

**Statement of OPEGA¹ Director Peter Schleck on OPEGA Report,
“Maine Veterans’ Homes: Select Financial Operations (March 2025)”**

**To the Committee on Government Oversight (GOC)
132nd Maine State Legislature**

(For Public Release on Delivery, Expected Friday, March 28, 2025)

**Senator Hickman, Representative Mastraccio, Distinguished
Members of the Committee on Government Oversight,**

Thank you for the opportunity to present OPEGA’s latest report, entitled “Maine Veterans’ Homes: Select Financial Operations”, and to answer any questions that you may have.

**Structure of Today’s Presentation and Committee Processing of
OPEGA Reports Generally**

At the outset, I thank the Chair for emphasizing the importance of providing new and returning Members of this Committee an opportunity to understand the relevant context and history. I am also mindful that there are many matters competing for the attention of the Members, and that this dynamic only accelerates, perhaps, this time of year, so we can take as much or as little time today, as preferred, to walk through the report.

¹ [Office of Program Evaluation and Government Accountability](#). See [3 M.R.S. §§ 991-1002](#).

Three Types of Committee Meetings on OPEGA Reports

Also, for the benefit of those Members new to this Committee, as well as the listening public, there are three types of meetings of this Committee concerning OPEGA reports. Today, as Director of OPEGA, it is my privilege to present OPEGA's report findings and recommendations, and time permitting, the Chair may invite responsible officials of the entity subject to the review to also take Committee questions.

The second type of meeting, a public hearing, occurs no sooner than, and normally two weeks from today (so tentatively, in this case, April 11), and anyone may appear before the Committee in person (or at the discretion of the Chair(s), virtually), or submit written testimony, and generally offer comments on the report.

The third type of Committee meeting is a work session, sometimes two weeks and sometimes a month after the public hearing, but sometimes this has happened the same day as the public hearing. In the case of this Committee, the work session includes an opportunity by which the Committee may—and the statutes indicate “may” in this context (see [3 M.R.S. § 994\(7\)](#))--vote to endorse, endorse in part, or not endorse the report.

Summary of OPEGA's Review of MVH as Detailed in the Report:

Next, I offer a brief headline-level summary on the OPEGA report's ultimate focus and results here, followed by a timeline of certain relevant dates, which generally explains the genesis and progression of the Committees' and OPEGA's attention to MVH. Then we can turn to the

detailed sections of the report, and I will also do my best to call out page numbers and headings, as we go.

In February 2023, concerns related to possible financial control weaknesses within Maine Veterans' Homes (MVH) were brought to the GOC.

OPEGA later performed a systematic risk assessment of key elements within a refined scope of work approved by this Committee during the 131st Legislature. This followed a GOC-approved preliminary inquiry involving the review of over 50,000 pages of MVH documentation.

OPEGA later intensified our focus on the effectiveness of MVH's accounts payable (AP) process and systems. The process and corresponding systems are to ensure that payments by MVH for products and services are made appropriately and in a manner that supports the organization's management of its cash flow. MVH cash flow has been under strain since the COVID-19 pandemic, and due to a variety of factors, as reported by MVH.²

In brief, OPEGA's review disclosed:

- Efforts at improvement by MVH in this realm remain a work in progress, including with respect to the transition to a new paperless procurement software system intended by MVH to enhance the efficiency and effectiveness of the AP process (see report, e.g., pages 11-19);
- A range of payment processing issues as indicated by limited but clearly defined transaction-level testing by OPEGA of three of the nine categories of expenditures listed in MVH's financial statements

² Relatedly, and for example, MVH reported an operating loss of \$18.3 million in Fiscal Year '21 (see report, page 5). This operational shortfall impacted MVH's ability to pay invoices to its vendors when due, leading to late payments and incurring late fees. And despite drawdowns from MVH's investments, MVH remains unable to pay all bills as they come due.

for Fiscal Year 2024. The three categories, “purchased services”, “supplies”, and “other”, together amounted to \$22 million for that year³ (see report, pages 7-8; 11-19);

- Some payment processing concerns existing prior to deployment of the new software system (see, e.g., pages 9 and 15) and some continuing, or pertaining to the operation of the new software system (see, e.g., pages 12-19);
- A decentralized process for accounts payable and some corresponding concerns (see page 11);
- A lack of established or sufficiently detailed policies for some related processes (Petty Cash (see page 11) and Store Credit Cards (see page 12); and
- Staff not adhering to established process in some instances. (see, e.g., pages 16-17).

