

Executive summary | July 2024

Wipfli Tribal Government CFO Exchange

Host: Lisa Desotelle | Wipfli

SME: Alan Post | Wipfli

SME: Brett Polglaze | Wipfli

Facilitator: Austin Evans | Profitable Ideas Exchange



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Introduction

Seventeen chief financial officers (CFOs) and leaders of finance from tribal governments met virtually to share leading practices and discuss topics of mutual interest based on an agenda created through a series of pre-interviews. From Wipfli, Lisa Desotelle, partner, hosted the exchange and Austin Evans of Profitable Ideas Exchange facilitated.

Alan Post, director, and Brett Polglaze, partner, joined to provide subject matter expertise. The focus of the discussion covered the following topics over the course of the hour:

- ARPA updates
- TTAC: GWE and ERISA
- Updating for policies and procedures
- AI and automation

ARPA updates

Alan Post from Wipfli provided a brief set of updates on the American Rescue Plan Act (ARPA) funding.

- The July 31, 2024, reporting deadline is coming up, and tribal finance leaders need to make sure they complete the reporting in accordance with the Obligation Interim Final Rule to the U.S. Treasury, if applicable to their tribal government. All unspent funds must be obligated by December 31, 2024.
- Post has spoken with the Treasury to get more guidance on rules that are vague and/or still not finalized. He recommended reviewing construction contracts that are going to be performed in the next couple of years to add in language to cover possible change orders. The Treasury will allow change orders in the future if the language is included in the contracts before December 31.
- In terms of reallocation of ARPA funds, Post stressed that the Treasury encourages tribal entities to work with it, and it may be open to reallocation to another allowable project.
- A member shared that funds can be reallocated if the use of the funds is substantially similar to the original intent. For example, funds for childcare in the tribal clinic could be reallocated to childcare for a different tribal function or service.
- The leaders don't anticipate additional ARPA funds coming in the future.

TTAC: GWE and ERISA



The **Treasury Tribal Advisory Committee** (TTAC) has been discussing the General Welfare Exclusion Act (GWE) and the ERISA-applicability of employee benefit plans.

- TTAC continues to make the GWE a topic of conversation, and there are no new developments in this area from the IRS.
- TTAC is discussing the status of 401(k) employee benefit plans and whether the Employee Retirement Income Security Act (ERISA) is applicable to those plans that are related to “commercial activities.” This continues to be a gray area because the language in the legislation does not clearly define commercial activities for tribes. The majority of the tribes follow ERISA for the 401(k) plans that are in place for commercial activities.
- One CFO noted that they are moving their 401(k) plans from ERISA to non-ERISA plans.

Updating policies and procedures

Many of the CFOs are in the process of updating and codifying policies and procedures, most of which is related to technology and the electronic workflow.

- The group discussed different enterprise resource planning (ERP) software tools that they are using to track processes, manage workflows and improve systems. Several executives shared the importance of starting out with process mapping to identify all the current policies and processes currently being used.
- One leader shared that they have reviewed and updated all the policies they had in place over the past few years.
- Implementing an ERP and integrating all the policies and procedures of the tribe can be a complex, multiyear project. One CFO shared that they have

had to unravel a lot of stacked-up procedures in order to streamline the ERP. They had to take time to update a number of processes, signature authorities, etc. to find out why things were being done a certain way and decide what steps in the process to update or eliminate versus keeping them.

- Another key to success involves working on change management and better adoption of new systems. One way to do this is to create open communication with the employees who are going to input the data and use the new processes. Many employees have ways that they prefer to do things, and it's important to garner their input and buy-in as to why they do things that way. One leader also stressed the importance of doing user acceptance testing.

AI and automation

The executives touched briefly on their use of generative AI and automation.

- While there is interest in using more advanced technology to keep policies and procedures updated, most of the members aren't yet at that stage. A member who has spent the last few years undertaking a complete overhaul of their system and codifying all the tribe's policies and procedures, explained that they "didn't have any interesting technology." It will be interesting to see how AI will be developed to streamline this process.



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