



SEN. CRAIG V. HICKMAN, SENATE CHAIR  
REP. ANNE-MARIE MASTRACCIO, HOUSE CHAIR

MEMBERS:

SEN. JILL C. DUSON  
SEN. BRADLEE T. FARRIN  
SEN. STACEY GUERIN  
SEN. JEFF TIMBERLAKE  
SEN. MIKE TIPPING  
REP. JOHN M. EDER  
REP. ADAM LEE  
REP. MICHAEL H. LEMELIN  
REP. CHAD PERKINS  
REP. HOLLY B. STOVER

MAINE STATE LEGISLATURE  
GOVERNMENT OVERSIGHT COMMITTEE

**MEETING SUMMARY**  
**March 27, 2026**

**Call to Order**

The Chair, Senator Hickman, called the Government Oversight Committee to order at approximately 9:35 a.m.

**ATTENDANCE**

Senators: Senator Hickman, Senator Farrin, Senator Guerin, Senator Timberlake, Senator Tipping  
Absent: Senator Duson

Representatives: Representative Mastraccio, Representative Eder, Representative Lee, Representative Lemelin, Representative Perkins, Representative Stover

Legislative Staff: Peter Schleck, Director, OPEGA  
Jennifer Henderson, OPEGA Senior Analyst  
Kari Hojara, Senior Analyst  
Jennifer Greiner, OPEGA Administrative Secretary/GOC Clerk

Others: Elaine Clark, Commissioner, Department of Administrative and Financial Services  
Douglas Cotnoir, State Controller  
Matthew Dunlap, State Auditor  
Renee Page, Executive Director of Healthy Communities of the Capital Area  
Matt L'Italien, Director of Somerset Public Health

## **Introduction of Committee Members**

The members of the Committee introduced themselves.

## **New Business**

To watch this meeting - the recorded Live Stream can be viewed here: [March 27, 2026, GOC Meeting](#)

## **Meeting Summary – February 27, 2026**

A copy of this Meeting Summary can be found here: [February 27, 2026, GOC Meeting Summary](#)

The Committee accepted and approved this meeting summary.

## **OPEGA Briefing on 30-Day Limited Analysis Project Concerning LD 2116 “An Act to Make Permanent the Affordable Housing Income Tax Credit”**

Sen. Hickman invited OPEGA senior analysts Jennifer Henderson and Kari Hojara to present to the Committee a briefing on the recent 30-Day Limited Analysis Project Related to the Affordable Housing Tax Credit as well as provide any feedback received from the Taxation Committee. Sen. Hickman stated the Taxation Committee requested this 30-Day Project in January and this Committee approved this project on January 23, 2026, and directed OPEGA’s Tax Team to begin work on it. On February 19, 2026, OPEGA submitted the report for this project to both the Taxation Committee and this Committee via email. Sen. Hickman noted that the OPEGA Tax Team was able to complete this project in 27 days.

Ms. Hojara stated that the 30-Day Limited Analysis Project was established by the 131<sup>st</sup> Legislature and intended to supplement the full evaluation process for tax expenditures by providing an avenue for the Taxation Committee to request that OPEGA provide specific targeted information when needed to support consideration of pending legislation. Ms. Hojara stated this project was requested in connection with the Taxation Committee’s consideration of LD 2116, *An Act to Make Permanent the Affordable Housing Income Tax Credit*.

Ms. Henderson noted that communication between the Office of Policy and Legal Analysis (OPLA) analysts for the Taxation Committee and OPEGA staff greatly aided the timing of the request for this project and this Committee’s approval of the project just days after the request allowing the Taxation Committee to receive the finished project as quickly as possible. Ms. Henderson stated that the final product was presented to the Taxation Committee on February 24, 2026.

The 30-Day Limited Analysis Project and presentation slides may be found here:

[30-Day Limited Analysis Project: Maine’s Affordable Housing Tax Credit](#)

[30-Day Limited Analysis Project: Maine’s Affordable Housing Tax-One Pager Highlights](#)

[30-Day Limited Analysis Project: Maine’s Affordable Housing Tax-Presentation Slides](#)

Ms. Henderson stated that the members of the Taxation Committee expressed appreciation for the project, adding that at this time, OPEGA has not received direct feedback from the Taxation Committee with any suggestions to improve the process for the future.

Ms. Henderson stated that the Taxation Committee held a work session on LD 2116 and with a majority voting Ought to Pass as Amended, and a minority report Ought Not to Pass. The amendment would extend, but not remove the sunset date.

Ms. Henderson and Ms. Hojara provided a brief presentation to the Committee on the content of the 30-Day project.

Rep. Mastraccio asked, regarding affordable housing units completed without MaineHousing support in recent years, if those units were completed with other funding programs.

Ms. Henderson stated that prior to 2023, those building affordable housing units accessed other funding sources which primarily is a federal low-income housing tax credit.

Rep. Mastraccio asked how many developers compete for the low-income housing tax credits, and if developers who did not receive the tax credits completed their project.

