

Resolution of the Flathead Reservation Water Management Board

FRWMB Resolution #01: Board and Office of the Engineer Fiscal and Procurement Policy

Date of Approval: April 13, 2023

Purpose:

- Provide spending authority, limits, oversight, and accounting procedures;
 - Provide internal controls, including segregation of duties to prevent misuse or loss of funds;
 - Provide provision for the Board and the Water Engineer to review and acknowledge an annual financial review/audit; and
 - Provide transparency and financial accountability regarding Board and OE funds.
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Authority Granted

The Flathead Reservation Water Management Board (the Board) and the Office of the Water Engineer (OE) have the ultimate responsibility to ensure that all purchases are in compliance with practices of the Board and the OE, along with any applicable federal, state, Tribal, and grantor agency requirements.

In general, the Board shall have the power to promulgate procedures, prescribe forms, develop additional materials and implement amendments thereto as may be necessary and proper to exercise its jurisdiction and carry out its assigned functions under the Compact and the Ordinance. Such modifications are pursuant to, and shall not be deemed an amendment of, this Compact.¹

Duties of the Water Engineer. The Water Engineer shall be an employee of the Board and shall exercise the duties set forth in the Compact and this Ordinance, and as assigned by the Board pursuant to the Compact and this Ordinance. These duties include but are not limited to: The development and submission to the Board of budget requests for approval by the Board and forwarding to the Tribes and State for the purpose of securing necessary appropriations.²

In general, the Board is appropriated money on an essentially equal basis between the State and the Tribes. Specifically, the Board receives its funding from both the State and the Tribes. Pursuant to the Compact Article IV.I.2.h and Ordinance 1-2-105, the expenses of the Board are to be shared equally between the State and the Tribes. The Funding Agreement between the State, the Tribes, and the Board states the purpose is to establish mutually agreeable terms and conditions, specifications, and requirements to provide funds to the board for operational development. While the State and the Tribes provide funding, the Board has the sole authority to determine how best to use the funds for the statutorily mandated purposes of administering and managing water rights within the boundaries of the Reservation. The Compact and the Ordinance do not provide specific

¹ Compact Article IV.I.5.a Powers and Duties of the Board

² Ordinance Section 1-2-110

implications of Board authority regarding its funding abilities, thus, leaving room for unique applications of its broad authority.³

Fiscal Authorization granted to the Water Engineer by the Board:

The Water Engineer is hereby assigned authority from the Board for the following:

1. Designated signatory on the Board's Bank Account(s);
2. Authority to write checks, make payments, and enter into contracts and agreements for items formally approved by the Board;
3. Authority to obtain and use Board credit/debit cards associated with Board funds;
4. Authority to write checks, make payments, or and enter into contracts and agreements for items not formally approved by the Board, but meeting the general mission of the Board or the OE and not exceeding **\$3,000** in total cost;
5. Authority to assign and oversee limited purchasing power to OE employees, through credit/debit card, reimbursement, or other means as needed to provide OE related employee travel, purchasing, and essential operations not to exceed \$1,000
6. Authority to access banking documents, balance sheets, and other referencing information needed for producing the Board and the OE's budget; and
7. Authority to provide budget reporting information to the Board or the parties to the Compact.

The Water Engineer will provide current reporting of all expenditures and contracts entered at regularly scheduled Board meetings as part of the Water Engineer's Report to the Board. The Water Engineer will balance Board and OE Budgets in relation to these and all other Board and OE expenses, appropriations, and fees collected.

Upon termination of employment for any reason, the Water Engineer will be removed from all Board and OE accounts, credit/debit cards, and relinquish any and all fiscal components related to the above authorization. The Board Chair or Vice Chair will inventory and either choose to retain or terminate any purchase authorities granted by the Water Engineer to OE employees or pending Board and OE vendors.

Internal Controls

The Board of the Water Engineer shall consider and maintain appropriate internal controls, including separation of duties. The fundamental premise of segregated duties is that an individual should not be able to initiate, approve, and review the same action. Segregation of duties is critical because it ensures separation of different functions and defines authority and responsibility over transactions. Segregation of duties is critical to have effective internal control; it reduces the risk of both erroneous and inappropriate actions. No Board member or OE employee may approve transactions for themselves, their immediate relatives; nor approve transactions that directly benefit themselves or their immediate relatives or, in any way, create a conflict of interest with their responsibilities to the Board or the OE. Such transactions must be countersigned by another authorized person, namely the person of next higher authority. By implementing and maintaining internal controls, this shall limit errors, mismanagement of funds and allow for accurate financials and reports.

