



Office of Program Evaluation and
Government Accountability

Annual Report on
Activities and Performance

2015

a report to the
Government Oversight Committee and the Legislature
from the
Office of Program Evaluation & Government Accountability
of the Maine State Legislature

January

2016

GOVERNMENT OVERSIGHT COMMITTEE OF THE 127TH LEGISLATURE

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Requests for OPEGA reviews are considered by the Government Oversight Committee in accordance with a standard process. Requests must be made in writing and must be initiated or sponsored by a legislator. Individual legislators or citizens should review the process and FAQ that are posted on OPEGA's website at <http://legislature.maine.gov/opega/request-for-a-review>. There is also a form there to help facilitate the GOC's consideration of the request. Legislative committees can request reviews directly through a written communication to the Government Oversight Committee.

Copies of OPEGA's reports are free.

Reports are available in electronic format at:
<http://legislature.maine.gov/opega/opega-reports>

Hard copies of reports may be obtained by contacting OPEGA at:
(207) 287-1901

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BETH L. ASHCROFT
DIRECTOR

MAINE STATE LEGISLATURE
OFFICE OF PROGRAM EVALUATION AND
GOVERNMENT ACCOUNTABILITY

January 20, 2016

The Honorable Roger J. Katz, Senate Chair
The Honorable Chuck Kruger, House Chair
And Members of the Government Oversight Committee
82 State House Station
Augusta, Maine 04333

The Honorable Michael D. Thibodeau, President of the Senate
and Members of the 127th Maine Senate
3 State House Station
Augusta, Maine 04333

The Honorable Mark W. Eves, Speaker of the House
and Members of the 127th Maine House of Representatives
2 State House Station
Augusta, Maine 04333

Dear Government Oversight Committee Members, Senators and Representatives:

In accordance with 3 MRSA §995.4, I respectfully submit OPEGA's Annual Report on Activities and Performance for 2015. OPEGA's service to the Legislature as a non-partisan resource is meant to provide support in overseeing and improving the performance of State government. The OPEGA staff and I are honored that Maine's legislators and legislative committees have come to view the Office as a trusted source of objective, credible information. As OPEGA begins its 12th year of service to the Legislature, we will continue to conduct our work in a manner that earns your trust and respect, as well as that of Maine's citizens. I hope our efforts and results will continue to be viewed as a worthwhile use of taxpayer dollars.

Sincerely,

A handwritten signature in cursive script that reads 'Beth L. Ashcroft'.

Beth L. Ashcroft
Director

Cc: Heather J.R. Priest, Secretary of the Senate
Robert B. Hunt, Clerk of the House

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About OPEGA

History:

The Office of Program Evaluation and Government Accountability (OPEGA) is a non-partisan, independent legislative office created by Public Law 2001, Chapter 702. The Office first became operational in January 2005. Its authorizing statute is 3 MRSA §§991- 997.

Organization:

OPEGA is part of a unique organizational arrangement within the Legislature that ensures both independence and accountability. This structure is critical to ensuring that OPEGA can perform its function in an environment as free of political influence and bias as possible.

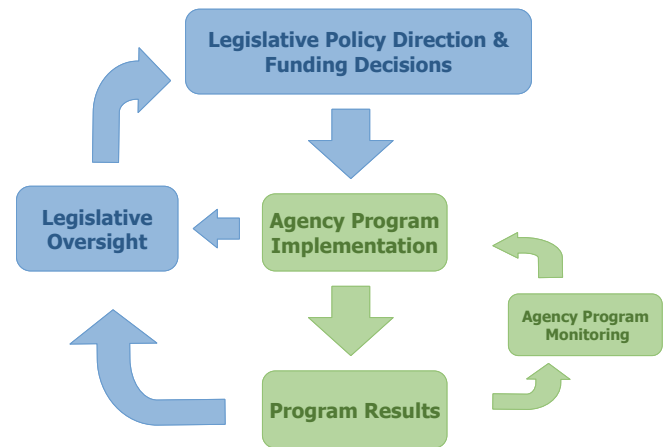
The Legislative Council appoints the Director of OPEGA for five year terms and also sets the Director's salary. OPEGA's activities are overseen by the legislative Government Oversight Committee (GOC), a 12-member bi-partisan and bi-cameral committee appointed by legislative leaders according to Joint Rule. The GOC's oversight includes approving OPEGA's budget and annual work plan, as well as monitoring OPEGA's use of resources and performance.

Staffing:

OPEGA has an authorized permanent staff of nine full-time positions including the Director and the Administrative Secretary, who also serves as the Committee Clerk for the GOC. Two of the full-time positions were added in 2015 as a result of Public Law 2015 Chapter 344 which directs OPEGA to conduct evaluations of tax expenditure programs as part of an on-going legislative review process.

Function:

OPEGA primarily supports legislative oversight by conducting independent reviews of State government as directed by the GOC¹. As legislators perform their oversight function, they often have questions about how policies are being implemented, how programs are being managed, how money is being spent and what results are being achieved.



The GOC and OPEGA address those questions from an unbiased perspective through performance audits, evaluations and studies. The independence and authorities granted by our governing statute provide the Legislature with a valuable supplement to policy committee oversight. In addition, the GOC and OPEGA are in an excellent position to examine activities that cut across State government and span the jurisdictions of multiple policy committees.

The results of OPEGA's reviews are provided to legislators and the public through formal written reports and public presentations.

¹ When directed to do so, OPEGA also has authority to perform audits of non-State entities that receive State funds or have been established to perform governmental functions.

Mission

The Office of Program Evaluation and Government Accountability exists to support the Legislature in monitoring and improving the performance of State government by conducting independent, objective reviews of State programs and activities² with a focus on effectiveness, efficiency and economical use of resources.

Vision

OPEGA is valued as a credible source of objective information that contributes to good government and benefits Maine's citizens.

Values

OPEGA seeks to be a model for best practices in government and is committed to:

- ◆ Independence and objectivity
- ◆ Professionalism, ethics and integrity
- ◆ Participatory, collaborative approach
- ◆ Timely, effective communications
- ◆ Valuable recommendations
- ◆ Continuous improvement
- ◆ Using skilled and knowledgeable staff
- ◆ Minimizing disruption of operations
- ◆ Identifying root causes
- ◆ Measuring its own performance
- ◆ Smart use of its own resources

Overall Goals

- A. Provide timely, relevant and useful information and recommendations.
- B. Conduct all work with objectivity and accuracy.³
- C. Communicate regularly on our activities, results and impacts.
- D. Utilize OPEGA's resources effectively, efficiently and economically.

Indicators of Overall Outcomes

OPEGA tracks and reports on the following measures as broad indicators of the outcomes of our work:

- number of visits to OPEGA's website;
- percentage of recommendations that have been implemented or addressed affirmatively by the agencies or the Legislature; and
- estimated fiscal impact, actual or potential, associated with OPEGA recommendations.

² When directed to do so by the Government Oversight Committee, OPEGA is also authorized to perform audits of non-State entities that receive State funds or have been established to perform governmental functions.

³ OPEGA adheres as fully as possible to the performance auditing standards issued by the United States Government Accountability Office (GAO), known as the *Generally Accepted Government Auditing Standards (GAGAS)* or Yellow Book standards. Adherence to professional standards assures OPEGA's work is objective and accurate and reported results are appropriately supported.

Key Activities in 2015

OPEGA Completed Four Projects and Conducted Substantial Work on Four Others

OPEGA's GOC-approved Work Plan for 2015-2016 currently includes 15 projects – seven of which were added in 2015. The 15 projects include 12 full performance reviews, one follow-up review and two special projects. OPEGA's Work Plan and project status are shown in Table 1 and posted on OPEGA's web site.

