

# MAINE STATE LEGISLATURE

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Office of Program Evaluation and  
Government Accountability

Annual Report on  
Activities and Performance

2010

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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

2011

## GOVERNMENT OVERSIGHT COMMITTEE OF THE 125<sup>TH</sup> LEGISLATURE

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Senator Lawrence Bliss  
Senator Earle L. McCormick  
Senator Nancy B. Sullivan  
Senator A. David Trahan  
TBA

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Representative Andrea M. Boland  
Representative Joyce A. Fitzpatrick  
Representative Leslie T. Fossel  
Representative Stephen D. Lovejoy  
Representative Donald E. Pilon

### Committee Clerk

Etta Begin  
Phone: (207) 287-1901  
Fax: (207) 287-1906  
Email: [etta.begin@legislature.maine.gov](mailto:etta.begin@legislature.maine.gov)

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

Web:  
[http://www.maine.gov/legis/opega/About\\_GOC.html](http://www.maine.gov/legis/opega/About_GOC.html)

## OFFICE OF PROGRAM EVALUATION & GOVERNMENT ACCOUNTABILITY

Director Beth Ashcroft, CIA     [beth.ashcroft@legislature.maine.gov](mailto:beth.ashcroft@legislature.maine.gov)

### Staff

Jennifer Henderson, Principal Analyst  
Wendy Cherubini, Senior Analyst  
Scott Farwell, Analyst  
Matthew Kruk, Analyst  
Etta Begin, Administrative Secretary

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

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

Copies of OPEGA's reports are free.

Reports are available in electronic format at:  
<http://www.maine.gov/legis/opega/Reports.html>

Hard copies of reports may be obtained by contacting OPEGA at:

(207) 287-1901

Office of Program Evaluation & Government Accountability  
82 State House Station • Augusta, ME • 04333-0082



BETH L. ASHCROFT  
DIRECTOR

MAINE STATE LEGISLATURE  
OFFICE OF PROGRAM EVALUATION AND  
GOVERNMENT ACCOUNTABILITY

January 21, 2011

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

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

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

Dear Government Oversight Committee Members, Senators and Representatives:

In accordance with 3 MRSA §995.4, I respectfully submit OPEGA's Annual Report on Activities and Performance for 2010. OPEGA's service to the Legislature as a non-partisan resource is meant to provide support in overseeing and improving the performance of State government. I hope that you and Maine's citizens continue to view our efforts and results as a worthwhile use of taxpayer dollars as we continue working to increase our value to you.

Sincerely,

A handwritten signature in black ink that reads "Beth L. Ashcroft".

Beth L. Ashcroft  
Director

Cc: Joseph G. Carlton, Jr., Secretary of the Senate  
Heather J. R. Priest, 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 2010, OPEGA:

- Developed an annual work plan for 2010 in conjunction with the Government Oversight Committee (GOC).
- Completed one performance review and one special cost savings project for the Appropriations and Financial Affairs Committee. Issued one standard written report and a series of memos on results related to those projects and also gave oral presentations in conjunction with the release of those documents. OPEGA has completed a total of 21 projects since 2005. For a listing of reports on those projects, see Appendix B.
- Initiated and conducted work on three other reviews, two of which were substantially complete by the end of 2010. A consultant with relevant expertise was engaged to perform the fieldwork on one of those reviews. Reports on both will be submitted to the GOC within the first quarter of 2011.
- Monitored the status of management and legislative actions taken to address the findings and recommendations from previously issued reports.
- At the direction of the GOC, drafted legislation to implement recommendations from two of OPEGA's reports. One bill was introduced in the 124<sup>th</sup> Legislature and was passed as amended by the Joint Standing Committee on Utilities and Energy. Two other bills are expected to be introduced during the 125<sup>th</sup> Legislature.
- Conducted research related to 11 requests for OPEGA reviews that were received from legislators and citizens. Presented the requested topics to the GOC for consideration.
- Coordinated, prepared for and staffed 10 GOC meetings including preparing written meeting materials and meeting summaries.
- Worked with the GOC to revise the process for receiving and considering requests for OPEGA reviews. As part of that effort, drafted tools and procedures to assist the Committee in considering and prioritizing possible topics for OPEGA reviews.
- Provided briefings on reports, or other information, as requested to various legislative policy committees including the Joint Standing Committees on: Appropriations and Financial Affairs; Criminal Justice and Public Safety; Education; and Utilities and Energy.
- Maintained the OPEGA/GOC website, including regularly posting OPEGA reports and related documents as well as GOC meeting agendas and summaries.
- Solicited legislator input on topics of interest for potential OPEGA reviews through multiple avenues.
- Continuously evaluated the OPEGA review process to identify opportunities for improved efficiencies or effectiveness.
- Submitted the statutorily required annual report on OPEGA's activities and performance for 2009 to the Government Oversight Committee and the Legislature.

