

MAINE STATE LEGISLATURE

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January 31, 2014

Honorable Justin Alford
President of the Maine State Senate
3 State House Station
Augusta, ME 04333-0003

RE: MainePERS Procurement, Contributions, Policies and Procedures

Dear Senate President Alford:

The Maine Public Employees Retirement System (MainePERS) is submitting the enclosed report pursuant to 5 M.R.S. § 12023 to provide information on procurement, contributions, and changes to relevant policies and procedures by MainePERS during the first six months of Fiscal Year 2014.

Section 12023 was part of PL 2011, chapter 616, "An Act to Implement the Recommendations of the Office of Program Evaluation and Government Accountability and the Government Oversight Committee Regarding Quasi-Independent State Entities." Among other things, the Act required quasi-independent agencies like MainePERS to implement by July 1, 2013 written policies and procedures on procurement and contributions and then by February 1 of each year, beginning with this year, to submit to the Legislature a report containing:

- A. A list of all procurements exceeding \$10,000 in the preceding year for which competitive procurement was waived under the policies . . . , including procurements exceeding \$10,000 that were made under contracts previously entered into for which competitive procurement was not required. The list must include the names of the vendors and costs associated with those procurements;
- B. A list of all persons to which the entity made contributions greater than \$1,000 in the preceding year and the total amount contributed to each; and
- C. A description of changes made in the preceding year to the written policies and procedures required by section 12022 or to the procedures .

used by the governing body to monitor compliance with those policies and procedures.

5 M.R.S. § 12023(2). "The Preceding year" is defined in the statute as the most recently concluded fiscal year.

MainePERS' most recently completed fiscal year was July 1, 2012 to June 30, 2013, which preceded the implementation of the procurement and contribution policies and procedures required by the Act. A report from MainePERS reporting procurements made during its "most recently concluded fiscal year" would address a time frame prior to the implementation of its most current policies on procurement. In keeping with the spirit of the Act, MainePERS is instead reporting on the first half of Fiscal Year 2014, from July 1, 2013 to December 31, 2013. Next year MainePERS will report on Fiscal Year 2014 in its entirety.

We would be pleased to respond to any questions you might have about the report.

Sincerely,



Sandra J. Matheson
Executive Director

SJM/nlp
Enclosure

January 31, 2014

Honorable Mark W. Eves
Speaker of the Maine House of Representatives
2 State House Station
Augusta, ME 04333-0002

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**Report of MainePERS Pursuant to 5 M.R.S. § 12023
for the period from July 1, 2013 to December 31, 2013**

A. Procurements

The Maine Public Employees Retirement System ("MainePERS") made the following procurements in excess of \$10,000 during the period from July 1, 2013 to December 31, 2013, under a waiver from MainePERS' competitive procurement policy or under a contract that predated implementation of the policy, only three of which were new procurements after July 1, 2013:

	<u>Vendor</u>	<u>Total Paid</u>	<u>Type</u>	<u>Category</u>
1.	Acom Solutions	\$ 13,724	Software	Waiver
2.	Aetna Life Insurance Co.	\$ 470,745	Insurance	Pre-Existing
3.	Baker, Newman & Noyes	\$ 100,064	Auditing	Pre-Existing
4.	Bloomberg Finance LP	\$ 12,900	Information	Pre-Existing
5.	Capital Area Staffing Solutions	\$ 22,883	Temp. Employees	Pre-Existing*
6.	Central Maine Power	\$ 28,537	Electricity	Pre-Existing
7.	Cheiron, Inc.	\$ 131,887	Actuaries	Pre-Existing
8.	Creative Imaging Group	\$ 15,920	Design	Pre-Existing
9.	Dell Marketing LP	\$ 16,206	Computers	Waiver
10.	Earthlink Business	\$ 59,105	Telephone Service	Pre-Existing
11.	Eaton Peabody	\$ 38,113	Litigation Defense	Pre-Existing
12.	Four City Center, LLC	\$ 37,564	Office Space	Pre-Existing
13.	Franklin Printing	\$ 76,462	Printing	Pre-Existing*
14.	Ice Miller LLP	\$ 20,514	Pension Counsel	Pre-Existing
15.	Industrial Roofing & Siding Co.	\$ 42,946	Roof Work	Pre-Existing
16.	Norris, Inc.	\$ 42,777	Fire Alarm System	Pre-Existing
17.	Ntirety, Inc.	\$ 28,803	Database	Pre-Existing
18.	Oracle America, Inc.	\$ 46,521	Software	Waiver
19.	Portland Computer Copy, Inc.	\$ 33,939	Equipment	Pre-Existing
20.	Sage Data Security	\$ 51,664	IT Security	Pre-Existing
21.	Systems Engineering, Inc.	\$ 154,306	IT Services	Pre-Existing
22.	Thayer Corporation	\$ 336,308	HVAC	Pre-Existing
23.	UGL Services	\$ 22,925	Janitorial	Pre-Existing
24.	Verizon Wireless	\$ 12,471	Communications	Pre-Existing
25.	Vitech Systems Group, Inc.	\$ 180,000	IT Services	Pre-Existing