Table 1. OPEGA Work Plan for 2015-2016 by Status and Date Initiated

Project Name	Date Initiated	Scope Approved	Status	Date Completed
Follow-Up Review: Office of Information Technology	Nov 2012	Nov 2012	Completed	Aug 2015
Special Project: Tax Expenditure Programs Phase II	April 2014	April 2014	Completed	Mar 2015
DHHS Workplace Culture and Environment	July 2014	NA	Completed	April 2015
State Funding for Good Will-Hinckley	July 2015	June 2015	Completed	Sept 2015
State Lottery	Aug 2013	Dec 2013	In Progress	NA
Riverview Psychiatric Center	Sept 2014	Sept 2014	In Progress	NA
Tax Expenditure: Employment Tax Increment Financing	Oct 2015	NA	In Progress	NA
Tax Expenditure: New Markets Capital Investment Credit	Oct 2015	NA	In Progress	NA
Tax Expenditure: Pine Tree Development Zones	Oct 2015	NA	In Progress	NA
DHHS Licensing and Regulation of Child Care Providers	April 2014	NA	Suspended	NA
DHHS Audit Functions	NA	NA	Planned	NA
Northern New England Passenger Rail Authority	NA	NA	Planned	NA
Public Utilities Commission: Independent Assessments	NA	NA	Planned	NA
Special Project: Information to Support Expedited Tax Expenditure Reviews	NA	NA	Planned	NA
The Fund for A Healthy Maine	NA	NA	Planned	NA

In 2015, the Office finished its work on four projects, including three performance reviews and one special project. The DHHS Workplace Culture and Environment review, carried over from 2014 in Suspended status, was placed back In Progress and completed in April 2015. OPEGA issued an Information Brief that included suggestions on additional improvement opportunities for DHHS to consider as it continued its work on employee engagement and culture. The Follow-Up Review of the Office of Information Technology was, by design, a multi-year project during which OPEGA monitored OIT progress on strategic improvement plans for three key information technology (IT) functions. The culmination of that review was an independent assessment of OIT's progress conducted by an OPEGA-contracted consultant with IT expertise. After its review of the independent assessment, OPEGA issued a full report with recommendations in August 2015. The State Funding for Good Will-Hinckley project was a full fact-finding review added to OPEGA's Work Plan at the beginning of July 2015. OPEGA prioritized completion of

this review and issued an Information Brief in early September. The Summary of Projects and Results section beginning on page 9 contains additional detail on the results of these reviews and actions that have been taken.

OPEGA also completed the Special Project: Tax Expenditure Programs Phase II, which culminated in a formal proposal for on-going legislative review of tax expenditures submitted to the GOC and the Joint Standing Committee on Taxation in March 2015. The Legislature subsequently enacted Public Law 2015 Chapter 344 to implement the proposal. This new law tasks OPEGA with conducting Full Evaluations of certain tax expenditures each year on a GOC-approved schedule and with providing information to support the Taxation Committee in the performance of Expedited Reviews of other tax expenditures. In September 2015, the GOC approved the schedule for Full Evaluations to be completed in 2016. Those four evaluations were added to OPEGA's Work Plan and have been In Progress since October. OPEGA recently recommended removing one of those reviews based on the nature of the tax expenditure and the GOC agreed. Three Full Evaluations remain on the Work Plan: Employment Tax Increment Financing, New Markets Capital Investment Credit, and Pine Tree Development Zones. The Work Plan also includes a Special Project to support the Taxation Committee's review of other tax expenditures. That Special Project is currently in Planned status but will soon be In Progress, with a deadline of providing information to the Taxation Committee by July 1, 2016. Additional detail on the completed Tax Expenditures Phase II project can be found on page 13.

During 2015, OPEGA has continued with substantial work on the review of the Riverview Psychiatric Center (RPC). Although OPEGA initiated this review at the end of September 2014, the work on this review did not really get underway until December 2014. A number of factors have resulted in the RPC review extending over the course of 2015 and into 2016. These factors have included the need to coordinate with RPC on scheduling interviews with numerous direct care staff and on gaining access to a variety of RPC records. Questions also arose about what records RPC could allow OPEGA access to, and in what form, under various federal regulations. Both RPC and OPEGA sought assistance from the Attorney General's Office in resolving the access concerns. Work on the RPC project is nearing final stages and OPEGA expects to issue the report in the first quarter of 2016.

Also during 2015, OPEGA assisted the GOC in monitoring progress made on planned improvements in the Department of Health and Human Services' Division of Licensing and Regulatory Services (DLRS) related to the licensing and regulation of child care providers in the State. The GOC suspended an OPEGA review of DLRS that was in progress in 2014 to allow the agency time to implement a comprehensive strategic improvement plan intended to address serious known issues that were the impetus for the review. While in Suspended status, the GOC and OPEGA received several written report backs and briefings from DLRS on its progress. OPEGA plans to resume that review in 2016.

OPEGA has not had sufficient resources in 2015 to continue work on the State Lottery review. While that review is still considered to be In Progress, prioritizing the RPC review and the review of State Funding for Good Will-Hinckley has resulted in little progress being made on the State Lottery project. Similarly, OPEGA has not had the resources to begin two planned projects carried over from the 2013-2014 Work Plan - the review of DHHS Audit Functions and the review of Public Utilities Commission: Independent Assessments.

OPEGA Monitored Actions Taken on Past Reports

OPEGA actively follows up with agencies on actions taken, and monitors legislative efforts when applicable, related to report recommendations. The GOC periodically reviews the implementation status of specific reports and often receives formal report backs from responsible agencies.

In 2013, the GOC adopted a procedure to govern OPEGA's follow-up on issued reports. Under that procedure, OPEGA ceases active follow-up of any outstanding recommendations for reports issued more than two years ago, unless the GOC directs that active follow-up should continue. The procedure also calls for OPEGA to report to

the GOC semi-annually on its follow-up activities, and the status of actions on related recommendations, so the GOC can determine whether additional action by the Committee is warranted.

The seven reports listed in Table 2 had outstanding recommendations and were in active follow-up status in 2015. OPEGA had limited time available for follow-up work in 2015 and concentrated its effort on two reports:

- *Economic Development Programs in Maine:* assessing the current status of outstanding recommendations in the 2006 report and assisting the GOC in its consideration of what action should be taken with regard to unaddressed recommendations from that report; and
- *Healthy Maine Partnerships' FY13 Contracts and Funding:* assisting the GOC in taking action and monitoring progress on the implementation of its own recommendations from work on this review.

Table 2. OPEGA Reports in Active Follow-up Status in 2015
Follow-Up Review of the Office of Information Technology (2015)
Maine Economic Improvement Fund (2014)
Healthy Maine Partnerships' FY13 Contracts and Funding (2013)
Public Utilities Commission (2013)
Maine State Housing Authority: Energy Assistance Programs LIHEAP and WAP (2013)
Child Development Services (2012)
Economic Development Programs in Maine (2006)

OPEGA did not, however, conduct the follow-up planned on the remaining reports in active follow-up status in 2015. Consequently, we have limited new information on the status of the recommendations that were in process of being implemented, or were not yet addressed, as of the end of 2014. OPEGA plans to conduct follow-up on these reports in early 2016, review implementation status with the GOC as warranted, and then discontinue active follow-up on any reports issued more than two years ago.

The Summary of Projects and Results section of this report, beginning on page 9, has additional description of actions OPEGA is aware of that have been taken on prior reports, including actions by the GOC as a result of the follow-up work described here. Appendix B also gives the current follow-up and implementation status of all OPEGA reports.

OPEGA Supported GOC and Other Legislative Efforts Including Conducting Public Inquiries and Introducing New Legislation

OPEGA serves as staff for the Government Oversight Committee. Staff support includes coordinating and giving notice of meetings and agendas, developing and distributing written meeting materials, and preparing written summaries of the meetings. The GOC held 14 meetings in 2015. An archive of the Meeting Summaries from all GOC meetings is maintained on OPEGA's website.

OPEGA also performs research and gathers information to support the Committee's consideration of potential review topics. In 2015, the Office processed and/or conducted research related to six formal requests for OPEGA reviews. Five of these were requests from legislators, including one from a GOC member. The other formal request was submitted by a citizen and had a legislative sponsor as required by GOC policy.

Ultimately, the GOC actively considered all six of the formal requests, placing four of them on OPEGA's Work Plan (two were combined into one review of the Governor's actions regarding GWH).⁴ The Committee has requested additional information on one other request; that request is still pending a final GOC determination.⁵ The GOC determined the remaining request did not require any further action by the Committee or OPEGA.

⁴ Four of the formal requests for reviews considered by the GOC were added to OPEGA's Work Plan as three projects – State Funding for Good Will-Hinckley, Northern New England Passenger Rail Authority and The Fund for a Healthy Maine.

⁵ The request still pending with the GOC is for a review of the Board of Licensure for Professional Land Surveyors.

