

MAINE STATE LEGISLATURE

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January , 2013

The University of Maine

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

University of Maine
at Augusta

University of Maine
at Farmington

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

University of Maine
at Fort Kent

University of Maine
at Machias

Dear President Alford and Speaker Eves:

University of Maine
at Presque Isle

In accordance with Public Law 2011, Chapter 616, attached you will find the report of the University of Maine System on the adoption and implementation status of written policies and procedures required by section 12022, as well as a description of the measures the University uses to monitor compliance with these financial policies and procedures.

University of
Southern Maine

Please don't hesitate to contact us if we can answer any questions or provide any additional information.

Sincerely,

James H. Page, Chancellor
University of Maine System

**Report of the University of Maine System on the adoption and implementation
status of written policies and procedures required by section 12022**

The University of Maine System (UMS) was essentially in compliance with the intent of the provisions in Chapter 616 prior to passage by the Legislature. Many of the changes implemented by the System that are included herein were primarily intended to recognize and enhance existing practices.

Monitoring Compliance: As custodians of University funds, individuals responsible for making expenditure decisions must ensure that the use of funds is for valid business purposes that support and advance the University's mission of teaching, research, and public service. As stated in University Administrative Practice Letters (APL's), employees are responsible for ensuring expenditures are supported by appropriate documentation including a clear description of the business purpose where it is not otherwise obvious. In addition, various internal controls are in place to ensure proper use of funds. Such controls include segregation of duties regarding review and approval of expenditures as well as the reconciliation of related general ledger activity.

Financial Policies and Procedures: Expectations regarding the use of University funds are documented in UMS Administrative Practice Letter (APL) IV-I *Use of University Funds*, which was recently updated with an effective date of January 31, 2013, and may be found here:

<http://www.maine.edu/pdf/APLIV-I.pdf>

This APL addresses the appropriateness of certain expenditures, including contributions and meals, and defines procedures for making final determinations should there be any question about the appropriateness of a transaction. The APL further prohibits lobbyist expenditures consistent with the language provided under 5 MRSA c. 379, sub-c 3 §12022. In addition, the APL defines procedures regarding reporting any inappropriate or prohibited transactions including procedures for disciplinary action.

Travel, meals and entertainment: The UMS also documents its Travel and Expense Procedures in APL IV-B. A copy of the APL may be found here:

<http://www.maine.edu/pdf/IV-BTravelandExpenseReporting2008.pdf>

Further, the UMS has modified its budget process starting with fiscal year (FY) 2014 to list contributions and travel, meals, and entertainment costs as separate line-item budgets and will modify subsequent budget progress reports made to the BOT to include reporting on actual costs in those areas.

For all travel expenditures, an individual must have the approval of his or her supervisor or other appropriate approving authority for all travel. In addition, the traveler must detail trip expenses on a Travel Expense Voucher and provide original receipts to ensure trip integrity and to enable the approving authority to properly evaluate reasonableness of expenditures.

Procurement / Selection of Vendors: Per section 12022, the Trustees updated Board policy #701, Operating and Capital Budgets, when the Board met on September 24, 2012.

These are the minutes of that action:

<http://www.maine.edu/pdf/BoardofTrusteesmeetingSept242012.pdf>

You can see the BOT updated policy here, note in particular the 3rd paragraph:

http://www.maine.edu/system/policy_manual/policy_section701.php

“In further accordance with the laws of the State of Maine, the Board of Trustees also establishes competitive procurement as the standard procurement method of the University and authorizes the Treasurer to promulgate such policies and practices as the Treasurer determines necessary to implement that standard, including regarding the conditions under which competitive procurement may be waived.”

The Treasurer, in keeping with and in anticipation of that action, updated Administrative Practice Letter VII.A.2 on September 7, 2012.

The updated APL is here, note the 1st paragraph:

<http://www.maine.edu/pdf/VII-A.2UniversityofMaineSystemPurchasingProcedures.pdf>

“Waivers from the competitive procurement process may be granted for special circumstances as described in section V.”

Consistent with the statutory language, section V specifies the conditions under which competitive procurement may be waived.

Procurement activities also require various approvals and documentation depending on the nature and dollar amount of the activity. Further details regarding each of these areas may be found in the APL specific to that area. An index and link to University APL's may be found here:

<http://www.maine.edu/system/oft/apls/>