Ms. Henderson stated that they did not receive information on developers who did not receive the tax credits, adding that an issue OPEGA was informed about is that the state affordable housing tax credit has specific requirements for how much can be allocated in a year as well as over a project's lifetime. Ms. Henderson noted that a project could be initially approved but if it is not completed timely, that can affect when its allocation is technically accounted for.

Ms. Hojara stated that MaineHousing informed OPEGA a primary effect of the state credit was allowing developers to complete an additional four projects per year, which have multiple units.

Rep. Lemelin asked for the definition of affordable housing, and who qualifies for affordable housing.

Ms. Henderson stated that depending on who you are talking to, affordable housing may be defined differently. Ms. Henderson stated that for this project, OPEGA relied on readily available data and focused on the state tax credit, adding that the definition of affordable housing was not specifically in this project.

Sen. Hickman referred the Committee to Title 30-A Part 2 Chapter 202 §5002. "Definitions", which states, "'Affordable housing' means decent, safe and sanitary dwellings, apartments or other living accommodations for low-income and moderate-income households. The Maine State Housing Authority may define "affordable housing" by rule. Affordable housing includes, but is not limited to:

- A. Government-assisted housing; [PL 1989, c. 601, Pt. B, §4 (NEW).]
- B. Housing for low-income and moderate-income families; [PL 1989, c. 601, Pt. B, §4 (NEW).]
- C. Manufactured housing; [PL 1989, c. 601, Pt. B, §4 (NEW).]
- D. Multifamily housing; and [PL 1989, c. 601, Pt. B, §4 (NEW).]
- E. Group and foster care facilities. [PL 1989, c. 601, Pt. B, §4 (NEW).]"

Ms. Hojara stated the statute for this tax credit does have specifications for what the projects must achieve in terms of affordability thresholds.

Rep. Stover asked if there was a timeline for completion of the affordable housing units which are currently under construction.

Ms. Henderson stated that OPEGA could ask for that information from MaineHousing, adding that it is her understanding that timelines for completion on projects can be difficult to predict as construction can run into delays for any number of reasons.

Rep. Mastraccio asked Sen. Tipping, who is on the Taxation Committee, if that committee believes this project was helpful.

Sen. Tipping stated he was happy to hear there was good communication between the Taxation Committee's analysts and OPEGA as well as responsiveness from MaineHousing so that the project could be completed timely. Sen. Tipping stated that he would be interested in best practices for this type of project, as there could be challenges if agencies or committee staff are not communicating timely. Sen. Tipping stated the Taxation Committee did take this project into account during their work session on LD 2116 and it helped with the writing of the committee amendment to the bill including keeping in a sunset timeline in order to continue monitoring the credit.

Rep. Perkins asked if there was any indication that policy decisions made by other states with this type of tax credit have been influenced by the cost burdening in that state or by the current housing stock whether overbuilt or underbuilt.

Ms. Henderson stated that from the data collected, national trends indicated that there is not enough affordable housing anywhere in the country currently. Ms. Henderson also stated that OPEGA did not look for specific reasons behind any changes other states made to their affordable housing tax credit sunset timeline.

Rep. Perkins stated that his question was due to Florida, Texas and Colorado currently being overbuilt, and was curious whether this affected those state's policy decisions on this type of credit.

Ms. Hojara stated that Florida is an interesting example, adding that Florida has never funded their affordable housing tax credit and perhaps that is in part due to the current housing stock.

With no further questions from the Committee, Sen. Hickman thanked Ms. Henderson and Ms. Hojara for their work on this project.

## **Public Hearing: OPEGA Report on Office of Child and Family Services: Timeliness of Child Care Payments (for Children in State Custody)**

Sen. Hickman next opened the Public Hearing on OPEGA's latest report, *Office of Child and Family Services: Timeliness of Child Care Payments*.

Two individuals testified during the Public Hearing; the written testimony may be found here: [Public Hearing Testimony on OPEGA Report](#)

Following questions from the Committee to those testifying, Sen. Hickman closed the Public Hearing.

## **Work Session: OPEGA Report on Office of Child and Family Services, Timeliness of Child Care Payments (for Children in State Custody)**

Sen. Hickman stated that the Office of Child and Family Services (OCFS) Director, Bobbi Johnson, was unable to attend today's meeting, however DHHS did provide written answers to questions the Committee asked during the last Committee meeting. Those written answers may be found here: [DHHS letter to GOC](#)

Sen. Hickman invited OPEGA Director, Peter Schleck, to share any additional information regarding the recommendations or other matters referenced in the OPEGA Report.

Director Schleck stated that the Department has reached out to OPEGA to assist the Department with information OPEGA had found during the evaluation and provide follow up as the Operational Excellence (OpEx) Team works through this matter.

