

**MainePERS Board of Trustees
Finance and Audit Committee Meeting
February 8, 2024
139 Capitol Street, Augusta**

AGENDA

8:00 a.m.	CALL TO ORDER		Shirrin Blaisdell
8:00 – 8:05 a.m.	1. <u>SELECTION OF COMMITTEE CHAIR AND VICE CHAIR</u>	ACTION	Dr. Rebecca M. Wyke
8:05 – 8:10 a.m.	2. <u>MINUTES APPROVAL 11/10/2022 Meeting</u>	ACTION	Shirrin Blaisdell
8:10 – 8:20 a.m.	3. <u>INTERNAL AUDIT PRESENTATION</u> a. Cash Receipts and Disbursements		CliftonLarsonAllen Sherry Vandrell
8:20 – 8:25 a.m.	4. <u>ADMINISTRATION</u> a. Employer Reporting Update b. Pension and OPEB Supplemental Report Status c. Report on Internal Audit		Sherry Vandrell
8:25 – 8:40 a.m.	5. <u>REPORT ON FINANCIAL OPERATIONS</u> a. 12/31/2023 Operating Expense Report b. 12/31/2023 Investment Operations Expense Report	ACTION	Sherry Vandrell
8:40 – 8:45 a.m.	6. <u>OPEGA REQUIRED REPORTING TO THE BOARD</u> a. Travel Report b. Procurement Report		Sherry Vandrell
8:45 a.m.	ADJOURNMENT		Shirrin Blaisdell

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FINANCE AND AUDIT COMMITTEE MEMORANDUM

TO: FINANCE AND AUDIT COMMITTEE MEMBERS
FROM: DR. REBECCA M. WYKE, CEO
SUBJECT: CHAIR AND VICE CHAIR SELECTION
DATE: JANUARY 30, 2024

Board Policy 1.6 governs the membership and responsibilities of the Finance and Audit Committee of the Board. The policy states that the “Committee shall select the Chair and Vice Chair in February of each year.” Board Policy does not permit the Board Chair to serve as Chair of the Committee.

POLICY REFERENCE

[Board Policy 1.6 – Finance and Audit Committee of the Board](#)

[Board Policy 4.5 – Board/Staff Relations](#)

[Board Policy 4.6 – Communications and Support to the Board](#)

RECOMMENDATION

That the Finance and Audit Committee select its Chair and Vice Chair for the next year.

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Minutes

Board of Trustees
Meeting of the Finance and Audit Committee
November 9, 2023

One City Center
Portland, Maine
8:00 a.m.

The meeting of the Finance and Audit Committee was held at 8:00 a.m. at the Maine Public Employees Retirement System, One City Center, Portland, Maine. Shirrin Blaisdell, Chair presided. Committee members Brian Noyes and Dick Metivier also participated. Joining the Trustees were Dr. Rebecca M. Wyke, CEO; Michael Colleran, Chief Operating Officer and General Counsel; Sherry Vandrell, Chief Financial Officer; and, James Bennett, Chief Investment Officer.

Shirrin Blaisdell called the meeting to order at 8:00 a.m.

MINUTES

Shirrin called for acceptance of the minutes from the August 10, 2023 meeting of the Finance and Audit Committee.

- Action: Dick Metivier made the motion, seconded by Brian Noyes, to accept the minutes from the August 10, 2023 meeting. Voted unanimously by those Trustees participating.

INTERNAL AUDIT UPDATE

Shirrin Blaisdell introduced Chris Curran from the internal audit firm Wipfli. Chris reviewed the completed internal audit on investment controls with the Committee. Chris answered various questions from the Committee.

EXTERNAL AUDIT UPDATES

Employer Reporting Update

Sherry Vandrell reported that staff continues to work with employers to get payroll reports and contributions payments in timely. She shared that employer account reconciliations continues to be an ongoing focus for staff. Sherry stated training plans have been created for all staff in order to focus on skills and tasks in order to master those tasks and advance. Sherry answered questions from the Committee.

Pension and OPEB Supplemental Report Status

Sherry reported that draft schedules of employer allocations and pension amounts and schedules of employer allocations and OPEB amounts (the Schedules) for FY23 have been submitted to BerryDunn for audit. The audited reports will be published no later than January 31, 2024.

FY23 Annual Financial Statement Audit and Required Auditor Communications

Sherry shared the FY23 annual financial statements were completed. She stated a copy of the final audited financial statements, including the audit opinion from BerryDunn, was included in the Board packet.

Report on Internal Audit Activity

Sherry stated work is expected to be completed soon on the internal audit engagement that focused on cash receipts and disbursements. CLA is in the process of planning for the next engagement which will review facilities management and maintenance practices and controls.

REPORT ON FINANCIAL OPERATIONS

Dr. Rebecca M. Wyke and Sherry Vandrell reviewed the Administrative and the Investment Operations Reports for the three months ending September 30, 2023. Dr. Wyke and Sherry discussed the reports and answered questions from the Committee.

OPEGA REPORT

Sherry shared the travel expense report for quarter ending September 30, 2023. She stated the procurement report will be provided in February, 2024.

ADJOURNMENT

- Action: Brian Noyes made the motion, seconded by Dick Metivier, to adjourn the meeting of the Finance and Audit Committee. Voted unanimously by those Trustees participating.

The meeting adjourned at 8:30 a.m.

The next meeting of the Finance and Audit Committee is expected to be held February 8, 2024, at the offices of the Maine Public Employees Retirement System, 139 Capitol Street, Augusta, ME at 8:00 a.m.