* A competitive process under MainePERS' procurement policy was held during this period under which this vendor was awarded the contract. The amount paid includes amounts paid to the vendor under a pre-existing contract and under the new competitively bid contract.

The above does not include contracts with investment fiduciaries, advisors, counsel, or custodians as provided in 5 M.R.S. §§ 17108 - 17110 and exempt from competitive procurement requirements under MainePERS Rule Chapter 602 and MainePERS' procurement policy.

B. Contributions

MainePERS made no contributions during the period from July 1, 2013 to December 31, 2013.

C. Changes to Policies or Procedures

As reported last year, MainePERS has adopted policies and procedures in compliance with 5 M.R.S. § 12022. During the reporting period, MainePERS amended its Administrative Policy 1.4, "Travel," to clarify how reimbursable mileage is determined for local travel when that travel includes travel to or from a temporary work site and an employee's home. This clarification adopted the same methodology used by the State for its travel reimbursement. A copy of the amended policy is attached. There have been no other changes to these policies or procedures required by 5 M.R.S. § 12022 or to the procedures used by the MainePERS Board of Trustees to monitor compliance.

Maine Public Employees
Retirement System


Sandra J. Matheson
Executive Director

Dated: January 31, 2014

Administrative Governance

1.4 - Travel

Date Adopted: February 1, 2013

Date Amended: September 27, 2013

Policy

The Maine Public Employees Retirement System (System) shall ensure fiscal and budgetary responsibility through compliance for authorization, travel, reporting and reimbursement of travel and related expenses incurred for the purpose of conducting System business.

Statutory/Legal Provisions

- 5 M.R.S. § 17103
- 3 M.R.S. § 951 *et seq.*
- 3 M.R.S. § 991 *et seq.*
- 5 M.R.S. §12021 *et seq.*

Definitions

Gift - any gratuity, discount, entertainment, hospitality, loan, forgiven debt, or other tangible or intangible item having monetary value greater than \$35. A gift includes, but is not limited to 1) cash 2) food and beverages and 3) honoraria and travel expenses for engagements for the purpose of influence. A "gift" does not include food or beverages provided in connection with a business meeting, educational seminar, conference or convention.

Travel Procedures

All travel shall be conducted for official System business by System employees for which travel is part of their work, for meetings related to official System business, or for education deemed necessary to maintain required skills or knowledge.

Pre-Travel Authorization

Travel may be authorized when it is consistent with the mission of MainePERS and sufficient budget exists to cover the anticipated costs. Generally, staff travel for the purpose of conducting System business must be scheduled and approved in advance by the employee's supervisor using the Federal Travel Regulations Lodging and Per Diem schedule as applied in this policy:

- In-state travel requiring overnight accommodations must be pre-approved in writing;
- Out of state travel must be pre-approved by the Executive Director or designee and the employee's supervisor in writing;

- Lodging that will exceed the GSA published rates at <http://www.gsa.gov/portal/content/110007> must be approved in advance of the travel and may be approved up to 250% of the published rates under the following circumstances:
 - No rooms maintaining traveler safety are available within reasonable travel distance using safe travel services to the location where System business is being conducted;
 - Lodging has been procured at a prearranged place such as a hotel where the meeting or conference is being held and convenient and safe alternative lodging is not available;
 - Other reasons approved in advance by the Executive Director or designee.
- Request for reimbursement for actual meal expenses must be made in advance of the travel if the specific circumstances of the travel will require meal costs in excess of the per diem. Circumstances justifying this request would be unusual and not anticipated.