The GOC occasionally conducts its own investigatory inquiries through public meetings and OPEGA supports the Committee in those efforts. In 2015, the GOC conducted a public inquiry of former and current officials of the Department of Education, the Governor's Office, Good Will-Hinckley, the Harold Alfond Foundation, and Maine Street Solutions to explore unanswered questions still remaining following release of OPEGA's Information Brief on State Funding for Good Will-Hinckley (Info Brief). On October 15, 2015, the Committee asked questions of the GWH Board Chair during its Public Comment Period on the Info Brief and on November 12, 2015 the GOC took testimony under oath from nine individuals.

For this inquiry, OPEGA assisted the GOC in issuing subpoenas and letters requesting attendance and documents, understanding and adhering to the statutes that govern such legislative proceedings, preparing protocols to be followed, and coordinating logistics for the public meetings. Following the inquiry, OPEGA drafted, for GOC review and approval, the first GOC Addendum to an OPEGA report. The Addendum is the GOC's own report which records the actions of the GOC in response to OPEGA's GWH Info Brief, and includes a summary of additional or new information and context pertinent to the reported events gathered through the GOC's process. The GOC Addendum is posted with the OPEGA Info Brief on OPEGA's website.

In 2015, the GOC introduced two pieces of legislation stemming from follow-up work done on two OPEGA reports issued in prior years. OPEGA assisted the GOC in drafting, submitting, presenting and tracking the status of these bills:

- LD 1347, "An Act To Implement Recommendations of the Government Oversight Committee To Clarify That Competitive Bid Provisions Apply to Grant Awards" was introduced to implement one of the GOC's own recommendations stemming from its work on OPEGA's report on *Healthy Maine Partnerships' Fiscal Year 2013 Contracts and Funding*.
- LD 1395, "An Act to Implement the Recommendations of the Government Oversight Committee To Ensure Legislative Review of Reports Submitted by Quasi-independent State Agencies" was introduced to enhance the effectiveness of legislative oversight of quasi-independent state entities, particularly regarding compliance with new statutory requirements established in 2012. Those new statutory requirements were a result of GOC-introduced legislation stemming from the Committee's work on OPEGA's 2011 report on the *Maine Turnpike Authority*.

OPEGA also assisted with refining the Taxation Committee's amendment to LD 941, "An Act to Improve Tax Expenditure Transparency and Accountability." LD 941 was introduced as a Concept Draft shortly after OPEGA submitted its *Proposal for Legislative Review of Maine State Tax Expenditures* to the GOC and the Taxation Committee in March 2015. The draft legislation to implement the review process, which was included in OPEGA's Proposal, became the foundational language for the Committee Amendment to LD 941. At the request of the Taxation Committee, OPEGA worked with Maine Revenue Services and other key stakeholders to further refine the proposed language to address concerns raised by these parties. OPEGA also coordinated with the GOC, and staff and Chairs of the Taxation Committee, throughout the legislative process for this bill, including assisting in identifying OPEGA resources that could be used to cover the costs of this new effort for the first biennium.

The Summary of Projects and Results section of this report, beginning on page 9, has additional description of these and other legislative actions during 2015 related to current and prior OPEGA projects.

OPEGA Kept Legislators and Public Informed of Activities and Impact

OPEGA strives to keep those we serve regularly apprised of the projects and other activities we are working on, our results, and the work products available on the projects we complete. We also seek to provide information about the actual impacts of our work and the recommendations we have made. Our target audience includes all legislators, not just GOC members, and the general public. OPEGA's communication efforts in 2015 included:

- posting our Work Plan (with current status) and reports, as well as GOC Meeting Agendas and Summaries, to OPEGA's website;
- distributing GOC meeting agendas in advance to an interested parties email list the Office maintains that includes media representatives, legislators and members of the public that have asked to receive such notifications;
- sending written advance notification of the scheduled public presentations of OPEGA reports, and related GOC public comment periods, to the members of legislative leadership and all joint standing committees that may have jurisdiction over, or a special interest in, the subject matter of the reports;
- distributing, immediately following release of the report, full copies of the final reports to each member of legislative leadership and each member of all joint standing committees that may have jurisdiction over, or a special interest in, the subject matter of the reports;
- notifying all legislators, within a day of the report release, that a final report is available - typically done via email with a report summary attached;
- briefing legislative joint standing committees, when requested, on our reports and results as well as actions taken on our recommendations;
- submitting the statutorily required annual report on OPEGA's activities and performance for 2014 to the Government Oversight Committee and the Legislature; and
- responding to numerous inquiries on our work from interested legislators, citizens and the media.

In 2015, as in the previous four years, there was media interest in some OPEGA reports, as well as certain topics under consideration by the GOC. OPEGA makes it a priority to respond to media inquiries, as well as those from legislators and citizens, in a timely manner – typically the same day an inquiry is made – to facilitate informing the public of GOC and OPEGA activities.

The Annual Report, presented here, is another avenue through which OPEGA provides information about its activities and impact, including recommendations implemented or affirmative addressed (page 8) and actions on past reports (page 15).

OPEGA Stayed Within Budget and Continued to Face Staffing Challenges in 2015

OPEGA's actual expenditures have been under budget each year since beginning operations in 2005 and that trend continued in 2015. Table 3 shows OPEGA's adjusted General Fund budget and actual expenses for the past three fiscal years.

	FY 2013	FY 2014	FY2015
Total General Fund budget (adjusted)	\$817,894	\$875,003	\$1,070,489
Total General Fund dollars expended	\$721,858	\$691,611	\$876,520
Dollar variance of expenditures to budget	(\$96,036)	(\$183,392)	(\$193,969)
% variance of expenditures to budget	(11.7%)	(21%)	(18%)

In FY13, OPEGA's adjusted budget included an allotment of \$20,000 from prior year balances to cover costs associated with a temporary part-time position. In some years, OPEGA's baseline budget is adjusted to meet State or legislative cost savings initiatives. OPEGA's adjusted budget for FY13 also included reductions associated with eliminating merit salary increases for employees and changes to employee benefit plans. The increase in OPEGA's adjusted budget from FY13 to FY14 was almost entirely due to increases in the rates for OPEGA's contributions to Retiree Health and Retirement Unfunded Liability accounts that are not within OPEGA's control.

The increase in the adjusted budget from FY14 to FY15 is primarily accounted for by an allotment in FY15, from prior year balances, to cover costs associated with a temporary position and anticipated consulting services needed for work on tax expenditures required by Resolves 2013 Chapter 115. OPEGA's adjusted budget for FY15 also reflected cost of living increases to salaries.

OPEGA's actual expenditures for FY15 were \$193,969, or about 18%, under the adjusted budget. The variance was primarily due to:

- vacancy in one full-time analyst position;
- actual costs for OPEGA's temporary position being less than anticipated;
- actual costs for employee training, printing, advertising and per diem payments for GOC members being lower than budgeted; and
- actual costs for consultant services being less than budgeted.

OPEGA used some of the underrun in the All Other accounts to upgrade the Office's five year old laptops.

OPEGA continued to face staffing challenges with one full-time analyst position vacant for approximately six months in calendar year 2015, due to a vacancy from 2014 that was finally filled in March 2015 and unexpected turnover of another position in late August 2015. OPEGA has been delayed in recruiting for that vacancy as it has prioritized the recruitment of two new positions, dedicated to evaluations of tax expenditure programs, authorized by the Legislature to begin in October 2015. One of those positions was filled in October. After the initial recruitment for the second position proved unsuccessful, OPEGA conducted a second recruitment and a candidate was selected who will join OPEGA in January 2016.

Outcome Indicators

Since 2008, OPEGA has been tracking and reporting on three measures that are broad indicators of the outcomes of our work:

- percent of recommendations implemented or affirmatively addressed, as an indicator of the significance and usefulness of our recommendations, as well as our overall effectiveness in stimulating warranted changes in State government;
- estimated potential fiscal impacts associated with OPEGA recommendations; and
- number of visits to OPEGA's website, as an indicator of overall interest in our function and work products.

While OPEGA continues to use these measures, we find ourselves with little new information to update the metrics for these indicators in 2015. There are several reasons for this.