February 8, 2024

Date Approved by the Committee

Dr. Rebecca M. Wyke, Chief Executive Officer

Date Signed

MAINEPERS

FINANCE AND AUDIT COMMITTEE MEMORANDUM

TO: FINANCE AND AUDIT COMMITTEE MEMBERS
FROM: SHERRY VANDRELL, CHIEF FINANCIAL OFFICER
SUBJECT: INTERNAL AUDIT REPORT ON CASH RECEIPTS AND DISBURSEMENTS
DATE: JANUARY 30, 2024

POLICY REFERENCE

[Board Policy 1.6 – Finance and Audit Committee of the Board](#)

INTERNAL AUDIT REPORT ON INVESTMENTS

CliftonLarsonAllen completed the internal audit on cash receipts and disbursements controls in November of 2023. A copy of their report is included in your packet. Matthew Rever and James Kreiser will attend the February 8th Finance and Audit Committee meeting to review the report with you and to answer any questions you may have.

RECOMMENDATION

No action is required by the Committee at this time.

Maine Public Employees Retirement System (MainePERS)

Cash Receipts and Disbursement Assessment

November 13, 2023



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Maine Public Employees Retirement System
Augusta, ME

We have concluded our internal audit consulting engagement to perform the procedures for the cash receipt and disbursement assessment as described in the attached document. These procedures, which were agreed to by Maine Public Employees Retirement System (MainePERS) were applied solely to assist in evaluating the cash receipt and disbursement controls and related requirements at MainePERS. The management of MainePERS is responsible for the operations and the internal controls related to cash receipt and disbursement. This engagement was conducted in accordance with Statements on Standards for Consulting Services issued by the American Institute of Certified Public Accountants. The sufficiency of the procedures, including the scope of and timing of the procedures, is solely the responsibility of the Board of Trustees and management of MainePERS. Consequently, we make no representations regarding the sufficiency of the procedures described in the attached document either for the purpose for which this report has been requested or for any other purpose.

We have included findings and recommendations resulting from the consulting engagement for consideration of MainePERS. Our procedures covered the period from May 1, 2023 through August 31, 2023.

Our engagement to perform these procedures was conducted as a consulting services engagement. We were not engaged to, and did not perform an audit, the objective of which would be the expression of an opinion on the operations or internal controls of MainePERS. Accordingly, we do not express such an opinion. Had we performed additional procedures; other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the Board of Trustees, Finance and Audit Committee, and management of MainePERS and should not be used by others; however, a copy may be provided to regulatory authorities.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Boston, Massachusetts
November 13, 2023

Scope:

In coordination with MainePERS, there were key items identified related to the cash receipts and disbursement assessment based on areas of assessed risk. Specifically the following scope items were noted for assessment, including:

- Cash receipts – Perform testing procedures to verify that cash received by MainePERS is properly recorded, accounted for, and deposited in a timely manner.
- Benefits payroll processing – Perform testing procedures to verify that benefit withholdings and payments can be reconciled and traced to claim support/evidence.
- Accounts payable – Perform testing procedures to verify that accounts payable transactions are accurate and complete by comparing them to supporting documentation such as invoices, purchase orders, receiving reports, and general ledger balances.
- Purchasing – Perform testing procedures to assess the purchasing/procurement processes, including purchasing methods, and the effectiveness of vendor selection and evaluation processes, vendor due diligence, performance monitoring, and contract management.
- Staff payroll – Perform testing procedures to assess the completeness of payroll records by reconciling them to general ledger accounts and evaluate the internal controls over the payroll process, such as segregation of duties, authorization procedures, and review processes.
- Employee timekeeping and leave – Perform testing procedures to verify the accuracy and completeness of employee leave records, including vacation, sick leave, and other types of leave, by comparing them to supporting documentation such as leave requests and approvals.
- Information technology controls – Perform testing procedures to evaluate system access controls for key system supporting transactions related to cash.

Purpose and Objectives:

The objective of the internal audit review of cash receipts and disbursements processes and controls was to evaluate the adequacy of internal controls to provide reasonable assurance that all funds received by MainePERS were deposited timely and completely and that disbursements initiated by accounting and finance staff were properly authorized, calculated correctly, and recorded in MainePERS' general accounting system properly.

Definition of Risk Classification Assigned to Findings and Recommendations:

CLA, with the aid of personnel from the MainePERS, obtained and reviewed documentation surrounding the management and operations around the cash receipts and disbursements. This document serves as a draft copy of observations and recommendations CLA noted over the course of the engagement, for management’s discussion and review before finalization. Below are risk definitions assigned to each of CLA’s observations, which begin on page 5.

Based on the review of the content of each observation, one of the following definitions of risk is assigned to facilitate comparison between observations.

