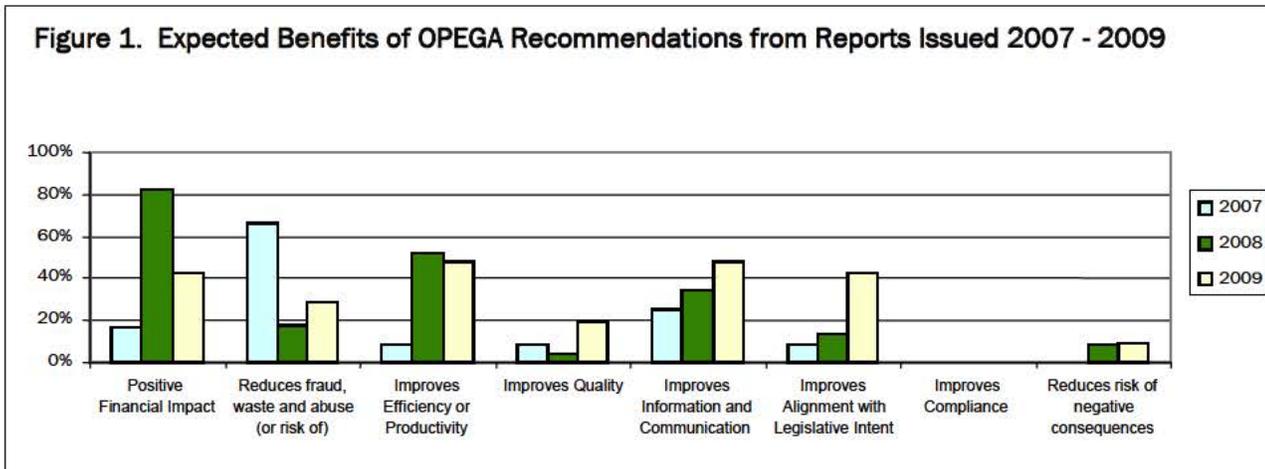
| <b>Obj. A.3: Issue average of two reports per analyst during the period Jan. 2009 – Dec. 2010.</b> |                       |             |
|--|-----------------------|-------------|
| <b>Measure: Average number of reports released per analyst.</b>                                    |                       |             |
|  | <b>07-08 Biennium</b> | <b>2009</b> |
| # of reports issued  | 8                     | 5           |
| # of analysts on staff (full-time equivalents)   | 4.4                   | 4.9         |
| <b>Average # reports released per analyst</b>  | <b>1.8</b>            | <b>1.0</b>  |
| <i>Performance Target = 2 per analyst by December 31, 2010</i>                                     |                       |             |

In 2009 OPEGA released 5 reports with just under 5 full-time equivalents. This puts the Office on track to meet its goal of 2 reports published per analyst over the 2009-2010 biennium.

|  |             |             |             |
|--|-------------|-------------|-------------|
| <b>Obj. A.4: Present recommendations that, if implemented, will improve the short-term or long-term performance of State government.</b> |             |             |             |
| <b>Measure: Percent of recommendations that meet one or more criteria for performance improvement.</b>                                   |             |             |             |
|  | <b>2007</b> | <b>2008</b> | <b>2009</b> |
| # of recommendations made  | 12          | 23          | 21          |
| # of recommendations meeting one or more criteria  | 12          | 23          | 21          |
| <b>% of recommendations meeting one or more criteria</b>   | <b>100%</b> | <b>100%</b> | <b>100%</b> |
| <i>Performance Target = 100% annually</i>  |             |             |             |

The number of recommendations made in a year is reflective of the scope of the reviews we have been assigned and the state of the activities and entities we are asked to review. For example, two of the reports released in 2007 and one released in 2009 were for studies intended to provide information for legislative decision-making rather than to identify areas for improvement.<sup>9</sup> Consequently, there were no specific recommendations made in those reports. Considerations used to determine whether a recommendation met the criteria for performance improvement are described in Appendix A.

As illustrated in Figure 1, the types of 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. Over the last three years, OPEGA’s reports have mainly included recommendations that, if implemented, could be expected to reduce misuse of funds and fraud; improve efficiency; or produce a positive financial impact like reduced costs or improved cash flow. There is more than one expected benefit associated with most recommendations.



<sup>9</sup> These studies were Riverview Psychiatric Center: An Analysis of Requests for Admissions and Highway Fund Eligibility at the Department of Public Safety in 2007 and Fund for a Healthy Maine Programs: Phase I in 2009.

**Goal B: Conduct all work with objectivity and accuracy.**

|   |             |
|---|-------------|
| <b>Obj. B.1: Adhere to internal quality assurance process on all performance audits and analytical studies.</b> |             |
| <b>Measure: Percent of projects where key quality assurance points are completed prior to report release.</b>   |             |
|   | <b>2009</b> |
| # of projects completed   | 5           |
| # of projects with all applicable quality assurance points met  | 5           |
| <b>% of projects with all applicable key quality assurance points met</b>                                       | <b>100%</b> |
| <i>Performance Target = 100% annually</i>   |             |

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 these and other professional standards is very important to assuring that OPEGA's work is objective and accurate and that reported results are appropriately supported by that work.

In 2008, as part of developing our performance measures, we identified 8 key quality assurance points in our internal processes that we believe are most critical to ensuring adherence to the professional standards and the quality of our public work products. We began focusing on completing and documenting these specific key quality assurance points, which are described in Appendix A, in 2009.

Review of our work documentation and processes in place for projects completed in 2009 shows that we did complete the quality assurance points applicable to each. However, we have also identified a need to develop a more formalized protocol for tracking and documenting our completion of the QA points. This protocol will be developed and implemented in 2010.

|  |             |             |             |
|--|-------------|-------------|-------------|
| <b>Obj. B.2: Produce reports that legislators recognize as credible.</b>                         |             |             |             |
| <b>Measure: Percent of reports fully endorsed by vote of the Government Oversight Committee.</b> |             |             |             |
|  | <b>2007</b> | <b>2008</b> | <b>2009</b> |
| # of reports issued  | 4           | 4           | 5           |
| # of reports subject to GOC endorsement vote   | 4           | 4           | 3           |
| # of reports subject to endorsement vote that were fully endorsed by the GOC                     | 4           | 4           | 3           |
| <b>% of reports subject to endorsement vote that were fully endorsed by the GOC</b>              | <b>100%</b> | <b>100%</b> | <b>100%</b> |
| <i>Performance Target = 100% annually</i>  |             |             |             |

In accordance with statute, the GOC typically votes on whether to endorse, endorse in part, or decline to endorse reports submitted by OPEGA. Endorsement votes are the GOC's means of signaling whether it is comfortable with the credibility of OPEGA's work and whether the issues and recommendations contained in the reports warrant consideration and action, as appropriate, by the Legislature and/or the responsible agency. To date, the GOC has fully endorsed all OPEGA reports on which it has taken an endorsement vote.

OPEGA submitted two reports in 2009 that the GOC did not take endorsement votes on due to unusual circumstances on the related projects. First, OPEGA presented the February 2009 Information Brief on the Fund for a Healthy Maine Programs: Phase I project as an interim report on a larger project that had been divided into two phases. Consequently, the GOC did not take an endorsement vote until the final report on the Phase II project was submitted in October 2009. Additionally, the GOC did not take a formal endorsement vote on the report on Maine State Prison Management Issues. OPEGA produced and submitted this report immediately after completing our preliminary research, prior to any fieldwork being conducted. Because this project did not follow the typical process for release of an OPEGA report, neither OPEGA nor the GOC recognized that the Committee had not taken a formal endorsement vote.

The remaining 3 reports in 2009 were endorsed by unanimous vote of the Committee.

### Goal C: Communicate regularly on our activities, results and impacts.

| <b>Obj. C.1: Keep Legislature apprised of current and planned OPEGA activities on a quarterly basis.</b> |             |
|--|-------------|
| <b>Measure: Number of activity updates provided to the Legislative Council.</b>                          |             |
|  | <b>2009</b> |
| 1 <sup>st</sup> quarter activity updates provided to the Council   | 1           |
| 2 <sup>nd</sup> quarter activity updates provided to the Council   | 0           |
| 3 <sup>rd</sup> quarter activity updates provided to the Council   | 1           |
| 4 <sup>th</sup> quarter activity updates provided to the Council   | 0           |
| <b># quarters in which activity updates were presented to the Legislative Council</b>                    | <b>2</b>    |
| <i>Performance Target = 1 per quarter by end of each quarter</i>   |             |

In interviews with legislators over the summer of 2008, OPEGA learned that additional effort was needed to regularly update the Legislature at large about our ongoing activities and work products. To partially address this, OPEGA planned to provide activity updates to the Legislative Council on a quarterly basis during 2009.

We did not meet our target on this measure as we provided only 2 quarterly updates to the Council during 2009, one in January where we presented our new strategic plan, and one in September. OPEGA did also appear before the Council to discuss budgetary matters, but this did not constitute the formal activity update that had been anticipated by this measure. In 2010, the Director will strive to meet the quarterly updates target by doing better advance planning and coordination with the Council's meeting schedule.

|  |      |
|--|------|
| <b>Obj. C.2: Establish new avenues for sharing OPEGA reports with Legislators and others and evaluate cost-effectiveness of those avenues.</b> |      |
| <b>Measure: Number of new avenues utilized for multiple reports with cost-effectiveness evaluation completed.</b>                              |      |
|  | 2009 |
| # of new avenues utilized for multiple reports with cost-effectiveness evaluation completed  | 0    |
| <i>Performance Target = 2 by December 31, 2010</i>   |      |

As part of our ongoing effort to make our work products more accessible and useful to legislators, we have begun exploring additional forums and formats for our reporting. We aim to have utilized two new avenues by the end of 2010 and to have evaluated the cost-effectiveness of those avenues for future use.

To date, we have experimented with one new avenue by creating an audio recording of our Children's Outpatient Mental Health Services report and publicizing its availability to legislators. This particular audio report was recorded in-house using computer technology and materials available to the Director and, thus, its production required no cash outlay for the 5 copies that were made. Approximately 8 hours of the Director's time was spent in recording and producing the audio report. To date, we are aware of only two legislators that have availed themselves of the audio version of this particular report.