Travel Expenses

System business shall be incurred using the Federal Travel Regulations "lodging plus per diem" method contained in 41 Code of Federal Regulations (CFR), Chapters 300 through 304.

Allowable Transportation Expenses

Transportation expenses, including fares, rental fees and mileage reimbursement for use of a personal vehicle are allowed. The method of transportation used must be that method that is most advantageous to the System, taking into account travel time and time lost from work, actual cost of transportation, safety of the traveler, and any other relevant factors.

When traveling by air, employees will be reimbursed for coach class accommodations unless granted a pre-approved exception for business-class for health reasons or lack of seating availability. A physician's note must be provided if using business class for health reasons. A traveler may upgrade to business-class or first-class at his or her personal expense.

When arranging for transportation, authorized travelers should consider the usually traveled route for the trip. Travel outside of the usually traveled route must be pre-approved and must be for the benefit of the System. Additional costs incurred as a result of traveling outside of the usually traveled route without specific approval are the responsibility of the traveler.

When a traveler is pre-approved to use their personal vehicle, mileage will be reimbursed at the optional standard mileage reimbursement rates then in effect used by the Internal Revenue Service to calculate the deductible costs of operating a motor vehicle for business purposes for the shortest route between destinations determined by an Internet map service. (Google Maps, Mapquest, etc.)

Receipts for transportation expenses are required.

Local Transportation Expenses

Local transportation costs (cab fare, bus fare, subway, etc.) are allowable provided the transportation is between the traveler's place of lodging and the airport or other common carrier and between the traveler's place of lodging and places of business on an official trip. Local transportation costs may also be allowable for the purpose of obtaining meals while travelling on official business, provided there are no places to obtain meals at the place of business or approved place of lodging.

Rental cars may be used if there is no available local transportation, traveler safety is a concern, or the cost of the rental car and related expenses such as parking are less than safe available local transportation. Additional incidental and reimbursable travel costs may include tolls, tips, or parking fees associated with the particular mode of travel. Travelers must provide receipts when available to substantiate these costs.

Receipts for transportation are required unless they are unavailable for incidental travel expenses, generally not exceeding \$50.

Allowable Lodging Expenses

Generally, lodging must be in conventional lodging facilities, including hotels, motels, etc. Lodging for domestic travel will be reimbursed at the single occupancy rate up to the allowable GSA rate published at www.gsa.gov/perdiem or successor site, or up to 250% of the published rates if approved in advance of the travel under specific circumstances listed under *Pre-Travel Authorization*. If the city or the county in which the city is located are not listed, then a standard rate \$77 of per night applies.

Domestic lodging taxes and other lodging charges are not included in the GSA travel per diem rate. Lodging taxes and other lodging charges paid by the traveler are reimbursable as a miscellaneous travel expense limited to the taxes on reimbursable lodging costs and do not affect whether or not the lodging costs meet the GSA published rates.

Lodging for foreign travel will be reimbursed at the single occupancy rate up to the allowable State Department rate published at http://aoprals.state.gov/web920/per_diem.asp or successor site. Lodging taxes *have not* been removed from the established foreign per diem rates. Other lodging charges paid by the traveler are reimbursable as a miscellaneous travel expense and do not affect whether or not the lodging costs meet the GSA published rates.

Receipts for lodging are required and must be itemized to include dates of stay, room rates and taxes, and any other lodging charges (telephone, internet connectivity, meals, etc.).

Meals and Incidental Expenses (M & IE)

Travelers will receive a standard meal allowance for Meals and Incidental Expenses. This allowance will be reimbursed using the Government Services Administration per diem rate

for meal and incidental expenses for the city or locality of the traveler's destination listed in Attachment 1, or at www.gsa.gov/mie or successor site. If the city, or the county in which the city is located, are not listed, then a standard rate of \$46 per day for meals and incidental expenses applies.