Risk	Definition
High	<p>High priority issue, which requires immediate management attention. This is a serious internal control or risk management issue that if not mitigated, may, with a high degree of certainty, lead to:</p> <ul style="list-style-type: none">• Substantial losses, possibly in conjunction with other weaknesses in the control framework, systems/applications, or the organizational entity or process being audited.• Serious violation of corporate strategies, policies, or values.• Serious reputation damage, such as negative publicity. And/or• Significant adverse regulatory impact, such as loss of operating license or material fines.
Moderate	<p>Timely management attention is warranted. This is an internal control or risk management issue that could lead to:</p> <ul style="list-style-type: none">• Financial losses.• Loss of effective or efficient control within the organizational entity, systems/applications, or process being audited.• Reputation damage. And/or• Adverse regulatory impact, such as report comments or material fines.
Low	<p>Low priority issue that requires routine management attention. This is an internal control or risk management issue, the solution to which may lead to improvement in the quality and/or efficiency of the organizational entity, systems/applications, or process being audited. Risks of loss are immaterial or limited.</p>

Observation #	Description of Observation (Potential Deficiency)	Risk	Description of Recommendation	Management Responses
1	Eight (8) of the twelve (12) user accounts within the MainePERS General Ledger system are given the PowerUsers role. The PowerUser role grants access to all areas and to all modules in General Ledger system. In addition, two (2) finance related users have access to the IT Operations Manager role within the General Ledger System.	High	<p>We recommend that the PowerUser Role for the General Ledger system be tightly controlled and the quantity limited to the minimum necessary. For standard users, access permissions should be limited to support only the responsibilities that relate to the user’s position/title. to ensure that segregation of duties and dual control concepts are implemented where appropriate. In many cases, General Ledger systems will have pre-defined roles with assigned permissions that pertain to specific user’s positions/titles. This could be used as a starting point for assigning roles and then more granular adjustments can be made to the pre-defined roles.</p> <p>In addition, we recommend implementing a formal documented user access review process over key systems on a periodic basis (at least annually) to determine whether terminated users access has been removed (see observation #2) and active users access is appropriate based on their job responsibilities.</p>	Management agrees with this recommendation. MainePERS is currently upgrading the existing general ledger accounting system and management will work with our vendor partner to review security access roles and assign appropriate roles for each member of the accounting team as part of that upgrade. A quarterly review of user access to the general accounting system will be implemented.
2	A terminated employee (Termed on 3/17/2023) retained user account access (Manager Role Access) to the payroll processing system.	Moderate	<p>We recommend revoking the terminated user accounts within the payroll system immediately and develop an effective mechanism to ensure that access is appropriately removed when an employee is terminated.</p> <p>In addition, we recommend implementing a formal documented user access review process over key systems on a periodic basis (at least annually) to determine whether terminated users access has been removed and active users access is appropriate based on their job responsibilities. (see observation #1).</p>	Management agrees with this recommendation. The access for the one terminated employee has been revoked and a quarterly review of user access to the payroll processing system will be implemented.
3	MainePERS has a department policy and practice review log that is maintained to track key dates for policies and practices such as, last review date, revision date,	Low	We recommend that either a version control log should be incorporated in all internal department policies and practices to track review/revision dates and approval, or a reference clause should be included in the policy and practice	Management agrees with this recommendation

	next review date, etc. However, the dates notated on the review log do not all conform to dates noted in the actual policy and practice documents.		documents to refer to the department policy and practice review log for evidence of revision dates, approval dates, and approvers.	
4	The MaineSTART Defined Contributions Plan account bank reconciliation was not approved by a separate individual that prepared the reconciliation for two (2) of the four (4) months sample for testing.	Low	We recommend implementing a process to establish that the individual who prepares the bank reconciliation is different from the individual who approves it. This separation of duties helps to enhance the accuracy and integrity of the reconciliation process.	Management agrees with this recommendation
5	Six (6) out of twenty-five (25) sampled Work Report Adjustments that were due to underpayments were not collected for at least three (3) months after identification.	Low	We recommend that MainePERS continue to follow up on late payments and utilize the steps detailed in the "Late Payroll Submission" policy/process. We also recommend tracking the late Work Report Adjustments in a centralized log to determine high priority adjustments that have been outstanding for more than one (1) month.	Management agrees with this recommendation

MAINEPERS

FINANCE AND AUDIT COMMITTEE MEMORANDUM

TO: FINANCE AND AUDIT COMMITTEE MEMBERS
FROM: SHERRY VANDRELL, CHIEF FINANCIAL OFFICER
SUBJECT: REPORT ON FINANCIAL ADMINISTRATION
DATE: JANUARY 29, 2024

POLICY REFERENCE

[Board Policy 1.6 – Finance and Audit Committee of the Board](#)

EMPLOYER REPORTING STATUS UPDATES

Ninety-seven percent of our participating employers reported on time for the month of December. We have sustained this rate for three consecutive months and staff continue to remind employers of the importance of reporting and contributing timely and accurately. Since we updated you last quarter, we have had one additional employer fall behind due to turnover in the payroll office and lack of good procedural documentation for the successor to work with. Once the issue was detected, we were able to work quickly to engage the employer in training and get their reporting back on track. We are also beginning to see some progress in the efforts of our largest school district to get their payroll processing and reporting back on track. A major milestone was achieved in January with the implementation of a newly configured payroll application which will support the employer better and allow them to get more accurate reporting to us. We have yet to receive the first month's payroll data from the new system, which is due no later than February 15th, but my team is standing by to assist as needed.

Employer account reconciliations continue to be an ongoing focus of our work, with 76% of all employer accounts fully reconciled through November payrolls as of today, up from 74% through August as of your last report. Staff are working to reconcile December data now as well as to continue reconciling older data for the remaining 24% of accounts.

Last quarter I reported that initial assessments for staff in the Employer Reporting Job Series had been completed and that staff were being trained in areas identified where

they might need additional support. That training has gone well and a second assessment was conducted for each staff member in January.