# Performance on Strategic Plan Objectives

In September 2008, incorporating feedback received from numerous legislators, we undertook an internal evaluation of our performance to date. The results of that evaluation were used in drafting a Strategic Plan designed to elevate performance and maximize our value to the Legislature. The Government Oversight Committee reviewed our draft plan and voted unanimously to approve it on February 13, 2009. The specific objectives in that Plan were for a two year time period covering 2009 and 2010. OPEGA expects to review goals and establish objectives for 2011 and 2012 in concert with the GOC of the 125<sup>th</sup> Legislature.

## 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>2</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:

- number of visits to OPEGA's website;
- percentage 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>2</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. <i>Target = 75% by December 31, 2010</i>
A.2 Complete projects by established due dates.	% of projects completed by due date. <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. <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. <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. <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. <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. <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. <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. <i>Original Target = By December 31, 2009</i> <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. <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. <i>Target = By July 31, 2009</i>
D.3 Stay within appropriated budget.	% variance of FY actual to budget. <i>Target = 0% or less by end of each fiscal year</i>

Over the course of 2010, we have been tracking our short-term performance against the objectives and measures established in our Strategic Plan. Following is a snapshot of performance for the past three years, including 2010, 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>			
	<b>2008</b>	<b>2009</b>	<b>2010</b>
# of reports issued	4	5	2
# of reports actively considered by Legislature within one year of release	2	3	2
<b>% of reports actively considered by Legislature within one year of release</b>	<b>50%</b>	<b>60%</b>	<b>100%</b>
<i>Performance Target = 75% by December 31, 2010</i>			

The criteria used to determine whether a report has been “actively considered” are included in Appendix A. This year the results of OPEGA’s projects were timed for release early in the year, while the Legislature was available to receive them and act on their recommendations as desired. This timing seemed to work well. The results of both projects were presented to legislative committees during the regular session and both resulted in legislative action. The report on Emergency Communications in Kennebec County resulted in legislation to address the issues OPEGA had identified with the 911 call answering network. The special project on State Contracts completed for the Appropriations and Financial Affairs (AFA) Committee identified possible savings associated with some State contracts, and AFA took action to incorporate about \$400,000 of those cost savings into the FY11 Supplemental Budget to free up money for other critical programs.

<b>Obj. A.2: Complete projects by established due dates.</b>		
<b>Measure: Percent of projects completed by due date.</b>		
	<b>2009</b>	<b>2010</b>
# of projects completed	5	2
# of projects with established due dates	4	2
# of projects completed by established due dates	2	2
<b>% of projects completed by established due dates</b>	<b>50%</b>	<b>100%</b>
<i>Performance Target = 75% by December 31, 2010</i>		

Over the past two years, the Office has striven to complete projects and release results within a timeframe that is useful to the Legislature. To that end, OPEGA sets internal due dates to use in managing projects and to give stakeholders an idea of when they can expect the project results. These due dates are often not specific dates, but more general time goals, such as the end of a quarter or before the legislative session wraps up. In 2010, OPEGA had internal due dates for both of its projects and delivered both final reports in the desired timeframes. We publicly committed to delivering the final report on Emergency Communications in Kennebec County in time to coincide with release of a report sponsored by the Public Utilities Commission on Public Safety Answering Points. That goal was met. We also reported the results from our special project for the AFA Committee in time for that Committee to consider them during their deliberations on the supplemental budget for FY11.

<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>2007-2008</b>	<b>2009-2010</b>
# of reports issued	8	7
# of analysts on staff (full-time equivalents)	4.4	4.5
<b>Average # reports released per analyst</b>	<b>1.8</b>	<b>1.6</b>
<i>Performance Target = 2 per analyst by December 31, 2010</i>		