First, as discussed on page 5, OPEGA did not complete all planned follow-up work on past reports still in active follow-up status during 2015. Consequently, we have little new information about changes in status of outstanding recommendations to update the values we last reported for the percent of recommendations implemented or affirmatively addressed. In our last annual report for 2014, we noted that OPEGA had made a cumulative total of 198 recommendations since 2005 and that 65% of them had been implemented or affirmatively addressed, with another 16% in progress of being implemented. During 2015, OPEGA made an additional 13 specific

recommendations, bringing the cumulative total of recommendations made to 211. All of the 2015 recommendations were associated with the report *Follow-Up Review of the Office of Information Technology*. Only one of them is considered to be in progress at this time.

Additionally, of the reviews OPEGA completed in 2015, the Office of Information Technology review is the only one where we anticipate potential fiscal impacts associated with OPEGA recommendations. OPEGA expects that additional fiscal resources will be required to implement some of the recommendations. However, at this time, there is no reasonable basis to estimate the dollar amount of resources that may be needed.

Lastly, data collection on website visits was interrupted in late 2014 due to changes in the URL for the Legislature's website, which also affected OPEGA's website. OPEGA only recently discovered that this change impacted the Google Analytics function we had established to track our website activity. Upon discovery, we made the necessary changes to resume Google Analytics tracking of website activity data for 2016. In past years, we have noted that the trend in website activity seems to primarily reflect the degree of media interest in released OPEGA reports and related GOC activities in any particular year. Assuming that trend held true, we expect there would have been a significant increase in website activity in 2015 given the substantial media and public interest in OPEGA's review of State Funding for Good Will-Hinckley and the related work of the GOC. We further expect the activity would have come from a broad range of Maine towns, other states and other countries as the media coverage on the issue was nationwide.

OPEGA expects to report updated figures on all three measures in our Annual Report for 2016.

Summary of Projects and Results

During 2015, OPEGA completed its work on three reviews and one special project: the DHHS Workplace Culture and Environment review, the Follow-Up Review of the Office of Information Technology, the State Funding for Good Will-Hinckley review and the Special Project: Tax Expenditure Programs Phase II. A listing of all 43 projects OPEGA has produced public work products on since 2005 can be found in Appendix A.

DHHS Workplace Culture and Environment

OPEGA conducted a review of workplace culture and environment at the Department of Health and Human Services (DHHS). This review was initiated by the GOC in response to complaints from current and former employees that raised questions about whether the workplace climate at DHHS was conducive to recruiting, retaining and engaging capable, knowledgeable and motivated employees. The complaints originated primarily from three offices within DHHS and OPEGA's review focused on the extent to which the complaints from these individual employees represented systemic issues within DHHS that warranted detailed root cause analysis. The scope of work involved analyzing the complaints, reviewing literature on organizational culture, and conducting interviews with DHHS management and stakeholders. OPEGA also analyzed data from several sources including DHHS employee survey data, grievance data maintained by the Maine State Employees Association (MSEA), and termination data maintained by the Department of Administrative and Financial Services, Bureau of Human Resources (BHR).

OPEGA's research and analyses into workplace culture and environment at DHHS suggested that the more serious concerns expressed in the individual complaints were not systemic throughout the Department. Employee climate surveys administered by DHHS in 2013 and 2014 reflected an effort by Department management to assess employee engagement and the work environment. OPEGA's analysis of the survey data indicated that, overall, DHHS employees were generally satisfied with the workplace climate, including how they were treated by their managers and coworkers. We observed somewhat lower levels of employee satisfaction with communication from management. When analyzed by DHHS office, the survey results indicated lower and/or declining satisfaction

levels in certain offices, particularly on measures of communication and management quality. These offices included two of the three offices from which complaints were received.

OPEGA also analyzed employee grievance and termination rates at DHHS in comparison to the other Executive Branch agencies. We found that DHHS does not stand out among agencies on these high-level indicators of the work environment. However, for a subset of types of terminations and grievances OPEGA considered relevant to the complainants' concerns, DHHS is above average among State agencies.

Through interviews and reviews of documents provided by DHHS, OPEGA observed that Department leadership was taking active steps to assess and improve its organizational culture and work environment. These efforts reflected some of the recommended practices OPEGA identified in our review of literature on organizational culture and climate, including collecting and analyzing data from regular employee surveys to diagnose and assess organizational culture. If sustained over time, such efforts can be expected to result in positive change.

OPEGA made several suggestions on additional improvement opportunities for DHHS to consider as it continued its work on employee engagement and culture. DHHS was accepting of these suggestions, noting they were valid and that DHHS already planned to do some of them. DHHS also noted, however, that some of the suggestions may be more difficult to implement given the Department's structure and requirements associated with a union environment.

The GOC voted unanimously to fully endorse OPEGA's Information Brief on *DHHS Workplace Culture and Environment*.⁶ Though OPEGA made no recommendations that require follow-up through the GOC's and OPEGA's formal follow-up process, the GOC requested a future report back from DHHS on further actions taken toward improving employee engagement and workplace culture.

Follow-Up Review of the Office of Information Technology

OPEGA completed a limited scope follow-up review of the Office of Information Technology (OIT) which began in November 2012 and was, by design, a multi-year project. OPEGA first reported on the subject of information technology in State government in 2006. Since then OPEGA has periodically reported to the GOC on OIT's efforts to implement various recommendations from that report.

In 2011, the GOC considered a multifaceted request for a new review of OIT. The issues raised in that request, and other unsolicited complaints regarding OIT that OPEGA had received over the years, raised concerns about whether recommendations from the 2006 report had been completely and adequately implemented. Key problem areas were widely known at the time the GOC was considering the request and new management at OIT was attempting to address them. The purpose of OPEGA's follow-up review was to assist the Legislature in holding OIT more formally accountable for effectively addressing these known concerns going forward. The review focused specifically on ensuring OIT made acceptable progress in the following critical areas:

- project management;
- business continuity planning and disaster recovery; and
- supporting the data needs of Executive Branch departments.

⁶ Endorsement indicates the Committee's public approval of, and support for, OPEGA's reported results and recommendations. The GOC has the option to vote to fully endorse, endorse in part, or not endorse an OPEGA report. Generally, the Committee will fully endorse the report if it finds that:

- a. the reported results are credible, objectively derived and sufficiently relevant and complete with regard to the assigned scope for the review; and
- b. the reported recommendations are reasonable and appropriate for addressing the issue(s) identified.

During the review period, OPEGA monitored OIT progress on strategic improvement plans for these three key information technology (IT) functions. The culmination of the follow-up review was an independent assessment of OIT's effectiveness in implementing its plans and the degree of improvement achieved. The assessment was conducted by an OPEGA-contracted consultant with IT expertise and was completed in April 2015.

OPEGA and the consultant found that, overall, OIT had made significant progress in implementing the actions from its Strategic Improvement Plan that it could take unilaterally, and continued improvement in the three focus areas for this review was expected. However, several actions in OIT's Plan were contingent on the efforts of other State agencies that did not occur in the review period. Consequently, OIT had not fully implemented certain key parts of its Strategic Improvement Plan, particularly with regard to business continuity planning and disaster recovery and support for agency data needs. Progress for the State as a whole in these areas had not been as desired.

The following was specifically noted with regard to the three focus areas of this review:

- OIT made significant progress in developing its IT project management capabilities and converting to the Agile project management methodology. Continued improvement was expected as OIT continues to strengthen its project management function and there were several areas where further improvements would better align OIT with industry standard practices.
- OIT made significant progress addressing previously known gaps in business continuity planning and disaster recovery (BCP/DR). However, statewide BCP/DR efforts to date had not mitigated risks associated with potential disasters or catastrophic system failures. Business Impact Analyses (BIA) necessary for sound business continuity and disaster recovery planning within both OIT and individual agencies, had not been completed for any State agency. Agency participation is critical to BCP/DR efforts and such participation is impacted by broader organizational challenges outside of OIT's control.
- Little progress had been made in improving data governance⁷ and analytic capabilities for Executive Branch agencies, primarily because this area is impacted by broader organizational challenges and did not receive much focus until late in the review period.

Agency participation, and effective partnerships between OIT and the agencies it serves, are required for the State to continue advancing its IT-related capabilities. Continued improvement is necessary to ensure the State is properly managing IT-related risks and in a position to capitalize on IT-related opportunities. While OIT itself can do more to promote agency participation and partnerships, we found several organizational challenges OIT does not have the authority to address on its own. These barriers include the lack of executive-level IT governance to ensure adequate funding for statewide initiatives, as well as collaboration, coordination and action by all agencies toward IT-related goals.