PENSION AND OPEB SUPPLEMENTAL REPORTS

The supplemental reports for pension and OPEB expenses and related numbers have been finalized and posted to our website. These reports are required by the Governmental Accounting Standards Board (GASB) and provide our participating employers with the financial information they need to report in their financial statements.

REPORT ON INTERNAL AUDIT

CliftonLarsonAllen (CLA) has completed their work on facilities management and controls and has provided us with draft comments for review. Management is reviewing the draft comments and will provide responses upon completion. We anticipate presenting the report on this work at your next meeting.

We have selected member estimates and statements of account for the next area of review. That work was submitted to both audit firms for estimates and has now been assigned to CLA. We anticipate this work beginning in February.

RECOMMENDATION

No action is required by the Committee at this time.

MAINEPERS

FINANCE AND AUDIT COMMITTEE MEMORANDUM

TO: FINANCE AND AUDIT COMMITTEE MEMBERS
FROM: SHERRY VANDRELL, CHIEF FINANCIAL OFFICER
SUBJECT: FY24 – BUDGET UPDATE AND DECEMBER 2023 OPERATING AND INVESTMENT EXPENSE REPORTS
DATE: JANUARY 30, 2024

Following is a brief update on the status of the FY24 budget, along with the reports of operating expenses for both administration and investment operations for the six months ended December 31, 2023. The reports summarize, by expense category, the approved budgeted amounts for the current fiscal year and the actual year-to-date expenses for the year.

POLICY REFERENCE

[Board Policy 1.6 – Finance and Audit Committee of the Board](#)

[Board Policy 5.4 – Budgeting, Spending, and Reporting](#)

FY24 BUDGET UPDATE

The FY24 administrative operating budget in the amount of \$19,170,306 was approved by the Board on May 11, 2023. This represented a significant increase over the approved FY23 budget and included a number of initiatives related to salaries and benefit increases that we anticipated would be needed as we completed the compensation study for bargaining unit positions and re-opened contract negotiations to address that. The total included in the budget for this work was just under \$670,000. In addition to this increase, we requested six new positions, including four who would work as Member Service Representatives to ensure phone calls are answered, support the member portal, and address various backlogs.

At the time we presented the budget for consideration, we were experiencing a very high turnover rate, with an average of 11 vacancies during April and May. This was down from a high of 20 vacancies in August of 2022. Due to the very difficult recruitment environment, we added an attrition factor to the budget assuming 10 vacancies for one half of the year and removed the salary pool that had previously been included for project employees and overtime. The intent was

to use any attrition savings that exceed the amount budgeted for continued overtime for staff and for project employees to address various backlogs.

We have been very successful in recruiting since the start of the year with an average of four vacancies at any given time. We have also been very successful at staffing project positions with two former employees, now retired, and staff continue to work overtime in support of various backlog projects. As a result, we are currently projecting a budget shortfall if less than 2% in personnel services. We made you aware of this potential shortfall last quarter but did not seek a budget adjustment at that time as we only had three months of experience in the new fiscal year. Now that we have six months of continuing success in staffing, we are requesting a small budget adjustment for the remainder of the year to allow us to continue working through backlogs of work utilizing all of the tools available to us.

The amount of the budget adjustment we are requesting at this time is \$232,000, broken down as follows:

Actual and Projected Costs:	
Overtime and Project Positions	245,000
Salary Pool	105,000
Adjust Attrition Factor	(110,000)
	<u>240,000</u>
Related Benefits	36,000
Total Salaries and related benefits	<u>276,000</u>
Adj Health Surplus	(44,000)
Net Budget Adj	<u>232,000</u>

We also have a projected deficit in non-personnel costs that we will continue to monitor and look for ways to create savings to reduce.

REVIEW OF FY24 OPERATING EXPENSES THROUGH DECEMBER 31ST

Following is information about significant budget variances that occurred during the first six months of the year:

Administration

(1) **Personnel Services** (Over budget 1.61% or \$185,870) – Personnel services costs include salaries and wages, along with associated benefits. As reported last quarter, our ability to hire and retain personnel is much improved over last fall and winter, contributing to lower than projected savings due to attrition. This has continued this quarter with most positions currently filled and those that are not are in various stages of recruitment. Costs related to collective

bargaining were also somewhat higher than what was in the original budget by approximately \$60,000 and we continue to encourage voluntary overtime for staff who would like to take advantage of it to work on projects and backlogged areas of work. We continue to have a core team of staff who are working overtime as part of their regular schedule.

(2) **Other Professional Services** (Over budget 6.1% or \$41,354) – The professional services contract we entered into to support the development of a new pension administration system, or PAS, was higher than what was originally in the budget by close to \$100,000. This increase in cost is being offset by a reduction in costs for a consultant to support the organizational values committee work. That committee has decided not to pursue engaging a consultant further at this time. We continue to monitor this area and will adjust projections for additional savings in other projects as they are completed.

(3) **Printing and Publications and Postage** (Over budget by 18.2% or \$102,896) – Costs for printing and publications and postage are directly related and are being driven by our efforts to communicate with members on a larger scale. We have conducted two mailings related to the member portal as well as mailings to members related to ad hoc cost of living adjustment payments that we have not contemplated in the past. These additional outreach efforts to alert members of the nature of the payments significantly reduced the volume of phone inquiries staff were required to handle, offsetting these costs in other ways.

(4) **Telephone** (Over budget 9.94% or \$14,709) – In order to resolve an issue with replication between our Augusta and Brunswick sites, internet speed was increased. The incremental costs associated with that upgrade is driving this budget overage.

