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STATE OF MAINE
CONNECTME AUTHORITY
3RD FLR. CROSS STATE OFFICE BUILDING
78 STATE HOUSE STATION
AUGUSTA, MAINE
04333-0078

JEAN WILSON
CHAIR

GREG McNEAL
DICK THOMPSON
RALPH JOHNSON
THOMAS L. WELCH
AUTHORITY MEMBERS

February 1, 2013

The Honorable Mark W. Eves, Speaker of the House of Representatives
2 State House Station
Augusta, ME 04333-0002

The Honorable Justin L. Alford, President of the Maine Senate
3 State House Station
Augusta, ME 04333-0003

Dear Sirs:

Pursuant to 5 M.R.S.A., Section 12023, please consider this the letter of transmittal for the required report from the ConnectME Authority due by February 1, 2013.

Please contact me if you have any questions or need additional information.

Thank you.

Sincerely,

Phillip Lindley
Executive Director

PRINTED ON RECYCLED PAPER

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EXECUTIVE DIRECTOR

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ConnectME Authority

Report to the Legislature on Financial Policies and Procedures

February 1, 2013

§12022. Financial Policies And Procedures

A governing body of an entity:

1. Consistency with authorizing law. Shall ensure that all activities and expenditures of the entity are limited to those necessary to accomplish the entity's mission and to carry out the entity's duties consistent with the entity's authorizing law;

The ConnectME Authority (Authority) members, management, and staff are acutely aware of the duties and general powers as described in 35-A, M.R.S.A., Sections 9204 and 9205. All expenditures and activities of the Authority are limited to those described in the statute and strictly follow the purposes described in the Authority's Rule Chapter 101, section 1. Annual audits by an independent auditor assure compliance.

2. Compliance with financial policies and procedures. Shall ensure that the governing body, management and staff of the entity comply with financial policies and procedures established by the governing body;

35-A, M.R.S.A., Section 9203(1) states that "the Authority is created as a body corporate and politic and a public instrumentality of the State. The exercise by the authority of powers conferred by this chapter is considered to be the performance of essential governmental functions." As a component unit of the state, the Authority members and staff comply fully with all financial policies and procedures established by the State of Maine Department of Administrative and Financial Services (DAFS). For example, all invoices paid from the ConnectME fund are reviewed by at least two staff members prior to approval and all payment notices are copied to the Chair of the ConnectME Authority. Authority members approve all grant awards and contracts prior to disbursement. The Authority approves an annual budget and is provided a quarterly report on cash flows and expenses. The Authority also stated in July and August 2007 (documented in Authority meeting notes) that it would hire an Executive Director as a state employee, using DAFS/OIT headcount for the position, and following all procedures specified by the Bureau of Human Resources.

3. Selection of vendors. Shall adopt by December 31, 2012 and implement by July 1, 2013 written policies and procedures governing the selection of vendors designed to ensure that the entity secures the best value in its procurements. To the extent possible, consistent with the entity's authorizing law, the

policies and procedures must:

- A. Establish competitive procurement as the standard procurement method;
- B. Specify the conditions under which competitive procurement may be waived; and
- C. For procurements exceeding \$10,000 that were not competitively procured, require that written justification for and evidence of approvals are maintained on file for 5 years;

From its inception in 2006, the Authority has followed all procurement policies and procedures established by the State of Maine Division of Purchases. Competitive procurement is the standard procurement method and would only be waived under conditions approved by the Division of Purchases. For example, the Authority partners with the Public Utilities Commission to acquire an independent fund administrator using Division of Purchases RFP rules and procedures. The resulting contracted fund administrator administers the ConnectME Fund and two of the PUC's funds (MUSF and MTEAF). All procurement records are maintained at the Authority office for review by the independent auditor.

4. Contributions. Shall adopt by December 31, 2012 and implement by July 1, 2013 written policies and procedures governing the use of the entity's resources for contributions. To the extent possible, consistent with the entity's authorizing law, the policies and procedures must:

- A. Establish criteria to ensure that contributions are directly related to the entity's mission and activities;
- B. Require that for identification and reporting purposes contributions are budgeted and accounted for separately from other expenditures in the entity's records;
- C. Establish requirements for maintaining documentation to support each contribution; and
- D. Require that the governing body must approve the annual budget for contributions and be provided periodic reports on contributions made by the entity;

The Authority does not use its resources for any type of contribution.

5. Travel, meals and entertainment. Shall adopt by December 31, 2012 and implement by July 1, 2013 written policies and procedures governing the use of the entity's resources to pay costs of travel, meals, and entertainment. To the extent possible, consistent with the entity's authorizing law, the policies and procedures must:

- A. Limit travel, meal, and entertainment costs to those reasonable and necessary for accomplishing the entity's mission and activities;

B. Describe the persons for whom the entity will pay travel, meal and entertainment costs and specify the conditions under which those costs will be paid and whether directly or through reimbursement;

C. Establish the requirements for supporting documentation and approval of travel, meal, and entertainment costs paid directly or through reimbursement;

D. Require for identification and reporting purposes that travel, meal and entertainment costs are budgeted and accounted for separately from other expenditures in the entity's records; and

E. Require that the governing body must approve the annual budget for travel, meal, and entertainment costs and be provided periodic reports on actual costs paid directly or reimbursed; and

The Authority members and staff have always followed the written policies and procedures for travel, meals, and entertainment as established by DAFS and the Office of the State Controller. All requests for travel and reimbursement are approved either by the Commissioner of DAFS or the Chief Information Officer. The Authority or staff have not requested nor paid for any entertainment expenses in the past and do not expect to do so in the future. All travel and meal costs are limited to those necessary to accomplish the Authority's mission and activities. Reimbursement for travel and meal expenses is limited to Authority members, staff, and as part of incidental contract expenses. All documentation required by the Office of the State Controller is retained at the Authority office for review as necessary by an independent auditor on an annual basis. The Authority approves an annual budget and is provided a quarterly report on cash flows and expenses.

6. Lobbyists. May not retain any person, other than entity staff, that is required to register as a lobbyist as defined in Title 3, section 312-A, subsection 10.

The Authority does not retain a lobbyist as defined in the statute. The Authority's Executive Director does make presentations and provide information to Legislative committees as requested.