Director Schleck also pointed out page 23 of the OPEGA Report which describes that OPEGA found some shared email accounts for OCFS which did not have the "legal hold" feature, which means that emails deleted from the "shared mailboxes" cannot be recovered beyond 30 days. Director Schleck noted that OCFS has upgraded the accounts, however OPEGA does not know the extent to which these accounts with limited recoverability are used throughout State government. Director Schleck asked if the Committee would like to send a letter to the Maine Office of Information Technology or the Department of Administrative and Financial Services (DAFS) to share this issue and concern of potential loss of records.

Rep. Mastraccio stated that the "shared mailboxes" is a concern, and that she is also concerned about the use of AI programs by anyone working in local or state government for communication, noting that ChatGPT or other similar programs do not retain records.

Sen. Hickman asked that the Committee, at the very least, allow the Chairs to send a letter regarding the "shared mailboxes" issue to the DAFS Commissioner as well as the Committee on State and Local Government. Sen. Hickman stated that the Committee can, at any time, direct OPEGA to do further work on the concern.

Sen. Farrin stated that a question he had asked of Director Johnson at the previous meeting, regarding the timeline of implementation of improvements to be suggested by OpEx and requested for this Work Session was not addressed in the written responses provided by DHHS. Sen. Farrin stated that if the Committee requests Director Johnson to come back before this Committee, he still has questions he would like answered.

Sen. Hickman stated that the Chairs will invite Director Johnson to come back before the Committee for a future meeting. Sen. Hickman also stated that the Committee could re-request Sen. Farrin's question to be answered for that future meeting.

Sen. Farrin stated that the other members of the Committee should also look at the February 27, 2026, meeting summary to ensure their questions raised during that meeting are answered by DHHS.

### **Motion and Vote**

Sen. Tipping made the motion that the Chairs send a letter to DAFS and the Committee on State and Local Government regarding state emails with shared email accounts which do not have a “legal hold” feature, and request information on how many such emails exist and what they are used for be reported back to the Committee.

The motion was seconded by Rep. Stover.

Following further Committee discussion, the vote was taken.

The motion was unanimously approved by all members who voted. (Eleven members were present for the vote.)

Sen. Hickman asked the Committee members whether they wanted to vote to endorse, endorse in part, or not endorse the OPEGA report.

Sen. Farrin stated he would like the Committee to have further discussion with the Director of OCFS before voting on the OPEGA report.

Sen. Hickman stated the Committee will not take a motion on the OPEGA report at this time.

### **Further Discussion with DAFS Commissioner and State Auditor Concerning 2024 Single Audit Findings**

#### **Invited: DAFS Commissioner Clark and State Auditor Dunlap**

Sen. Hickman turned to the next item on the agenda and invited DAFS Commissioner Elaine Clark and State Auditor Matt Dunlap to join the Committee to discuss their contrasting and perhaps conflicting views on the findings of the 2024 Single Audit Report. Sen. Hickman noted that State Controller Doug Cotnoir was also welcome to join the discussion.

Sen. Hickman asked State Auditor Dunlap to share with the Committee any opening statement he had for the Committee as well as any other information he would like the Committee to know.

State Auditor Dunlap stated that there are some disagreements around the audit report and some of the findings with procurement and contract management. State Auditor Dunlap stated he has had discussions with the Administration and with the Legislature about some findings just released in the 2025 Single Audit Report and that he has seen improvements in reaching understanding with the Administration about findings.

State Auditor Dunlap stated that the average person often has a negative reaction to the term “audit”, however the role of the Office of State Auditor is to help agencies improve their work and is concentrated mainly on financial audits. State Auditor Dunlap stated that the Single Audit Report is the compliance audit to ensure that the state is in reasonable compliance with the federal grant and award programs which account for a large amount of revenue that comes to the state. State Auditor Dunlap said his office also conducts fraud investigations as necessary.

Sen. Hickman welcomed Commissioner Clark and asked her to share any prepared statement she may have for the Committee.

Commissioner Clark stated she does have some introductory remarks to make and then would like State Controller Cotnoir to explain his analysis of the audit findings that are in controversy.

Commissioner Clark’s opening statement may be found here: [DAFS Commissioner Clark Written Statement](#)

State Controller Cotnoir provided the Committee with an opening statement, that statement may be found here: [State Controller Douglas Cotnoir Written Statement](#)

In his written statement, State Controller Cotnoir referenced State Auditor Dunlap’s letter previously sent to the Committee which contained three audit findings, which may be found here: [Letter from State Auditor to GOC](#)

State Controller Cotnoir stated that procurement documents include requisitions which may or may not become an actual procurement, requests for quotes, buyer purchase orders which are issued through the Office of State Procurement Services (OSPS), delivery orders which is a formal document where an agency authorizes the delivery of services or materials under what has previously been negotiated as a master agreement for the state (WB Mason for example), contracts,

State Controller Cotnoir stated that all contracts exceeding \$1 million, whether competitively bid or otherwise, by statute are subject to a review process through the statewide procurement review committee that includes OSPS, the State Budget Office or the State Comptroller, and the Chief Information Officer.