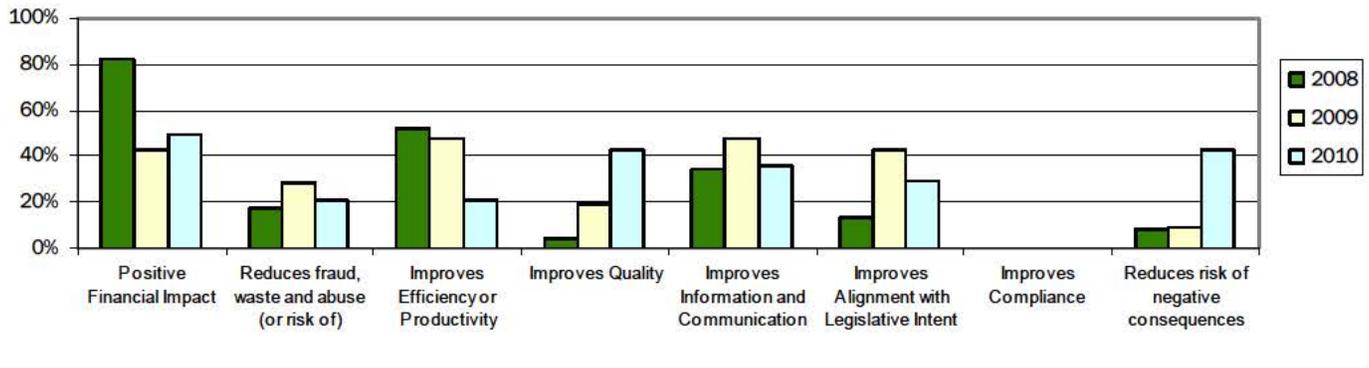
In 2009 and 2010, OPEGA released 7 reports with roughly 4.5 full-time equivalents. This is just under the goal of 2 reports per analyst over the two year period. In 2009, OPEGA was on track to meet the 2 report per analyst goal, but only 2 reports were produced in 2010. The lower number of reports in 2010 was largely due to the fact that OPEGA began timing its reports primarily for release while the Legislature is in session. Subsequently, the latter half of 2010 was spent working on three projects that were mostly completed in 2010, but will not be released until the 2011 legislative session opens and the newly seated Government Oversight Committee is prepared to receive them. One of those projects also had a very large scope, which consumed significant staff hours and has taken a longer time to complete.

<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>2008</b>	<b>2009</b>	<b>2010</b>
# of recommendations made	23	21	14
# of recommendations meeting one or more criteria	23	21	14
<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 OPEGA is assigned and the state of the activities and entities subject to the review. Appendix B contains a listing of all reports and a summary of the overall conclusion for each. As illustrated in Figure 1, the potential benefits from implementing recommendations made by OPEGA can vary from year to year as a function of the topics selected for review and the scope of the review as approved by the GOC. There is more than one expected benefit associated with most recommendations.

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. Primary benefits associated with our 2010 Special Project on Administrative and Professional Services Contracts were mainly in the area of positive fiscal impact. Benefits that could be expected from recommendations in our 2010 Emergency Communications in Kennebec County report were primarily in the areas of improved quality and reducing the risk of negative consequences – in this case to Maine's citizens. The considerations used to determine whether a recommendation met the criteria for performance improvement are described in Appendix A.

**Figure 1. Expected Benefits of OPEGA Recommendations from Reports Issued 2008 - 2010**



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

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

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

	2009	2010
# of projects completed	5	2
# of projects where adherence to all applicable quality assurance points was expected	5	1
# of projects with all applicable quality assurance points met	5	1
<b>% of projects with all applicable key quality assurance points met</b>	<b>100%</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 professional standards assures that OPEGA’s work is objective and accurate and that reported results are appropriately supported by that work. Since 2009, OPEGA has been tracking completion of 8 key quality assurance points incorporated into our internal processes that we believe are most critical to ensuring adherence to the professional standards. These specific key quality assurance points are described in Appendix A.

OPEGA’s special project on professional and administrative services contracts was done specifically to assist AFA in its efforts to address shortfalls in the FY10 and FY11 budgets. This project was not conducted according to OPEGA’s typical review and reporting process due to the nature of the project, the relatively short time frame in which the work needed to be completed, and the need to be flexible in responding to input from AFA. Consequently, many of OPEGA’s standard quality assurance points did not apply. We did, however, take prudent measures to assure our results were objective and as accurate as practicable given the circumstances of the project.

<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>			
	2008	2009	2010
# of reports issued	4	5	2
# of reports subject to GOC endorsement vote	4	3	1
# of reports subject to endorsement vote that were fully endorsed by the GOC	4	3	1
<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. These votes signal whether the GOC is comfortable with the credibility of OPEGA's work and whether the issues and recommendations warrant consideration and action, as appropriate, by the Legislature and/or the responsible agency. To date, the GOC has fully endorsed all OPEGA reports on which it has taken an endorsement vote.

