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State of Maine
 ONE HUNDRED AND TWENTY-EIGHT LEGISLATURE
 COMMITTEE ON APPROPRIATIONS AND FINANCIAL AFFAIRS

To: The Honorable Roger J. Katz, Senate Chair
 The Honorable Anne-Marie Mastraccio, House Chair
 Government Oversight Committee

From: James M. Hamper, Senate Chair
 Drew Gattine, House Chair *DB*
 Joint Standing Committee on Appropriations and Financial Affairs

Date: March 1, 2018

Re: Review of Maine Public Employees Retirement System (MePERS) report to the Legislature pursuant to Maine Revised Statute, Title 5 §12023.

The members of the Joint Standing Committee on Appropriations and Financial Affairs met on February 20, 2017 to review the reports submitted by the Maine Public Employees Retirement System (MePERS) in 2017 and 2018 as required by Title 5 §12023. The committee also requested and received supporting documentation from MePERS prior to this meeting. Several questions were posed to MePERS and were answered during this meeting after which the members requested time to study the materials and formulate additional questions.

The Appropriations Committee met again on March 1, 2017. No additional questions were submitted ahead of this meeting but one additional question was posed and answered during the proceeding.

The Committee studied the submitted reports and the additional information per the requirements set forth in statute and voted unanimously (10-0) to express that they had no concerns regarding the travel, procurement and contribution policies and procedures adopted by the MePERS governing body; MePERS compliance with the expectations established in Title 5 §12022, subsections 3 to 5; and the implementation by the administrative staff and leadership of MePERS of the policies and procedures.

If you have any questions about the Committee's review process or conclusions, please do not hesitate to contact us.

cc: Members, Government Oversight Committee
 Members, Joint Standing Committee on Appropriations and Financial Affairs

SENATE

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STATE OF MAINE
ONE HUNDRED AND TWENTY-EIGHTH LEGISLATURE
COMMITTEE ON JUDICIARY

TO: Senator Roger J. Katz, Senate Chair
Representative Anne-Marie Mastraccio, House Chair
Government Oversight Committee

FROM: Senator Lisa Keim, Senate Chair *LK*^{TS}
Representative Matthew W. Moonen, House Chair *MW*^{SS}
Joint Standing Committee on Judiciary

DATE: March 6, 2018

Re: Quasi-Independent State Entity Review of the Maine Human Rights
Commission

We are pleased to report the results of the Joint Standing Committee on Judiciary's review of the Maine Human Rights Commission pursuant to the laws governing quasi-independent state entities in Title 5, chapter 379, subchapter 3 of the Maine Revised Statutes.

On February 6, 2018, we wrote to the Maine Human Rights Commission to request that it submit copies of its written policies and procedures governing procurement; contributions; and travel, meals and entertainment to the Committee for its review. As required by section 12023, subsection 3 of Title 5, the Committee met on March 1, 2018 to review those written policies and procedures to determine whether they are consistent with the expectations established in section 12022, subsections 3 to 5. In addition, the Committee reviewed the reports submitted by the Maine Human Rights Commission under section 12023, subsection 2 within the past 2 calendar years to determine whether all reported waivers of competitive procurement and reported contributions were in compliance with Commission's policies and procedures, including proper justification and documentation.

Based on our review, the Committee finds that:

- The Maine Human Rights Commission operates under the oversight of the Department of Financial and Administrative Services for its policies and procedures with respect to procurements. State law and that agency's written policy and procedures for procurement are generally consistent with the expectations established in section 12022, subsection 3, although it is not entirely clear from the materials submitted by the Commission that written justifications for waivers of procurement must be maintained on file by the Commission for five years.

- The Maine Human Rights Commission has not adopted a written policy and procedures governing use of the entity's resources for contributions as required by section 12022, subsection 4.
- The Maine Human Rights Commission stated that it follows the policies and procedures in the Office of the State Controller's State Administrative & Accounting Manual with respect to travel and meals expenses. (The Commission does not allow for entertainment expenses.) The provisions of State Administrative & Accounting Manual governing travel and meal expenses are generally consistent with the expectations of section 12022, subsection 5, except that (a) these costs are not required to be budgeted and accounted for separately and (b) the governing body is not required to approve the annual budget for these costs and be provided periodic reports on such costs. In addition, the Committee notes that Sections 10.10.10.a and 10.50.25.c of the State Administrative & Accounting Manual require each agency to have its own written internal policies and procedures governing travel-related costs, but the Commission does not appear to have adopted an internal policy.
- The Maine Human Rights Commission did not report any waivers of competitive procurement exceeding \$10,000 or contributions exceeding \$1,000 in the reports it submitted pursuant to section 12023, subsection 2 in the past two calendar years.