OPEGA reported seven recommendations, some with multiple recommendations imbedded, to address identified issues. Six of the reported recommendations require the involvement of agencies and officials within the Department of Administrative and Financial Services (DAFS), other than OIT, and/or the Governor's Office. OIT and the DAFS Commissioner generally agreed with the recommendations and felt they should go forward as they are items they are interested in pursuing, have been pursuing, and want to continue pursuing. The Commissioner noted that some are complicated issues and will take some time to resolve which is why they do not have a current plan with timeframes established for actions.

The GOC voted unanimously to fully endorse OPEGA's report *Office of Information Technology Follow-up Review*. OIT is expected to submit to the GOC, within the first quarter of 2016, an action plan with timetable for those actions OIT can take on its own. The GOC will continue to monitor DAFS progress in addressing the other recommendations and expects to receive a report back from DAFS in the fall of 2016.

⁷ For the purposes of this report, data governance refers to the overall management of the availability, usability, integrity and security of the data employed in an organization.

State Funding for Good Will-Hinckley

On July 1, 2015, the GOC directed OPEGA to determine the facts associated with alleged proposed changes to the State's fiscal year 2016 and 2017 Department of Education (DOE) funding for Good Will-Hinckley (GWH), and the impact of those proposed changes to the School. GWH is a non-profit organization located in Fairfield, Maine that offers educational programs for at-risk youths, one of them being a charter school. Two separate requests for a review of this subject had been submitted to the GOC by current legislators following allegations the Governor had threatened to withhold State funding because GWH had hired the current Speaker of the House of Representatives as its next President, and that those threats resulted in termination of the Speaker's employment contract.

OPEGA interviewed staff and officials from DOE, GWH, and the Harold Alfond Foundation (HAF), as well as the Maine Speaker of the House of Representatives and two lobbyists. We also collected and reviewed numerous documents provided by these entities. The Governor and his staff declined to speak with OPEGA citing pending litigation against the Governor, though some documents requested by OPEGA were provided. From these sources, OPEGA was able to report some background on GWH, its charter school, the State funding provided through DOE, a timeline of events associated with the proposed changes in State funding, explanations of actions taken by various parties and the impact of it all on GWH.

In early June 2015, the Governor learned that GWH had hired the current Speaker as its next President. Both the Governor and the current Acting DOE Commissioner objected strongly, primarily due to the Speaker having been a vocal opponent of charter schools in the past and a belief he was not qualified to successfully lead GWH. The Governor, the Acting Commissioner and one of the Governor's Senior Policy Advisors immediately began communicating to various GWH representatives and stakeholders that the Governor would have trouble supporting, or could not support, GWH with the Speaker as President. Those on the receiving end of these communications clearly understood the Governor's "support" to mean the State's \$530,000 in Center of Excellence for At-risk Students funding (COE) for the upcoming biennium which had been intended for GWH.

OPEGA found these and other events described in the Information Brief strongly suggested that the threat of GWH losing State COE funding, and the subsequent holding of a payment already in process for GWH's first quarter of FY2016, were directly linked to the Governor learning that GWH had decided to hire the Speaker as President. However, it was still unclear whether the Governor personally communicated to anyone at GWH, or the HAF, specifically that the funding would be cut when he communicated to them that GWH had lost his support. It was also still unclear whether the Acting DOE Commissioner's decision to withdraw the first quarter payment resulted from a specific directive from the Governor or was a precautionary measure he took on his own, without the Governor's prior knowledge, pending the outcome of the issue between GWH and the Governor.

OPEGA also found that the likely possibility of GWH losing the State COE funding led the Chairman of the HAF Board to exercise his fiduciary duties related to a September 2014 \$5.5 million HAF grant to GWH, \$2.75 million of which was to be paid in 2019. The HAF Board Chair sent a June 18th letter to GWH expressing the HAF's serious concerns about GWH's ability to meet the goals of the grant agreement without funding for its residential program, and its intent to conduct an independent assessment of GWH's finances. Receipt of this letter, combined with the GWH Board Chair's description of his interactions with the HAF Board Chair and the Administration, led the GWH Board to seriously assess the financial uncertainty facing the organization. The GWH Board, with the understanding that the State COE funding would remain if the Speaker were no longer President, decided that its fiduciary responsibilities left it no choice. The GWH Board offered the Speaker the opportunity to resign, which he declined, and the Board subsequently terminated his employment agreement on June 24th.

Following the presentation of OPEGA's Information Brief, the GOC held its usual Public Comment period on the report and also conducted a special public inquiry to better understand elements of some events that remained unclear. Certain individuals involved in the events were requested (and two later subpoenaed) to appear before the Committee and answer questions.

Seven members of the GOC voted to fully endorse the OPEGA Information Brief on *State Funding for Good Will-Hinckley*. Five members voted to endorse in part, stating they endorsed the entirety of the report with the exception of the portion which described GWH's selection process as "consistently adhered to" and "fair to all candidates." They noted that, from their perspective:

- GWH did not adhere consistently to the established qualifications for the position as advertised when selecting the successful candidate; and
- the involvement in the selection process of the Board Chair for GWH's charter school, who was also one of the Speaker's staffers, – even with his recusals at various points – did not make the process fair for all candidates.

The GOC produced a GOC Addendum to OPEGA's Information Brief that records the Committee's actions and vote in response to the Brief. The Addendum includes a summary of additional, or new, information and context pertinent to the events reported in the Information Brief that were gathered during the GOC's public consideration of the report. It is also available on OPEGA's website.

Special Project: Tax Expenditure Programs Phase II

Legislation enacted during the second session of the 126th Maine State Legislature (Resolves 2013, Chapter 115) tasked OPEGA with developing a detailed proposal for a process to provide ongoing legislative review of the State's tax expenditures. The legislation called for the proposal to be submitted to the GOC and the Taxation Committee for consideration by March 1, 2015. The development of this proposal was an extension of OPEGA's Special Project: Tax Expenditures Phase I completed in 2014, part of which occurred concurrently with the Office's work with the special Tax Expenditure Review Task Force in 2013.

Tax expenditures are government revenue losses due to tax provisions that allow individuals, businesses, or organizations to reduce their tax burden through credits, exemptions, deductions, or other provisions, resulting in reduced State revenue. The purposes of establishing a formal ongoing legislative review process are to ensure that:

- tax expenditures are reviewed regularly according to a strategic schedule organized so that tax expenditures with similar goals are reviewed at the same time;
- reviews are rigorous in collecting and assessing relevant data, determining benefits and costs, and drawing clear conclusions based on measurable goals; and
- reviews inform the policy choices and the policymaking process.

In accordance with the Resolve, the proposal developed by OPEGA outlined three levels, or categories, of review for tax expenditures in the State of Maine:

- (A) *Full Evaluation* for tax expenditures that are intended to provide an incentive for specific behaviors, that provide a benefit to a specific group of beneficiaries, or for which measurable goals can be established;
- (B) *Expedited Review* for tax expenditures that are intended to implement broad tax policy goals that cannot be reasonably measured; and
- (C) *No Review* for tax expenditures with an impact on state revenue of less than \$50,000 or that otherwise do not warrant either a full evaluation or expedited review.

Under the proposed process, primary responsibilities for conducting Full Evaluations and Expedited Reviews lie with OPEGA and the Taxation Committee, respectively. The Taxation Committee is also responsible for considering the results of Full Evaluations and Expedited Reviews, and recommending or initiating legislative action as warranted. Other Joint Standing Committees may also participate in the review of results and recommendations for tax expenditures administered by agencies that fall within their areas of jurisdiction. The Government Oversight Committee is responsible for overseeing OPEGA's efforts, as well as the overall tax expenditure review process.