Sen. Timberlake asked if the state has \$1 million contracts that are not competitively bid on.

State Controller Cotnoir stated that “contract” is the name of a document that exists in the procurement and accounting system, adding that the same contract document is used for contracts for services that require competitive bidding, grants to entities including formula grants or state statutory mandated grants which do not require competitive bidding. State Controller Cotnoir stated that within the context of a contract document there may be two vastly different procurement review processes that occur.

Sen. Timberlake asked if the state procures anything in the \$1 million range that is not competitively bid.

State Controller Cotnoir stated the answer to Sen. Timberlake’s question is yes, adding that within the state procurement process there is sole source justifications or notice of intent (NOI) to award in the absence of competitive bidding. State Controller Cotnoir also stated that there are statutorily authorized reasons why

contracts may be awarded in the absence of competitive bidding, and it is an extremely transparent public process which includes things like emergencies, cooperative agreements with the university system, and other entities with whom the state is intended to do business and are defined in Title 5.

Rep. Mastraccio stated, regarding the non-competitive contracts, that the audit function was important to show transparency, that the state can have faith that the method of those procurement contracts is appropriate. Rep. Mastraccio stated that she is interested in learning about the follow-up for the findings in the Single Audit and asked State Auditor Dunlap what the risks were associated with the findings and why it is so important that there is an acknowledgement from the department.

State Auditor Dunlap stated that he agrees with most things that Commissioner Clark and State Controller Cotnoir have stated, adding that professional disagreements about audit findings are very common. State Auditor Dunlap stated the role of the Office of State Auditor is to point out areas of risk, adding that ultimately it is up to the federal partners, who are the provider of the resources sent to the state for specific purposes, and the agency to determine whether the findings are actionable or can be accepted. State Auditor Dunlap stated his office does not have the discretion to take factors into consideration such as an agency lacking sufficient staff during the audit, rather the office must take the federal criteria that are attached to the federal funds given to the state and determine whether or not the agency program is following those criteria, adding that the language for the criteria is very specific.

State Auditor Dunlap stated the 2024 Single Audit did become very controversial because the language used in auditing is incredibly understated.

Sen. Timberlake asked State Auditor Dunlap if he was saying that the 2024 Single Audit report was accurate and pointed out deficiencies.

State Auditor Dunlap stated that the 2024 Single Audit was correct, and context is an important part of this discussion, adding that the context of the 2024 Single Audit finding that became controversial was around the \$2.1 billion, from which his office took a sample of 45 contracts in which a number of findings were found. State Auditor Dunlap stated that his office's job is to point out those findings and risks associated with those findings.

Rep. Eder stated that the allegations in the audit reports appear to be fraud, waste and abuse in state government, and asked State Auditor Dunlap to define how he describes the findings in the audit reports.

State Auditor Dunlap stated there is a distinction between a deficiency or weakness and actual fraud, adding that a finding of material weakness shows a risk of fraud but does not mean there is fraud. State Auditor Dunlap stated that if potential misuse or fraud was noted during an audit it would be referred to the Attorney General's office, adding that misappropriating funds is theft. State Auditor Dunlap stated a deficiency finding is the gap between the prescribed criteria of what the law, policy and rules demand and what the audit finds, adding a deficiency finding does not mean money has been stolen. State Auditor Dunlap then discussed one case of recent fraud regarding procurement credit cards his office has been involved in investigating which resulted in the case being turned over to the Attorney General's Office which charged the individual in 2023, and just this month that individual pleaded guilty.

Sen. Farrin stated that with audit work there can be two different opinions about the findings, and asked State Auditor Dunlap to respond to Commissioner Clark's statement that his office did not engage with DAFS about some of the disagreements, adding that the 2025 Single Audit Report had some of the same findings as the 2024 Single Audit Report and should meetings have happened so that those findings were not repeated.

State Auditor Dunlap stated that he believes there was a breakdown of communication and does not remember receiving an email from Commissioner Clark after the December 18, 2025, meeting with senior members of the Administration regarding the 2024 Single Audit findings. After that meeting, State Auditor Dunlap stated he provided the Governor's office with the process of the 2024 Single Audit including communications between his office and DAFS regarding findings. State Auditor Dunlap stated that he believes the communication between DAFS his office saw improvement during the 2025 Single Audit.

Sen. Guerin asked if some of the discrepancies between the two offices are due to differences in Maine and federal law.

State Auditor Dunlap stated that state and federal law are complementary and do not contradict each other.

Rep. Stover asked if it was true that the Single Audit shows findings based on procedures, rules and laws around particular service delivery, noting that the findings in the reports do not rise to the level of fraud, waste or abuse, and that the agency has the opportunity to respond to the findings which are included in the report as well as the plan of correction.

State Auditor Dunlap agreed with Rep. Stover's statement.

Sen. Timberlake asked if a concern regarding the Single Audit findings is that the federal government, when it performs their review, could take back funds from the programs where the Single Audit had findings.