cc: Members, Joint Standing Committee on Judiciary
Members, Government Oversight Committee
Amy Sneirson, Executive Director, Maine Human Rights Commission
Beth L. Ashcroft, Director, OPEGA
Marion Hylan Barr, Director OPLA

SENATE

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STATE OF MAINE
ONE HUNDRED AND TWENTY- EIGHTH LEGISLATURE
COMMITTEE ON LABOR, COMMERCE, RESEARCH AND ECONOMIC DEVELOPMENT

TO: Senator Roger J. Katz, Senate Chair
Representative Anne-Marie Mastraccio, House Chair
Government Oversight Committee

FROM: Senator Amy F. Volk, Senate Chair *AV*
Representative Ryan M. Fecteau, House Chair *RMF*
Joint Standing Committee on Labor, Commerce, Research and Economic
Development

DATE: March 1, 2018

Re: Quasi-Independent State Entity Review of the Finance Authority of Maine

We are pleased to report the results of the Joint Standing Committee on Labor, Commerce, Research and Economic Development's review of the Finance Authority of Maine pursuant to the laws governing quasi-independent state entities in Title 5, chapter 379, subchapter 3 of the Maine Revised Statutes.

On January 11, 2018, we wrote to the Finance Authority of Maine to request that it submit copies of its written policies and procedures governing procurement; contributions; and travel, meals and entertainment to the Committee for its review. As required by section 12023(3) of Title 5, the Committee met on February 22, 2018 to review those written policies and procedures to determine whether they are consistent with the expectations established in section 12022, subsections 3 to 5. In addition, the Committee reviewed the reports submitted by the Finance Authority of Maine under section 12023(2) within the past 2 calendar years to determine whether all reported waivers of competitive procurement and reported contributions were in compliance with the Authority's policies and procedures, including proper justification and documentation.

Based on our review, the Committee finds that:

- The Finance Authority of Maine's written policies and procedures for procurement and contributions are consistent with the expectations established in section 12022, subsections 3 and 4.
- The Finance Authority of Maine's written policy and procedures for travel, meals and entertainment are generally consistent with the expectations established in section 12022(5), except that the written policy does not clearly require "that travel, meal and entertainment costs are budgeted and accounted for separately from other expenditures

in the entity's records" and "that the governing body . . . approve the annual budget for travel, meal and entertainment costs and be provided periodic reports on the actual costs paid directly or reimbursed" as required by paragraphs D and E of subsection 5.

- All reported waivers of competitive procurement and reported contributions made by the Finance Authority of Maine in the reports received pursuant to section 12023(2) in the past two calendar years complied with the Authority's written policies and procedures, including proper justification.

The Committee commends the Finance Authority of Maine for the clarity with which it presented the lists (a) of all procurements exceeding \$10,000 for which competitive procurement was waived and (b) of all persons to which the Authority made contributions greater than \$1,000 in the annual reports it submitted pursuant to section 12023(2). The Authority's reports were a model of clarity: the tables allowed the Committee to review the dollar figures for each procurement or contribution, identity of the vendor or donee, and justification for each waiver of competitive procurement or contribution in an efficient manner. We recommend that the Government Oversight Committee provide guidance to all quasi-independent state entities suggesting that they use a similar tabular format in preparing their annual reports and that those tables similarly include a clearly articulated justification for each waiver of competitive procurement or contribution.

cc: Members, Joint Standing Committee on Labor, Commerce, Research and Economic
Development
Members, Government Oversight Committee
Bruce Wagner, Chief Executive Officer, Finance Authority of Maine
Beth L. Ashcroft, Director, OPEGA
Marion Hylan Barr, Director OPLA

SENATE

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STATE OF MAINE
ONE HUNDRED AND TWENTY- EIGHTH LEGISLATURE
COMMITTEE ON LABOR, COMMERCE, RESEARCH AND ECONOMIC DEVELOPMENT

TO: Senator Roger J. Katz, Senate Chair
Representative Anne-Marie Mastraccio, House Chair
Government Oversight Committee

FROM: Senator Amy F. Volk, Senate Chair *AW*
Representative Ryan M. Fecteau, House Chair *RMF*
Joint Standing Committee on Labor, Commerce, Research and Economic
Development

DATE: March 1, 2018

Re: Quasi-Independent State Entity Review of the Loring Development Authority of
Maine

We are pleased to report the results of the Joint Standing Committee on Labor, Commerce, Research and Economic Development's review of the Loring Development Authority of Maine pursuant to the laws governing quasi-independent state entities in Title 5, chapter 379, subchapter 3 of the Maine Revised Statutes.

