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PAUL R. LEPAGE
GOVERNOR

STATE OF MAINE
WORKERS' COMPENSATION BOARD
OFFICE OF EXECUTIVE DIRECTOR/CHAIR
DEERING BUILDING, AMHI COMPLEX
27 STATE HOUSE STATION
AUGUSTA, MAINE 04333-0027

PAUL H. SIGHINOLFI, ESQ.
EXECUTIVE DIRECTOR/CHAIR

January 28, 2013

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

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

**RE: Financial Policies and Procedures Status Report
Submitted by the Workers' Compensation Board Pursuant to 5 M.R.S.A. § 12023(1)**

Dear Speaker Eves and President Alfond,

Attached to this letter of transmittal is the Financial Policies and Procedures Report submitted by the Workers' Compensation Board pursuant to 5 M.R.S.A. § 12023(1).

Please do not hesitate to contact me if you have any questions or would like any additional information.

Very truly yours,

Paul H. Sighinolfi, Esq.
Executive Director/Chair

Enclosure

**REPORT OF THE ADOPTION AND IMPLEMENTATION STATUS OF THE
WORKERS' COMPENSATION BOARD'S FINANCIAL POLICIES AND
PROCEDURES**

SUBMITTED PURSUANT TO 5 M.R.S.A. § 12023(1)

January 28, 2013

Paul H. Sighinolfi, Executive Director

Maine Workers' Compensation Board

Pursuant to 5 M.R.S.A. § 12023(1), the Workers' Compensation Board (the "Board") is submitting this report on the implementation and adoption status of its financial policies and procedures.

The Board, while it is a quasi-independent agency, has always been treated like other state agencies and has worked under the oversight of the relevant divisions within the Department of Financial and Administrative Services ("DAFS"). The Board's policy, in a nutshell, will continue the current relationship with DAFS with a few changes.

Maintaining the current relationship with DAFS will satisfy the requirement in 5 M.R.S.A. § 12022(3) to have a policy governing the selection of vendors because the Division of Purchases already has in place comprehensive competitive bidding procedures to which the Board adheres.

Contributions, as defined in 5 M.R.S.A. § 12021(2), are included in the Board's biennial budget submission. The only item that applies here relates to payments for membership dues and fees. The Board has not spent money on gifts, donations or sponsorships. With respect to membership dues and fees, the Board is (and has been for some time) a member of the International Association of Industrial Accident Boards and Commissions ("IAIABC") (current annual dues are \$1,500.00) and the Workers' Compensation Research Institute ("WCRI") (current annual dues are \$735.00). The statute requires that contributions be directly related to the entity's mission and activities and membership in these organizations is directly related to the Board's mission and activities.

Going forward, to ensure compliance with 5 M.R.S.A. § 12022(4)(D), the Board will take separate action with respect to inclusion of any expenditures that fall within the definition of contributions.

Finally, with respect to travel and meals (the Board does not have entertainment expenses), the Board, as mentioned earlier, has operated within the policies and procedures established by the Controller's office. The Board will continue the current practice of utilizing the Controller's forms and procedures with one exception. The procedures adopted by the Controller's office require, for some forms of travel (e.g., out-of-state travel), approval outside of the Board. Going forward, the Board's approval for travel will be final and not be subject to further review outside of the agency.

The Board is in the process of reducing its financial policies and procedures to writing. The Board will then review and approve the written policy. We anticipate this will be accomplished during one of the Board's upcoming meetings. (The Board of Directors meets monthly; usually on the second Tuesday of each month.)

As for implementation, with the exception of approving travel within the agency, it is effectively complete since the Board is simply continuing its current and longstanding relationship with DAFS.