Investment Operations

(1) **Personnel Services** (Under budget by 6.1% or \$168,408) – Personnel services taken together are under budget in the investments group due to one vacant position in the personnel complement. Recruitment is ongoing for this position.

(2) **Legal Services** (Under budget by 27.1% or \$309,217) – Legal services related to investments are down as compared to budget. This is due to a lower level of private market investment activity to date.

(3) **Telephone** (Over budget 15.18% or \$6,408) – In order to resolve an issue with replication between our Augusta and Brunswick sites, internet speed was increased. The incremental costs associated with that upgrade is driving this budget overage.

RECOMMENDATION

Approve a one-time budget adjustment for the FY24 Operating budget in the amount of \$232,000 and recommend the approval to the full Board at the February meeting.

**Maine Public Employees Retirement System
FY24 Administrative Expenses YTD
And Year End Projection**

	FY 24 Budgeted	FY 24 Actual Thru 12/31/24	FY 24 Projected Remaining	FY 24 Total Expected	Projected Surplus (Deficit)
Personnel Services					
Salaries & Wages					
Salaries and Wages	\$ 8,444,202	\$ 3,859,769	\$ 4,733,565	\$ 8,593,334	\$ (149,132)
Overtime Wages	-	75,747	-	75,747	(75,747)
Total Salaries & Wages	<u>8,444,202</u>	<u>3,935,516</u>	<u>4,733,565</u>	<u>8,669,081</u>	<u>(224,879)</u>
Benefits					
Health Insurance	1,962,889	864,435	1,054,308	1,918,743	44,146
MainePERS Retirement Contributions	1,080,286	498,015	587,982	1,085,997	(5,711)
Retiree Health Insurance Reserve	9,143	4,638	4,642	9,280	(137)
Other Insurance and Benefits	<u>28,000</u>	<u>3,977</u>	<u>23,312</u>	<u>27,289</u>	<u>711</u>
Total Benefits	<u>3,080,318</u>	<u>1,371,065</u>	<u>1,670,244</u>	<u>3,041,309</u>	<u>39,009</u>
Total Personnel Services	<u><u>11,524,520</u></u>	<u><u>5,306,581</u></u>	<u><u>6,403,809</u></u>	<u><u>11,710,390</u></u>	<u><u>(185,870)</u></u> (1)
Operating Expenses					
Computer Equipment, Supplies and Supports	3,017,266	1,330,577	1,682,868	3,013,445	3,821
Medical Consultation Services	244,500	64,393	126,915	191,308	53,192
Training and Tuition	89,760	31,707	58,053	89,760	-
Travel	61,505	6,459	55,046	61,505	-
Depreciation	578,836	280,161	316,521	596,682	(17,846)
Professional Services					
Actuarial Services	423,720	114,497	302,587	417,084	6,636
Audit Services	120,500	96,993	27,000	123,993	(3,493)
Legal Services	197,000	49,833	130,750	180,583	16,417
Hearing Officers Services	35,500	25,310	18,000	43,310	(7,810)
Other Professional Services	<u>678,178</u>	<u>211,778</u>	<u>507,754</u>	<u>719,532</u>	<u>(41,354)</u> (2)
Total Professional Services	<u>1,454,898</u>	<u>498,411</u>	<u>986,091</u>	<u>1,484,502</u>	<u>(29,604)</u>
Other Operating Expenses					
Buildings and Operations	579,227	252,482	304,399	556,881	22,346
Capital Lease Expense	552,714	278,242	262,543	540,785	11,929
Insurance	109,807	71,798	41,204	113,002	(3,195)
Printing and Publications	205,766	177,478	72,333	249,811	(44,045) (3)
Postage	359,100	232,601	185,350	417,951	(58,851) (3)
Telephone	147,978	77,300	85,387	162,687	(14,709) (4)
Other	<u>244,430</u>	<u>112,154</u>	<u>133,058</u>	<u>245,212</u>	<u>(782)</u>
Total Other Operating Expenses	<u>2,199,022</u>	<u>1,202,055</u>	<u>1,084,274</u>	<u>2,286,329</u>	<u>(87,307)</u>
Total Operating Expenses	<u><u>7,645,787</u></u>	<u><u>3,413,763</u></u>	<u><u>4,309,768</u></u>	<u><u>7,723,531</u></u>	<u><u>(77,744)</u></u>
Total Administrative Expenses	<u><u>\$ 19,170,307</u></u>	<u><u>\$ 8,720,344</u></u>	<u><u>\$ 10,713,577</u></u>	<u><u>\$ 19,433,921</u></u>	<u><u>\$ (263,614)</u></u>

Maine Public Employees Retirement System
FY24 Investment Operations Expenses YTD
And Year End Projection