We have yet to produce audio reports for any of the other reports we issued in 2009 due to other priorities for Director and staff, as well as limited access to the computer technology that was previously used at no cost. However, we have had legislators express interest in having audio versions of these reports available and we will continue working toward producing more audio reports in 2010. In addition, we still plan to explore at least one more avenue or forum for sharing our reports with legislators during 2010.

|   |                                   |
|---|-----------------------------------|
| <b>Obj. C.3: Develop and implement a revised process for monitoring and reporting on actions taken as a result of OPEGA reports.</b>                                  |                                   |
| <b>Measure: Full implementation of approved process for monitoring and reporting on actions taken on OPEGA reports, including adherence to established schedules.</b> |                                   |
| No action has been taken on this measure to date.   |                                   |
| <i>Original Performance Target = By December 31, 2009</i>   | <i>New Target = July 31, 2010</i> |

OPEGA's process for monitoring and reporting on actions taken as a result of our reports has varied over the past 5 years. We intended to work with the GOC in 2009 to develop and implement a revised process that will meet the information needs of the Legislature without being too resource intensive for Executive Branch agencies or for OPEGA staff. We briefly discussed this objective with the GOC early in 2009 with the understanding that it would get a fuller discussion during one of the Interim meetings. However, other priorities, in particular the release of reports, have arisen and have interfered with the amount of attention that OPEGA and the GOC have been able to devote to this initiative. OPEGA has, however, continued to follow up on the status of actions taken and report on that status to the GOC in an ad hoc fashion.

OPEGA remains committed to refining and standardizing our process for monitoring actions taken as a result of our reports and to making information on those actions more readily accessible to the legislators and the public. We have set a new target date of July 31, 2010 for designing and implementing a revised follow up process.

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

| <b>Obj. D.1: Maintain staff training at level required by the <i>Generally Accepted Government Auditing Standards (GAGAS)</i> for performance auditors.</b> |                    |                            |
|---|--------------------|----------------------------|
| <b>Measure: Percent of staff meeting training requirements in GAGAS Standard 3.46.</b>  |                    |                            |
|   | <b>2007 - 2008</b> | <b>2009 - 2010 to date</b> |
| # of staff with training requirements per the <i>Generally Accepted Government Auditing Standards (GAGAS)</i>   | 5                  | 6                          |
| # of staff who completed training as required for the two year period   | 2                  | 6                          |
| <b>% of staff meeting training requirements</b>   | <b>40%</b>         | <b>100%</b>                |
| <i>Performance Target = 100% by December 31, 2010</i>   |                    |                            |

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 which these CPE requirements applied in 2009 completed at least the required 20 hours of annual training for that year. As a result, all staff are currently on track to complete the remaining CPE requirements by the end of 2010. Budgetary constraints have made obtaining CPE hours increasingly difficult but OPEGA remains dedicated to meeting our training requirements in order to keep current skills up-to-date and obtain new ones. With this goal in mind, we will continue to take advantage of free or inexpensive training opportunities whenever possible.

| <b>Obj. D.2: Identify opportunities to improve efficiency of OPEGA audit/study process.</b>  |
|--|
| <b>Measure: Completion of process evaluation and identification of opportunities to improve efficiency.</b>  |
| The formal process evaluation associated with this measure was not completed. However, progress toward the objective was made through other efforts. |
| <i>Performance Target = Complete by July 31, 2009</i>  |

To achieve this objective, we had planned to conduct a formal internal evaluation of our processes and identify possible opportunities to improve our efficiency. Other priorities have prevented us from completing the structured efficiency review that was intended. Nonetheless, over the past year we have identified some opportunities for potential efficiency improvements and have been taking action to address them. Most recently this has included taking steps to:

- reduce the length of time we spend in the planning and reporting phases of the review by better allocating and coordinating staff resources; and

- reduce the effort required to complete our internal quality review and assurance process by improving the structure of the work documentation, enhancing communication throughout the process and streamlining the Director-level review.

In addition, actions taken in 2008 to improve project management and better monitor staff workload have resulted in increased staff productivity during 2009.

| <b>Obj. D.3: Stay within appropriated budget.</b>   |                    |                    |                    |
|---|--------------------|--------------------|--------------------|
| <b>Measure: Percent variance of fiscal year actual expenditures to budget (General Fund).</b> |                    |                    |                    |
|   | <b>FY 2007</b>     | <b>FY 2008</b>     | <b>FY 2009</b>     |
| Total General Fund dollars appropriated   | \$928,698          | \$952,276          | \$981,663          |
| Total General Fund dollars expended   | \$714,727          | \$681,942          | \$717,336          |
| <b>Dollar variance of expenditures to appropriations</b>                                      | <b>(\$213,971)</b> | <b>(\$270,334)</b> | <b>(\$264,326)</b> |
| <b>% variance of expenditures to appropriations</b>   | <b>(23%)</b>       | <b>(28%)</b>       | <b>(27%)</b>       |
| <i>Target = 0% or less by end of each fiscal year</i>   |                    |                    |                    |

The original appropriations for OPEGA were established before the Office began operation in January 2005. OPEGA's expenditures have consistently been significantly less than appropriations and this remained true through fiscal year 2009. The favorable variances have primarily been due to position vacancies and use of contracting allocations only when absolutely necessary. Some amount of the variances, however, are also the result of the fact that original appropriations for OPEGA were higher than actually needed for on-going operations.

Based on this expenditure history, OPEGA requested a reduced appropriation for the 2010 – 2011 biennial budget to better align the appropriation level with current resource needs. The 124<sup>th</sup> Legislature chose to further reduce OPEGA's budget for the FY10 – FY11 biennium to \$1,819,116 in order to help address the State's continuing fiscal challenges.

In addition, unencumbered balances accumulated from OPEGA's expenditure variances through fiscal year 2008 have gradually been reduced to cover unbudgeted cost-of-living adjustments to salaries and to help address the State's continuing fiscal deficits, as approved by the Legislative Council. In total, \$1,049,846, or nearly 31% of appropriations made to OPEGA in fiscal years 2003 through 2009 have lapsed back to the General Fund. Currently, OPEGA has an unencumbered balance of \$290,498 remaining from fiscal years 2008 and 2009 and is on track to meet the established target for this measure for fiscal year 2010.

## Summary of Reports and Results

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During 2009, OPEGA issued five reports: three for full length performance audits, one Information Brief that served as an interim report, and one expedited report issued after the completion of limited preliminary research. These reports were:

- Final Report on MaineCare Children’s Outpatient Mental Health Services
- Information Brief on a Fund For A Healthy Maine Programs
- Final Report on Maine State Prison Management Issues
- Final Report on MaineCare Durable Medical Equipment and Medical Supplies
- Final Report on a Fund for a Healthy Maine Programs

The Report Highlights for each of them are included in this section. Some additional information can also be found in Appendix C.

Key issues identified in these reviews that require corrective action in the short-term include:

- DHHS’ Cost Allocation Plan did not include its Rate Setting Unit so the State was not receiving the federal matching dollars it was entitled to.
- Existing culture and weaknesses in avenues for employees to report concerns at the Maine State Prison were exposing employees and the State to unacceptable risks and liabilities.
- DHHS’ Program Integrity Unit had not been conducting routine, systematic monitoring of MaineCare claims for indicators of potential fraud or unnecessary expenditures for the past 14 years.
- No action was being taken on conditions identified by the Program Integrity Unit as root causes for overpayments on MaineCare claims.
- Several automated controls within the MaineCare Claims Management System were not effective in preventing overpayments to vendors or unnecessary rejection of their claims.

As a result of these issues, the State had incurred at least \$462,626 in unnecessary costs in FY08 and FY09 (actual and estimated).<sup>10</sup> There is also approximately \$180,000 in potentially fraudulent expenditures that are still under investigation.<sup>11</sup>

In addition to recommending that the appropriate corrective actions be taken, OPEGA’s reports for 2009 also included suggestions for:

- assessing the cost-effectiveness of the contract DHHS has entered into with an Administrative Services Organization;
- formally monitoring whether the current standard rate and administrative requirements are resulting in any unintended changes in children’s mental health outpatient services;
- determining whether to revive the currently inactive Children’s Mental Health Oversight Committee authorized by 34-B MRSA §15004-2;

<sup>10</sup> See the summaries of reports on MaineCare Children’s Outpatient Services and MaineCare Durable Medical Equipment and Medical Supplies in Appendix C.

<sup>11</sup> See the summary of the report on MaineCare Durable Medical Equipment and Medical Supplies in Appendix C.

- assessing whether the existing Fund for a Healthy Maine (FHM) allocations should be reconsidered within the current health environment;
- formally assigning responsibility for periodically reassessing the FHM allocations to a specific State entity or entities;
- improving the alignment of FHM budgetary programs and cost information with the State's health goals, efforts and related performance information;
- ensuring budgetary program descriptions are current, specific and accurate; and
- tracking costs for the major activities associated with budgetary programs in the State's accounting system.

As of the date of this Annual Report, agencies are in the process of implementing the recommendations from two of the four final reports issued in 2009. The GOC has referred five recommendations from the other two reports to the relevant Joint Standing Committees of jurisdiction for their consideration and action. Three recommendations currently remain within the purview of the GOC for further consideration. More detail on the status of implementation for these reports, some of which have only recently been released, can be found in Appendix C.

The five reports issued in 2009 bring the total of reports published by OPEGA since 2005 to 19. A listing of those reports can be found in Appendix B while a summary of each review that includes the following information is provided in Appendix C:

- estimated annual expenditures in the subject area at the time of review;
- approved review question(s) and OPEGA's overall conclusion;
- number of reported recommendations and the primary focus of those recommendations;
- current status of implementation of those recommendations including key results to date; and
- fiscal impacts associated with identified issues and recommendations.

OPEGA and the GOC recognize that the full value of OPEGA's function will not be realized unless action is taken on OPEGA's recommendations. OPEGA tracks the status of agency and legislative actions taken to address reported recommendations and provides periodic updates to the GOC. The GOC continues to monitor whether OPEGA recommendations are being implemented and may take further action as determined necessary.

Twelve of OPEGA's reports issued prior to 2009 carried recommendations for either management or legislative action. The recommendations in 5 of those reports have been fully or mostly implemented. Recommendations in 6 other reports have been partially implemented. To date, there has been only limited implementation of recommendations in the remaining report. Key results from each review and explanations for the current implementation status are detailed in Appendix C.