The proposal also defined and described elements to be considered in implementing an ongoing legislative review process. As required by the Resolve, it addressed the following components:

- **Classification of tax expenditures.** Assignment of each tax expenditure to one of the three review categories: (A) Full Evaluation; (B) Expedited Review; or (C) No Review.
- **Evaluation parameters for Full Evaluation (A).** Evaluation parameters for tax expenditures in category A (Full Evaluation), based on guidelines provided in the Resolve.
- **Identification of criteria for Expedited Review (B).** A description of the elements of an Expedited Review (B), based on guidelines provided in the Resolve.
- **Data and data sources.** A description of the type of data and potential data sources needed to complete Full Evaluations and Expedited Reviews, and whether this data is confidential by law.
- **Stakeholder and public comment.** Identification of options for including comments by stakeholders and members of the public in the evaluation process.
- **Schedule.** A schedule for ongoing review of tax expenditures in categories A and B.
- **Assessment of resources.** An estimate the staff and other resources needed to perform the evaluations.
- **Revisions to statute.** Draft legislation for revisions to statute needed to implement the proposed review process.

The draft legislation included in OPEGA's proposal became the foundation of LD 941 which was ultimately enacted during the first session of the 127th Legislature as Public Law 2015, Chapter 344. The legislation placed most all of the implementing language within OPEGA's enabling statute, Title 3, Chapter 37. It also established two new full-time positions for OPEGA dedicated to tax expenditure reviews, as well as some additional funds for consultants on these projects. Funds to cover these additional resources for the FY16-17 biennium were to come from unencumbered balances in legislative accounts, including OPEGA's account.

In the fall of 2015, as required by the newly enacted statute, the GOC approved OPEGA's recommended classification of tax expenditures determining which would be subject to Full Evaluations, Expedited Reviews or No Review. The GOC also approved, with minor adjustments, OPEGA's recommended multi-year schedule for Full evaluations and Expedited Reviews.

Accordingly, OPEGA began work on the four Full Evaluations scheduled for 2016 toward the goal of proposing evaluation parameters for the GOC's consideration and approval in January 2016. The tax expenditures scheduled for full evaluation in 2016 were Employment Increment Tax Financing, Pine Tree Development Zones, New Markets Capital Investment Credit and the Brunswick Naval Air Station Job Increment Financing Fund. Having learned more about the nature and purpose of these programs, OPEGA subsequently recommended, and the GOC approved, removing the Brunswick Naval Air Station Job Increment Financing Fund from the full evaluation schedule in 2016 and instead scheduling it for Expedited Review in 2018.

Actions on Past Reports

OPEGA and the GOC continue to monitor actions taken on previously issued reports, and determine whether additional Committee action is needed to implement recommendations not yet satisfactorily addressed. Some notable actions taken on past OPEGA reports in 2015 were:

- ***Maine Economic Improvement Fund.*** In January 2015, the University of Maine System submitted to the Legislature its required annual report on the Maine Economic Improvement Fund (MEIF) for 2014. The format and content of that report was improved over prior years in response to two recommendations in OPEGA’s 2014 report on the *Maine Economic Improvement Fund*. The 2014 Annual Report included a discussion of the strategic outcomes, goals and metrics UMS is going to be using for the Fund going forward that were established as part of a strategic plan approved by the University of the Maine Board of Trustees earlier in 2014. UMS had also planned to review and revise the processes used to gather the information for the MEIF metrics reported to improve consistency and accuracy in the way the metrics were calculated and reported to the Legislature. The 2014 MEIF Annual Report showed expected improvements in the contexts for, and discussion of, the metrics indicating UMS had addressed some of the issues OPEGA had raised.
- ***Maine Turnpike Authority.*** The GOC introduced LD 1395, “An Act to Implement the Recommendations of the Government Oversight Committee To Ensure Legislative Review of Reports Submitted by Quasi-independent State Agencies,” which was ultimately enacted by the Legislature as Public Law 2015 Chapter 253 after the override of a gubernatorial veto. The new statutory provision, 5 MRSA §12023 sub-§3, is intended to enhance legislative oversight of quasi-independent state entities by ensuring that joint standing committees of jurisdiction are monitoring the entities’ compliance with requirements in 5 MRSA §§12022 and 12023. Provisions in 5 MRSA §§12022 and 12023 establish expectations for quasi-independent state entities with regard to: procurement practices; payments for membership dues and fees, gifts, donations and sponsorships; and travel, meal and entertainment expenses. Statute also requires 24 quasi-independent State entities to submit annual reports to the Legislature on non-competitive procurements and contributions made in the prior year. The statutory provisions, including the reporting requirements, resulted from GOC-introduced legislation in 2012 that was a by-product of OPEGA’s 2011 report on the *Maine Turnpike Authority*. The GOC voted to introduce LD 1395 after follow-up work by OPEGA determined that, while nearly all of the quasi-independent State entities had been submitting their annual reports, the annual reports had not been formally reviewed by the entities’ legislative committees of jurisdiction. 5 MRSA §12023 sub-§3 now provides for review of the annual reports by those committees, with communication to the GOC on the results of the reviews and areas identified that should be reviewed in more depth.
- ***Economic Development Programs in Maine.*** Several actions were initiated or completed in response OPEGA’s 2006 report on economic development.
 - Over the course of several meetings in 2015, the GOC considered information gathered by OPEGA in its continuing follow-up on this report. The Committee was also briefed by the Commissioner of the Department of Economic and Community Development (DECD) on the status of implementing recommendations from that report, and the current challenges associated with DECD’s statutorily required biennial independent Comprehensive Evaluation of Economic Development Programs. The GOC expects to consider, in 2016, introducing legislation and other actions as necessary to further the implementation of recommendations from the 2006 report that have not yet been effectively addressed.

- With the enactment of Public Law 2015 Chapter 344 (LD 941), the Legislature established a formal ongoing review process for the State's individual tax expenditure programs, including those whose purpose is to incentivize economic development. This action relates to a recommendation made in OPEGA's 2006 report on *Economic Development Programs in Maine* that the Legislature should consider subjecting the tax incentives that were within the scope of that review to more in-depth evaluations of effectiveness, efficiency and economic use of resources. While these tax incentives have been included the scope of the independent Comprehensive Evaluation of Economic Development Programs conducted by DECD, to date those evaluations have been more of a macro-level evaluation and have not provided the in-depth assessment of individual programs that was envisioned in the original OPEGA recommendation.
- ***Healthy Maine Partnerships' FY13 Contracts and Funding.*** Several actions were initiated or completed in response to OPEGA's 2013 report and the subsequent inquiry of Maine CDC officials.
 - In 2014, the GOC requested the Attorney General (AG) review, and investigate as deemed appropriate, information gathered from the public inquiry that suggested a possible violation of the Freedom of Access Act. In response to this request, the AG asked the Deputy District Attorney (DA) for Prosecutorial District IV (Kennebec County) to follow up on OPEGA's report by investigating and examining the facts, and exercising independent judgment to pursue, or not pursue, any violations of State civil or criminal law. In early 2015, the AG made public the Deputy DA's findings. The Deputy DA determined that, though documents were destroyed, it was questionable whether there was sufficient evidence to prove that the CDC official acted intentionally and with the knowledge that she was destroying, or ordering the destruction of, public records. Given the lack of formal guidance at the State, or DHHS, level as to whether these type of documents should be retained, it was unclear whether the Deputy Director should have known. Accordingly, the Deputy DA did not believe there were provable civil or criminal violations.
 - In April 2015, the working group convened by the Attorney General and Secretary of State, at the request of the GOC, submitted a comprehensive written report back to the Committee describing the State's records management and retention framework and making recommendations for improvement. The GOC considered the working group's recommendations and accepted a plan put forth by the Secretary of State for initial actions to implement recommendations within State Archives area of responsibility, with additional actions to be taken over time. The GOC has monitored progress on these actions over the course of 2015 through monthly status updates from the Secretary of State.
 - The GOC also sent a letter to the Governor's Chief Legal Counsel in June requesting that the Governor's Office initiate efforts to address records management and retention issues raised in the working group's report that are the responsibility of Executive Branch agencies. The GOC suggested several initial steps the Governor's Office could take. The GOC received a report back from the Governor's Office in December describing the records management and retention efforts that had been in progress in the Governor's Office itself during 2015. The Governor's Office is using its experience to become familiar with complexities associated with records management and retention and intends to begin working with the communication staffs in Executive Branch agencies once their own improvement process is completed.
 - The GOC introduced LD 1347, "An Act To Implement Recommendations of the Government Oversight Committee To Clarify That Competitive Bid Provisions Apply to Grant Awards," which was enacted as Public Law 2015 Chapter 179 following the override of a gubernatorial veto. The bill added the word "grant" where applicable in 5 MRSA §§1825-A through 1825-J to clarify that the statutory provisions requiring competitive bidding, and related provisions, apply to grant awards as well as contracts.