On January 11, 2018, we wrote to the Loring Development Authority of Maine to request that it submit copies of its written policies and procedures governing procurement; contributions; and travel, meals and entertainment to the Committee for its review. As required by section 12023(3) of Title 5, the Committee met on February 22, 2018 to review those written policies and procedures to determine whether they are consistent with the expectations established in section 12022, subsections 3 to 5. In addition, the Committee reviewed the reports submitted by the Loring Development Authority of Maine under section 12023(2) within the past 2 calendar years to determine whether all reported waivers of competitive procurement and reported contributions were in compliance with the Authority's policies and procedures, including proper justification and documentation.

Based on our review, the Committee finds that:

- The Loring Development Authority of Maine's written policy and procedures for procurement are generally consistent with the expectations established in section 12022(3), except that it is not clear from the policy that written justifications and evidence of approvals are required and maintained for 5 years for each procurement exceeding \$10,000 for which competitive procurement was waived.

- The Loring Development Authority of Maine’s written policy and procedures governing use of the entity’s resources for contributions were generally consistent with the expectations of section 12022(4), except that for personal property donations with an estimated value of \$500 or less the written policy and procedures do not (a) require that contributions are budgeted and accounted for separately and (b) that the governing body approve of the annual budget for, or be provided periodic reports on such contributions.
- The Loring Development Authority of Maine’s written policy and procedures governing travel, meals and entertainment are generally consistent with the expectations of section 12022(5), except that (a) the costs for meals need be “reasonable” but are not also required to be “necessary”, (b) travel, meals and entertainment costs are not required to be budgeted and accounted for separately and (c) the governing body is not required to approve the annual budget for these costs and be provided periodic reports on such costs.
- All reported waivers of competitive procurement made by the Loring Development Authority of Maine in the reports received pursuant to section 12023(2) in the past two calendar years complied with the Authority’s written policies and procedures, including proper justification. The Authority stated that there were no contributions to report.

The Committee commends the Loring Development Authority of Maine for the descriptions it provided in the annual reports it submitted pursuant to section 12023(2) for all procurements exceeding \$10,000 for which competitive procurement was waived and the tabular format of this information. We suggest that the Authority in its future annual reports, however, include a table that lists: the dollar figures for each applicable procurement or contribution, identity of the vendor or donee, and a more detailed justification for each waiver of competitive procurement or contribution. This will allow the Committee to review this important procurement and contribution information in a more efficient manner.

cc: Members, Joint Standing Committee on Labor, Commerce, Research and Economic
Development
Members, Government Oversight Committee
Carl Flora, President & C.E.O, Loring Development Authority of Maine
Marion Hylan Barr, Director OPLA

SENATE

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STATE OF MAINE
ONE HUNDRED AND TWENTY- EIGHTH LEGISLATURE
COMMITTEE ON LABOR, COMMERCE, RESEARCH AND ECONOMIC DEVELOPMENT

TO: Senator Roger J. Katz, Senate Chair
Representative Anne-Marie Mastraccio, House Chair
Government Oversight Committee

FROM: Senator Amy F. Volk, Senate Chair *AV*
Representative Ryan M. Fecteau, House Chair *RMF*
Joint Standing Committee on Labor, Commerce, Research and Economic
Development

DATE: March 1, 2018

Re: Quasi-Independent State Entity Review of the Maine State Housing Authority

We are pleased to report the results of the Joint Standing Committee on Labor, Commerce, Research and Economic Development's review of the Maine State Housing Authority pursuant to the laws governing quasi-independent state entities in Title 5, chapter 379, subchapter 3 of the Maine Revised Statutes.

On January 11, 2018, we wrote to the Maine Housing Authority to request that it submit copies of its written policies and procedures governing procurement; contributions; and travel, meals and entertainment to the Committee for its review. As required by section 12023(3) of Title 5, the Committee met on February 22, 2018 to review those written policies and procedures to determine whether they are consistent with the expectations established in section 12022, subsections 3 to 5. In addition, the Committee reviewed the reports submitted by the Maine State Housing Authority under section 12023(2) within the past 2 calendar years to determine whether all reported waivers of competitive procurement and reported contributions were in compliance with the Authority's policies and procedures, including proper justification and documentation.