Some of the more notable actions or results on past reports that occurred in 2009 are:

- The Department of Administrative and Financial Services contracted for a market study of total compensation packages and developed statewide organizational charts as recommended in OPEGA's 2008 report on State Administration Staffing. The organizational charts and market survey results were made available to AFA in June 2009.
- The Commissioner for the Department of Labor reported to the GOC in March that the Department's Bureau of Rehabilitation Services (BRS) had completed all of its Management Actions in response to OPEGA's 2007 report on the Bureau's Procurement for Customers. The Commissioner noted that one of the gifts they received from OPEGA during the review was a data mining process that BRS is regularly using to identify potential procurement issues.
- An auditor continues to be dedicated to conducting on-going reviews of high-risk information technology areas in the Executive Branch as recommended in OPEGA's 2006 report on State-wide Planning and Management of Information Technology. Through this work, the IT Auditor has also found overpayments on some IT contracts that are being pursued for reimbursement to the State.
- In response to OPEGA's 2006 report on Economic Development Programs in Maine, the Department of Economic and Community Development arranged for an independent evaluation of the portfolio of economic development programs not already covered by the annual Comprehensive Research and Development Evaluation. The first evaluation got underway in the fall of 2008 and the resulting report, Maine Comprehensive Economic Development Evaluation 2008, was presented to the Legislature in March 2009. The report included several recommendations including reassessing the current design of several programs, improving outreach to business owners, and building closer linkages across programs.
- As a result of OPEGA's 2007 report on Highway Fund Eligibility at the Department of Public Safety, legislation was passed requiring the Governor to use activity reports submitted by the Bureau of the State Police as a guide in recommending what the Highway Fund/General Fund split for State Police funding will be in each budget. The Governor's Proposed Biennial Budget for 2010 – 2011 did include a shift in funding sources for the State Police as compared to past bienniums. As of July 2009, the Highway Fund supports 49% of the Bureau of State Police instead of the prior 60%.
- DAFS Division of Purchases has developed and distributed revised State purchasing policies requiring an increased level of justification for sole sourcing and limiting contract renewals and amendments as recommended in OPEGA's 2008 report on State Contracting for Professional Services. Also related to that report, as requested by the Appropriations Committee, OPEGA is currently conducting more detailed review of contracts for professional and administrative services to identify possible opportunities for FY11 General Fund savings.

## Report Highlights

OPEGA Report No.  
SR-CMH-08

# MaineCare Children's Outpatient Mental Health Services – An Assessment of Administrative Costs and Their Drivers



### What questions was this OPEGA review intended to answer?

- How much of the funding for outpatient services for children is expended on the administrative costs of DHHS and providers versus direct delivery of services?
- What are the primary factors driving the administrative costs?

### What was OPEGA's overall conclusion?

Of the approximately \$18.5 million spent on outpatient children's mental health services (CMH services) in FY 2008, we estimate about 73%, or \$13.5 million is associated with the cost of directly delivering the services to children. Approximately 19% (\$3.4 million) can be attributed to providers' administrative costs, and the remaining 8% (\$1.4 million) represents the administrative cost of program management performed by the Department and its contracted Administrative Service Organization (ASO).

Primary drivers of administrative costs for DHHS are the contract with the ASO and costs incurred by the Office of MaineCare Services in processing provider claims. Providers surveyed reported that certain administrative requirements imposed upon them by the State, and the ASO in particular, represented significant efforts for them.

The State has moved to standardized reimbursement rates for CMH outpatient services and providers are working to adapt by managing their costs to a supportable level. By lowering or raising the standard rate, the State affects the level of costs providers can afford to bear.

The provider network will continue to adapt to the implementation of care management efforts and standardized rates. We encourage DHHS and the Legislature to closely monitor whether the current standard rate, or administrative requirements on providers, should be further adjusted to achieve additional savings or to address any unintended changes in the availability and quality of services.

### What actions has OPEGA suggested?

OPEGA suggested the Legislature consider taking action to:

- ⇒ Assess the cost-effectiveness of the contract DHHS has entered with the ASO, APS Healthcare.
- ⇒ Formally monitor the effects of the current standard rate and administrative requirements of the care management effort on the CMH network to ensure any unintended changes in the availability or quality of services can be addressed promptly.
- ⇒ Determine whether to revive the currently inactive Children's Mental Health Oversight Committee authorized by 34-B MRSA §15004-2.
- ⇒ Monitor developing actions by DHHS and the Service Center to begin collecting federal reimbursement for appropriate costs not reimbursed in prior years.

To get a copy of the full report, or for more information visit the website listed at the bottom of this page or contact OPEGA at (207)287-1901.

February  
2009

# Report Highlights

OPEGA Report No.  
SR-FHM-08 Phase I

To get a copy of the full report, or for more information, visit the website listed at the bottom of this page or contact OPEGA at (207) 287-1901

February  
2009

## Fund for a Healthy Maine Programs - A Comparison of Maine's Allocations to Other States and a Summary of Programs



### What question was this OPEGA review intended to answer?

How does Maine compare to other states in terms of the degree to which preventive health services are prioritized in the expenditure of funds from the Master Tobacco Settlement Agreement (TMSA)?

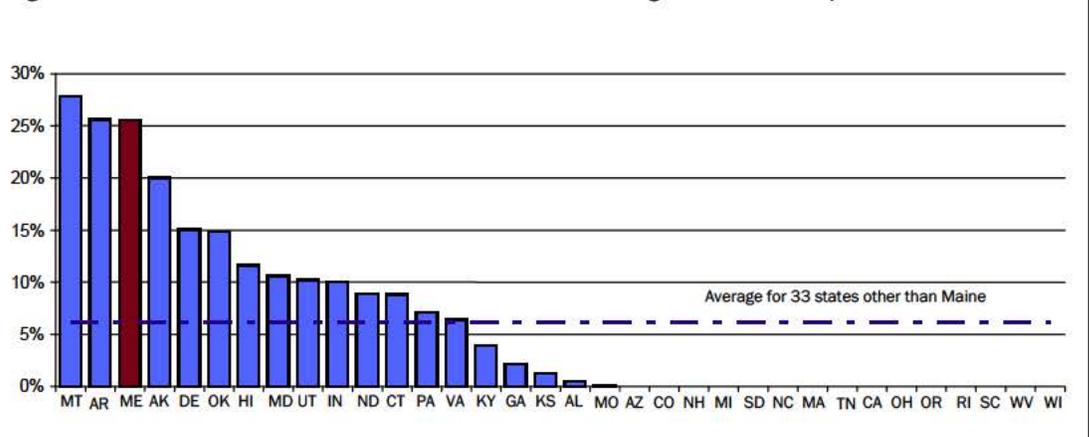
### What was OPEGA's overall conclusion?

Previous studies done by the U.S. Government Accountability Office (GAO) for Congress between 2000 and 2005 had examined how states receiving TMSA funds were allocating those funds. The GAO had developed a survey tool for those studies, and OPEGA asked states to complete the same survey for FY08-09.

Our comparison shows that Maine has consistently prioritized preventive health services more than other states receiving TMSA funding - allocating 99.8% in 2005 and 99.7% in 2009. In 2005, the other 33 states included in our comparison allocated an average of 54% of their TMSA funds to preventive health services and an average of just 45% in 2009. Nine of the 33 states reviewed allocated none of their settlement funds to preventive health services in 2009.

Maine also allocates more of its TMSA funds specifically to Tobacco Control programs than most other states. As illustrated in Figure 1, Maine ranks third while 15 states allocate no funds for tobacco control at all.

Figure 1. Percent of 2009 MSA Funds Allocated to Tobacco Control Programs - Maine Compared to Other 33 States



In performing our comparison, OPEGA utilized a definition of preventive health services provided by Maine's Center for Disease Control & Prevention (MeCDC). MeCDC defines preventive health services broadly as *services designed for health promotion and prevention of disease* with three levels of prevention:

- **Primary Prevention** – focuses on preventing risks for disease, such as preventing smoking, preventing physical inactivity, and preventing poor nutrition;
- **Secondary Prevention** – focuses on reducing existing risks for disease, such as reducing smoking, increasing physical activity, and improving nutrition;
- **Tertiary Prevention** – focuses on reducing the impact of diagnosed disease (or a health concern such as teenage pregnancy), for example assuring treatment, reducing smoking, improving nutrition and physical activity for those with diagnosed cardiac disease.

According to MeCDC, all currently funded FHM programs are considered preventive health services with the exception of the program called FHM-Attorney General.

## Report Highlights

OPEGA Report No.  
SR-MSPMI-09

# Maine State Prison Management Issues

## Organizational Culture and Weaknesses in Reporting Avenues Are Likely Inhibiting Reporting and Action on Employee Concerns



### What questions was this OPEGA review intended to answer?

- What is the likelihood that the culture/environment described in concerns raised through an audit request actually exists?
- Are there potential weaknesses in the avenues employees have available for raising concerns?

### What was OPEGA's overall conclusion?

Despite several Department efforts focused on cultural change since 2005, the following elements are still likely present to some degree within the culture at Maine State Prison (MSP). OPEGA's work to date has not assessed the pervasiveness or severity. These elements include:

- Intimidation of, and retaliation against, individuals attempting to raise concerns – or behaviors that staff perceive as intimidation or retaliation.
- Behaviors that staff or prisoners experience or perceive as harassment and discrimination of various forms.
- A distrust and/or lack of respect for management as a whole, or of certain individuals within the chain of command, that appears to be fed, at least in part, by staff perceptions that a strong “good old boy” network exists.
- Reluctance or actual failure to report situations that are personally concerning to staff, appear unethical, or that otherwise expose the State to unnecessary risks and liabilities.

OPEGA also observed potential weaknesses in both formal and informal reporting avenues that may affect staff's willingness to use them, or that may interfere with those concerns getting proper attention and action at the appropriate supervisory level.

### What actions has OPEGA suggested?

OPEGA suggested further work be done at MSP to:

- ⇒ Identify changes that need to be made to MSP's organizational culture.
- ⇒ Identify needed improvements to reporting avenues available for staff.
- ⇒ Determine whether staff have experienced or observed situations not previously reported or properly addressed, that management should be aware of and take action on.

### Government Oversight Committee Action

On May 8, 2009, the Government Oversight Committee (GOC) reviewed the results of OPEGA's preliminary work as presented in OPEGA's Project Direction Recommendation Statement. Rather than spend additional OPEGA resources at this time, the GOC opted to direct the Department of Corrections to continue the cultural change work it had previously initiated in a more strategic, deliberate, and accelerated fashion. This was with the understanding that the Department's planned efforts will clearly address OPEGA's suggested actions and that there would be specific Legislative oversight of the Department's actions and results. On June 1, 2009 the GOC sent a letter to the Joint Standing Committee on Criminal Justice and Public Safety requesting that it provide the desired oversight, and report back to the GOC and OPEGA by the end of January, 2010.

June  
2009



## Report Highlights

OPEGA Report No.  
SR-DME-08

# Durable Medical Equipment and Medical Supplies – Measures to Control Costs Need to Strengthening

### What questions was this OPEGA review intended to answer?

- Does the State have effective systems to control and contain costs associated with durable medical equipment and medical supplies (DME) purchased through MaineCare? If not, why not?