While OPEGA only conducted such transaction-level testing as necessary to determine whether certain payment processing issues were occurring at all, and not how often they may be occurring, OPEGA nevertheless concluded that the ongoing cash flow issues exacerbate risks associated with the payment processing issues OPEGA identified (see page 18).

OPEGA also makes some observations in the report about the relative prudence of certain limited categories of MVH expenditures that came to our attention during our testing, and in the context of MVH’s cash flow difficulties (see pages 18-19).

³ Types of spending under the three categories OPEGA reviewed are listed on pages 25 and 26 of the report.

OPEGA’s detailed findings begin on page 11 of the report and our recommendations may be found on pages 20-21.

I also wish to express here my appreciation for the cooperation during the OPEGA review of past and present MVH leadership and staff. For further reference, MVH’s written response to our report is incorporated in full at the very end (see page 27 and following pages).

I was also grateful for the opportunity to consult with Chief Deputy Attorney General Chris Taub (on the legal nature of MVH in relation to the State of Maine) and State Auditor Matt Dunlap (see State Auditor Dunlap’s October 2023 letter linked in the below timeline) as OPEGA sorted through this matter in a variety of ways.

Timeline of Certain Relevant Events, Including Government Oversight Committee (GOC) Focus on Maine Veterans’ Homes

I would like to now turn briefly to a timeline of relevant events, to help provide history and context.

Late 2021 and Early 2022 – MVH Board of Trustees voted to close two of its “home” locations (Machias and Caribou).

March 31, 2022- Effective date of [legislative enactment](#) that created new requirements for MVH, including conditions on home closure, and certain directions to DHHS to make certain supplemental payments to MVH.

December 29, 2022 – OPEGA Director contacted by a former MVH finance employee with concerns about MVH financial operations, including with respect to MVH accounts payable.

January 2023 – OPEGA Director consulted with newly-appointed Senate and House GOC Chairs.

February 10, 2023 – OPEGA [Director informed the GOC at a public meeting](#) that certain concerns had been received, and that there were indications that the MVH Board of Trustees may be pursuing an internal investigation. GOC voted to have the GOC Chairs send [a letter](#) (subsequently sent on February 14, 2023) to the MVH Board Chair, requesting that the status and results of any such investigation be shared confidentially with OPEGA.

February 17, 2023 – MVH [responded](#), and produced⁴ to OPEGA the report of MVH’s internal investigation by an outside law firm, which included some limited consultation with MVH’s external financial statement auditor.

March 10, 2023 – After hearing from the OPEGA Director at a public meeting on an initial (limited) analysis of the internal MVH investigation, GOC [voted to direct OPEGA](#) to add MVH to the OPEGA Work Plan with a scope of examining the former employee’s concerns. The GOC did not direct that this matter take precedence over existing ongoing work, including a substantial amount pending and related to child protection.

March 2023 – August 2023 – OPEGA requested and reviewed over 50,000 pages of documents produced by MVH and had interactions with MVH leadership, including as to new initiatives regarding MVH governance.

September 2023 – Based on [a presentation](#) by the OPEGA Director, GOC voted to approve a refined scope, with a focus on certain particular aspects of MVH financial operations, including accounts payable.

October 2023 – OPEGA Director consulted the State Auditor, at the request of GOC. The State Auditor shared some views of the matter in a [letter](#) dated October 16, 2023, to the OPEGA Director.

⁴ Per 3 M.R.S. § 997(3), OPEGA will refer to MVH any requestor seeking public access to MVH’s records. Moreover, OPEGA working papers are confidential and exempt from public disclosure per the same statute.

November 2023 – January 2024 – GOC undertook a series of more frequent and intensive meetings focused on frontline perspectives in child protection, with the assistance of the OPEGA Director (culminating in [a February 2024 GOC report](#)), while OPEGA continued to also prioritize remaining OPEGA reviews relating to child protection.

April 2024 -- OPEGA partially initiated field work regarding the MVH review, which later continued more fully through early 2025, including systematic risk assessment of matters raised, and how or whether they had been addressed to date (see, e.g., pages 7-8; 22-24). The OPEGA report chronicles in further detail some of these issues, including MVH's own self-generated initiatives (see, e.g., page 7). This and other factors led OPEGA, ultimately, to focus most intensely on MVH accounts payable process and systems.

I am happy to now walk the Committee through the report in detail, but will pause so the Chair can direct me, including if there are questions at this juncture.

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