The GOC did not take an endorsement vote our special project for AFA as it was not subject to OPEGA's normal reporting process. The other report released in 2010 was endorsed by unanimous vote.

### **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>		
	2009	2010
1 <sup>st</sup> quarter activity updates provided to the Council	1	1
2 <sup>nd</sup> quarter activity updates provided to the Council	0	1
3 <sup>rd</sup> quarter activity updates provided to the Council	1	0
4 <sup>th</sup> quarter activity updates provided to the Council	0	0
<b># quarters in which activity updates were presented to the Legislative Council</b>	<b>2</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 and 2010.

We did not meet our target in 2009 and the Director increased efforts to attain this goal in 2010. In September, the Director requested an opportunity to give the Council a third quarter update, but scheduling throughout the remainder of the year was difficult and that briefing did not occur. OPEGA has, however, been keeping the Legislative Council informed of our activities by assuring members received copies of all reports released and by copying the Council on other communications.

<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>	
	<b>2009 - 2010</b>
# 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 intended to explore additional forums and formats for our reporting. Unfortunately, limited resources, and the need to prioritize assigned projects, kept us from meeting this stated objective.

We have, however, worked to make the written reports we produce more reader-friendly. In 2009, we began preparing one to two page Report Highlights to distribute to legislators when we released a report. In 2010, we also changed the format of our full written report to incorporate feedback from the Government Oversight Committee. The new format was well received and we will continue to use it for our 2011 reports.

<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>	
Limited action has been taken on this measure to date.	
<i>Original Performance Target = By December 31, 2009      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. Most recently the follow up process has been structured to provide more direct GOC involvement. Over the summer of 2010, the GOC began receiving briefings from responsible agencies on the status of actions taken on past OPEGA reports. Following these briefings, OPEGA has worked with the GOC to determine what, if any, additional action should be taken to address reported recommendations.

Although progress toward developing a routine process and procedure for report follow up has been made, we have not completed the actions anticipated by this objective. We are committed to continuing this effort with the GOC for the 125<sup>th</sup> Legislature.

## 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</b>
# of staff with training requirements per the <i>Generally Accepted Government Auditing Standards (GAGAS)</i>	5	5
# of staff who completed training as required for the two year period	2	5
<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 five OPEGA professionals to whom these CPE requirements applied in 2009-2010 have met the requirements for training over the two year period. Budgetary constraints have made obtaining CPE hours increasingly difficult and we took advantage of free or inexpensive training opportunities whenever possible. In 2010, we also contracted for a formal 3-day training session on Auditing for Cost-Savings and Performance Improvement to be held on site and invited others involved in State government auditing functions to attend in order to reduce the costs for our office.

<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 two years we have identified some opportunities for potential efficiency improvements and have been taking action to address them. 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 and 2010.

<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 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
Total General Fund dollars appropriated	\$952,276	\$981,663	\$836,385
Total General Fund dollars expended	\$681,942	\$717,336	\$708,850
<b>Dollar variance of expenditures to appropriations</b>	<b>(\$270,334)</b>	<b>(\$264,326)</b>	<b>(\$127,535)</b>
<b>% variance of expenditures to appropriations</b>	<b>(28%)</b>	<b>(27%)</b>	<b>(15%)</b>
<i>Target = 0% or less by end of each fiscal year</i>			

OPEGA has been under budget each year since beginning operations in 2005. Consequently, the Director requested a reduced appropriation for the 2010 – 2011 biennial budget to better align the appropriation level with current resource needs. The 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. As a result, OPEGA’s appropriations for FY10 were 14.8% lower than in FY09. OPEGA was under budget by 15% in FY10 even with the reduced appropriations. This is primarily due to the fact that OPEGA had one position vacant for a portion of FY10 and actual costs for printing and advertising were lower than budgeted.

Unencumbered balances that had accumulated from OPEGA’s expenditure variances over the years have gradually been reduced to cover unbudgeted cost-of-living adjustments to salaries and, as approved by the Legislative Council, to help address the State’s continuing fiscal deficits. In total, about \$1.4 million of appropriations made to OPEGA in fiscal years 2003 through 2010 were lapsed back to the General Fund. At the beginning of FY11, OPEGA had \$147,268 remaining in unencumbered balances from fiscal years 2008 – 2010. This balance was transferred into OPEGA’s All Other budget for FY11 to cover the anticipated costs of consultants needed on projects.