### What was OPEGA's overall conclusion?

Existing measures for preventing and detecting excessive, unnecessary or inappropriate claims need to be strengthened to more effectively control costs and better support DHHS' cost containment initiatives for MaineCare DME. As a result of issues identified, the State is not realizing the full benefit of its cost containment efforts.

OPEGA's analysis of DME claims identified \$115,900.70 in potential overpayments or unnecessary expenditures during fiscal year 2008 (FY08) due to one or a combination of ineffective controls. We roughly estimate that there could be an additional \$229,000 in overpayments related to those same issues that have occurred between July 1, 2008 and June 30, 2009.

In addition, we identified numerous situations that appeared to present risk of fraud or unnecessary expenditures. Fifty of these situations have been shared with DHHS and are being researched by the Program Integrity Unit and Office of MaineCare Services to determine whether any actual losses have occurred.

### What actions has OPEGA recommended?

OPEGA recommended the Department take action to:

- ⇒ Strengthen the Program Integrity Unit's capacity to monitor MaineCare claims.
- ⇒ Ensure communication and action on issues identified by the Program Integrity Unit.
- ⇒ Better correlate units of measure on billed quantities with allowed rates.
- ⇒ Establish contracted rates for items covered by bulk purchasing agreements in the claims system Rate Tables.
- ⇒ Address irregularities in Rate Tables that allow vendors to be reimbursed at higher rates than intended.
- ⇒ Research questionable claims activity identified by OPEGA.
- ⇒ Investigate possible additional overpayments on incontinence supplies.
- ⇒ Proactively address procedure codes in Rate Tables with \$0 reimbursement rates
- ⇒ Correct programming error that allowed payment of claims after the prior authorization had been voided.

To get a copy of the full report, or for more information visit the website listed at the bottom of this page or contact OPEGA at (207)287-1901.

July  
2009

## Report Highlights

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SR-DME-08

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July  
2009

## Report Highlights

OPEGA Report No.  
SR-FHM-08

To get a copy of the full report, or for more information, visit the website listed at the bottom of this page or contact OPEGA at (207) 287-1901

October  
2009

# Fund for a Healthy Maine Programs - Frameworks Adequate for Ensuring Cost-Effective Activities but Fund Allocations Should be Reassessed; Cost Data and Transparency Can Be Improved



### What questions was this OPEGA review intended to answer?

Are existing managerial and oversight systems (frameworks) adequate to help ensure that activities supported by the Fund for a Healthy Maine (FHM):

- are cost-effective and carried out in an efficient and economical manner; and
- have sufficient transparency and accountability for results and expenditures?

### What was OPEGA's overall conclusion?

For the four FHM programs OPEGA reviewed in depth, adequate frameworks were in place for ensuring cost-effectiveness of specific activities. However, there does not appear to be a process for periodically reassessing Fund allocations to the various health-related efforts to assure the Fund as a whole is advancing the State's health vision and goals in the most cost-effective manner. The ability to have on-going, meaningful conversations regarding the Fund and the activities it supports is currently challenged by:

- an apparent reluctance to deviate from the agreement made 10 years ago regarding the original menu of activities and funding levels;
- lack of clarity as to which State entity is formally responsible for assuring the Fund as a whole is cost-effectively supporting State health goals and strategies;
- incomplete financial and performance data at the activity level (unless the activity is captured solely by one budgetary program or contract);
- general, vague and sometimes inaccurate descriptions of budgetary programs in budget documents submitted by the Governor to the Legislature; and
- poor alignment of financial and performance information between budgetary programs, the key activities within them, and the administrative functions that support them.

Some of these challenges are not unique to the Fund for a Healthy Maine. In fact, OPEGA has commented on similar weaknesses in the financial and performance information available to policy and decision-makers in several reports over the last four years.

### What actions has OPEGA suggested?

OPEGA suggested the Legislature consider taking action to:

- ⇒ Initiate an effort to assess whether the existing FHM allocations still make sense within the current health environment.
- ⇒ Formally assigning responsibility for periodically reassessing the Fund allocations to a specific State entity or entities.
- ⇒ Improve the alignment of budgetary programs and cost information with the State's health goals, efforts and related performance information.
- ⇒ Require agencies to provide certain desired information within the program descriptions that are submitted with the Governor's Budget.

OPEGA recommended that management take action to:

- ⇒ Develop and implement policies and procedures necessary to ensure budgetary program descriptions are as current, complete, specific and accurate as is practical.
- ⇒ Use the State's accounting system to track costs for the major activities associated with budgetary programs.

## Acknowledgements

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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 Services;
- 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

| Measure  | Details  |
|--|--|
| <b>A.1</b> % reports actively considered by Legislature within one year of report release            | <p>We consider a report to meet the criteria for “actively considered” if one or more of the following has occurred:</p> <ul style="list-style-type: none"> <li>• OPEGA was asked to present report to a legislative body other than the GOC;</li> <li>• a legislative body other than the GOC discussed the report and/or whether to take action on the report;</li> <li>• a legislative body initiated some action to directly address the report results;</li> <li>• legislation was introduced to address report results;</li> <li>• individual legislators, other than GOC members, sought additional information or explanation on report contents from OPEGA;</li> <li>• the GOC sent a specific and direct communication to another legislative body about report results;</li> <li>• the GOC invoked its statutory powers to get more information from an agency or individual; or</li> <li>• the GOC requested specific additional work or information of OPEGA or an agency as a result of report.</li> </ul>   |
| <b>A.4</b> % of reported recommendations that meet one or more criteria for performance improvement. | <p>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:</p> <ul style="list-style-type: none"> <li>• positive financial impact;</li> <li>• reduction in fraud, waste and abuse (or risk of);</li> <li>• improvement in efficiency or productivity;</li> <li>• improvement in quality;</li> <li>• improvement in information and communication;</li> <li>• improvement in alignment with legislative intent;</li> <li>• improvement in compliance; or</li> <li>• reduction in risk of negative consequences.</li> </ul>   |
| <b>B.1</b> % of projects where key quality assurance points are completed prior to report release.   | <p>The key quality assurance points we have identified in our current process include:</p> <ul style="list-style-type: none"> <li>• 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;</li> <li>• Director approves project direction recommendation statement prior to submission to the GOC;</li> <li>• Director approves fieldwork plan – audit objectives, scope and work steps – prior to completion of substantial additional work;</li> <li>• all fieldwork steps and workpapers receive at least one level of review beyond preparer prior to Director approval of draft findings and recommendations;</li> <li>• Director approves draft findings and recommendations prior to formal exit conference with auditee;</li> <li>• Director approves final draft report prior to distribution to auditee for the 15 day comment period;</li> <li>• draft report is distributed in timeframe that allows auditee 15 day comment period before presentation to GOC; and</li> <li>• Director approves final report and other related documents prior to presentation to GOC.</li> </ul> |

## Appendix B: Listing of Available OPEGA Reports by Date Issued

| Report Title   | Date Issued    | Overall Conclusion   | JSC's that Received Report             |
|--|----------------|--|--|
| Fund for a Healthy Maine Programs  | October 2009   | Adequate frameworks existed to ensure cost-effectiveness of specific activities. Allocations should be reassessed and changes should be made to improve financial transparency.  | AFA<br>HHS                             |
| MaineCare Durable Medical Equipment and Medical Supplies   | July 2009      | Prevention and detection of unnecessary or inappropriate claims should be strengthened to better contain costs.  | AFA<br>HHS                             |
| Maine State Prison Management Issues   | June 2009      | The workplace culture of Maine State Prison may be exposing employees and the State to unacceptable risks and needs continued attention.   | CJ&PS                                  |
| MaineCare Children's Outpatient Mental Health Services   | February 2009  | 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. | AFA<br>HHS                             |
| Fund For A Healthy Maine Programs: A Comparison of Maine's Allocations to Other States and a Summary of Programs | February 2009  | Maine consistently prioritized preventive health services more than other states.  | AFA<br>HHS                             |
| State Contracting for Professional Services: Procurement Process   | September 2008 | Practices generally adequate to minimize cost-related risks; controls should be strengthened to promote accountability.  | AFA                                    |
| DHHS Contracting for Cost-Shared Non-MaineCare Human Services  | July 2008      | Cash management needs improvement to assure best use of resources.   | AFA<br>HHS                             |
| State Administration Staffing  | May 2008       | Better information needed to objectively assess possible savings opportunities.  | AFA                                    |
| State Boards, Committees, Commissions and Councils   | February 2008  | Opportunities may exist to improve State's fiscal position and increase efficiency.  | AFA<br>State & Local<br>Nat. Resources |
| Bureau of Rehabilitation Services: Procurements for Consumers  | December 2007  | Weak controls allow misuse of funds, affecting resources available to serve all consumers.   | AFA<br>Labor                           |
| Riverview Psychiatric Center: An Analysis of Requests for Admission  | August 2007    | Majority seeking admission not admitted for lack of capacity but appear to have received care through other avenues; a smaller group seemed harder to place in community hospitals.  | CJ&PS<br>HHS                           |
| Urban-Rural Initiative Program   | July 2007      | Program well managed; data on use of funds should be collected.  | Transportation                         |
| Highway Fund Eligibility at the Department of Public Safety  | January 2007   | The absence of a clear definition of HF eligibility and reliable activity data prevent a full and exact determination of which DPS activities are eligible to receive HF.  | AFA<br>CJ&PS<br>Transportation         |

| Report Title  | Date Issued   | Overall Conclusion  | JSC's that Received Report             |
|---|---------------|---|--|
| Economic Development Programs in Maine                    | December 2006 | EDPs still lack elements critical for performance evaluation and public accountability.   | AFA<br>Agriculture<br>BRED<br>Taxation |
| Guardians ad litem for Children in Child Protection Cases | July 2006     | Program management controls needed to improve quality of guardian ad litem services and assure effective advocacy of children's best interests. | HHS<br>Judiciary                       |
| Bed Capacity at Riverview Psychiatric Center              | April 2006    | RPC referral data is unreliable; other factors should be considered before deciding whether to expand.  | CJ&PS<br>HHS                           |
| State-wide Information Technology Planning and Management | January 2006  | State is at risk from fragmented practices; enterprise transformation underway and needs steadfast support.                                     | AFA<br>State & Local                   |
| Review of MECMS Stabilization Reporting                   | December 2005 | Reporting to Legislature provides realistic picture of situation; effective oversight requires focus on challenges and risks.                   | AFA<br>HHS                             |
| Title IV-E Adoption Assistance Compliance Efforts         | November 2005 | Maine DHHS has made progress in addressing compliance issues; additional efforts warranted.   | HHS                                    |