	FY 24 Budgeted	FY 24 Actual Thru 12/31/23	FY 24 Projected Remaining	FY 24 Total Expected	Projected Surplus (Deficit)
Personnel Services					
Salaries & Wages					
Salaries and Wages	\$ 2,118,198	\$ 862,627	\$ 1,141,890	\$ 2,004,516	\$ 113,682
Overtime Wages	-	-	-	-	-
Total Salaries & Wages	<u>2,118,198</u>	<u>862,627</u>	<u>1,141,890</u>	<u>2,004,516</u>	<u>113,682</u>
Benefits					
Health Insurance	287,524	110,145	148,996	259,141	28,383
MainePERS Retirement Contributions	348,319	138,679	183,302	321,982	26,337
Other Insurance and Benefits	<u>2,286</u>	<u>198</u>	<u>(198)</u>	<u>-</u>	<u>2,286</u>
Total Benefits	<u>638,129</u>	<u>250,163</u>	<u>333,240</u>	<u>583,403</u>	<u>54,726</u>
Total Personnel Services	<u><u>2,756,327</u></u>	<u><u>1,112,789</u></u>	<u><u>1,475,130</u></u>	<u><u>2,587,919</u></u>	<u><u>168,408</u></u> (1)
Operating Expenses					
Computer Equipment, Supplies and Supports	167,870	55,707	114,168	169,875	(2,005)
Medical Consultation Services	-	-	-	-	-
Training and Tuition	26,200	11,255	14,945	26,200	0
Travel	78,300	23,266	55,034	78,300	-
Depreciation	1,920	3,700	(1,780)	1,920	-
Professional Services					
Actuarial Services	-	-	-	-	-
Audit Services	65,500	70,870	-	70,870	(5,370)
Legal Services	1,140,000	197,558	633,225	830,783	309,217 (2)
Investment Consulting	1,215,000	607,500	607,500	1,215,000	-
Proxy Voting Services	24,037	12,019	12,018	24,037	-
Custody Services	720,000	360,000	360,000	720,000	-
Other Professional Services	<u>107,000</u>	<u>18,751</u>	<u>180,750</u>	<u>199,501</u>	<u>(92,501)</u>
Total Professional Services	3,271,537	1,266,698	1,793,493	3,060,191	211,346
Other Operating Expenses					
Buildings and Operations	132,110	63,499	68,814	132,313	(203)
Capital Lease Expense	150,782	75,378	75,393	150,771	11
Insurance	9,205	340	8,865	9,205	-
Postage	540	158	242	399	141
Telephone	42,210	27,786	20,832	48,618	(6,408) (3)
Other	<u>32,038</u>	<u>19,477</u>	<u>17,301</u>	<u>36,778</u>	<u>(4,740)</u>
Total Other Operating Expenses	366,885	186,659	191,447	378,105	(11,220)
Total Operating Expenses	<u><u>3,912,712</u></u>	<u><u>1,547,284</u></u>	<u><u>2,167,307</u></u>	<u><u>3,714,591</u></u>	<u><u>198,121</u></u>
Total Investment Operations Expenses	<u><u>\$ 6,669,039</u></u>	<u><u>\$ 2,660,073</u></u>	<u><u>\$ 3,642,437</u></u>	<u><u>\$ 6,302,510</u></u>	<u><u>\$ 366,529</u></u>

MAINEPERS

FINANCE AND AUDIT COMMITTEE MEMORANDUM

TO: FINANCE AND AUDIT COMMITTEE MEMBERS
FROM: SHERRY VANDRELL, CHIEF FINANCIAL OFFICER
SUBJECT: FY24 – 2ND QUARTER REPORTS – TRAVEL AND PROCUREMENT
DATE: JANUARY 29, 2024

POLICY REFERENCE

[Board Policy 1.6 – Finance and Audit Committee of the Board](#)

[Board Policy 5.4 – Budgeting, Spending, and Reporting](#)

TRAVEL EXPENSE REPORT

The report of travel expenses for the quarter ended December 31, 2023 is attached for your review. This report is provided in accordance with the System Policy 3.2 – Travel which is in compliance with the State of Maine’s Office of Program Evaluation and Government Accountability (OPEGA) requirements.

PROCUREMENT REPORT

The report of procurement activity for the six months ended December 31, 2023 is attached for your review. This report is provided in accordance with the System Policy 3.1 – Procurement, which is in compliance with OPEGA requirements.

RECOMMENDATION

No action is required by the Committee at this time.

Maine Public Employees Retirement System
Travel Report to the Board of Trustees
For the Period of October 1, 2023 through December 31, 2023