With the exception of meals provided by a common carrier (airline, rail service, etc.) or complimentary meals provided by a hotel or other lodging establishment (continental breakfasts, etc.), the M & IE allowance will be reduced for meals provided at the destination. For example, if attending a conference at which meals are provided as part of the program at no cost to the traveler, the traveler cannot also request a meal allowance for that meal. The cost of meals for guests is not reimbursable.

The M&IE rate includes taxes and tips in the rate. Incidental expenses include items such as fees and tips given to porters, baggage carriers, bellhops, hotel maids, stewards or stewardesses and others on ships.

Receipts for meal expenses are not required unless *Pre-Travel Authorization* for reimbursement using actual expenses has been obtained. Approval may be made after the travel if receipts are available and the circumstances are approved by the Executive Director or designee. Circumstances justifying this request would be unusual and not anticipated. The traveler will be expected to pay the difference between the *Pre-Travel Authorization* and expenses incurred if circumstances do not justify the expense.

Miscellaneous Expenses

Other expenses incurred while traveling on official System business may be reimbursed provided the expenses are reasonable and necessary for conducting the System's business while away. Examples of other expenses include use of phones, faxes, or internet access.

Claims for reimbursement of Miscellaneous Expenses must be substantiated by providing a receipt itemizing the expense.

Unallowable Expenses

The following types of travel-related expenses are specifically not allowable.

- Alcoholic beverage expenses.
- Personal expenses, including personal entertainment expenses such as movie rental charges, or other expenses considered non-essential to official System business.

Gifts and Travel Subsidies

Acceptance of gifts is strongly discouraged. Acceptance of gifts in excess of \$35 is not allowed. Gifts in excess of \$35 must be provided to the System for distribution to charity or other appropriate parties.

Meals, lodging and entertainment provided by vendors are allowed if reimbursed by the System. The cost of these items must comply with the limitations in this policy.

Travel subsidies must be evaluated prior to the travel authorization. Travelers are required to disclose all travel subsidies prior to obtaining *Pre-travel Authorization*. Travel subsidies include lodging rates subsidized by vendors to enable MainePERS compliance with GSA rates or free or reduced cost meals. Use of subsidized lodging or meals to specifically influence MainePERS procurement decisions is prohibited. Use of subsidized lodging or meals as part of a general industry conference is generally discouraged and unallowable except when approved in the *Pre-Travel Authorization*.

Combining Personal Travel with Business Travel

When vacation is combined with a business trip, the travel may be reimbursed as business travel only when it is clearly established that the business travel is the primary purpose and the vacation incidental.

When personal time extends the traveler's stay at the business location either prior to or after the business activity, the entire transportation cost may be reimbursed. If any other destination, other than normal connecting points, is included on the ticket that is not related to the business activity, the amount reimbursed will be the fare directly related to the point(s) of business based on the fare class used. The traveler must obtain a quote at the time the ticket is purchased showing what that rate would be and submit this with the expense report.

Car rental expenses must be pro-rated based on the number of days dedicated to business use. Lodging will be reimbursed for those nights where the business activity and travel considerations justify overnight stay. An itemized receipt from the lodging facility showing the dates of occupancy must be submitted with the expense report.

Miscellaneous expenses including parking fees must be reduced for personal day expenses. Ground transportation expenses for personal days including taxis, subways and busses are not reimbursable. When the personal portion of the trip is either at the beginning or the end of a combined trip, a traveler is considered to be traveling for business on both the day of departure and the last day of travel and allowable expenses incurred on those days are reimbursable.

No M & IE allowances are permitted for any day an employee is completely in personal time status.

Local Travel

Travelers may be reimbursed for local travel at the optional standard mileage reimbursement rates then in effect used by the Internal Revenue Service to calculate the deductible costs of operating a motor vehicle for business purposes for System business when traveling to destinations other than their permanent work assignment. It is not the intent of the System to reimburse for what would otherwise be commuting expenses. For

travelers who are travelling between their home and a temporary work site, reimbursement will be for the lesser of the miles between their home and the temporary work site or between their permanent work site and the temporary work site. Miles travelled between a permanent work site and a temporary work site is always reimbursable.

Example #1 - A traveler lives in Winthrop and his permanent work site is in Augusta, 12 miles away. He is asked to work in Portland for a day, which is 63 miles from his home in Winthrop and 56 miles from his permanent work site in Augusta. If he travels from home to Portland and back, he should request reimbursement for the lesser of the two distances, or 56 miles each way.

