

MAINE STATE LEGISLATURE

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Maine Human Rights Commission
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Amy M. Sneirson
Executive Director

John P. Gause
Commission Counsel

January 31, 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 Speaker Eves and President Alford:

In accordance with 5 M.R.S.A. §12023, the Maine Human Rights Commission submits this report on the adoption and implementation status of written policies and procedures required by 5 M.R.S.A. §12022 for quasi-independent state entities. The Executive Director of the Legislative Council directed such reports to be submitted to your attention.

When the Legislature enacted 5 M.R.S.A. §12022-23, it envisioned that as of February 1, 2014, each quasi-independent entity would report annually on the entity's consistency with authorizing law, compliance with financial policies and procedures, selection of vendors, contributions, spending on travel, meals and entertainment, and not retain lobbyists. This report will describe the measures the Maine Human Rights Commission ("MHRC") intends to use to meet, and monitor compliance with, the requirements of §12022.

The MHRC takes the requirements of this statute seriously. On August 20, 2012, soon after the statute became effective, the MHRC Commissioners discussed its requirements at a public meeting with the MHRC Commission Counsel and Executive Director.¹ The MHRC is committed to ensuring that its governing body has all the information needed to oversee the MHRC's activities and expenditures responsibly.

"Consistency with authorizing law"
5 M.R.S.A. §12022(1)

Section §12022(1) of the statute does not require adoption of a specific written policy to 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 MHRC has been, and continues to be, diligent in ensuring that the MHRC activities and expenditures are limited to those necessary to accomplish the aims of – and consistent with – the Maine Human Rights Act, the MHRC's authorizing law. See 5 M.R.S.A §§ 4551, *et seq.*

The MHRC reviews the activities and expenditures of the MHRC quarterly at public meetings. The MHRC Commissioners receive detailed quarterly reports about the activities of the Commission in the prior

¹ The Commission's August 20, 2012 minutes are available at this link:
http://www.maine.gov/mhrc/meetings/2012/201208_m.pdf

quarter. The quarterly report gives specific data on personnel changes, pending caseload, complaint filings and dismissals, case settlements, status of compliance matters and litigation, legislative matters affecting the Commission, and trainings in which Commission staff took part. The MHRC Commissioners also receive detailed quarterly reports regarding expenditures of the MHRC. These finance reports provide specific on every aspect of our budget and expenditures on an actual basis. The reporting includes separate identification and reporting for contributions (labeled "dues" on our reporting because we do not provide any gifts, donations or sponsorships) and travel, meals and entertainment. They allow the MHRC Commissioners to ensure that the activities and expenditures of the MHRC are limited to those necessary to accomplish the MHRC mission and to carry out the MHRC's duties consistent with the Maine Human Rights Act. These policies and practices meet the standards set forth in §12022(1).

Even so, on February 25, 2013, the MHRC Commissioners will formally adopt a written policy designed to ensure that all activities and expenditures of the MHRC are limited to those necessary to accomplish the MHRC's mission and to carry out the MHRC's duties consistent with the Maine Human Rights Act. That policy will be implemented by July 1, 2013.

"Compliance with financial policies and procedures"
5 M.R.S.A. §12022(2)

Section 12022(2) of the statute does not require adoption of a specific written policy to ensure that "the governing body, management and staff of the entity comply with financial policies and procedures established by the governing body." The MHRC has been, and continues to be, diligent in doing just that.

In creating budgets and financial reports, the MHRC follows all requirements set forth in the State of Maine's Administrative and Accounting Manual (found at <http://www.maine.gov/osc/admin/saam.shtml>) regarding financial policies and procedures. The MHRC Commissioners receive detailed quarterly reports regarding expenditures of the MHRC. A copy of a sample Quarterly Financial Review provided to our Commissioners is attached here as Exhibit A. As you will see, these finance reports provide specific information on every aspect of our budget and expenditures on an actual basis. The reporting includes separate identification and reporting for contributions (labeled "dues" on our reporting because we do not provide any gifts, donations or sponsorships) and travel, meals and entertainment.

These quarterly reports, which are reviewed by MHRC Commissioners at public meetings, allow the Commissioners to ensure that they, the management and staff of the MHRC comply with financial policies and procedures established by the MHRC. These policies and practices meet the standards in §12022(2).