Traveler	In/Out of State	Dept.	Dates of Travel		Destination	Purpose of Travel	M&IE	Lodging	Transportation	Other	Reimbursed Expenses	Total Expenses
Ackor, James	O	Investments	October 24, 2023	Thru October 25, 2023	New York City, New York	Tenex Capital Annual Meeting, Middle Ground Capital	102.00	476.37	522.93	-	-	1,101.30
Ackor, James	O	Investments	November 14, 2023	Thru November 16, 2023	New York City, New York	KKR, Riverside LPAC, Riverside Annual Meeting, Moelis Asset Management, Middle Ground Capital, Charlesbank	92.00	720.42	703.22	-	-	1,515.64
Ackor, James	O	Investments	December 5, 2023	Thru December 8, 2023	London, UK	Charterhouse mad Summit Europe LPAC Meetings, Advent, Synova, CVC, Inflexion	342.00	904.74	1,210.54	-	-	2,457.28
Ackor, James	O	Investments	December 12, 2023	Thru December 13, 2023	Boston, MA	Summit Partners US Growth Equity, VC LPAC	-	276.03	147.21	-	-	423.24
Bennett, James	O	Investments	October 3, 2023	Thru October 5, 2023	New York City, New York	Long Ridge, Ares, and Angelo Gordon Meetings. Attended Energy Transition Workshop at PGIM and JPM's CIO Summit	97.00	925.71	224.89	-	-	1,247.60
Bennett, James	O	Investments	November 14, 2023	Thru November 16, 2023	New York City, New York	NASP Panel Session, Riverside Annual Meeting, KKR, Varadero	92.00	791.92	847.08	-	-	1,731.00
Bennett, James	O	Investments	December 4, 2023	Thru December 5, 2023	New York City, New York	Long Ridge Annual Meeting	59.00	171.55	368.60	-	-	599.15
Hodgkins, Justin	O	Investments	November 13, 2023	Thru November 16, 2023	Palm Beach, FL	Annual Meeting, LPAC Observer for Brookfield Infrastructure Funds II and III, Brookfield Infrastructure Debt III	79.00	679.47	432.78	-	-	1,191.25
Keller, Seth	O	Investments	October 13, 2023	Thru October 13, 2023	Boston, MA	Cambridge Associates, The Voleon Group, and Pathlight Capital Meetings	-	-	98.50	-	-	98.50
Keller, Seth	O	Investments	November 1, 2023	Thru November 3, 2023	New York City, New York	Stonepeak Infrastructure Annual Meeting, LPAC Meeting	30.00	729.94	676.72	-	(1,157.74)	278.92
Keller, Seth	O	Investments	December 4, 2023	Thru December 7, 2023	San Francisco, CA	General Catalyst Group Annual Meeting, Albourne Partners	145.00	929.60	500.74	-	-	1,575.34
Parker, Bartley	O	Investments	October 2, 2023	Thru October 5, 2023	Palo Alto, CA	IPI Partners Annual Meeting	163.00	392.64	669.20	-	-	1,224.84
Parker, Bartley	O	Investments	November 1, 2023	Thru November 2, 2023	Boston, MA	Westbrook Real Estate Partners, Limited Partner Advisory Council Meeting	10.00	309.22	59.20	-	-	378.42
Parker, Bartley	O	Investments	November 13, 2023	Thru November 16, 2023	San Diego, CA	Invesco US Income Fund Annual Meeting, Invesco Asia Fund	89.00	634.31	576.37	-	-	1,299.68
Pierter, Mitchell	O	Investments	October 10, 2023	Thru October 13, 2023	New York City, New York	Stonepeak Infrastructure Partners	198.51	1,146.54	521.31	-	-	1,866.36
Pierter, Mitchell	O	Investments	November 7, 2023	Thru November 8, 2023	Boston, MA	Advent International Annual Meeting	-	471.64	59.00	-	-	530.64
Porter, Douglas	O	Investments	October 11, 2023	Thru October 12, 2023	New York City, New York	Angelo Gordon Limited Partner Advisory Committee	84.00	489.53	605.29	-	(887.33)	291.49
Porter, Douglas	O	Investments	October 25, 2023	Thru October 26, 2023	Boston, MA	Pathlight's Limited Partner Advisory Committee	46.00	374.97	59.00	-	(422.97)	57.00
Porter, Douglas	O	Investments	November 7, 2023	Thru November 10, 2023	London, UK	Sovereign Annual Meeting and Limited Partner Advisory Committee	435.00	698.59	1,878.23	-	(2,296.79)	715.03
Porter, Douglas	O	Investments	November 13, 2023	Thru November 15, 2023	Palm Beach, FL	Brookfield Infrastructure Debt Annual Meeting, LPAC	79.00	-	458.32	-	(336.40)	200.92
Staff	I	Various	October 1, 2023	Thru December 31st, 2023	-	Misc. Local Travel	-	-	496.44	-	-	496.44
Trustees	I	Trustees	October 1, 2023	Thru December 31st, 2023	-	Board Meetings	-	-	1,625.19	-	-	1,625.19
TOTAL EXPENSES							2,142.51	11,123.19	12,740.76	-	(5,101.23)	20,905.23