Based on our review, the Committee finds that:

- The Maine State Housing Authority's written policies and procedures for procurement, contributions, and travel, meals and entertainment are consistent with the expectations established in section 12022, subsections 3 through 5.
- It was difficult for the Committee to ascertain based on the annual reports alone whether all reported waivers of competitive procurement and reported contributions made by the Maine State Housing Authority in the reports received pursuant to section 12023(2) in the past two calendar years complied with the Authority's written policies and

procedures, including proper justification and documentation. The annual reports submitted by the Authority properly list each person or entity from whom a non-competitive procurement exceeding \$10,000 was made or to whom a contribution exceeding \$1,000 was made as well as the applicable dollar amounts for the procurements and contributions. Unfortunately, the reports do not provide information on the justification for each of those competitive procurement waivers or contributions.

The Committee commends Peter Merrill, Interim Director of the Maine State Housing Authority, for attending the meeting on February 22, 2018 and for offering to provide the Committee with information on the justifications for the waivers of competitive procurement and for the contributions reported in the past two calendar years. On February 26, 2018, Interim Director Merrill electronically sent the Committee a table listing all of the applicable waivers of competitive procurement and contributions and providing a detailed justification for each. Having information presented in this format and with this level of detail will certainly assist the Committee in its future reviews.

cc: Members, Joint Standing Committee on Labor, Commerce, Research and Economic
Development
Members, Government Oversight Committee
Peter Merrill, Interim Director, Maine State Housing Authority
Beth L. Ashcroft, Director, OPEGA
Marion Hylan Barr, Director OPLA

SENATE

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STATE OF MAINE
ONE HUNDRED AND TWENTY- EIGHTH LEGISLATURE
COMMITTEE ON LABOR, COMMERCE, RESEARCH AND ECONOMIC DEVELOPMENT

TO: Senator Roger J. Katz, Senate Chair
Representative Anne-Marie Mastraccio, House Chair
Government Oversight Committee

FROM: Senator Amy F. Volk, Senate Chair *AV*
Representative Ryan M. Fecteau, House Chair *RMF*
Joint Standing Committee on Labor, Commerce, Research and Economic
Development

DATE: March 1, 2018

Re: Quasi-Independent State Entity Review of the Maine Technology Institute

We are pleased to report the results of the Joint Standing Committee on Labor, Commerce, Research and Economic Development's review of the Maine Technology Institute pursuant to the laws governing quasi-independent state entities in Title 5, chapter 379, subchapter 3 of the Maine Revised Statutes.

On January 11, 2018, we wrote to the Maine Technology Institute to request that it submit copies of its written policies and procedures governing procurement; contributions; and travel, meals and entertainment to the Committee for its review. As required by section 12023(3) of Title 5, the Committee met on February 22, 2018 to review those written policies and procedures to determine whether they are consistent with the expectations established in section 12022, subsections 3 to 5. In addition, the Committee reviewed the reports submitted by the Maine Technology Institute under section 12023(2) within the past 2 calendar years to determine whether all reported waivers of competitive procurement and reported contributions were in compliance with MTI's policies and procedures, including proper justification and documentation.

Based on our review, the Committee finds that:

- The Maine Technology Institute's written policy and procedures for procurement are generally consistent with the expectations established in section 12022(3), except that it is not clear from the policy that written justifications and evidence of approvals for each procurement exceeding \$10,000 for which competitive procurement was waived are to be maintained for 5 years.

- The Maine Technology Institute's written policy and procedures governing use of the entity's resources for contributions were generally consistent with the expectations of section 12022(4), except that for charitable donations there is no requirement that (a) the contributions be directly related to the entity's mission, (b) be budgeted and accounted for separately from other expenditures in the entity's records and (c) the governing body approve the annual budget for such donations or be periodically updated with respect to these donations, and for membership dues that (a) they be budgeted and accounted for separately from other expenditures in the entity's records and (b) the governing body approve the annual budget for such dues payments or be periodically updated with respect to these payments.
- The Maine Technology Institute's written policy and procedures governing travel, meals and entertainment are generally consistent with the expectations of section 12022(5), except that (a) there are no specific policies for meals or entertainment and (b) travel costs are not required to be budgeted and accounted for separately and (c) the governing body is not required to approve the annual budget for these costs and be provided periodic reports on such costs.
- It was difficult for the Committee to ascertain based on the annual reports alone whether all reported waivers of competitive procurement and reported contributions made by the Maine Technology Institute in the reports received pursuant to section 12023(2) in the past two calendar years complied with the MTI's written policies and procedures, including proper justification and documentation. The annual reports submitted by MTI properly list each person or entity from whom a non-competitive procurement exceeding \$10,000 was made or to whom a contribution exceeding \$1,000 was made as well as the applicable dollar amounts for the procurements and contributions. Unfortunately, the reports do not provide information on the justification for each of those competitive procurement waivers or contributions. The Committee was particularly concerned with the lack of justification for non-competitive procurement payments made to individuals.