- Additionally, the GOC sent a letter to the Department of Administrative and Financial Services' Division of Purchases recommending similar changes to Purchases' Rules, as well as its Policy on Contract Renewals and Amendments, to clarify they applied to grants as well as contracts. The GOC also recommended adding guidance to the Policy to address situations where, through renewal or amendment, there are going to be decreases or shifts in funding among multiple original awardees. The GOC's recommendation provided specifics on what the additional guidance should include. DAFS committed to giving the recommendations serious consideration.
- The Legislature considered LD 6, "Resolve, To Implement Recommendations of the Government Oversight Committee To Strengthen the Ethics Practices and Procedures for Executive Branch Employees." This bill was introduced by the GOC in late 2014 as a result of its work on OPEGA's Healthy Maine Partnerships report. The legislation also addressed a recommendation made in OPEGA's 2013 report on the *Public Utilities Commission*. LD 6, as amended, had a fiscal note for funds to cover one additional position in the DAFS Bureau of Human Resources. After passage in the House, the Senate placed LD 6 on the Special Appropriations Table and then carried it over to the second session of the 127th Legislature.
- The Maine Center for Disease Control (CDC) conducted a comprehensive process in preparing a Request for Proposals (RFP) for the next Healthy Maine Partnership initiative (HMP) funding cycle, with contracts to begin July 1, 2016 pending funding availability. Preparation for the RFP included conducting a formal Request for Information (RFI) process designed to give Maine CDC broad community input into the programming, structure, and funding distribution for the HMP initiative. According to the Department of Health and Human Services (DHHS), the RFP development process also included consideration of applicant eligibility, proposal content, and the scoring process. DHHS' Office of Continuous Quality Improvement (OCQI) was engaged in various stages of the RFP development and review process which included multiple reviews of materials, development of performance measures and the submission/review process. Maine CDC also followed the guidance of Division of Contract Management.
- DHHS took several actions to improve its records management and retention efforts. The DHHS legal team, along with input from State Archives and the State's Public Access Ombudsman, developed a comprehensive records management training that is available online for all DHHS staff. DHHS General Counsel, along with the Public Access Ombudsman and State Archive staff, also presented this training to more than 80 senior managers at DHHS. Additionally, the Department completed inventories of active Records Officers and current records center cardholders across DHHS. New or additional Records Officers were assigned as necessary, and cardholder access was adjusted as appropriate to ensure cardholders can access only records appropriate to their work. Lastly, DHHS has been engaged in ongoing work to update records retention schedules across offices within DHHS to ensure that records are managed appropriately. According to State Archives, DHHS has made significant progress in its records management and retention efforts.
- ***Public Utilities Commission.*** The Legislature provided funding, in the enacted biennial budget for FY16 and 17, to establish a permanent Consumer Advisor position in the Office of the Public Advocate (OPA). OPA established and filled a temporary position in 2014 using existing resources and the new resources needed to make the position permanent were proposed in the Governor's biennial budget for FY 16 and 17. The position assists consumers, who want to participate in PUC proceedings "pro se," with understanding and navigating the PUC rules and processes.

Appendix B summarizes the current implementation and follow-up status of OPEGA's reports.

Acknowledgements

OPEGA would like to acknowledge and express appreciation to others in State government for the knowledge, service and other assistance they willingly contribute to OPEGA's reviews and general operations. In particular, special thanks to the:

- Office of the Executive Director of the Legislative Council;
- Office of Legislative Information Technology;
- Office of Policy and Legal Analysis;
- Office of Fiscal and Program Review;
- Law and Legislative Reference Library;
- Office of the State Controller;
- Office of the State Auditor; and
- Office of the Attorney General.

Appendix A: Listing of Available OPEGA Work Products by Date Issued

Report Title	Date Issued	Overall Conclusion	JSCs that Received Report*
State Funding for Good Will-Hinckley	September 2015	Financial risks associated with the potential loss of State funding led the GWH Board to change course on its hiring decision for a new President.	N/A
Follow-Up Review of the Office of Information Technology	August 2015	Progress has been made in implementing a strategic improvement plan. There are broader issues that need Executive attention for the State to advance further.	AFA SLG
DHHS Workplace Culture and Environment	April 2015	Survey results show employees are generally satisfied with climate and work environment. Organizational issues are present in some offices, and DHHS is engaged in culture change efforts.	
Special Project: Tax Expenditure Programs Phase II	March 2015	Proposed process for on-going legislative review of tax expenditures, with GOC oversight. Proposal outlines three categories of review: full, expedited, and no review. Taxation would consider OPEGA evaluation results and determine whether action should be taken to implement recommendations.	TAX
Follow Up Review of Health Care in the State Correctional System	November 2014	No systemic deficiencies identified in the vendor's provision of health care services. Inaccurate information and disagreements over MDOC policy are the primary causes of the prisoner complaints reviewed.	AFA CJPS HHS
Maine Economic Improvement Fund	June 2014	Allocations of the Fund and expenses supported by the Fund are consistent with statutory intent. Improvements are needed in performance reporting and fiscal monitoring associated with the Fund.	AFA LCRED
Special Project: Tax Expenditure Programs Phase I	March 2014	Proposed process for on-going legislative review of tax expenditures involved OPEGA conducting full evaluations of certain categories of expenditures, with GOC oversight, as well as supporting Taxation Committee in expedited reviews of other categories of expenditures. Taxation would consider OPEGA evaluation results and determine whether action should be taken to implement recommendations.	TAX
Healthy Maine Partnerships' FY13 Contracts and Funding	December 2013	Approach to selecting HMP lead agencies appropriate but the process was poorly implemented and allowed for manipulation of outcomes. Funding was consistent across HMPs based on role. Documentation maintained was insufficient to support key decisions in the selection process.	AFA HHS
Public Utilities Commission	September 2013	Improvements can be made in accessibility and responsiveness of avenues available for consumers to raise utility-related concerns. Risk of actual and perceived bias on the part of the PUC persists.	EUT

Report Title	Date Issued	Overall Conclusion	JSCs that Received Report*
Maine State Housing Authority: Energy Assistance Programs LIHEAP and WAP	July 2013	Both programs administered well overall but LIHEAP controls should be improved and ongoing efforts to strengthen WAP program operations should be continued.	LCRED
Communications Regarding a Computer System Weakness Resulting in MaineCare Claims Payments for Ineligible Individuals	November 2012	DHHS MIHMS project staff knew of the issue in 2010, but executive management knowledge of the issue and its impact was limited until early 2012. Several factors contributed to the system weakness not being highly prioritized or reported to the DHHS Commissioner earlier.	AFA HHS
Child Development Services	July 2012	Implementing comprehensive program management, encouraging responsible stewardship of resources, and developing data to support management decisions could improve efficiency and cost effectiveness.	AFA EDUC
Cost Per Prisoner in the State Correctional System	June 2012	MDOC's methodology for calculating the cost per prisoner is reasonable but the statistic is of limited use in comparing states to one another due to a number of variables.	AFA CJPS
Maine State Housing Authority: Review of Certain Expenditures	May 2012	Most expenses reviewed were connected to MaineHousing's mission. Some expense types or amounts may be unnecessary and should be reconsidered.	AFA LCRED
Health Care Services in State Correctional Facilities	November 2011	Weaknesses exist in MDOC's monitoring of contractor compliance and performance. Contractor not compliant with some MDOC policies and professional standards. New administration is undertaking systemic changes.	AFA CJPS
Sales of State Real Estate	October 2011	Process is inconsistent across departments. Public notice on real estate sales is limited.	
GOC Special Project: Investigation into Sale of Real Estate to Maine State Prison Warden	August 2011	GOC questioned judgment of State officials in allowing sale to proceed but found no intentional misdealings.	
Maine Green Energy Alliance	August 2011	Weak controls and informal practices created high risk for misuse of funds and non-compliance. No inappropriate funding uses identified, but compliance issues were noted.	EUT
Certificate of Need	May 2011	Process appears clear, consistent and transparent. Opportunity for better documentation exists.	HHS
Health Care Services in State Correctional Facilities: Opportunities to Contain Costs and Achieve Efficiencies	April 2011	Opportunities exist to better manage costs of health care in State correctional facilities by restructuring contracts with providers and implementing electronic medical records.	AFA CJPS HHS
GOC Special Project: Investigation into MTA's Purchase of Gift Cards	April 2011	GOC determined there was sufficient evidence of potential misuse of funds to request an investigation by the Attorney General's Office.	