## Appendix C: Summary of OPEGA Impact for Projects Completed as of December 31, 2009

\*\* = Amount given is likely higher. See fiscal impact explanation.

| Title IV-E Adoption Assistance<br>November 2005  | Approved Review Focus  | Overall Conclusion   |
|--|--|--|
| <p><b>Estimated Annual Expenditures at Time of Review:</b><br/>\$14,094,503</p> <p><b># of Reported Recommendations:</b> 5</p>   | <p>Has DHHS taken corrective action to address the Title IV-E compliance issues noted in the April 2005 audit report of the Federal Office of the Inspector General?</p>   | <p>Maine DHHS has made progress in addressing compliance issues; additional efforts warranted.</p>                                   |
| <p><b>Primary Focus of Recommendations:</b></p> <ul style="list-style-type: none"> <li>improving training and policy guidance for those making eligibility determinations;</li> <li>developing process for monitoring timely corrective actions on audit findings that affect compliance; and</li> <li>strengthening independent review of eligibility determination decisions.</li> </ul> | <p><b>Status of Implementation: Fully Implemented</b></p> <p><b>Key Results To Date:</b></p> <ul style="list-style-type: none"> <li>✓ DHHS established an internal audit position that has responsibility for tracking audit findings and monitoring whether planned actions are taken to address them.</li> <li>✓ DHHS revised policies and procedures and improved training and guidance for staff that are making eligibility determinations to make requirements clearer.</li> </ul>   |  |
| <p><b>Fiscal Impacts Associated with Identified Issues and Recommendations:</b></p>  |  |  |
| <p><b>Past costs that could have been avoided:</b><br/>Actual: \$4,200,000</p>   | <p><b>Fiscal impact explanation:</b> If identified weaknesses had not existed the State could have avoided federal non-compliance in the past. The cost avoidance figure is taken from OIG's finding of what the State needed to return to the federal government as a result of its audit of FY01-03. Implementing recommendations will help to avoid non-compliance in future, thus, avoiding the need to return funds to federal government using State resources.</p>  |  |
| MECMS Stabilization Reporting<br>December 2005   | Approved Review Focus  | Overall Conclusion   |
| <p><b>Estimated Annual Expenditures at Time of Review:</b><br/>\$56,304,669</p> <p><b># of Reported Recommendations:</b> 8</p>   | <p>Are management's reports on efforts to stabilize MECMS providing the Legislature with an accurate and complete picture of the status of those efforts and the associated challenges and risks?</p>  | <p>Reporting to Legislature provides realistic picture of situation; effective oversight requires focus on challenges and risks.</p> |
| <p><b>Primary Focus of Recommendations:</b></p> <ul style="list-style-type: none"> <li>enhancing and standardizing the information included in management's progress reports to the Legislature to better illustrate areas of progress and continued challenge; and</li> <li>strengthening the Legislature's capacity to oversee the MECMS stabilization efforts.</li> </ul>               | <p><b>Status of Implementation: Mostly Implemented</b></p> <p><b>Key Results To Date:</b></p> <ul style="list-style-type: none"> <li>✓ Management enhanced the format and distribution of monthly progress reports to the Legislature, thus facilitating a better understanding among legislators of progress being made toward MECMS stabilization.</li> <li>✓ Legislative committees of jurisdiction met jointly when possible to receive briefings on MECMS, thus increasing the effectiveness and efficiency of oversight of the situation.</li> </ul> |  |
| <p><b>Fiscal Impacts Associated with Identified Issues and Recommendations:</b></p>  |  |  |
| <p><b>Fiscal impact explanation:</b> Review question did not encompass fiscal considerations and no fiscal impacts were otherwise identified for this review.</p>  |  |  |

| <b>State-wide Planning &amp; Management of Information Technology</b><br>January 2006   | <b>Approved Review Focus</b>  | <b>Overall Conclusion</b>  |   |
|---|---|--|---|
| <b>Estimated Annual Expenditures at Time of Review:</b><br>\$118,000,000<br><br><b># of Reported Recommendations:</b> 27  | Is information technology (IT) across the State being planned for and managed in a way that maximizes the effectiveness and efficiency of State government and keeps exposure from associated risks to an acceptable level?   | State is at risk from fragmented practices; enterprise transformation underway and needs steadfast support.  |   |
| <b>Primary Focus of Recommendations:</b> <ul style="list-style-type: none"> <li>• improving quality of IT products, services and results;</li> <li>• increasing efficiency and productivity in IT and other State functions;</li> <li>• improving communication and information available for planning, decision-making and oversight of IT activities and expenditures; and</li> <li>• avoiding the costs and public dissatisfaction associated with troubled system implementations or the inability to effectively perform government functions due to technology issues.</li> </ul>   | <b>Status of Implementation: Partially Implemented</b>  |  |   |
|   | <b>Key Results To Date:</b> <ul style="list-style-type: none"> <li>✓ Improved security of critical State data centers, computer hardware, applications and data.</li> <li>✓ Standardized, written IT policies and procedures intended to be consistently applied State-wide although effective implementation is still on-going.</li> <li>✓ IT auditor dedicated to conducting on-going reviews of high-risk IT areas in the Executive Branch and assisting management in mitigating risks identified. Auditor has also found overpayments on some IT contracts.</li> </ul> | <ul style="list-style-type: none"> <li>✓ Enhanced ability to track, quantify and control State-wide IT expenses.</li> <li>✓ Adoption of formal project management protocols to assure new or updated IT systems can be delivered on time, within budget and function as intended.</li> </ul> |   |
|   |   | <b>Resource constraints and culture change challenges are still presenting barriers to full and effective implementation of all recommendations.</b>   |   |
| <b>Fiscal Impacts Associated with Identified Issues and Recommendations:</b>  |   |  |   |
| <b>Past costs that could have been avoided:</b><br>Actual: \$16,121,040**   | <b>Unnecessary costs incurred:</b><br>Could not estimate  | <b>Inefficiencies and reduced productivity:</b><br>Could Not Estimate  | <b>Additional costs for implementation:</b><br>Could Not Estimate |
| <b>Fiscal impact explanation:</b> If identified weaknesses identified in this review had not existed the State could have avoided past costs to fix problems from poor system development and implementation. The cost avoidance figure given is equal to the amount reported by DHHS in Sept 06 as the total cost to address MECMS problems as of that date. The figure did not include the cost of hours spent by State employees. Costs to fix MECMS problems continued to grow since then and MECMS is only one State system that has had implementation problems resulting in extra costs in the past. Implementing recommendations will help to minimize such unanticipated costs in the future.  |   |  |   |
| In addition those unplanned past costs that could have been avoided, the State also likely incurred unnecessary expenses and inefficiencies due to the IT planning and management issues discussed in this report. There is no reasonable basis for estimating those fiscal impacts. Implementing recommendations from this review should help the State make wiser investments in technology; increase efficiencies related to use of electronic information, controls and reporting; and be better prepared to minimize system down time related to security issues or disasters - all of which have significant fiscal impacts. Actions from this review also require some additional investments over a period of time that could not be readily estimated. |   |  |   |

| <b>Bed Capacity at Riverview Psychiatric Center</b><br>April 2006   | <b>Approved Review Focus</b>   | <b>Overall Conclusion</b>  |
|---|--|--|
| <b>Estimated Annual Expenditures at Time of Review:</b><br>Not Calculated for this Review<br><br><b># of Reported Recommendations:</b> 1  | Are the conclusions being drawn from data collected at Riverview and analyzed by the Bed Review Committee valid? Is there any other useful information that further analysis of the collected data could provide?  | RPC referral data is unreliable; other factors should be considered before deciding whether to expand. |
| <b>Primary Focus of Recommendations:</b><br><br><ul style="list-style-type: none"> <li>improving information available for planning, decision-making and oversight of mental health services in order to improve the quality, efficiency and cost-effectiveness of services.</li> </ul> | <b>Status of Implementation: Fully Implemented</b><br><br><b>Key Results To Date:</b><br><br>✓ OPEGA conducted a study of requests for admissions to Riverview Psychiatric Center in order for the Legislature to have better data available for making decisions regarding the State's mental health facilities.  |  |
| <b>Fiscal Impacts Associated with Identified Issues and Recommendations:</b>  |  |  |
| <b>Potential to avoid future costs:</b><br><br>Could Not Estimate   | <b>Fiscal impact explanation:</b> The review question did not encompass fiscal considerations. However, as a result of this review there was an avoidance of cost that may have occurred if there had been a decision to build additional capacity at RPC based on inaccurate data. There was no reasonable basis for estimating the possible avoided costs. |  |

| <b>Riverview Psychiatric Center - Request for Admissions</b><br>August 2007   | <b>Approved Review Focus</b>   | <b>Overall Conclusion</b>   |
|---|--|---|
| <b>Estimated Annual Expenditures at Time of Review:</b><br>Not Calculated for this Study<br><br><b># of Reported Recommendations:</b> Not Applicable to this Study  | How many individuals are not being admitted to RPC due to a lack of capacity? Are there multiple requests for the same individual? What happens to individuals who are denied immediate admission to RPC? Where do admission requests originate from and what are the reasons for the requests?  | Majority of those seeking admission were not admitted due to lack of capacity but appear to have received care through other avenues; a smaller group seemed harder to place in community hospitals and do not appear to have been satisfactorily served. |
| <b>Primary Focus of Recommendations:</b><br><br>This study was meant to provide legislators with information for decision-making and did not include specific recommendations for management or legislative action. | <b>Status of Implementation: Not Applicable to this Study</b><br><br><b>Key Results To Date:</b><br><br>✓ The Government Oversight Committee reviewed the results of the study and forwarded it, along with concerns the results raised for members, to the Joint Standing Committees on Health and Human Services and Criminal Justice and Public Safety.   |   |
| <b>Fiscal Impacts Associated with Identified Issues and Recommendations:</b>  |  |   |
| <b>Potential to avoid future costs:</b><br><br>Could Not Estimate   | <b>Fiscal impact explanation:</b> The review question did not encompass fiscal considerations. However, as a result of this review there was an avoidance of cost that may have occurred if there had been a decision to build additional capacity at RPC based on inaccurate data. There was no reasonable basis for estimating the possible avoided costs. |   |

