

## **Guide for Policy Committee Review of Quasi-Independent State Entity Annual Reports and Related Financial Practices Pursuant to 5 MRSA §§12021 – 12023**

### **Documents Needed**

- Entity's current written policies and procedures governing procurement, contributions and donations, and travel, entertainment and meal expenses. (Get these documents from the entity.)
- Annual reports submitted by the entity pursuant to §12023 for at least the past two years. (These reports are submitted to the Executive Director's Office who has been forwarding them to the relevant JSCs.)

### **Review Process**

#### **Step 1 – Review of the written policy and procedures**

Policy committee compare substance of each policy to statutory requirements for that policy in §12022.

- a. Are there any areas where it appears policy is not compliant or where it is unclear whether the policy is compliant?
- b. Is there anything in the policy that raises questions as to whether expenditures and practices allowed under the policy are indeed consistent with the entity's authorized mission and duties (§12022 sub-§1)?

Policy committee question entity on:

1. When did the governing Board approve/adopt these current written policies and procedures?
2. How does the governing Board monitor the entity's compliance with each of these policies and procedures?
3. Have there been changes to the written policies or the way in which Board monitors compliance since the Board formally adopted the policies? If so, have these changes been reported in the entity's annual report as required by §12023 sub-§2, par. C?
4. Any areas identified by the committee in a. and b. above that require additional explanation.

#### **Step 2 – Review of entity annual reports re: procurements over \$10,000 that were not competitively bid for last two years**

Policy committee review list of non-competitive procurements over \$10,000

- a. Has the entity provided explanation or justification for why the procurement was not competitively bid and/or which waiver in its procurement policy the procurement applies to? If not, ask the entity to supply justification or the relevant waiver provision.

- b. Are there any procurements that appear non-compliant with the entity's policy, or where it is questionable or unclear whether it is compliant?
- c. Do any of the vendors/procurements listed raise questions as to whether those expenditures are indeed consistent with the entity's authorized mission and duties (§12022 sub-§1)?
- d. Are there any procurements where vendor name, dollar amount of the procurement, or repeated history of non-competitive procurements from this vendor raise questions or concerns for the committee?

Policy committee question entity on:

- 1. Will the entity testify that the list of procurements provided in the annual report is complete to the best of its knowledge?
- 2. What does the entity maintain for documentation explaining or justifying the choice to procure these goods/services through a non-competitive process?
- 3. Any areas identified by the committee in a. thru d. above that require additional explanation.

### **Step 3 – Review of entity annual reports re: contributions over \$1,000 for last two years**

Policy committee review list of donations and contributions over \$1,000

- a. Has the entity provided explanation of what the contribution was for if it is not evident from the name of the person/organization it was made to? If not, ask the entity to provide explanation.
- b. Are there any contributions that appear non-compliant with the entity's policy, or where it is questionable or unclear whether it is compliant?
- c. Do any of the contributions listed raise questions as to whether those expenditures are indeed consistent with the entity's authorized mission and duties (§12022 sub-§1)?
- d. Are there any contributions where the name, dollar amount of the donation or contribution, or repeated history of donations/contributions to the individual or organization raise questions or concerns for the committee?

Policy committee question entity on:

- 1. Will the entity testify that the list of contributions provided in the annual report is complete to the best of its knowledge?
- 2. What does the entity maintain for documentation explaining the purpose of the contribution?
- 3. Any areas identified by the committee in a. thru d. above that require additional explanation.

**Step 4 – Review annual reports re: changes to policies or governing Board oversight of compliance**

Policy committee review annual report to see if there are described changes to policies and/or the governing Board's processes for monitoring compliance. Note that the annual report would be expected in to include a discussion of any changes the entity informs the committee about in response to Step 1, question for entity #3.

If annual report describes changes, is there anything in those descriptions that are concerning or unclear to the committee? If so, question entity about them.

**Step 5 – Communication to GOC on the result of the review**

Policy committee communicate to GOC pursuant to §12023 sub-§3 on:

- a. results of the committee's review; and
- b. any areas the committee feels should be reviewed in more depth given the information in the entities annual report and any additional information and explanation provided by the entity.