

Executive summary | June 29, 2023

Wipfli Tribal Government CFO Exchange

Hosts: Lisa Desotelle, Doug Kolker and Tony Smith | Wipfli

Facilitator: Austin Evans | Profitable Ideas Exchange (PIE)

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Introduction

Eleven chief financial officers (CFOs) from tribal governments met virtually to share leading practices and discuss topics of mutual interest based on an agenda created through a series of preinterviews.

From Wipfli, Lisa Desotelle, partner at Wipfli, hosted the exchange and Austin Evans of Profitable Ideas Exchange facilitated. Wipfli's Doug Kolker, partner and specialty tax credit professional, and Tony Smith, senior manager of organizational performance and executive coaching, joined to provide subject matter expertise. The focus of the discussion covered the following topics over the course of the hour:

- Tax credit update
- ERTC and auditing
- GASB 96 implementation update
- Succession planning

Tax credit update

Tax credits are a crucial consideration for CFOs in the current economic climate.

- The Inflation Reduction Act (IRA) introduced a variety of new energy credits, including several credits related to solar, wind and geothermal facilities such as wind and solar farms. Starting at 6% of the overall qualifying cost for energy projects, adders can increase credits to 50%-60%, including tribal-specific grant funding from the Greenhouse Gas Reduction Fund and the Qualifying Advanced Energy Project Credit (48C) for building energy facilities on tribal land.
- The credits in this legislation are also monetized, with regulations for direct pay. Application processes for the energy tax credits begin in July.

Concerns exist around credit mills and predatory firms in terms of energy credits.

- Some believe such organizations will pivot into the energy space as retention credits expire. One participant cautioned leaders against organizations that charge commission based on the value of credits, rather than more suitable methods such as billing on time and materials.
- This is also important because energy projects are complex and long-term endeavors, making feasibility difficult to determine upfront and requiring ongoing assessment of components, specifications and vendor partners.
- [Read more](#) to learn how to better understand these new opportunities and maximize your benefits.

ERTC and auditing

One officer has been having challenges with the IRS around their final payments from the Employee Retention Tax Credit (ERTC).

- Requested review and revision of their Form 941-X filings has led to a long process, with the IRS changing their reviewer multiple times without completion.
- Other CFOs have had varying experiences with their ERTC filings, suggesting that communication with IRS tribal department staff can facilitate IRS review and approval processes. While IRS audit activity has increased from their usual interactions with tribal entities, some governments have established IRS protocols agreed upon by the organization, specifying direct communication with tribal governments instead of tribal enterprise personnel.



GASB 96 implementation update

GASB 96 is a piece of guidance concerning accounting and financial reporting for subscription-based IT arrangements (SBITAs) by governments.

- As leaders consider GASB 96 implementation, reviewing existing contracts and establishing new contract policies can be daunting, particularly for tribes with a broad slate of IT packages throughout their entities and enterprises. Tribes must capitalize costs and contracts similarly to GASB 87 processes, but gathering information is likely to be more challenging than analysis and implementation, provided that financial teams understand regulations and leverage available tools.
- GASB 96 rules will be implemented starting with June 2023 year-ends, with most tribes seeing implementation in September 2023 year-ends.
- Wipfli also has [resources](#) available for training and support around GASB 96.

Succession planning

Continuing challenges with retention and succession planning was mentioned in interviews with participating officers.

- Despite tribal governments' tendency for long-tenured staff, changing preferences around telework have caused significant attrition issues in the accounting space, with one member losing several senior grant fiscal compliance auditors due to their preference for working from home.
- Further, a large portion of applicants also desire telework options, but some governments are not prepared to transition to fully remote working models.
- To secure succession planning, leadership should adapt to the evolving needs of new staff and potential talent.

Transitioning roles to tribal members is of interest as staffing changes occur.

- However, financial teams must retain enough senior staff to transfer skills and institutional knowledge.
- Tribes that can provide funding for college education are able to encourage development of key skills among membership, and experienced departments offer effective support for training new hires.
- By promoting internally, cross-training existing employees and hiring for lower-level positions, one participant's department has been able to establish a robust long-term strategy for staffing.

Succession planning

- Though promotion from within their department is an appealing prospect for officers as they consider succession plans, COVID-19-era retirements of many senior staff have left a need for experienced talent for higher-level roles and responsibilities in some financial organizations. This has led one executive to recruit externally for individuals that can quickly assume those responsibilities. At the same time, finding suitable candidates can itself be a major challenge, particularly in environments without telework flexibility.

Ownership is a crucial consideration as organizations attempt to strengthen their succession planning approaches.

- Often, responsibility for talent pipeline development is delegated to the managerial level, but documentation around strategy and execution is essential in such an approach. Some are utilizing tools such as the nine-box model to introduce accountability to management, and others have discussed the concept of a “people tree,” demonstrating individuals’ ability to develop personnel for succession planning and scaling purposes.
- Since a managerial-level approach expects managers to identify and develop potential replacements for their own positions, executives must foster a culture that values and rewards mentorship and growth.
- Tony Smith, from Wipfli, also mentioned an [article](#) from Harvard Business Review discussing the employee value proposition to assist with retaining staff.

Succession planning

Telework is becoming more common across governmental departments, leading to some interdepartmental movement of personnel that can disrupt succession plans.

- Despite this, concerns remain around maintaining productivity, retaining employees and sustaining long-term staff development in a remote work environment.
- Even for those who are actively pursuing hybrid remote models, issues such as internet connectivity and equipment suitability may require more complex support than a traditional office setup. Nevertheless, tribes are leveraging technology such as VPNs and collaboration platforms to promote paperless environments and fulfill employees' desires.





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