The Committee suggests that the Maine Technology Institute in its future annual reports include a table that lists: the dollar figures for each applicable procurement or contribution, identity of the vendor or donee, and a detailed justification for each waiver of competitive procurement or contribution. This will allow the Committee to review this important procurement and contribution information in a more efficient manner.

Additionally, the Committee suggests that the format of MTI's written policies be updated. The policies reviewed by the Committee were in the form of memorandums and did not include any date of adoption by the MTI Board of Directors.

cc: Members, Joint Standing Committee on Labor, Commerce, Research and Economic Development
 Members, Government Oversight Committee
 Brian Whitney, President, Maine Technology Institute
 Marion Hylan Barr, Director OPLA

SENATE

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STATE OF MAINE
ONE HUNDRED AND TWENTY- EIGHTH LEGISLATURE
COMMITTEE ON LABOR, COMMERCE, RESEARCH AND ECONOMIC DEVELOPMENT

TO: Senator Roger J. Katz, Senate Chair
Representative Anne-Marie Mastraccio, House Chair
Government Oversight Committee

FROM: Senator Amy F. Volk, Senate Chair *AV*
Representative Ryan M. Fecteau, House Chair *RMF*
Joint Standing Committee on Labor, Commerce, Research and Economic
Development

DATE: March 1, 2018

Re: Quasi-Independent State Entity Review of the Midcoast Regional Redevelopment
Authority

We are pleased to report the results of the Joint Standing Committee on Labor, Commerce, Research and Economic Development's review of the Midcoast Regional Redevelopment Authority pursuant to the laws governing quasi-independent state entities in Title 5, chapter 379, subchapter 3 of the Maine Revised Statutes.

On January 11, 2018, we wrote to the Midcoast Regional Redevelopment Authority to request that it submit copies of its written policies and procedures governing procurement; contributions; and travel, meals and entertainment to the Committee for its review. As required by section 12023(3) of Title 5, the Committee met on February 22, 2018 to review those written policies and procedures to determine whether they are consistent with the expectations established in section 12022, subsections 3 to 5. In addition, the Committee reviewed the reports submitted by the Midcoast Regional Redevelopment Authority under section 12023(2) within the past 2 calendar years to determine whether all reported waivers of competitive procurement and reported contributions were in compliance with the Authority's policies and procedures, including proper justification and documentation.

Based on our review, the Committee finds that:

- The Midcoast Regional Redevelopment Authority's written policy and procedures for procurement are generally consistent with the expectations established in section 12022(3), except that it is not clear from the policy that: (a) competitive procurement is the standard procurement method for procurements of less than \$2,000 and (b) written justifications are required and maintained for each procurement exceeding \$10,000 for which competitive procurement was waived.

- The Midcoast Regional Redevelopment Authority did not submit to the Committee a written policy and procedures governing use of the entity's resources for contributions.
- The Midcoast Regional Redevelopment Authority's written policy and procedures governing travel, meals and entertainment are consistent with the expectations of section 12022(5).
- All reported waivers of competitive procurement and reported contributions made by the Midcoast Regional Redevelopment Authority in the reports received pursuant to section 12023(2) in the past two calendar years complied with the Authority's written policies and procedures, including proper justification.

The Committee commends the Midcoast Regional Redevelopment Authority for the detailed justifications it provided in the annual reports it submitted pursuant to section 12023(2) for all procurements exceeding \$10,000 for which competitive procurement was waived and for all contributions greater than \$1,000. We suggest that the Authority use a tabular format in its future annual reports, however, that lists: the dollar figures for each applicable procurement or contribution, identity of the vendor or donee, and justification for each waiver of competitive procurement or contribution. This format will allow the Committee to review this important procurement and contribution information in a more efficient manner.

cc: Members, Joint Standing Committee on Labor, Commerce, Research and Economic
Development
Members, Government Oversight Committee
Steve Levesque, Executive Director, Midcoast Regional Redevelopment Authority
Beth L. Ashcroft, Director, OPEGA
Marion Hylan Barr, Director OPLA

SENATE

AMY F. VOLK, DISTRICT 30, CHAIR
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STATE OF MAINE
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TO: Senator Roger J. Katz, Senate Chair
Representative Anne-Marie Mastraccio, House Chair
Government Oversight Committee

FROM: Senator Amy F. Volk, Senate Chair *AV*
Representative Ryan M. Fecteau, House Chair *RMF*
Joint Standing Committee on Labor, Commerce, Research and Economic
Development

DATE: March 1, 2018

Re: Quasi-Independent State Entity Review of the Small Enterprise Growth Board

We are pleased to report the results of the Joint Standing Committee on Labor, Commerce, Research and Economic Development's review of the Small Enterprise Growth Board pursuant to the laws governing quasi-independent state entities in Title 5, chapter 379, subchapter 3 of the Maine Revised Statutes.