State Auditor Dunlap stated it is the case that the federal government could take back funds as a result of the findings, adding that potential effects of noncompliance is part of the audit work, and that this has happened in the past. State Auditor Dunlap also stated that the laws and rules are put into place to protect resources and provide transparency and accountability, and the audit work measures what was done against the laws and rules and highlights any risks associated with findings.

Rep. Mastraccio stated that she has been involved in audits at the local level for over 20 years, and that she is familiar with audit findings and discussions that happen around findings. Rep. Mastraccio stated that what she has not seen before is an audit finding and the agency not agreeing with the finding. Rep. Mastraccio stated that the purpose of the audit is to reveal findings, not whether the agency likes or approves of the findings and asked what the next steps in this process are. Rep. Mastraccio also asked for more information about the fraud case that led to an individual being charged with a crime that State Auditor Dunlap had mentioned earlier, and what has happened in the agency where this occurred so that this does not happen again.

State Auditor Dunlap stated that the Department where the fraud case was discovered would be best to answer the question about what has been done to prevent it from happening again, adding he is aware that the Department has made some major changes to how procurement cards are used. State Auditor Dunlap

stated the fraud was found by his office conducting a review of the procurement card system, outside of the Single Audit and Financial Report Audit, as it had not been looked at in quite some time and noted the high usage for the one card involved in the fraud case.

State Controller Cotnoir stated, in regard to the procurement card fraud case, the Office of State Auditor performed a very in-depth review of the procurement card system which revealed the improper usage of a card. State Controller Cotnoir stated that there are control systems in place which are supposed to prevent improper usage of a procurement card. State Controller Cotnoir stated that the individual, who ultimately was charged with a crime in this case, was at the top of the organization with control over the entire operation. State Controller Cotnoir stated the individual chose to circumvent the controls in place and instructed his staff to circumvent the controls and colluded with an outside party in order to defraud the state. Since this case was identified, State Controller Cotnoir stated that changes have been made including a new procurement card provider and during the transition to the new procurement card provided, DAFS took back all procurement cards from agencies, adding that every member in state government that had a procurement card needed to reapply for a new card. State Controller Cotnoir stated that new policies were put in place for procurement cards including daily spend limits, total spend limits and strengthening controls on inventory and payments made on the cards.

State Auditor Dunlap stated that while the review of the procurement card system did result in one case of fraud, that fraud is incredibly rare.

As to what happens when there is a finding by the Office of State Auditor and the agency disagrees with the finding, State Auditor Dunlap stated that the federal partners have the final say as to whether the finding(s) should be held and whether the corrective action should be implemented. State Auditor Dunlap also stated that his office has offered to present to committees of oversight and to answer questions regarding the findings and learn more about any disputed findings.

Rep. Perkins asked State Auditor Dunlap about the 2025 Single Audit which stated there were six possible fraudulent cases involving EBT cards being used after the individual had passed away, if those cases were referred out for criminal investigation.

State Auditor Dunlap stated that the findings of the possible fraudulent use of EBT cards was brought to the agency's attention, adding that the agency had the authority to seek criminal prosecution as it involved members of the public, not due to acts within the agency.

State Auditor Dunlap stated that his office does have a fraud hotline with a phone number and email address for individuals to submit allegations of fraud, adding that the majority of allegations received are not actionable by his office, however those are referred to the correct office to be looked into.

Rep. Eder asked what happens now with the deficiencies found in the 2024 and 2025 Single Audits that DAFS disagrees with, and what corrective actions have been taken already, and what corrective actions will be taken going forward.

State Controller Cotnoir stated that the state has a distinct process for addressing findings which is coordinated by his office. State Controller Cotnoir stated that when the State Auditor issues a communication to an agency there is a factual accuracy communication that is issued to the agency which

allows the agency to disagree with any of the matters of fact contained in the communication. State Controller Cotnoir stated after the agency responds, which is mandated, the State Auditor will determine whether they will write a finding and what the nature of that finding will be. State Controller Cotnoir stated that when the finding is submitted, his office reviews the finding response with the agency. State Controller Cotnoir added that when the findings response is a disagreement with the finding, his office is involved and has its own internal audit office whose primary responsibility during this time of year is to coordinate communication between the Office of State Auditor and the agency. State Controller Cotnoir stated that while communication regarding these disagreements may not have been happening at the executive level, there was ongoing communication between the offices at a lower level, and that his office's primary goal when looking at the findings is to come to an agreement before the finding is published.

State Controller Cotnoir stated that his office has no opposition to findings, but to make sure that control weaknesses that may be identified are being addressed, and the first step is to agree that a control weakness exists, and the Single Audit shows a finding, the agency response to the finding, and the auditor's concluding remark. State Controller Cotnoir added that there may be no agreement for various reasons, at which point committees of jurisdiction can bring the agency and auditor before them to try to sort out the issue. State Controller Cotnoir also stated that the federal government receives the findings and has the opportunity to look at both sides of the argument and do a further review, noting that sometimes the findings are sustained and sometimes they are not sustained.