Example #2 – The same traveler in example #1 above reports to his permanent work site in Augusta for the morning. At noon, he leaves for Portland for the afternoon, which is 56 miles from his permanent work site. He then returns home from Portland. The traveler in this case is entitled to no reimbursement for his commute to Augusta in the morning. He is entitled to reimbursement of the 56 miles driven between Augusta and Portland as this travel is between a permanent work site and a temporary work site. He is also entitled to reimbursement for 56 miles for the return trip, which is the lesser of the miles between home and Portland (63 miles) and between Portland and Augusta (56 miles).

Example #3 – A traveler lives in Biddeford and his permanent work site is in Augusta, 73 miles away. He reports to his permanent work site in Augusta in the morning. At noon he leaves for Portland for the afternoon, which is 56 miles from his permanent work site. He then returns home from Portland, a trip of 18 miles. The traveler in this case is entitled to no reimbursement for his commute to Augusta in the morning. He is entitled to reimbursement for the 56 miles between Augusta and Portland and for 18 miles for the return trip, which is the lesser of the miles between home and Portland (18 miles) and between Portland and Augusta (56 miles).

Travelers will not receive a standard meal allowance for local travel unless an overnight stay is required for business reasons. In the event of overnight stay, travelers will receive a standard meal allowance only for dinner.

Reimbursement

A traveler is required to submit an expense report upon completion of travel in accordance with procedures established and administered by the Accounting & Finance Department. Requests for reimbursement should be made within 60 days of completing the travel and incurring the expenses. Requests for reimbursement made beyond 60 days must be accompanied by a written explanation as to why the request was delayed. The explanation must be signed by both the traveler and the traveler's supervisor.

In the event that a traveler received an advance, the traveler must substantiate expenses by submitting an expense report upon completion of the travel and return any excess funds.

Excess funds not returned within 120 days of the completion of the travel will be considered income and reported to the IRS as appropriate.

Approval

All System travel shall be approved by an individual having sufficient knowledge of relevant law and statutes, MainePERS rules, policies and procedures (including the Code of Ethics) and the Federal Travel Regulations. The individual authorizing the reimbursement of travel-related expenses is responsible for assuring, or designating a responsible party for assuring, that the costs have been evaluated and

- The travel has been completed;
- The completed travel has been properly documented in accordance with procedures established by this policy;
- The expenses have been incurred.

Reimbursement

The Accounting and Finance Department shall reimburse properly incurred and approved travel expenses, ensuring that the Travel Authorization and Travel Expense Report are consistent.

Board of Trustees

The System shall provide the Audit Committee of the Board with an annual budget that includes a specific category for travel and related expenses. The System shall also provide the Audit Committee of the Board with a semi-annual and annual report listing the actual travel and costs that have been incurred within that budget. The Audit Committee of the Board shall provide the Board of Trustees with the budget including travel and related expenses and the two travel reports.

Attachment 1 - Meals and Incidental Expenses (M&IE) Breakdown

www.gsa.gov/mie

The following table is provided for employees who need to deduct provided meals from their daily meals and incidental expense (M&IE) allowance. The table lists the six M&IE tiers in the lower 48 continental United States (currently ranging from \$46 to \$71). Find the amount corresponding to the allowable M&IE rate on the first line of the table (M&IE Total) and then look below for each specific meal deduction amount.

The table also lists the portion of the M&IE rate that is provided for incidental expenses (currently \$5 for all tiers), as well as the amount employees receive for the first and last calendar day or travel. The first and last calendar day of travel is calculated at 75 percent unless the travel day ends after 9 pm for which a full day per diem will be reimbursed.

M&IE Total	\$46	\$51	\$56	\$61	\$66	\$71
Continental Breakfast / Breakfast	\$7	\$8	\$9	\$10	\$11	\$12
Lunch	\$11	\$12	\$13	\$15	\$16	\$18
Dinner	\$23	\$26	\$29	\$31	\$34	\$36
Incidental Expenses	\$5	\$5	\$5	\$5	\$5	\$5
First & Last Day of Travel	\$34.5	\$38.25	\$42	\$45.75	\$49.5	\$53.25