On January 11, 2018, we wrote to the Small Enterprise Growth Board to request that it submit copies of its written policies and procedures governing procurement; contributions; and travel, meals and entertainment to the Committee for its review. As required by section 12023(3) of Title 5, the Committee met on February 22, 2018 to review those written policies and procedures to determine whether they are consistent with the expectations established in section 12022, subsections 3 to 5. In addition, the Committee reviewed the reports submitted by the Small Enterprise Growth Board under section 12023(2) within the past 2 calendar years to determine whether all reported waivers of competitive procurement and reported contributions were in compliance with the Board's policies and procedures, including proper justification and documentation.

Based on our review, the Committee finds that:

- The Small Enterprise Growth Board's written policy and procedures for procurement are generally consistent with the expectations established in section 12022(3), except that, though the written policy requires retention of written justifications and evidence of approvals for each procurement exceeding \$10,000 for which competitive procurement was waived, it is not clear that these records must be maintained for at least 5 years.

- The Small Enterprise Growth Board's written policy and procedures governing use of the entity's resources for contributions were consistent with the expectations of section 12022(4).
- The Maine Technology Institute's written policy and procedures governing travel, meals and entertainment are generally consistent with the expectations of section 12022(5), except that there are no specific provisions regarding meals.
- All reported waivers of competitive procurement and reported contributions made by the Small Enterprise Growth Board in the reports received pursuant to section 12023(2) in the past two calendar years complied with the Authority's written policies and procedures, including proper justification.

The Committee commends the Small Enterprise Growth Board for the detailed justifications it provided in the annual reports it submitted pursuant to section 12023(2) for all procurements exceeding \$10,000 for which competitive procurement was waived and for all contributions greater than \$1,000. We suggest that the Board use a tabular format in its future annual reports, however, that lists: the dollar figures for each applicable procurement or contribution, identity of the vendor or donee, and a detailed justification for each waiver of competitive procurement or contribution. This will allow the Committee to review this important procurement and contribution information in a more efficient manner.

cc: Members, Joint Standing Committee on Labor, Commerce, Research and Economic
Development
Members, Government Oversight Committee
John Burns, Managing Director, Small Enterprise Growth Board
Marion Hylan Barr, Director OPLA

SENATE

AMY F. VOLK, DISTRICT 30, CHAIR
BRIAN D. LANGLEY, HANCOCK
SHENNA L. BELLOWS, KENNEBEC

HENRY FOUTS, ESQ., LEGISLATIVE ANALYST
JANET STOCCO, ESQ., LEGISLATIVE ANALYST
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STATE OF MAINE
ONE HUNDRED AND TWENTY-EIGHTH LEGISLATURE
COMMITTEE ON LABOR, COMMERCE, RESEARCH AND ECONOMIC DEVELOPMENT

TO: Senator Roger J. Katz, Senate Chair
Representative Anne-Marie Mastraccio, House Chair
Government Oversight Committee

FROM: Senator Amy F. Volk, Senate Chair *AW*
Representative Ryan M. Fecteau, House Chair *RMF*
Joint Standing Committee on Labor, Commerce, Research and Economic
Development

DATE: March 1, 2018

Re: Quasi-Independent State Entity Review of the Washington County Development
Authority

We are pleased to report the results of the Joint Standing Committee on Labor, Commerce, Research and Economic Development's review of the Washington County Development Authority pursuant to the laws governing quasi-independent state entities in Title 5, chapter 379, subchapter 3 of the Maine Revised Statutes.

On January 11, 2018, we wrote to the Washington County Development Authority to request that it submit copies of its written policies and procedures governing procurement; contributions; and travel, meals and entertainment to the Committee for its review. As required by section 12023(3) of Title 5, the Committee met on February 22, 2018 to review those written policies and procedures to determine whether they are consistent with the expectations established in section 12022, subsections 3 to 5. In addition, the Committee reviewed the reports submitted by the Washington County Development Authority under section 12023(2) within the past 2 calendar years to determine whether all reported waivers of competitive procurement and reported contributions were in compliance with the Authority's policies and procedures, including proper justification and documentation.