*Airfare and Lodging paid by Fund

*Airfare and Lodging paid by Fund

*Airfare and Lodging paid by Fund

*Airfare and Lodging paid by Fund

*Airfare paid by Fund

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

REPORT TO THE FINANCE AND AUDIT COMMITTEE - PROCUREMENT

FOR THE PERIOD OF JULY 1, 2023 - DECEMBER 31, 2023

VENDOR NAME	CATEGORY	AMOUNT	TYPE	CONFLICT OF INTEREST LANGUAGE ⁽²⁾	CONTRACT DATE
Regan, Richard R.	Competitive Application Process	\$ 12,797	Hearing Officer	Y	January 1, 2019
	Subtotal - Competitive Application Process	\$ 12,797			
Albourne America, LLC	Competitive Bid	\$ 130,000	Consulting	Y	January 15, 2023
Augusta Ontario Warehouse LLC	Competitive Bid	\$ 234,792	Leasehold Improvements	N	June 20, 2017
Axispoint Technology Solutions	Competitive Bid	\$ 38,500	IT Professional Services	Y	September 17, 2020
Bangor Savings Bank	Competitive Bid	\$ 17,363	Banking Services	Y	April 7, 2022
Berry Dunn	Competitive Bid	\$ 111,500	Auditing Services	Y	May 17, 2016
C&W Facility Services Inc.	Competitive Bid	\$ 32,501	Janitorial Services	Y	February 7, 2019
Cambridge Associates LLC	Competitive Bid	\$ 157,500	Investment Consulting	N	April 1, 2022
Carahsoft Technology Consultant	Competitive Bid	\$ 49,900	IT Software Licenses & Support	n/a	July 31, 2020
Central Maine Power	Competitive Bid	\$ 61,929	Electricity	n/a	n/a
Cliffwater LLC	Competitive Bid	\$ 190,000	Investment Consulting	N	October 15, 2009
CliftonLarsonAllen LLP	Competitive Bid	\$ 41,243	Auditing Services	Y	March 1, 2022
Connectivity Point Design & Instal LLC	Competitive Bid	\$ 39,886	Building Alarm Monitoring	n/a	n/a
Datavail Corporation	Competitive Bid	\$ 51,240	IT Database Administration Services	Y	January 1, 2021
FirstLight Fiber	Competitive Bid	\$ 52,714	Telephone/Internet	N	April 27th, 2023
Harriman Associates	Competitive Bid	\$ 36,420	Generator System	Y	July 15, 2023
Hudepohl & Associates, Inc.	Competitive Bid	\$ 24,725	Recruiting	Y	February 20, 2020
JP Morgan	Competitive Bid	\$ 527,400	Investment Consulting	N	March 10, 2011
Kyocera(PCCI)/Wells Fargo	Competitive Bid	\$ 11,226	Copier Leases/Printer Service & Supplies	Y	December 7, 2021
LexisNexis Risk Solutions	Competitive Bid	\$ 21,129	ID Verification Services	N	August 1, 2019
LINEA SOLUTIONS, INC	Competitive Bid	\$ 21,531	Advisory Service for Pension Administration System	Y	July 1, 2023
Milliman, Inc.	Competitive Bid	\$ 26,331	Consulting	Y	November 14, 2017
Mosaic Governance Advisors	Competitive Bid	\$ 21,437	Consulting	N	July 21, 2017
One City Center Associates LLC	Competitive Bid	\$ 131,224	Leased Office Space	N	August 15, 2013
Presidio Networked Solutions LLC	Competitive Bid	\$ 210,984	IT Professional Services	Y	October 30, 2023
Seabreeze Property Services	Competitive Bid	\$ 47,070	Building and Grounds Maintenance	Y	July 1, 2019
Snowman Printing	Competitive Bid	\$ 294,086	Printing Services	Y	November 27, 2019
Thayer Inc.	Competitive Bid	\$ 26,187	HVAC Maintenance, Support and Equipment	Y	December 21, 2018
University of Massachusetts Medical School	Competitive Bid	\$ 68,101	Medical Records	Y	August 1, 2020
Verizon Wireless	Competitive Bid	\$ 17,591	Telephone/Internet	N	October 19, 2020
Visible Logic	Competitive Bid	\$ 17,025	Consulting	Y	May 1, 2021
Wipfli LLP	Competitive Bid	\$ 15,120	Auditing Services	Y	March 1, 2022
	Subtotal - Competitive Bid	\$ 2,726,656			
Adobe Systems Inc.	Sole-Source Per Policy	\$ 26,799	IT Software Licenses & Support	n/a	n/a
ADP, LLC	Sole-Source Per Policy	\$ 31,315	Payroll Processing	N	August 29, 2013
Consolidated Communications, Inc.	Sole-Source Per Policy	\$ 13,191	Telephone/Internet	Y	n/a
Dell Marketing LP	Sole-Source Per Policy	\$ 36,927	IT Computer Equipment	n/a	n/a
FORMAX, A DIVISION OF BESCOP, INC.	Sole-Source Per Policy	\$ 56,421	Envelope Sealers	n/a	n/a
LogMeIn Communications, Inc.	Sole-Source Per Policy	\$ 33,565	Telephone/Internet	N	April 28, 2020
Mythics, Inc.	Sole-Source Per Policy	\$ 83,619	IT Software Licenses & Support	n/a	n/a
Northwind Ventures, Inc.	Sole-Source Per Policy	\$ 25,012	IT Professional Services	N	April 11, 2018
Peak Knowledge	Sole-Source Per Policy	\$ 14,796	IT Professional Services	Y	February 15, 2018
The Hartford	Sole-Source Per Policy	\$ 746,532	Insurance	Y	July 1, 2020
Vitech Systems Group, Inc.	Sole-Source Per Policy	\$ 1,008,849	V3 Upgrade & Support of Current Version	n/a	n/a
	Subtotal - Sole-Source Per Policy	\$ 2,077,027			
Chapman And Cutler, LLP	Under Review ⁽¹⁾	\$ 54,728	Legal Services	Y	February 20, 2012
Cheiron, Inc.	Under Review ⁽¹⁾	\$ 143,533	Actuarial Services	N	September 23, 2009
Iron Mountain	Under Review ⁽¹⁾	\$ 31,496	IT Computer Backup Services	N	August 5, 2014
Morgan, Lewis & Bockius LLP	Under Review ⁽¹⁾	\$ 142,830	Legal Services	N	February 5, 2011
Tyler Technologies, Inc.	Under Review ⁽¹⁾	\$ 17,220	IT Professional Services	N	July 28, 2011
	Subtotal - Under Review	\$ 389,807			
	GRAND TOTAL	\$ 5,206,288			

⁽¹⁾Vendors under review include those that had a pre-existing contract at 7/1/13, when the statute came into effect, and either automatically renews each year or is terminated upon request of either party. This category also includes investment vendors who may have been selected through a non-standard competitive process. Vendors under review may be moved into the competitive bid category after further review or an RFP or a sole-source justification will be prepared.

⁽²⁾As pre-existing contracts expire and are competitively bid, the conflict of interest language indicator will be populated. In cases where no formal contract was entered into (a Purchase Order or standard vendor agreement was used, for example), this field is n/a.