| <b>Guardians Ad Litem for Children in Child Protection Cases</b><br>July 2006  | <b>Approved Review Focus</b>   | <b>Overall Conclusion</b>   |
|--|--|---|
| <b>Estimated Annual Expenditures at Time of Review:</b><br>\$3,000,000<br><br><b># of Reported Recommendations:</b> 21   | Are guardian ad litem (GAL) services provided in compliance with statute, effective in promoting children's best interests, and supported by adequate resources?   | Program management controls are needed to improve quality of guardian ad litem services and assure effective advocacy of children's best interests. |
| <b>Primary Focus of Recommendations:</b> <ul style="list-style-type: none"> <li>• improving quality of GAL services and outcomes for children;</li> <li>• improving communication and information available for planning, decision-making and oversight of GAL activities and expenditures; and</li> <li>• improving the alignment of GAL activities with legislative intent.</li> </ul> | <b>Status of Implementation: Partially Implemented</b>   |   |
|  | <b>Key Results To Date:</b> <ul style="list-style-type: none"> <li>✓ Judicial Branch has reorganized to bring the CASA program (Court Appointed Special Advocates) under the supervision of the Family Division.</li> <li>✓ Judiciary's Advisory Committee on Children and Families made proposals for implementing many of OPEGA's recommendations in a report to the Supreme Judicial Court in February 2008 that was also submitted to the Legislature's Judiciary Committee.</li> <li>✓ Judicial Branch has enhanced training for GALs, and improved screening processes for prospective GALs.</li> </ul>  |   |
|  | <b>Resource constraints are preventing the pursuit of the Advisory Committee's proposals and full implementation of OPEGA's recommendations.</b>   |   |
| <b>Fiscal Impacts Associated with Identified Issues and Recommendations:</b>   |  |   |
| <b>Additional costs for implementation:</b><br><br>One-time (estimated): \$54,000<br>Annual (estimated): \$244,000   | <b>Fiscal impact explanation:</b> This review generally found that many improvements were needed to assure quality service and such improvements had been limited by resource constraints in the past. Proposals detailing the steps required to implement the needed improvements were put forth by the Judiciary's Advisory Committee on Children and Families. The estimated additional resource figures given here are those included in the Advisory Committee's proposals that related directly to the implementation of OPEGA's recommendation. The proposals also included additional resources necessary for improving GAL services in Title 19-A cases that are not included here. |   |

| Economic Development Programs in Maine<br>December 2006  |   | Approved Review Focus   | Overall Conclusion  |
|--|---|---|---|
| <b>Estimated Annual Expenditures at Time of Review:</b><br>\$207,000,000<br><br><b># of Reported Recommendations:</b> 14   |   | Is the established system of controls sufficient to ensure that economic development programs are a cost-beneficial use of public funds and are meeting their intent? Which particular programs should be subjected to further evaluation?  | Economic development programs still lack elements critical for performance evaluation and public accountability.  |
| <b>Primary Focus of Recommendations:</b> <ul style="list-style-type: none"> <li>improving the alignment of economic development programs and activities with legislative intent;</li> <li>improving communication and information available for planning, decision-making and oversight of economic development activities and expenditures; and</li> <li>potentially increasing efficiencies, reducing costs and improving outcomes of programs through better coordination of the State's economic development programs.</li> </ul>  |   | <b>Status of Implementation: Partially Implemented</b>  |   |
|  |   | <b>Key Results To Date:</b> <ul style="list-style-type: none"> <li>✓ The State now has an operational definition of what constitutes an economic development incentive program.</li> <li>✓ An inventory of State programs that meet that definition has been developed including basic information on each program.</li> <li>✓ A plan, design and funding mechanism for regular independent evaluation of the portfolio of economic development programs was established. The first evaluation got underway in the fall of 2008 and the resulting report was presented to the Legislature in March 2009.</li> </ul> | <ul style="list-style-type: none"> <li>✓ Legislature re-affirmed the intent for DECD to be the coordinator of economic development programs State-wide and is monitoring how that role is being fulfilled.</li> </ul> |
|  |   | <b>Some recommendations have not yet been fully implemented. The Legislature and DECD continue to pursue implementation. A complication affecting the funding for the independent evaluation resulted in that evaluation not being conducted for 2009.</b>  |   |
| <b>Fiscal Impacts Associated with Identified Issues and Recommendations:</b>   |   |   |   |
| <b>Potential to avoid future costs:</b><br>Could Not Estimate  | <b>Potential for reduced costs:</b><br>Could Not Estimate | <b>Potential for improved efficiency:</b><br>Could Not Estimate   | <b>Additional costs for implementation:</b><br>One-time (estimated):<br>\$20,000<br>Annual (estimated):<br>\$190,000  |
| <b>Fiscal impact explanation:</b> Implementation of recommendations could reduce current costs and improve efficiencies of existing programs or avoid additional significant costs associated with establishing new programs that may not be necessary or effective in meeting State strategy. The amount of potential savings or cost avoidance could not be reasonably estimated at the time of review, but may become evident as actions to address recommendations are taken. Implementing the recommendations requires additional resources. The figures for estimated additional resources needed are from proposals made by DECD to the BRED Committee in Jan./Feb. '08 and include \$150,000 for independent evaluation of programs. |   |   |   |

| Highway Fund Eligibility for the Department of Public Safety<br>February 2007  | Approved Review Focus  | Overall Conclusion  |
|--|--|---|
| <p><b>Estimated Annual Expenditures at Time of Review:</b><br/>\$47,465,564</p> <p><b># of Reported Recommendations:</b> Not Applicable to this Study</p>  | <p>Which activities in the Department of Public Safety's State Police, Bureau of Highway Safety and Administration programs are eligible to be paid from the State's Highway Fund (HF)?</p>  | <p>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.</p>  |
| <p><b>Primary Focus of Recommendations:</b></p> <p>This study was meant to provide legislators with information for decision-making and did not include specific recommendations for management or legislative action.</p> | <p><b>Status of Implementation: Not Applicable to this Study</b></p>   |   |
|  | <p><b>Key Results To Date:</b></p> <p>✓ Legislation was passed by the 123rd Legislature to require the Governor to use activity reports submitted by the Bureau of the State Police as a guide in recommending what the Highway Fund/General Fund split for State Police funding will be in each budget.</p> | <p>✓ The Governor's Proposed Biennial Budget for 2010 – 2011 included a shift in funding sources for the State Police as compared to past bienniums. As of July 2009, the Highway Fund began supporting 49% of the Bureau of State Police instead of the prior 60%.</p> |
| <p><b>Fiscal Impacts Associated with Identified Issues and Recommendations:</b></p>  |  |   |
| <p><b>Fiscal impact explanation:</b> No clearly identifiable fiscal impact other than shifting of costs from one fund to another.</p>  |  |   |

| Urban Rural Initiative Program<br>July 2007  | Approved Review Focus  | Overall Conclusion  |
|--|--|---|
| <p><b>Estimated Annual Expenditures at Time of Review:</b><br/>\$25,000,000</p> <p><b># of Reported Recommendations:</b> 2</p>   | <p>Are available URIP funds being fairly distributed to local entities? Are the funds processed and distributed in accordance with statute? Are funds being utilized in accordance with statute?</p> | <p>Program well managed; data on use of funds should be collected.</p>  |
| <p><b>Primary Focus of Recommendations:</b></p> <ul style="list-style-type: none"> <li>improving information available for oversight of the URIP program as regards whether funds are being utilized for intended purposes and whether URIP is having intended results; and</li> <li>reducing administrative costs.</li> </ul> | <p><b>Status of Implementation: Fully Implemented</b></p>  |   |
|  | <p><b>Key Results To Date:</b></p> <p>✓ URIP recipients are being encouraged to utilize electronic deposit.</p>  | <p>✓ DOT now receives information from URIP recipients on how URIP funds were spent and can use this information to monitor compliance with intended uses and to chart progress on how well this program is meeting its intent in improving public roads.</p> |
| <p><b>Fiscal Impacts Associated with Identified Issues and Recommendations:</b></p>  |  |   |
| <p><b>Potential for Reduced Costs:</b><br/>Estimated: \$700</p>  | <p><b>Fiscal impact explanation:</b> The figure for potential reduced costs is based on DOT's estimate of possible savings from increasing use of direct deposit and reducing checks sent.</p>       |   |