Based on our review, the Committee finds that:

- The Washington County Development Authority's written policy and procedures for procurement are generally consistent with the expectations established in section 12022(3), except that it is not clear from the policy that competitive procurement is the standard procurement method for procurements of less than \$10,000.
- The Washington County Development Authority's written policy and procedures for contributions are consistent with the expectations established in section 12022(4).

- The Washington County Development Authority's written policy and procedures governing travel, meals and entertainment are consistent with the expectations of section 12022(5). Nevertheless, the Committee is concerned that the Authority's written policy does not provide guidelines regarding the maximum amount of reimbursement available for lodging and meal expenses, nor does the policy set forth the rate at which mileage will be reimbursed.
- The Washington County Development Authority did not report any waivers of competitive procurement exceeding \$10,000 or contributions exceeding \$1,000 in the reports it submitted pursuant to section 12023(2) in the past two calendar years.

cc: Members, Joint Standing Committee on Labor, Commerce, Research and Economic
Development
Members, Government Oversight Committee
Betsy Fitzgerald, Chair, Board of Directors, Washington County Development Authority
Beth L. Ashcroft, Director, OPEGA
Marion Hylan Barr, Director OPLA

SENATE

AMY F. VOLK, DISTRICT 30, CHAIR
BRIAN D. LANGLEY, HANCOCK
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HOUSE

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STATE OF MAINE
ONE HUNDRED AND TWENTY- EIGHTH LEGISLATURE
COMMITTEE ON LABOR, COMMERCE, RESEARCH AND ECONOMIC DEVELOPMENT

TO: Senator Roger J. Katz, Senate Chair
Representative Anne-Marie Mastraccio, House Chair
Government Oversight Committee

FROM: Senator Amy F. Volk, Senate Chair *AV*
Representative Ryan M. Fecteau, House Chair *RMF*
Joint Standing Committee on Labor, Commerce, Research and Economic
Development

DATE: March 1, 2018

Re: Quasi-Independent State Entity Review of the Workers' Compensation Board

We are pleased to report the results of the Joint Standing Committee on Labor, Commerce, Research and Economic Development's review of the Workers' Compensation Board pursuant to the laws governing quasi-independent state entities in Title 5, chapter 379, subchapter 3 of the Maine Revised Statutes.

On January 11, 2018, we wrote to the Workers' Compensation Board to request that it submit copies of its written policies and procedures governing procurement; contributions; and travel, meals and entertainment to the Committee for its review. As required by section 12023(3) of Title 5, the Committee met on February 22, 2018 to review those written policies and procedures to determine whether they are consistent with the expectations established in section 12022, subsections 3 to 5. In addition, the Committee reviewed the reports submitted by the Workers' Compensation Board under section 12023(2) within the past 2 calendar years to determine whether all reported waivers of competitive procurement and reported contributions were in compliance with Board's policies and procedures, including proper justification and documentation.

Based on our review, the Committee finds that:

- The Workers' Compensation Board stated that it operates under the oversight of the Department of Financial and Administrative Services for its policies and procedures with respect to procurements. State law and that agency's written policy and procedures for procurement are consistent with the expectations established in section 12022(3).
- The Workers' Compensation Board stated that it operates under the oversight of the Department of Financial and Administrative Services for its policies and procedures with

respect to contributions. That agency has written policy and procedures with respect to membership dues that are generally consistent with the expectations established in section 12022(4), except that there is no requirement that membership dues be directly related to the Board's mission. The Committee could not locate any written policies or procedures for the Board (or the Department of Financial and Administrative Services) regarding gifts, donations or sponsorships. Additionally, there were no written policies or procedures requiring the Board to budget and account for these costs separately, nor any requirement that the annual budget for such costs be approved by the Board and that the Board receive periodic updates on such costs.

- The Workers' Compensation Board stated that it operates under the policies and procedures of the Office of the State Controller with respect to travel, meals and entertainment. The Committee notes that the Office of the State Controller's "State Administrative and Accounting Manual" requires each agency to have its own written internal policies and procedures, and that the Board does not appear to have any. Based on the State Controller's written policies and procedures governing use of the entity's resources for governing travel, meals and entertainment, these written policies and procedures are generally consistent with the expectations of section 12022(5), except that (a) these costs are not required to be budgeted and accounted for separately and (b) the governing body is not required to approve the annual budget for these costs and be provided periodic reports on such costs.
- It was difficult for the Committee to ascertain based on the annual reports alone whether all reported waivers of competitive procurement made by the Workers' Compensation Board in the reports received pursuant to section 12023(2) in the past two calendar years complied with the Board's written policies and procedures, including proper justification and documentation. The annual reports submitted by the Board properly list each person or entity from whom a non-competitive procurement exceeding \$10,000 was made or to whom a contribution exceeding \$1,000 was made as well as the applicable dollar amounts for the procurements and contributions. Unfortunately, the reports do not provide enough information on the justification for the competitive procurement waivers. The justifications provided regarding contributions exceeding \$1,000 were sufficiently clear for the Committee to determine that the Board has complied with its policies and procedures with respect to these contributions.