State Controller Cotnoir stated there are two very different components in the audit, one being internal controls, and the other is compliance, and the audit findings are based on the review of the internal control system, which is designed to provide reasonable assurance that transactions will comply with the laws and regulations. State Controller Cotnoir stated that the audit did not identify any areas of noncompliance in relation to the spend associated with procurement documents reviewed, and his concern is with the way the findings were characterized, in that it draws conclusions that mischaracterize the intent of the system, the control objectives being applied and the circumstances or transactions in which those control objectives must be applied.

Sen. Hickman asked for State Controller Cotnoir to go over item number four on page six of his prepared statement and then have State Auditor Dunlap respond, in which it was stated that the finding was missing documentation of some procurement card transactions.

State Auditor Dunlap agreed that there was missing documentation in some of the procurement card transactions sampled, adding that lack of documentation is a recurring theme throughout some of the audit work. State Auditor Dunlap stated that nothing in the transactions were inappropriate, but the rules require documentation, which is a very important step and if missing could expose risk.

Regarding the disagreement over which office is responsible for providing monitoring/oversight of internal billing processes of procurement cards between the State Auditor and DAFS, Sen. Hickman asked if the legislature could clarify the responsibility in statute or if it could be clarified in rulemaking.

State Auditor Dunlap stated that the executive branch could review this discrepancy and create a rule change to address this issue, or the legislature can mandate a change, adding that the purpose of the audit document is to highlight processes that need to be streamlined, enhanced or better utilized.

Sen. Hickman asked if committees of jurisdiction had more time to spend on reviewing the audit findings and discussing those findings with the agencies who dispute the findings, if there would be improvements in the interpretation of the laws and rules concerning audit work.

State Auditor Dunlap agreed with Sen. Hickman's statement, adding that he believes there has been progress made in this area.

Rep. Perkins stated that DAFS and the Office of State Auditor can find a way to work together so that year after year the Single Audit does not continue to contain disagreements between the offices.

Sen. Hickman asked State Controller Cotnoir if he has communicated any suggestions of improvement in this process that could make these types of disagreements unnecessary.

State Controller Cotnoir stated that it is a fact that there will be disagreements with audit findings, however that does not mean that work stops, adding that disagreements usually involve context, wording or the approach. State Controller Cotnoir added that his office tries to coordinate with the auditor what the intent is and can there be meaningful corrective action. State Controller Cotnoir also stated that the 2024 Single Audit was released well into fiscal year 2025 which means that the 2025 Single Audit will also have similar findings if it involves an internal control system because the agency does not have enough notice of the finding to take action before the next year's audit.

State Controller Cotnoir stated that Procurement Services did respond differently to the 2025 Single Audit findings due to a better understanding and agreement of what the authority is for the Bureau and the findings are being addressed by the appropriate offices.

State Auditor Dunlap stated that his office tries to be very mindful that the funds involved in the audits are public resources and an auditor's job is to point out everything found to make sure the public can trust the work that the state does.

Sen. Timberlake stated that in listening to this conversation, he recognized that there is a problem and asked Sen. Hickman what the Committee can do to come up with a solution.

Sen. Hickman stated that there was a lot of information discussed today for the Committee to absorb, adding that the Committee will have to do some work on this matter including having discussions with committees of jurisdiction regarding Single Audit findings, and conduct follow-up work.

State Controller Cotnoir stated, in response to Sen. Timberlake's concern about the federal government taking back funds due to the Single Audit findings, that the findings were communicated as internal control weaknesses within the procurement system. State Controller Cotnoir stated that there were no findings of non-compliance that resulted in question costs identified that would be subject to a potential disallowance that might require a claw back from the federal government.

Sen. Timberlake stated his concern is with control weaknesses within state agencies, adding that someone is responsible for those control weaknesses, whether it's DAFS or the agency and believes this is something that needs to be addressed.

Sen. Farrin stated that in continuing this work the Committee also needs to look at the agencies involved in the findings in order to take a look at, and understand, the entire process.

Sen. Hickman stated that this Committee is committed to being better stewards of taxpayer dollars, and will do the work to make sure that the agencies the Committee oversees has the same commitment and works towards being better.

Sen. Hickman thanked Commissioner Clark, State Controller Cotnoir and State Auditor Dunlap for their time today.

Sen. Hickman put the Committee at ease at approximately 12:50pm.

## **Contract Administration in DHHS**

Sen. Hickman called the Committee back to order at approximately 1:12pm

Sen. Hickman turned to the next agenda item, revisiting a matter previously considered at the end of the last Legislature in this Committee, namely, concerns about the relative effectiveness of contract administration within DHHS.

