

Governance Manual

MainePERS Board of Trustees

Chief Executive Officer Responsibilities

5.4 – Budgeting, Spending, and Reporting

Date Adopted: October 11, 2012

Date Amended: December 13, 2012, March 13, 2015; October 12, 2017; November 12, 2020; November 9, 2023

Policy

The Board of Trustees shall safeguard System assets and maintain quality services by overseeing System budgeting, spending, and financial reporting in support of the System's mission.

Statutory/Legal Provisions

- [5 M.R.S. § 12021](#), *et seq.*
- [41 C.F.R. Chapters 300-304](#).
- [26 U.S.C. § 401\(a\)\(1\)](#) ["Exclusive benefit rule"].
- [5 M.R.S. §§ 17102](#), [17103](#), [17105](#).

Budgeting

The System's annual budget and interim budget modifications shall support the Board's mission and System goals.

Accordingly, the Chief Executive Officer shall develop financial planning/budgeting for Board approval which:

- Ensures Board compliance with its statutory and fiduciary duties;
- Limits costs to those reasonable and necessary for accomplishing the Board's mission and the System's outcomes;
- Complies with all Board policy and statutory requirements;
- Substantiates compliance with all Board, administrative and statutory requirements;
- Substantiates all costs by department and line item; and
- Includes capital project costs.

Spending

The Chief Executive Officer shall not cause or allow the material deviation of actual expenditures as established by the budget without prior notification to the Chair of the Finance and Audit Committee. The Chief Executive Officer shall manage spending by limiting costs to those reasonable and necessary for accomplishing the Board's mission and System goals.

Accordingly, the Chief Executive Officer shall manage spending to:

- Implement Board adopted actuarial, investment, and interest assumptions;

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- Accurately calculate and timely pay all benefits due members in accordance with law;
- Maintain internal equity between staff salaries at market level, not above or below;
- Accurately and timely collect receivables in accordance with administrative policy that allows for reasonable grace periods within regulatory and statutory rules;
- Keep stakeholders informed on matters of interest;
- Maintain transparent and open financial records except where prohibited or protected by statute or regulation;
- Settle payroll and debts in a timely manner;
- Accurately file and pay all tax or other government-authority ordered payments in a timely manner;
- Select, engage, and timely pay vendors in accordance with administrative policy that:
 - Establishes competitive procurement as the standard procurement method except where it creates unnecessary cost or might jeopardize compliance with fiduciary duties or is in conflict with other regulatory or statutory requirements;
 - Specifies conditions under which competitive procurement may be waived;
 - Maintain justification and documentation on all procurements in excess of \$10,000 that were not competitively procured for five years, including Board resolutions exempting certain types of procurement that might jeopardize compliance with the System's fiduciary duties;
- Plan, approve and conduct travel or sponsor business meals in accordance with administrative policy so that:
 - Travel expenses are pre-approved and in accordance with the standards in the Government Services Administration's (GSA) Federal Travel Regulations (FTR) (41 C.F.R. Chapters 300-304). Accordingly, travel shall be limited both in scope and in personnel to what is reasonable and necessary to further the Board's mission and the System's outcomes;
 - Travel expenses are pre-paid by the System wherever possible and incidental expenses are reimbursed based on expense reports;
 - Business meals are sponsored only when necessary for conducting Board or System business; and
- Prohibit expenses not related to the Board's mission and business, including contributions and lobbying;
 - The System may belong to and pay dues to professional organizations that primarily provide access to industry information and similar professionals in other states when there are no readily accessible or local peer groups. Incidental or informational lobbying conducted by a professional organization to which the System pays membership dues will not be considered to fall within the restriction contained in 5 M.R.S. § 12022(6).

Reporting

The Chief Executive Officer shall cause regular financial reporting to be prepared for and reviewed by the Finance and Audit Committee whose policy determines content and reporting schedules to the Board.

Accordingly, the Chief Executive Officer shall develop a reporting system for the Board which:

- Presents quarterly financial reports to the Finance and Audit Committee. These reports shall include:

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- Actual financial performance against budget, with reasons for and substantiation of variations from budget;
- Any recommended budget adjustments to accommodate unanticipated requirements or unexpected changes in costs;
- Compliance with statutory requirements for which the Board is responsible, including;
 - Annual Report to the Legislature due February 1 each year documenting compliance with 5 M.R.S. § 12023
 - Annual Report to the Legislature due March 1 each year documenting annual operations in compliance with [5 M.R.S. § 17103\(11\)](#)