The Committee suggests that the Workers' Compensation Board in its future annual reports include a table that lists: the dollar figures for each applicable procurement or contribution, identity of the vendor or donee, and a detailed justification for each waiver of competitive procurement or contribution. This will allow the Committee to review this important procurement and contribution information in a more efficient manner.

cc: Members, Joint Standing Committee on Labor, Commerce, Research and Economic
Development
Members, Government Oversight Committee
Paul Sighinolfi, Executive Director, Workers' Compensation Board
John Rhode, General Counsel, Workers' Compensation Board
Marion Hylan Barr, Director OPLA

SENATE

PAUL T. DAVIS SR., DISTRICT 4, CHAIR
LISA KEIM, DISTRICT 18
SUSANA A. DESCHAMBAULT, DISTRICT 32

LUCIA NIXON, LEGISLATIVE ANALYST
JENNIFER HALL, COMMITTEE CLERK

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CHAD WAYNE GRIGNON, ATHENS

STATE OF MAINE
ONE HUNDRED AND TWENTY EIGHTH LEGISLATURE
COMMITTEE ON STATE AND LOCAL GOVERNMENT

MEMORANDUM

TO: Senator Roger Katz, Senate Chair
Representative Anne-Marie Mastraccio, House Chair
Committee on Government Oversight

FROM: Senator Paul T. Davis Sr., Senate Chair *PTD*
Representative Roland Danny Martin, House Chair *RDM*
Joint Standing Committee on State and Local Government

DATE: February 21, 2018

RE: **Review of Maine Municipal Bond Bank and Maine Governmental Facilities
Authority under 5 MRSA §12023 sub§3**

Pursuant to Maine Revised Statutes Title 5, section 12023, subsection 3, we are reporting the results of our committee's review of the Maine Municipal Bond Bank and the Maine Governmental Facilities Authority. Our committee is pleased to report the following:

Maine Municipal Bond Bank (MMBB)

1. Policies and procedures adopted by MMBB board are consistent with expectations established in Title 5 section 12022, subsections 3 to 5, with one exception that will be addressed as explained in section c. below.
 - a. Procurement policy is consistent with requirements of Title 5, section 12022, subsection 3.
 - b. Contributions policy is consistent with Title 4, section 12022, subsection 4.
 - c. Travel, meals and entertainment policy is consistent with the requirements of Title 5, section 12022, subsection 5, paragraphs A-C. This policy, adopted in 2011 prior to enactment of section 12022, does not presently address paragraphs Title 5, section 12022, subsection 5, paragraphs D and E. The Executive Director of MMBB reported that MMBB budget procedures meet the requirements of paragraphs D and E and that the necessary language will be formally added to the policy document at the next meeting of the MMBB board.
2. All reported waivers of competitive procurement during the period under review are in compliance with MMBB adopted policies and procedures.
3. MMBB had no reported contributions during the period under review.

Maine Governmental Facilities Authority (MGFA)

1. Policies and procedures adopted by MGFA board are consistent with expectations established in Title 5 section 12022, subsections 3 to 5, with one exception that will be addressed as explained in section c. below.
 - a. Procurement policy is consistent with requirements of Title 5, section 12022, subsection 3.
 - b. Contributions policy is consistent with Title 4, section 12022, subsection 4.
 - c. Travel, meals and entertainment policy is consistent with the requirements of Title 5, section 12022, subsection 5, paragraphs A-C. The policy, adopted in 2011 prior to enactment of section 12022, does not presently address Title 5, section 12022, subsection 5, paragraphs D and E. The Executive Director of MGFA reported that MGFA budget procedures meet the requirements of paragraphs D and E and that the necessary language will be formally added to the policy document at the next meeting of the MGFA board.
2. All reported waivers of competitive procurement during the period under review were in compliance with MGFA adopted policies and procedures.
3. MGFA had no reported contributions during the period under review.

Cc: Members, Government Oversight Committee
Members, Joint Standing Committee on State and Local Government
Beth Ashcroft, Director, Office of Program Evaluation and Government Accountability
Marion Hylin Barr, Director, Office of Policy and Legal Analysis
Michael Goodwin, Executive Director, MMBB / MGFA