Soon after the enactment of the statute, in August 2012, the MHRC Commissioners discussed the requirements of this section. Our minutes reflect the following:

Legal Counsel John P. Gause reviewed two new financial policies and procedures requirements for Commissioners contained within 5 M.R.S. § 12022, "An Act to Implement the Recommendations of the Office of Program Evaluation and Government Accountability and the Government Oversight Committee Regarding Quasi-Independent State Entities," requirements which are effective as of August 30th. Melody Piper reviewed several financial

report alternatives with the Commissioners. Commissioners stated that the format that Commission staff utilize to report financial matters and details to the Commissioners is sufficient for them to meet the obligations of the new legal requirements, particularly because Commissioners know that they may obtain more detailed financial information from Commission staff at any time.

Even so, on February 25, 2013, the MHRC Commissioners will formally adopt a written policy designed to ensure that the MHRC Commissioners, management and staff comply with financial policies and procedures established by the MHRC Commissioners. That policy will be implemented by July 1, 2013.

"Selection of Vendors"
5 M.R.S.A. §12022(3)

The MHRC's current policy and practice regarding procurements is to follow the requirements of 5 M.R.S.A. Subchapter 1-A ("Rules Governing the Competitive Bid Process"). We also follow regulations governing the purchase of services promulgated by the Department of Administrative and Financial Services, Bureau of General Services; the primary policy is found at 18-554 C.M.R. ch. 110 (found at <http://www.maine.gov/purchase/policies/110.shtml> and <http://www.maine.gov/sos/cec/rules/18/chaps18.htm>). We additionally follow all current policies, bulletins and recommended practices from the Division of Purchases regarding purchasing special services. These State of Maine policies establish competitive procurement as the standard procurement method, and specify the conditions under which competitive procurement may be waived, and (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. The MHRC's policy and practice in this regard meets the standards set forth in §12022(3).

Even so, on February 25, 2013, the MHRC Commissioners will formally adopt a written policy governing the selection of vendors designed to ensure that the MHRC secures the best value in its procurements; those policies will be implemented by July 1, 2013. To the extent possible, consistent with the Maine Human Rights Act, the policy will: (A) establish competitive procurement as the standard procurement method; (B) specify the conditions under which competitive procurement may be waived; and (C) require that written justification for and evidence of approvals are maintained on file for five years for procurements exceeding \$10,000 that were not competitively secured.

The MHRC Commissioners will review, and will report to the Legislature, annually on procurements as required by §12023(2)(A).

"Contributions"
5 M.R.S.A. §12022(4)

The MHRC follows all requirements set forth in the State of Maine's Administrative and Accounting Manual (found at <http://www.maine.gov/osc/admin/saam.shtml>) as they relate to coding, maintaining documentation for, and reporting contributions. That State of Maine policy establishes criteria that ensure

that contributions be coded separately from other expenditures in the MHRC accounting and that the MHRC maintain documentation to support each contribution.

The MHRC Commissioners receive detailed quarterly reports regarding membership dues and fees paid by the MHRC. The MHRC does not report on gifts, donations or sponsorships because we do not provide any. A copy of a sample Quarterly Financial Review provided to our Commissioners is attached here as Exhibit A. As you will see, these finance reports include separate identification and reporting for contributions (labeled "dues" on our reporting because we do not provide any gifts, donations or sponsorships).

On February 25, 2013, the MHRC Commissioners will formally adopt written policies and procedures governing the use of MHRC resources for contributions; those policies will be implemented by July 1, 2013. To the extent possible and consistent with the Maine Human Rights Act, the policies and procedures will: (A) establish criteria to ensure that contributions are directly related to the MHRC'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 MHRC must approve the annual budget for contributions and be provided periodic reports on contributions made by the entity.

The MHRC Commissioners will review, and will report to the Legislature, annually on contributions as required by §12023(2)(B).

"Travel, meals and entertainment"
5 M.R.S.A. §12022(5)

The MHRC follows all requirements set forth in Chapter 10 of the State of Maine's Administrative and Accounting Manual (found at <http://www.maine.gov/osc/admin/saam.shtml>) regarding travel, meal and entertainment costs. We also follow collective bargaining agreement requirements on expense reimbursement set forth at <http://www.maine.gov/oer/contracts/index.htm>. This MHRC policy meets the standards set forth in section 12022(5)(A-E).