| <b>Bureau of Rehabilitation Services -<br/>Procurements for Consumers</b><br>December 2007   |  | <b>Approved Review Focus</b>  | <b>Overall Conclusion</b>  |  |  |  |
|--|--|---|--|--|--|--|
| <b>Estimated Annual Expenditures at Time of Review:</b><br>\$8,800,000<br><br><b># of Reported Recommendations:</b> 10   |  | Are internal controls for BRS vocational rehabilitation programs adequate to assure that expenditures for consumers are appropriate, reasonable, properly approved and accounted for? | Weak controls allow misuse of funds, including fraud, affecting resources available to serve all consumers.  |  |  |  |
| <b>Primary Focus of Recommendations:</b> <ul style="list-style-type: none"> <li>• reducing fraud, waste and abuse related to consumer expenditures by implementing appropriate preventive and detective controls;</li> <li>• improving communications on expectations and rules for expenditures through stronger written policies and procedures;</li> <li>• reducing costs or increasing resources available for all consumers by requesting that consumers contribute financially to their own vocational rehabilitation plan if they are able to do so; and</li> <li>• increasing efficiencies through technological improvements to the ORSIS system.</li> </ul>  |  | <b>Status of Implementation: Fully Implemented</b>  |  |  |  |  |
| <b>Fiscal Impacts Associated with Identified Issues and Recommendations:</b>   |  | <b>Key Results To Date:</b>   |  |  |  |  |
| <table border="1" style="width: 100%;"> <tr> <td data-bbox="94 1101 409 1219"> <b>Potential for Reduced Costs:</b><br/><br/>                             Could Not Estimate                         </td> <td data-bbox="409 1101 1879 1333" rowspan="2"> <b>Fiscal impact explanation:</b> This review identified instances of obvious misuse of funds on past or current cases including fraud. The amount of misused funds included in OPEGA's report was based on actual results from an OPEGA sample of 68 cases. BRS subsequently completed its review of additional cases as recommended by OPEGA and identified an additional \$67,806 in misused funds. Implementation of recommendations should lead to wiser choices that will minimize future expenses on each consumer case thus making more funds available to serve more clients. The amount of these savings can not be readily estimated.                         </td> </tr> <tr> <td data-bbox="94 1219 409 1333"> <b>Fraud and misuse of funds:</b><br/><br/>                             Actual: \$167,806**                         </td> </tr> </table> |  | <b>Potential for Reduced Costs:</b><br><br>Could Not Estimate   | <b>Fiscal impact explanation:</b> This review identified instances of obvious misuse of funds on past or current cases including fraud. The amount of misused funds included in OPEGA's report was based on actual results from an OPEGA sample of 68 cases. BRS subsequently completed its review of additional cases as recommended by OPEGA and identified an additional \$67,806 in misused funds. Implementation of recommendations should lead to wiser choices that will minimize future expenses on each consumer case thus making more funds available to serve more clients. The amount of these savings can not be readily estimated. | <b>Fraud and misuse of funds:</b><br><br>Actual: \$167,806** | <ul style="list-style-type: none"> <li>✓ BRS implemented a redesigned case review protocol that includes required supervisory reviews of cases for new counselors, high cost/long term cases and a sample of cases active for more than 6 months.</li> <li>✓ As of March 2008, BRS began regularly monitoring ORSIS data using automated tools to identify transactions or cases with risk indicators that should be reviewed.</li> <li>✓ Semi-annual reviews of a sample of cases and transactions are being conducted by the DAFS Security and Employment Service Center (independent of BRS)</li> <li>✓ Several cases of fraud, or potential fraud, were referred to the Attorney General's office for prosecution or investigation. In one case, the former employee voluntarily made partial restitution but passed away before the AG could fully prosecute the case. Status of the other cases is unknown.</li> </ul> |  |
| <b>Potential for Reduced Costs:</b><br><br>Could Not Estimate  | <b>Fiscal impact explanation:</b> This review identified instances of obvious misuse of funds on past or current cases including fraud. The amount of misused funds included in OPEGA's report was based on actual results from an OPEGA sample of 68 cases. BRS subsequently completed its review of additional cases as recommended by OPEGA and identified an additional \$67,806 in misused funds. Implementation of recommendations should lead to wiser choices that will minimize future expenses on each consumer case thus making more funds available to serve more clients. The amount of these savings can not be readily estimated. |   |  |  |  |  |
| <b>Fraud and misuse of funds:</b><br><br>Actual: \$167,806**   |  |   |  |  |  |  |
| <table border="1" style="width: 100%;"> <tr> <td data-bbox="94 1333 409 1453"> <b>Potential for Reduced Costs:</b><br/><br/>                             Could Not Estimate                         </td> <td data-bbox="409 1333 1879 1453" rowspan="2"> <b>Fiscal impact explanation:</b> This review identified instances of obvious misuse of funds on past or current cases including fraud. The amount of misused funds included in OPEGA's report was based on actual results from an OPEGA sample of 68 cases. BRS subsequently completed its review of additional cases as recommended by OPEGA and identified an additional \$67,806 in misused funds. Implementation of recommendations should lead to wiser choices that will minimize future expenses on each consumer case thus making more funds available to serve more clients. The amount of these savings can not be readily estimated.                         </td> </tr> <tr> <td data-bbox="94 1453 409 1573"> <b>Fraud and misuse of funds:</b><br/><br/>                             Actual: \$167,806**                         </td> </tr> </table> |  | <b>Potential for Reduced Costs:</b><br><br>Could Not Estimate   | <b>Fiscal impact explanation:</b> This review identified instances of obvious misuse of funds on past or current cases including fraud. The amount of misused funds included in OPEGA's report was based on actual results from an OPEGA sample of 68 cases. BRS subsequently completed its review of additional cases as recommended by OPEGA and identified an additional \$67,806 in misused funds. Implementation of recommendations should lead to wiser choices that will minimize future expenses on each consumer case thus making more funds available to serve more clients. The amount of these savings can not be readily estimated. | <b>Fraud and misuse of funds:</b><br><br>Actual: \$167,806** | <ul style="list-style-type: none"> <li>✓ BRS significantly strengthened the controls in its procurement process by redesigning the process, establishing automated controls in the ORSIS computer application and implementing more specific and robust policies and procedures to guide staff decisions.</li> <li>✓ BRS has taken steps to emphasize the responsibility of public stewardship of funds with leaders and staff. Staff and supervisor evaluations now incorporate a specific performance expectation regarding fiscal and programmatic compliance.</li> </ul>   |  |
| <b>Potential for Reduced Costs:</b><br><br>Could Not Estimate  | <b>Fiscal impact explanation:</b> This review identified instances of obvious misuse of funds on past or current cases including fraud. The amount of misused funds included in OPEGA's report was based on actual results from an OPEGA sample of 68 cases. BRS subsequently completed its review of additional cases as recommended by OPEGA and identified an additional \$67,806 in misused funds. Implementation of recommendations should lead to wiser choices that will minimize future expenses on each consumer case thus making more funds available to serve more clients. The amount of these savings can not be readily estimated. |   |  |  |  |  |
| <b>Fraud and misuse of funds:</b><br><br>Actual: \$167,806**   |  |   |  |  |  |  |

| <b>State Boards, Committees, Commissions and Councils</b><br>February 2008  | <b>Approved Review Focus</b>  | <b>Overall Conclusion</b>   |
|---|---|---|
| <b>Estimated Annual Expenditures at Time of Review:</b><br>\$12,000,000<br><br><b># of Reported Recommendations:</b> 10   | Are there potential cost savings, increased efficiencies or other fiscal opportunities to be realized associated with State boards, committees, commissions and councils? | Opportunities may exist to improve State's fiscal position and increase efficiency.   |
| <b>Primary Focus of Recommendations:</b> <ul style="list-style-type: none"> <li>• reducing actual costs and freeing up State employee time by reducing the number or size of existing boards, committee, commissions and councils;</li> <li>• reducing costs related to refreshments, facilities and compensation for members of these organizations;</li> <li>• improving the alignment of activities related to these organizations with legislative intent; and</li> <li>• improving information available for oversight and decision-making regarding activities and expenses of boards, committees, commissions and councils.</li> </ul> | <b>Status of Implementation: Limited Implementation</b>   |   |
| <b>Fiscal Impacts Associated with Identified Issues and Recommendations:</b>  |   |   |
| <b>Potential to avoid future costs:</b><br><br>Could Not Estimate   | <b>Potential for Reduced Costs:</b><br><br>Estimated:<br>\$190,000**  | <b>Fiscal impact explanation:</b> OPEGA made four general recommendations that would serve to assure future costs were reduced or avoided by eliminating or not creating unnecessary or ineffective boards. Estimates for future savings or cost avoidance could not be reasonably estimated. Seven fiscal opportunities related to existing boards were identified. Potential savings were roughly estimated for 3 of those. Additional productivity savings of 4012 hours in State employee staff time were also estimated for these three opportunities. More detailed assessments would be needed to produce reasonable estimates for the remaining fiscal opportunities but some additional savings would be likely. |
| <b>Potential for improved efficiency:</b><br><br>4012 hours of staff time**   |   |   |

| <b>State Administration Staffing</b><br>May 2008  | <b>Approved Review Focus</b>  | <b>Overall Conclusion</b>   |
|---|---|---|
| <b>Estimated Annual Expenditures at Time of Review:</b><br>Not Calculated for this Review<br><br><b># of Reported Recommendations:</b> 4  | Are there potential opportunities to reduce administrative costs in State government related to upper level administration and organizational structure?  | Better information needed to objectively assess possible savings opportunities. |
| <b>Primary Focus of Recommendations:</b> <ul style="list-style-type: none"> <li>• improving information available for oversight and decision-making regarding the State's organizational structure and administrative positions; and</li> <li>• potentially reducing administrative costs through using the information to continue with a comprehensive, longer-term approach to evaluating the State's current organizational structure and resources devoted to administration.</li> </ul> | <div style="background-color: yellow; padding: 2px;"><b>Status of Implementation: Partially Implemented</b></div> <p><b>Key Results To Date:</b></p> <p>✓ The Department of Administrative and Financial Services contracted for a market study of total compensation packages and also produced a set of standardized organizational charts for all Departments in the Executive Branch. The organizational charts do have some limitations but could be useful in determining organizational layers and spans of control. Both the charts and the compensation study results were made available to the Legislature's Appropriations Committee in June 2009.</p> <p>The organizational charts have not yet been used to conduct a review of State's organizational structure although the Appropriations Committee has expressed a desire to do so.</p> |   |
| <b>Fiscal Impacts Associated with Identified Issues and Recommendations:</b>  |   |   |
| <b>Potential for Reduced Costs:</b><br><br>Could Not Estimate   | <b>Fiscal impact explanation:</b> Implementation of recommendations would provide data that could lead to organizational changes that would reduce position count or reduction in compensation packages for higher level administrative staffing that would reduce costs. No reasonable basis yet exists to estimate potential savings. Recommendations are being partially implemented by hiring a consultant to do market study of compensation and to develop organizational charts. Amount of contract is approx. \$52,000.   |   |
| <b>Additional costs for implementation:</b><br>One-time (estimated): \$52,394   |   |   |

| <b>DHHS Contracting for Cost Shared Non-MaineCare Human Services</b><br>July 2008   | <b>Approved Review Focus</b>  | <b>Overall Conclusion</b>  |
|---|---|--|
| <b>Estimated Annual Expenditures at Time of Review:</b><br>\$139,227,854<br><br><b># of Reported Recommendations:</b> 5   | Are there potential fiscal opportunities related to the financial close-out phase of cost shared non-MaineCare agreements for human services?   | Cash management needs improvement to assure best use of resources. |
| <b>Primary Focus of Recommendations:</b> <ul style="list-style-type: none"> <li>• improving cash management by avoiding situations where providers owe substantial dollars back to the State and implementing more assertive collection efforts;</li> <li>• improving information available to track receivables due back from providers to aid timely collection; and</li> <li>• increasing employee productivity by reducing the need to spend time collecting receivables or addressing appeals that could have been avoided.</li> </ul> | <b>Status of Implementation: Partially Implemented</b><br><br>DHHS reports that it has completed 3 of the 6 management actions committed to in this review. OPEGA is still engaged with Department in seeking appropriate evidence that the actions have been fully completed and discussing the status of the 3 remaining actions.   |  |
| <b>Fiscal Impacts Associated with Identified Issues and Recommendations:</b>  |   |  |
| <b>Unnecessary costs incurred:</b><br>Actual: \$3,642,242**   | <b>Fiscal impact explanation:</b> OPEGA reviewed the most recent contracts cost-settled by DHHS for a sample of 28 providers and found a total of \$2.6 million was due back to the State at the end of those contracts. We also found there was \$960,660 still due the State from contracts for these vendors that had been cost-settled in prior years. It is reasonable to expect that the total overpayments and balances still due the State from cost-settled contracts exceeded the amounts from our sample. DHHS could avoid such overpayments and more assertively pursue collection of amounts due, thus freeing up dollars to support other programs and minimizing resources required for collection efforts. Cost-settlements often do not occur until 2 years after the contract has ended. DHHS reported that the savings OPEGA claimed would accrue from improving cash management on these contracts was off-set by amounts for collections already included in DHHS budgets but DHHS did not provide any specific information to support this. |  |
| <b>Inefficiencies and reduced productivity:</b><br>Could Not Estimate   |   |  |