## Overall Indicators of Outcomes

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

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

Outcomes associated with OPEGA’s work are affected by many factors beyond OPEGA’s control. For example, the nature of the review topics assigned to OPEGA by the Government Oversight Committee (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.

### **Number of Visits to OPEGA's Website**

We track this measure as an indicator of the overall interest in our function and our work products. In 2010, there were 5,634 total visits to OPEGA's website. This website traffic included:

- 4,256 visits from 110 Maine towns;
- 861 visits from 47 other states and the District of Columbia; and
- 517 visits from 70 countries other than the USA.

For the period 2008 – 2010, there were a total of 20,953 visits to the website including:

- 16,706 visits from 180 Maine towns;
- 2,704 visits from 49 other states and the District of Columbia; and
- 1,543 visits from 105 countries other than the USA.

### **Percent of Recommendations Implemented or Affirmatively Addressed**

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

For the period January 2005 through December 2010 (based on OPEGA's follow up to date) 51.7% of all recommendations made (75 of 145) have now been implemented or affirmatively addressed including:

- 58.6% of the recommendations directed to management (51 of 87); and
- 39.6% of recommendations directed to the Legislature (23 of 58).

OPEGA is aware of activity in progress that, if successfully completed, could result in implementation of another 14 recommendations, six of which had been directed to management and eight to the Legislature. This would increase the percentage of recommendations implemented to 61.4% overall – representing 65.5% and 53.4% of those directed to management and the Legislature, respectively.

We also note that in 2010, we were no longer actively following up on three older reports that, at the time of our final follow up, had a total of 20 recommendations (16 to management and 4 to the Legislature) that had not been fully acted on.

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

The fiscal impacts associated with issues and recommendations reported by OPEGA for the period January 2005 through December 2010 are summarized below. Fiscal impacts associated with OPEGA's 2010 reports are included in the figures for potential reduced costs, reduced staff resources and additional resources needed. These impacts are described in more detail in the Summary of Reports and Results section of this report. Supporting information about the fiscal impacts estimated for older reports can be found in OPEGA's 2009 Annual Report.

As a result of identified weaknesses documented through OPEGA's work, the State incurred at least:

- \$20.3 million in unplanned costs that could have been avoided;
- \$4.1 million in overpayments and other unnecessary expenditures;
- \$167,806 in confirmed misuse of funds and fraud;
- \$180,000 in potential fraud still under investigation; and
- other 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.

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**:

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

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

- \$276,394 in one time expenditures; and
- \$434,000 in annual expenditures.

**Examples** of OPEGA recommendations for structural change that could have significant positive fiscal impacts are those we made in our 2009 report on Fund for a Healthy Maine Programs.

Those recommendations call for improvements in transparency and alignment of 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. The GOC is planning to introduce legislation to implement these recommendations for consideration by the 125<sup>th</sup> Legislature.

# Summary of Reports and Results

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During 2010, OPEGA reported the results for two projects. The results for our full performance audit of public safety answering points (PSAP) and dispatch centers in Kennebec County were contained in the Final Report on Emergency Communications in Kennebec County. The results from our Special Project on State Contracts for Professional and Administrative Services were reported in several memos to the Appropriations and Financial Affairs Committee that accompanied oral briefings made to that committee. The two reports issued in 2010 bring the total of reports published by OPEGA since 2005 to 21. A listing of those reports can be found in Appendix B.

## Emergency Communications in Kennebec County

Our review of emergency communications in Kennebec County found that a fragmented network of call answering and dispatch centers was presenting challenges for effective and efficient response to 9-1-1 calls. Quality and rate issues needed to be addressed to optimize public safety. Key issues identified in the Emergency Communications report that required corrective action in the short-term included:

- PSAP centers making blind transfers to dispatch centers;
- emergency communications centers (ECC) not handling 9-1-1 calls consistently;
- Central Maine Regional Communications Center (CMRCC) needing more active supervision on the call center floor;
- dissatisfaction persisting among CMRCC's customer groups;
- ECC rate methodologies inconsistent and not comparable;
- costs of handling 9-1-1 cell phone calls not equitably covered; and
- Public Utilities Commission rate case on Department of Public Safety rates did not address root causes of higher rates.

The Department of Public Safety (DPS) and the Public Utilities Commission (PUC) immediately began taking corrective action on those issues they could address. The GOC initiated legislation to address the recommendations for legislative action. That legislation was considered and amended by the Joint Standing Committee on Utilities and Energy, and ultimately passed as amended by the Legislature. Consequently, as of the date of this Annual Report, State agencies and/or legislative committees are in the process of implementing, or have already implemented, all notable recommendations stemming from this OPEGA review.