Report Title	Date Issued	Overall Conclusion	JSCs that Received Report*
Maine Turnpike Authority	January 2011	Strong planning process drives bond and toll decisions. Some contracting practices and expenditure controls should be improved. Additional clarity needed around surplus transfer and operating expenses.	TRANS
Emergency Communications in Kennebec County	February 2010	Fragmented PSAP and dispatch network presents challenges. Quality and rate issues need to be addressed to optimize public safety.	EUT CJPS
Special Project: Professional and Administrative Contracts	February 2010	Opportunities exist to reduce FY11 General Fund costs for professional and administrative contracts by temporarily suspending some contracts. Potential also exists to reduce costs of on-going agreements.	AFA
Fund for a Healthy Maine Programs	October 2009	Adequate frameworks exist to ensure cost-effectiveness of specific activities. Allocations should be reassessed and changes should be made to improve financial transparency.	AFA HHS
MaineCare Durable Medical Equipment and Medical Supplies	July 2009	Prevention and detection of unnecessary or inappropriate claims should be strengthened to better contain costs.	AFA HHS
Maine State Prison Management Issues	June 2009	The workplace culture of Maine State Prison may be exposing employees and the State to unacceptable risks and needs continued attention.	CJPS
MaineCare Children's Outpatient Mental Health Services	February 2009	8% of funds spent support DHHS's administrative costs. Primary drivers are a contract with the ASO and costs incurred in processing provider claims. Another 19% of expenses can be attributed to providers' administrative costs.	AFA HHS
Fund For A Healthy Maine Programs: A Comparison of Maine's Allocations to Other States and a Summary of Programs	February 2009	Maine consistently prioritized preventive health services more than other states.	AFA HHS
State Contracting for Professional Services: Procurement Process	September 2008	Practices generally adequate to minimize cost-related risks; controls should be strengthened to promote accountability.	AFA
DHHS Contracting for Cost-Shared Non-MaineCare Human Services	July 2008	Cash management needs improvement to assure best use of resources.	AFA HHS
State Administration Staffing	May 2008	Better information needed to objectively assess possible savings opportunities.	AFA
State Boards, Committees, Commissions and Councils	February 2008	Opportunities may exist to improve State's fiscal position and increase efficiency.	AFA SLG ENR
Bureau of Rehabilitation Services: Procurements for Consumers	December 2007	Weak controls allow misuse of funds, affecting resources available to serve all consumers.	AFA LCRED

Report Title	Date Issued	Overall Conclusion	JSCs that Received Report*
Riverview Psychiatric Center: An Analysis of Requests for Admission	August 2007	Majority seeking admission not admitted for lack of capacity but appear to have received care through other avenues; a smaller group seemed harder to place in community hospitals.	CJPS HHS
Urban-Rural Initiative Program	July 2007	Program well managed; data on use of funds should be collected.	TRANS
Highway Fund Eligibility at the Department of Public Safety	January 2007	The absence of a clear definition of HF eligibility and reliable activity data prevent a full and exact determination of which DPS activities are eligible to receive HF.	AFA CJPS TRANS
Economic Development Programs in Maine	December 2006	EDPs still lack elements critical for performance evaluation and public accountability.	AFA ACF LCRED TAX
Guardians <i>ad Litem</i> for Children in Child Protection Cases	July 2006	Program management controls needed to improve quality of guardian ad litem services and assure effective advocacy of children's best interests.	HHS JUD
Bed Capacity at Riverview Psychiatric Center	April 2006	RPC referral data is unreliable; other factors should be considered before deciding whether to expand.	CJPS HHS
State-wide Information Technology Planning and Management	January 2006	State is at risk from fragmented practices; enterprise transformation underway and needs steadfast support.	AFA SLG
Review of MECMS Stabilization Reporting	December 2005	Reporting to Legislature provides realistic picture of situation; effective oversight requires focus on challenges and risks.	AFA HHS
Title IV-E Adoption Assistance Compliance Efforts	November 2005	Maine DHHS has made progress in addressing compliance issues; additional efforts warranted.	HHS

*Acronyms for Legislative Joint Standing Committees (JSC) that OPEGA's reports were distributed to:

AFA – Appropriations and Financial Affairs
ACF – Agriculture, Conservation and Forestry
CJPS – Criminal Justice and Public Safety
EDUC – Education
ENR – Environment and Natural Resources
EUT – Energy, Utilities and Technology
HHS – Health and Human Services
JUD – Judiciary
LCRED – Labor, Commerce, Research and Economic Development
SLG – State and Local Government
TAX – Taxation
TRANS – Transportation
N/A – Not Applicable

Appendix B: Summary of Implementation and Follow-Up Status on Issued Reports
 (Implementation status based on information gathered by OPEGA as of 12-31-15)

Report Title	Date Issued	Implementation Status
Reports Still in Active Follow-Up Status (by date of issuance)		
Follow-Up Review of the Office of Information Technology	August 2015	Limited Implementation (Activity in Progress)
Maine Economic Improvement Fund	June 2014	Partially Implemented (Activity in Progress)
Healthy Maine Partnerships' FY13 Contracts and Funding	December 2013	Limited Implementation (Activity in Progress)
Public Utilities Commission	September 2013	Partially Implemented (Activity in Progress)
Maine State Housing Authority: Energy Assistance Programs LIHEAP and WAP	July 2013	Partially Implemented (Activity in Progress)
Child Development Services	July 2012	Mostly Implemented (Activity in Progress)
Economic Development Programs in Maine)	December 2006	Partially Implemented (Activity in Progress)
Reports No Longer in Active Follow-Up Status (by date of issuance)		
Maine State Housing Authority: Review of Certain Expenditures	May 2012	Fully Implemented
Health Care Services in State Correctional Facilities	November 2011	Fully Implemented
Maine Green Energy Alliance	August 2011	Partially Implemented
Maine Turnpike Authority	January 2011	Fully Implemented
Emergency Communications in Kennebec County	February 2010	Mostly Implemented
OPEGA's Special Project on Professional and Administrative Contracts	February 2010	Partially Implemented
Fund for a Healthy Maine Programs	October 2009	Mostly Implemented
MaineCare Durable Medical Equipment and Medical Supplies	July 2009	Mostly Implemented
Maine State Prison Management Issues	June 2009	Fully Implemented
MaineCare Children's Outpatient Mental Health Services	February 2009	Limited Implementation
State Contracting for Professional Services: Procurement Process	September 2008	Fully Implemented

Report Title	Date Issued	Implementation Status
DHHS Contracting for Cost-Shared Non-MaineCare Human Services	July 2008	Fully Implemented
State Administration Staffing	May 2008	Partially Implemented
State Boards, Committees, Commissions and Councils	February 2008	Limited Implementation
Bureau of Rehabilitation Services: Procurements for Consumers	December 2007	Fully Implemented
Urban-Rural Initiative Program	July 2007	Fully Implemented
Guardians <i>ad Litem</i> for Children in Child Protection Cases	July 2006	Partially Implemented
Bed Capacity at Riverview Psychiatric Center	April 2006	Fully Implemented
State-wide Information Technology Planning and Management	January 2006	Partially Implemented
Review of MECMS Stabilization Reporting	December 2005	Mostly Implemented
Title IV-E Adoption Assistance Compliance Efforts	November 2005	Fully Implemented

Note: Implementation and follow-up are not applicable for the following OPEGA study reports as they did not contain recommendations: State Funding for Good Will-Hinckley; DHHS Workplace Culture and Environment; Special Projects: Tax Expenditure Programs Phase I and II; Follow Up Review of Health Care in State Correctional System; Communications Regarding Computer System Weakness, Cost Per Prisoner in the State Correctional System, Sales of State Real Estate; Certificate of Need; Health Care Services in State Correctional Facilities: Opportunities to Contain Costs and Achieve Efficiencies; Riverview Psychiatric Center: An Analysis of Requests for Admissions; Highway Fund Eligibility for the Department of Public Safety; and, Fund For A Healthy Maine Programs: A Comparison of Maine's Allocations to Other States and a Summary of Programs.