| State Contracting for Professional Services<br>September 2008  |   | Approved Review Focus  | Overall Conclusion |
|--|---|--|--------------------|
| <p><b>Estimated Annual Expenditures at Time of Review:</b><br/>\$264,000,000*</p> <p><b># of Reported Recommendations:</b> 4</p>   | <p>Do current procurement practices minimize costs for professional services by assuring those services are necessary and purchased at reasonable rates?</p>  | <p>Practices generally adequate to minimize cost-related risks; controls should be strengthened to promote accountability.</p>   |                    |
| <p><b>Primary Focus of Recommendations:</b></p> <ul style="list-style-type: none"> <li>strengthening existing controls to ensure accountability for decisions made to procure services through processes that do not result in competitive bidding - thus helping to ensure that costs paid for services and risks of fraud, waste and abuse are minimized; and</li> <li>conducting further audit work to determine whether there are fiscal concerns with the State's Cooperative Agreements with the University of Maine and Community College systems.</li> </ul> | <p><b>Status of Implementation: Partially Implemented</b></p>   |  |                    |
|  | <p><b>Key Results To Date:</b></p> <ul style="list-style-type: none"> <li>✓ DAFS Division of Purchases has developed and distributed revised State purchasing policies requiring an increased level of justification for sole sourcing and limiting contract renewals and amendments.</li> <li>✓ As requested by the Appropriations Committee, OPEGA is currently conducting more detailed review of contracts for professional and administrative services to identify possible opportunities for FY11 General Fund savings.</li> </ul>  | <p>The State Controller's Internal Audit Office's planned review of Cooperative Agreements was initially delayed due to other priorities. The review has now been initiated but is currently suspended pending the results of OPEGA's work on professional and administrative services contracts for the Appropriations Committee as there are many Cooperative Agreements among the contracts being reviewed.</p> |                    |
| <p><b>Fiscal Impacts Associated with Identified Issues and Recommendations:</b></p>  |   |  |                    |
| <p><b>Potential for Reduced Costs:</b><br/>Could Not Estimate</p>  | <p><b>Fiscal impact explanation:</b> Implementation of recommendations should reduce costs of procuring professional services by tightening up on sole sourcing, contract amendments and renewals and thus resulting in more competitive pricing on more procurements. Improving the information submitted by agencies to the Division of Purchases should also increase efficiency in contract processing. There was no reasonable basis to estimate potential reduced costs or increased efficiencies. In addition, there may be fiscal opportunities that will be identified through OPEGA's recommended review of Cooperative Agreements.</p> |  |                    |
| <p><b>Potential for improved efficiency:</b><br/>Could Not Estimate</p>  |   |  |                    |
| <p>* Estimated annual expenditures are for accounting object codes 4000 - 4099 in SFY2007. Not all of these expenditures may have been under contract as some fall below the dollar threshold where contracting is required.</p>   |   |  |                    |

| MaineCare Children's Outpatient Mental Health Services<br>February 2009  |  | Approved Review Focus   | Overall Conclusion  |
|--|--|---|---|
| <b>Estimated Annual Expenditures at Time of Review:</b><br>\$18,500,000<br><br><b># of Reported Recommendations:</b> 4   |  | How much of the funding for outpatient services for children is expended on the administrative costs of DHHS and providers versus direct delivery of services? What are the primary factors driving administrative costs? | Eight percent of funds spent support DHHS's administrative costs. Primary drivers are a contract with an Administrative Services Organization and costs incurred in processing provider claims. Another 19% of expenses can be attributed to providers' administrative costs. |
| <b>Primary Focus of Recommendations:</b> <ul style="list-style-type: none"> <li>• assessing the cost-effectiveness of DHHS' contract with the Administrative Services Organization; and</li> <li>• monitoring the effects of standardized rates and administrative requirements on providers and the quality of service children receive.</li> </ul> |  | <b>Status of Implementation: Not Implemented</b>  |   |
| <b>Fiscal Impacts Associated with Identified Issues and Recommendations:</b>   |  |   |   |
| <b>Unnecessary costs incurred:</b><br><br>Actual: \$110,000**  | <b>Fiscal impact explanation:</b> At the time of our review, DHHS' Rate Setting Unit was not included in its Cost Allocation Plan (CAP) although it was doing work for Medicaid and was eligible for federal matching funds. DHHS estimated that it would be able to reduce State costs by between \$110,000 and \$148,000 annually by including Rate Setting in the CAP and was in the process of figuring out how to do so. OPEGA recommended that the HHS Committee monitor whether that change to the CAP was ultimately made. |   |   |

| Maine State Prison Management Issues<br>June 2009   |   | Approved Review Focus   | Overall Conclusion   |
|---|---|---|--|
| <b>Estimated Annual Expenditures at Time of Review:</b><br>Not Calculated for this Review<br><br><b># of Reported Recommendations:</b> 1  |   | What is the likelihood that the culture/environment described in concerns raised through a review request actually exists? Are there potential weaknesses in the avenues employees have available for raising concerns?   | The workplace culture of Maine State Prison may be exposing employees and the State to unacceptable risks and needs continued attention. |
| <b>Primary Focus of Recommendations:</b> <ul style="list-style-type: none"> <li>• improving the culture and work environment for employees at the Prison; and</li> <li>• strengthening the avenues available to employees for reporting concerns and assuring action is taken.</li> </ul> |   | <b>Status of Implementation: Limited Implementation</b>   |  |
| <b>Fiscal Impacts Associated with Identified Issues and Recommendations:</b>  |   |   |  |
| <b>Potential to avoid future costs:</b><br><br>Could Not Estimate   | <b>Potential for improved efficiency:</b><br><br>Could Not Estimate | <b>Fiscal impact explanation:</b> There are likely costs that can be avoided in reducing settlement payments for claims related to the working environment as well as gains in productivity from not having to deal with as many complaints derived from the culture. No reasonable basis exists to estimate these potential impacts. |  |

| <b>MaineCare Durable Medical Equipment and Medical Supplies</b><br>July 2009  | <b>Approved Review Focus</b>   | <b>Overall Conclusion</b>   |
|---|--|---|
| <b>Estimated Annual Expenditures at Time of Review:</b><br>\$18,900,000<br><br><b># of Reported Recommendations:</b> 9  | Does the State have effective systems to control and contain costs associated with durable medical equipment and medical supplies (DME) purchased through MaineCare? If not, why not?  | Prevention and detection of unnecessary or inappropriate claims should be strengthened to better contain costs. |
| <b>Primary Focus of Recommendations:</b> <ul style="list-style-type: none"> <li>strengthening DHHS' capacity to monitor for fraudulent or excessive claims;</li> <li>addressing several system controls that are currently ineffective for preventing overpayments; and</li> <li>researching questionable claims activity and possible overpayments identified by OPEGA.</li> </ul> | <b>Status of Implementation: Partially Implemented</b>   |   |
|   | <b>Key Results To Date:</b> <ul style="list-style-type: none"> <li>✓ DHHS has referred a potential fraud situation to the Attorney General's office for investigation and has sought clarification from the AG as to whether another provider situation is a violation of law.</li> <li>✓ DHHS reports that it has improved communications between the Program Integrity Unit (PIU) and those who can take action on system issues identified in PIU's work.</li> <li>✓ Some manual controls have been established to compensate for the weak system controls until the change over to the new system.</li> </ul>  |   |
|   | DHHS continues to research the cases of questionable claims activity identified and to pursue recoupment of overpayments as they deem appropriate. Additionally, DHHS is relying on the move to the new MaineCare claims processing system, planned for March 2010, to address many of OPEGA's issues and recommendations related to claims processing system and the Program Integrity Unit's capacity for monitoring claims.   |   |
| <b>Fiscal Impacts Associated with Identified Issues and Recommendations:</b>  |  |   |
| <b>Unnecessary costs incurred:</b><br>Actual: \$123,626<br>Estimated: \$229,000**   | <b>Fiscal impact explanation:</b> OPEGA's analysis of FY08 claims identified approximately \$115,900 in net potential overpayments for FY08 related to 3 issues. Using FY08 activity as a basis, we additionally estimated further potential overpayments for FY09 to be \$229,000 related to these issues. As a result of DHHS research on other questionable claims identified by OPEGA, the Department has, to date, confirmed an additional \$7,726 in overpayments, has identified potentially fraudulent payments in excess of \$180,000 and has identified one other provider situation that may represent a violation of State law or the Provider Agreement. Finally, OPEGA also identified 3 other system weaknesses that have likely resulted in overpayments but there was no basis for readily calculating the amounts. |   |
| <b>Fraud and misuse of funds:</b><br>Potential: \$180,000   |  |   |

| Fund for a Healthy Maine Programs<br>October 2009   |   | Approved Review Focus  | Overall Conclusion |
|---|---|--|--------------------|
| <p><b>Estimated Annual Expenditures at Time of Review:</b><br/>\$69,409,363</p> <p><b># of Reported Recommendations:</b> 7</p>  | <p>Are existing managerial and oversight systems (frameworks) adequate to help ensure that activities supported by the Fund for a Healthy Maine are cost-effective and carried out in an efficient and economical manner and have sufficient transparency and accountability for results and expenditures?</p>  | <p>Adequate frameworks existed to ensure cost-effectiveness of specific activities. Allocations should be reassessed and changes should be made to improve financial transparency.</p> |                    |
| <p><b>Primary Focus of Recommendations:</b></p> <ul style="list-style-type: none"> <li>• assessing whether existing allocations of FHM funds still make sense within the current health environment;</li> <li>• improving alignment of budgetary programs and cost information with the State's health goals, efforts and related performance information; and</li> <li>• ensuring program descriptions provided with the Governor's budget are current, specific and accurate descriptions of the efforts being funded.</li> </ul> | <p><b>Status of Implementation: Not Implemented</b></p> <p>This report was only recently released. The GOC has referred the recommendation to improve budget descriptions to the AFA Committee for that Committee to provide guidance and directives to the Executive Branch. The GOC also referred the recommendation on reviewing the alignment of FHM allocations with State health priorities to the HHS Committee. The GOC asked that OPEGA bring the remaining recommendations for possible changes to the budget back to the GOC's attention later in the current legislative session.</p> |  |                    |
| <p><b>Fiscal Impacts Associated with Identified Issues and Recommendations:</b></p>   |   |  |                    |
| <p><b>Potential for Reduced Costs:</b><br/>Could Not Estimate</p>   | <p><b>Fiscal impact explanation:</b> Recommendations, if implemented, should result in improved alignment of financial and performance data for decision makers, which could facilitate identification of areas for potential savings or redirection of resources in future budgets. No reasonable basis yet exists to estimate potential fiscal impact.</p>  |  |                    |