The MHRC Commissioners receive detailed quarterly reports regarding meal, travel and entertainment costs of the MHRC. A copy of a sample Quarterly Financial Review provided to our Commissioners is attached here as Exhibit A. As you will see, these finance reports provide specific information on our travel on an actual basis. We do not provide meals other than those required as part of work-related travel, so any meal costs are included in the "travel expenses" category. We do not provide any entertainment costs.

On February 25, 2013, the MHRC Commissioners will formally adopt written policies and procedures governing the use of MHRC resources to pay costs of travel, meals and entertainment. Those policies will be implemented by July 1, 2013. To the extent possible, consistent with the Maine Human Rights Act, the policies and procedures will: (A) limit travel, meal and entertainment costs to those reasonable and necessary for accomplishing the MHRC mission and activities; (B) describe the persons for whom MHRC 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 MHRC records; and (E) require that the MHRC must approve the annual budget for travel, meal and entertainment costs and be provided periodic reports on actual costs paid directly or reimbursed.

"Lobbyists"
5 M.R.S.A. §12022(6)

The statute does not require adoption of a specific written policy to ensure that the MHRC does "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 MHRC's current policy is not to employ any person, other than MHRC staff, who is required to register as a lobbyist as defined in 3 M.R.S.A. §312-A(10). This policy meets the standards set forth in §12022(2).

On February 25, 2013, the MHRC Commissioners will formally adopt a written policy and procedure designed to ensure that the MHRC does not retain any person, other than MHRC staff, who is required to register as a lobbyist as defined in 3 M.R.S.A. §312-A(10). This policy will be implemented by July 1, 2013.

Conclusion

We thank the Legislature for its attention to this matter. Should you or another member of the Legislature require additional information, or have a question, about the above report, please do not hesitate to contact me. Thank you for your attention to this matter.

Sincerely,



Amy M. Sneirson
Executive Director

MHRC Quarterly Financial Review

DATE January 11, 2013
 TO: MRHC Commissioners
 FROM: Melody Piper
 RE: FY13 2nd QTR (10/1/12 - 12/31/12)

Cash Balance Summary	State Funds	Federal Funds		Special Revenue
	General Fund*	EEOC	HUD	Seminar/Print
Beginning Balance	\$364,216	\$126,570	\$40,426	\$1,518
Qtr 2 Receipts			\$143,526	\$846
Qtr 2 Expenditures	-\$105,722	-\$45,750	-\$54,141	
Ending Balance	\$258,494	\$80,820	\$129,811	\$2,364

*cash equivalent, state funds are non carrying

Quarterly Allotment Activity Detail

Personal Services:

Beginning Allotment Balance	\$108,201	\$40,024	\$38,931	
Expenditures:				
Salaries	-\$71,720	-\$26,146	-\$25,627	
Benefits	-\$27,944	-\$11,643	-\$13,273	
Per Diems	-\$73	-\$270	-\$20	
Adjustments /Financial Orders				
Total PS Expenditures	-\$99,737	-\$38,059	-\$38,920	
PS Ending Allotment Balance:	\$8,464	\$1,965	\$11	

All Other:

Beginning Allotment Balance	\$5,996	\$5,084	\$21,429	\$1,426
CT Encumbrance Alloted		\$3,486		
Expenditures:				
Professional Services	-\$1,616	-\$3,833	-\$8,636	
Travel Expenses	-\$128	-\$360	-\$2,648	
Dues	-\$450	-\$85	-\$85	
Insurance		-\$46		
Postage	-\$1,776		-\$796	
General Operating Expense	-\$220	-\$404	-\$364	
Training	-\$300	-\$75		
Info. Technology	-\$868	-\$1,045	-\$751	
Supplies	-\$627	-\$628	-\$503	
STA-CAP		-\$1,215	-\$1,438	
Adjustments /Financial Orders				
Total AO Expenditures	-\$5,985	-\$7,691	-\$15,221	
AO Ending Allotment Balance	\$11	\$879	\$6,208	\$1,426

BUDGET ALLOTMENT SUMMARY

Qtr 2 Allotments	\$114,197	\$48,594	\$60,360	\$1,426
Qtr 2 Expenditures	-\$105,722	-\$45,750	-\$54,141	
QTR ENDING ALLOTMENT BALANCE	\$8,475	\$2,844	\$6,219	\$1,426