



STATE OF MAINE
DEPARTMENT OF LABOR
45 COMMERCE CENTER DRIVE, P.O. BOX 259
AUGUSTA, MAINE
04333-0259

JOHN ELIAS BALDACCI
GOVERNOR

LAURA A. FORTMAN
COMMISSIONER

December 16, 2009

Bryant E. Hoffman, Executive Director
Central/Western Maine Workforce Investment Board, Inc.
Lewiston Career Center
5 Mollison Way
Lewiston, ME 04240

Dear Bryant,

The Maine Department of Labor (MDOL) and the Security & Employment Service Center (SESC) are requesting an immediate response from the Central Western Maine Workforce Investment Board in accordance with a series of findings stemming from the United States Department of Labor / Employment and Training Administration's Federal Compliance Monitoring which occurred in your region December 7 – 11, 2009. For the purpose of this monitoring activity, we note that the Central Western Workforce Board must comply with 29 CFR 95.51; Section A, "It is the State of Maine's responsibility to monitor each local workforce board and/or provider throughout the course of the award period." Further, we note that under the authority of 20 CFR Part 652 § 667.500 the Governor is responsible for resolving findings that arise from the State's monitoring review, investigations and audits (including OMB Circular A-133 audits of subrecipients) the State will be conducting complete and thorough review of these findings. Based on a review of the Central Western Maine Workforce Investment Board's financial statements a detailed investigation of possible improprieties is warranted.

The Federal Monitoring and the MDOL/SESC became aware of financial transactions that appear to indicate that Central Western Maine Workforce Investment Board, with your approval allowed a loan to be processed on behalf of the Board's Fiscal Agent, Philip Roy. As a result of this discovery the USDOL/ETA and MDOL/SESC have categorized the activity conducted by you, your Fiscal Agent and the Central Western Workforce Investment Board will be considered as "high risk" until an immediate and thorough investigation of the alleged activity.

The MDOL/SESC is requiring Central Western Maine Workforce Investment Board to comply with this request for a detailed explanation and documentation for the following items:

1. Explain in detail the line of credit advances on 8/28/09 (\$75,000), 9/22/09 (\$35,000), 12/7/09 (\$12,000) that appeared on the statement from Bangor Savings Bank dated 12/15/2009 and furnished to Robert Schenberger by Phil Roy on 12/15/2009. You must provide an explanation of how the credit line was used to process the checks of the LWIB prior to receipt of the State's EFT. Please provide a detailed listing of all the checks that were funded from the advances from the Line of Credit. If these advances were for other purposes (other than LWIB purposes), please provide a detail listing of these transactions.

PHONE: (207) 623-7900

TTY: 1-800-794-1110

FAX: (207) 287-5292

EMAIL: Laura.A.Fortman@maine.gov

2. Please justify the need for establishing a credit line for Central Western Maine Workforce Investment Board. Provide a detailed explanation as to how the Board was informed of the need to access the credit line and the documented approval process.
3. Who established the Line of Credit on behalf of Central Western Maine; did the board approve the establishment of the Line of Credit? Please provide a copy of the minutes that clearly demonstrates that the Board was involved in this financial decision.
4. You must provide written authorization for MDOL to review and discuss the Line of Credit transactions with Bangor Savings. The bank will need a written letter from you authorizing this disclosure of information relating to Central Western Maine Workforce Investment Board.
5. You must provide an explanation and documentation to identify who has signature authority and access to the Line of Credit.
6. You must explain the withdrawal slip from the credit line in the amount of \$15,000 on August 28, 2009; who approved this transaction?
 - a. How the funds were transferred from the LWIB to the fiscal agent; please provide a copy of the check or means of transfer for this transaction. The LWIB's account is with Bangor Savings and the fiscal agent's personal account is with Skowhegan Savings. How did this transaction get processed without disbursing a check and dual signature by Commissioner McGrane?
7. You must provide Bangor Savings bank statements (including copies of the checks) and invoices paid (including payroll records) by Central Western Maine Workforce Investment Board for the period beginning November 2008 to the most recent month available.
8. Please provide justification for the following accounts:
 - a. Employee AR (\$12,096.25)
 - b. Employee AR. (\$15,000.00)
 - c. Uncategorized expenses (\$2,000.00)
 - i. According to the fiscal agent the Employee AR. for \$15,000.00 is an error; please provide documentation to support this. A copy of the detailed

general ledger is not sufficient documentation to support the accounting error on the LWIB's books.

In light of these seemingly inappropriate transactions, MDOL and SESC are requesting that Central Western Maine Workforce Investment Board execute the following steps to ensure that they maintain control of the state and federal resources provided by the State of Maine:

1. Suspend Philip Roy from conducting any financial affairs for Central Western Maine Workforce Investment Board until this matter is investigated and resolved by the appropriate authorities. The financial records that are stored at Mr. Roy's office/residence must be seized immediately and turned over to the RHR Smith, the auditors for Central Western Maine Workforce Investment Board's.
2. Establish temporary use of the accounting resources of Franklin County to process any financial transactions (drawdowns, invoices, payroll, etc) for Central Western Maine Workforce Investment Board. Until further notice, drawdown requests submitted to the SESC must include supporting documentation, i.e., copies of invoices, payroll records, and participant travel expense reports.

Given the gravity of this situation we may be asking for additional information as necessary. In the meantime, please respond electronically and paper copy to me relating to the above mentioned items no later than 5:00 pm on December 23rd. If you have any questions about any of the above mentioned items please contact me directly.

Sincerely,



Melanie J. Arsenault
Director, Bureau of Employment Services
Maine Department of Labor

MJA/sd

CC: Craig Nelson, Chair, Central Western Workforce Investment Board
Laura Fortman, Commissioner, Maine Department of Labor
Ned McCann, Deputy Commissioner, Maine Department of Labor
Jim Nimon, Office of the Governor
Dennis Corliss, Director, Security and Employment Service Center
Neria Douglass, State Auditor
Holly O'Brien, Regional Administrator, USDOL/ETA, Region I