Sen. Hickman shared with the Committee two documents in their binders that were presented to the 131<sup>st</sup> GOC, which may be found here:

[Procurement Interest and Considerations Chart](#) (prepared at the time by the OPEGA Director)  
[Letter to 131<sup>st</sup> GOC Regarding DHHS Procurement and Contracting Practices](#)

Sen. Hickman then invited Ms. Renee Page, Executive Director of Healthy Communities of the Capital Area to join the discussion and share her concerns of a similar nature to the letter received by the 131<sup>st</sup> GOC just referenced, noting the Committee endeavors to give due regard to whether there are indicators of systemic concerns warranting systemic review.

Ms. Page stated that Healthy Communities of the Capital Area (HCCA) is a nonprofit public health organization based in Hallowell and primarily serves Kennebec County and the Central Public Health District. Ms. Page stated that the contracting process has been cumbersome in different ways over the years, however it seems to have worsened since the inception of the DHHS Division of Contract Management (DCM).

Ms. Page shared a written statement with the Committee detailing the challenges HCCA has encountered with the contracting process which may be found here: [HCCA Letter to GOC](#)

Ms. Page introduced Matt L'Italien, Director of Somerset Public Health which is a subcontractor of HCCA and affected by the challenges with the contracting process. Mr. L'Italien's written statement may be found at the following link, along with other written statements received by the Committee on this matter: [Letters Submitted to GOC Regarding DHHS Contract Administration](#)

Sen. Hickman asked Ms. Page how HCCA delivers services with all the challenges of the contracting process.

Ms. Page stated that HCCA is waiting for the encumbrance process for fiscal year 2025, and is at risk of invoices not being reimbursed, adding that HCCA has had to use operating reserves to cover payroll. Ms. Page stated that HCCA has opted to do this in order to keep positions in place and continue to do the work, however they are not able to deliver services to the level expected in their workplan. Ms. Page stated that when delays in encumbrance take this long, once the contract does become encumbered, they are at risk of not being able to fully spend the money awarded because the contract will end in June, adding this creates the perception that HCCA does not need the money from the state.

Rep. Mastraccio asked if there was a time when Ms. Page did not see these challenges, and what existed before the DCM.

Ms. Page stated that before the DCM contractors were assigned program managers who oversaw work plans and budgets, adding it is essential to ensure the budget supports the work plan. Ms. Page added that now work plans are submitted to the Maine Center for Disease Control and Prevention (MCDC) without approved budgets and often without knowing what the budget allocation will be. Ms. Page stated that budgets are submitted to DCM separately.

Sen. Hickman asked Mr. L'Italien to explain how this matter affects the service delivery of Somerset Public Health.

Mr. L'Italien stated that unlike some other coalitions across the state, Somerset Public Health is part of a hospital, which means the cash flow issues do not affect them as much as others. Mr. L'Italien stated that the biggest issue in dealing with these contracts is being unable to hire staff due to waiting six months or more for a contract. Mr. L'Italien stated this prevents them from being able to get programs to the community. Mr. L'Italien added that by getting funds at the end of the program period creates an incentive to spend funds at the end of the grant period in order to continue to receive funding.

Mr. L'Italien stated that the uncertainty of getting contracts and payment on time, creates an instability among staff and causes some to seek other organizations for employment that are more stable, and pulls leadership of the organizations away from work to constantly follow up with DCM about the status of the contract.

Sen. Hickman stated he appreciates the recommendations made in the written testimony from Ms. Page and Mr. L'Italien and asked how the challenges outlined negatively impact service delivery.

Ms. Page stated that there is a delay of services, adding that her organization has chosen to be very frugal and not do things in the work plan to serve the community that cost money. Ms. Page stated that if she had known that she would not have an encumbered contract in March when the fiscal year ends in June, they may have had a different planning process as this puts them extremely at risk. Ms. Page added that there is no sense of urgency at the state level to encumber the contract or communication of why there was such a delay or when they can expect the funding.

Rep. Lemelin asked if Ms. Page or Mr. L'Italien have contacted DCM to request specific contact information for someone working on their contract.

Ms. Page stated that there have been a lot of emails back and forth between HCCA and DCM and DCM has generic emails without an individual's full name, however she is unsure if they have asked specifically for an individual's contact information within DCM. Ms. Page added that they have occasionally reached a live person when contacting DCM and have that contact information who they do reach out to specifically, however they only have email addresses and no phone numbers.

Rep. Lemelin asked if the funding through the state was the only funding HCCA receives.

Ms. Page stated that when HCCA first formed their only funding was through the state, however they now have other state, federal and philanthropic grants to do other work.

Mr. L'Italien stated that organizations must adhere to the laws and rules set around the use of funds granted from state and federal sources.

Rep. Lemelin asked if they had the funds within the organization to float the costs of the program until the state encumbers their contract.

Ms. Page stated that HCCA has been able to navigate the waiting for the funds so far, however after March 31, some of their current funding streams are ending. Ms. Page added that previously the encumbered contract happens within 30-60 days, however this year it is nine months so far.

Rep. Lemelin asked if they had been informed in writing why there was a delay in encumbrance of the contracts.