Action taken by the Legislature to remove the requirement for the PUC to set the rates charged by DPS for emergency communications services will reduce the staff resources consumed by a PUC rate case. DPS estimated its response to the previous PUC rate setting case took approximately 1080 hours of high level staff time representing a cost of \$59,400. Two staff from the Attorney General's office also spent roughly 520 hours supporting DPS, representing a cost of \$27,515. These figures are in addition to the PUC staff time which could not be estimated.

The legislation to implement OPEGA's recommendations from this review also included a one time allocation of \$150,000 to the PUC's Emergency Communications Bureau from the E9-1-1 surcharge fund to establish a Quality Assurance function. The function is intended to monitor quality and call handling standards across all PSAPs and report on the results to the Legislature. Additional allocations included in the legislation directed another \$177,000 from the E9-1-1 surcharge fund to the one time emergency funding of two supervisory positions in DPS. These positions were already approved and provided for in the DPS budget approved by the Legislature, but had not been filled because the PUC had not allowed those costs to be included in rates charged by DPS. Filling those positions does not involve any additional unbudgeted costs, but where long-term funding for them will come from remains a concern.

Finally, OPEGA's recommendation to base DPS rates charged to municipalities on an incremental, rather than full cost, methodology was expected to reduce rates for municipalities. DPS reports that this result was realized - with 27 of the 29 municipalities they serve seeing a rate drop under incremental rates. However, as anticipated, the change meant an increase in rates for the State agencies receiving services from the DPS PSAPs as the State will now revert to covering the level of costs it had historically borne prior to the PSAP consolidation.

### **Special Project on Professional and Administrative Services Contracts**

OPEGA's work on professional and administrative services contracts identified 18 contracts that could be considered for possible suspension in FY11 as alternatives to other budget cuts. Contracted amounts associated with these contracts for FY10 totaled \$4,132,907 - with \$3,093,493 from General Fund, \$866,664 from federal funds and \$172,750 from other special revenue. AFA, in consultation with the responsible agencies, reduced contracts by about \$400,000 thus freeing up money for other critical programs in the FY11 supplemental budget.

Our memos to AFA and the GOC on this project included several suggestions for exploring possible cost reductions within continuing contracts. In particular we noted potential opportunities that might exist in the agreements with the University of Maine System for cooperative projects between various State agencies and divisions of the University. We had recommended a specific review of these agreements in our 2008 report on State Contracting for Professional Services. The GOC is considering what action to take to follow up on OPEGA's suggestions for further exploring potential cost savings in these agreements.

### **Action on Prior Reports**

OPEGA and the GOC continue to monitor actions taken on previously issued reports, and determine whether additional Committee action is needed to implement recommendations not yet satisfactorily addressed. As a result of this process, the GOC decided to introduce legislation to implement the recommendations from OPEGA's 2009 report on Fund for a Healthy Maine Programs. Two pieces of legislation have been drafted and reviewed by the GOC. The new Commissioner for the Department of Administrative and Financial Services is providing input on implementation language in the draft bills, which will then be finalized and submitted for consideration by the 125<sup>th</sup> Legislature through the normal bill process.

Appendix C is a summary of the current implementation and follow up status on OPEGA's reports.

## **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
Emergency Communications in Kennebec County	February 2010	Fragmented PSAP and dispatch network presents challenges. Quality and rate issues need to be addressed to optimize public safety.	U&E CJ&PS
OPEGA's Special Project on Professional and Administrative Contracts	February 2010	Opportunities exist to reduce FY11 General Fund costs for professional and administrative contracts by temporarily suspending some contracts. Potential also exists to reduce costs of on-going agreements.	AFA
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 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 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 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 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 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 State & Local 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 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 HHS

Report Title	Date Issued	Overall Conclusion	JSC's that Received Report
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 CJ&PS Transportation
Economic Development Programs in Maine	December 2006	EDPs still lack elements critical for performance evaluation and public accountability.	AFA Agriculture BRED 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 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 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 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 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 Implementation and Follow Up Status on Issued Reports**  
 (Implementation status based on information gathered by OPEGA as of 1-21-11)

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

Note: Implementation and follow up are not applicable for the following OPEGA study reports: Riverview Psychiatric Center: An Analysis of Requests for Admissions; Highway Fund Eligibility for the Department of Public Safety; and, Fund For A Healthy Maine Programs: A Comparison of Maine's Allocations to Other States and a Summary of Programs.