Mr. L'Italien stated he has requested information regarding a contract his organization had for patient navigation services for substance use disorder, adding that he did not get a response from his requests for information regarding that contract's status or why it was being delayed. Mr. L'Italien stated that through his own efforts he obtained the email of the director of DCM, emailed the director directly and received a timely response and resolution, noting this was several years ago and the only time he has received a clarifying response from DCM.

Sen. Farrin asked if some of the funding of the contracts comes from the opioid settlement.

Ms. Page stated that opioid settlement funds are not yet included in the funding for the contracts, however she noted that would be appropriate at some point. Ms. Page stated that the contract is currently comprises Fund for Healthy Maine dollars, Federal Tobacco Prevention dollars, as well as three or four substance use prevention grants.

Mr. L'Italien stated that he has received additional funding from two federal grants, one through the Health Resources and Services Administration, and the other through USCDC.

Sen. Tipping stated that the Committee also received testimony from the Maine Association of Nonprofits, which included a statement that an agency had to take out lines of credit to pay employees while waiting for

the funding to come through and asked if this had happened to Ms. Page or Mr. L'Italien or are they aware of other agencies in this position.

Ms. Page stated that HCCA has not chosen to take out a line of credit while waiting for the funding to come through, adding that this option has been discussed among the board of directors.

Mr. L'Italien repeated that as his agency is a department of a hospital, Somerset Public Health has not had to take out lines of credit while waiting for funding.

Sen. Farrin asked if the funding of the contract through DCM is a use-it-or-lose-it by the end of the fiscal year situation.

Mr. L'Italien stated that in general the funds must be used within the fiscal year it was allocated. Mr. L'Italien added that if it is not used during the fiscal year, it is clawed back and future funding is reduced, which affects staffing levels.

Rep. Mastraccio stated she would like to know what caused the breakdown in this process, and asked if when DCM was created, was it part of the reorganization of how the state managed tobacco funds.

Ms. Page stated it appears that the motivation for creating DCM was consolidation of the contracts involved for better management, however the result has created a system that makes it very difficult for the agencies to budget, manage and report on as well as creating long delays.

Mr. L'Italien stated that DCM separating program people from contract people is where the system broke down, adding that communication between program and contract is critical.

Rep. Lemelin suggested that the Committee investigate DCM to evaluate their process and to see whether the difficulties agencies are experiencing can be solved. Rep. Lemelin also suggested that the Committee may consider putting in legislation to allow agencies 12 months from the time they receive funds to spend those funds.

Sen. Hickman thanked Ms. Page and Mr. L'Italien for providing detailed information to the Committee on this matter, adding that it appears to affect a lot of different providers of services that the legislature has asked the executive branch to implement on behalf of the people of the state.

## **OPEGA Director's Report**

Sen Hickman next asked Director Schleck, before presenting any other matters to the Committee, based on the discussion of Contract Administration in DHHS, to share with the Committee his thoughts, adding that the Committee will not be able to vote on matters at this time due to not having a quorum.

Director Schleck stated that there are always options for the Committee, including inviting a department representative to come before the Committee to continue the discussion and answer Committee member's questions. Director Schleck stated the Committee could also send a letter to the department with questions

the Committee would like answered regarding this matter. Director Schleck stated the Committee may also consider tasking OPEGA to review DCM.

Sen. Hickman asked Director Schleck for his thoughts on an initial scope for an OPEGA review of DCM.

Director Schleck stated there is a path for an OPEGA review and referred members to the bottom of the [Procurement Interest and Considerations Chart](#), which is relevant to this matter and poses a question for consideration: *Is critical investment in scarce social services further impaired by potentially suboptimal contract management and administration.*

Rep. Perkins stated that a common theme that this Committee hears is people in state government not answering the phone and having a voicemail message that asks the caller to send an email. Rep. Perkins stated that there should be better engagement from individuals who work for the people of the state.

With no further from the Committee on this matter, Director Schleck moved onto the Director's Report.

Director Schleck shared with the Committee an updated Bill Tracking document, containing legislation relevant to this Committee's work. That document may be found here: [Updated Bill Tracking](#)

Director Schleck next shared the letter to the Committee on Transportation as directed by this Committee regarding concerns relating to controls over the issuance of driving credentials. That letter may be found here: [Letter from GOC to Committee on Transportation](#)

Director Schleck next shared with the Committee a letter received from Rep. Collins and many of her colleagues in both the Senate and House, requesting a review of safety and protections within the Department of Corrections. Director Schleck stated he wanted to acknowledge receipt of the letter and stated this matter will be put on a future agenda at the convenience of Rep. Collins.

Director Schleck stated the last item for today was to discuss the next meeting date for the Committee.

Due to the Senate and House meeting schedules in April, Rep. Mastraccio suggested that the Committee meet on April 24, 2026, rather than skip an April meeting.

Sen. Hickman asked the Committee to pencil in April 24, 2026, for the next meeting date.

## **Adjourn**

With no further discussion, Sen. Hickman adjourned the Government Oversight Committee, without objection, at approximately 2:00pm