This document will establish and record those with responsibilities of financial duties and those with signatory authority of the Board and the OE. While managing internal controls, the designated Board

³ 2022-12-08. Board Funding and Appropriations Legal Memo. Frandsen & Tietz.

members and the Water Engineer will be the only persons with signatory authority. Only the Board members and the Water Engineer with signatory authority will be responsible to sign financial documents, reports, and approve any form of payment.

Policies & Procedures

1. **Purchasing:** Although the Board and the OE are allocated funds in their budgets for a given period, this allocation is only an authority to requisition, not to purchase. Individuals initiating a proposed purchase should always take steps to assure that the items are being obtained at competitive prices and with appropriate quality.
2. **Collection of Funds:** Reasonable efforts will be made to collect past-due funds owed to the Board or the OE. Delinquent past due accounts may have legal proceedings instituted for collection in coordination with and at the direction of the Board Chair and legal counsel.
3. **Billing:** All paperwork necessary for collection and reimbursement of funds should be submitted on a timely basis. The designated staff will generally prepare all invoices to submit to the funding agencies. Invoices will not be submitted until they have final approval by the Board or the Water Engineer.
4. **Retention and Deposits:** Funds will generally be remitted for deposit once funds reach **\$700** or more. All funds received by **Thursday at 4:00PM** each week will generally be deposited to the bank, regardless of the amount. Collections must be accompanied by documentation indicating the source, nature of the amount received and the account number to be credited. Until funds are remitted, all funds will be properly safeguarded, and access limited to necessary employees. Note: If a refund must be issued, then a Requisition (with backup support) to initiate the refund payment to the appropriate individual or agency.
5. **Accounts Receivable:** The Board and OE will make efforts to ensure all collections and deposits of funds due to the Board or the OE are processed accurately. The designated Board members or the Water Engineer will be responsible for ensuring that all funds due to the Board or the OE from funding agreements, contracts, customers, etc. are received in a timely manner. To include control elements necessary to segregate duties and reduce the likelihood of fraud.
6. **Efficient Sourcing:** The Board and the OE will seek the lowest cost possible with satisfactory terms and quality.
7. **Requisition Forms:** A requisition form will be used to initiate the process of procuring goods and services. The requisition will clearly state whether it is requesting a Purchase Order to the vendor, a check, cash, or payment by credit card. Each requisition form must be fully completed and contain a clear and concise description of the material or service being ordered from that vendor and may reference an accompanying page or pages containing more specific details. The Board or the Water Engineer will review the requisition for completeness, accuracy, whether it is an Allowable Cost and if adequate funds are available within the budget(s) being charged. If it has been approved, then it will be signed to show proof that it was reviewed. Once it's been signed it will be submitted to the employee responsible for preparing payments for further processing.

8. Budgets and Updates: A budget is a best guess estimate, sometimes made over a year in advance of what may or may not actually occur. As such, natural variances will take place as situations change over time (employee turnover, economic changes, etc.). The goal in budgeting is to make the best projection possible, and then analyze the line-item variances and the reasons they occur, whether positive or negative, and then incorporate that knowledge into an improved subsequent year budget. There will be monthly budget reports and updates to the Board at their regularly held meetings as part of the Water Engineer’s Report. Budget expenses, as realized, will be incorporated into budget adjustments to help improve annual budgeting.
9. Quarterly Reports: Quarterly reports are provided by the Board and the OE’s accountants. This report will be provided to the Board, the Tribes, and the State.

Conflicts of Interest

In addition to conflict-of-Interest policies set forth in Board Bylaws and OE Personnel Policies, individual Board Members and OE employees in their personal capacity shall:

1. have no separation from the OE personal beneficial interest in any contract made or administered by them in their official capacity;
2. award or administration of any contract supported by federal, state, local, private, or tribal funds when they have any actual or apparent conflict of interest. Such a conflict of interest would arise when an employee or board member has: a member of his or her immediate family, business associates/partners, or an organization which employs or is about to employ any of the parties indicated herein; has a personal, financial or other interest in, or a tangible personal benefit from, a firm considered for a contract with the Board or the OE;
3. disclose to the Board Chair or the Water Engineer any actual, potential or apparent conflict of interest as soon as the employee is aware the conflict exists. An apparent conflict of interest is one that a reasonable person would believe that the employee’s judgment is likely compromised because of such relationship(s);
4. not accept substantial gifts, favors or anything of monetary value from vendors, contractors, or others who have or desire to have business dealings with the Board or the OE; and/or
5. not represent the Board or the OE on business matters after they are no longer an employee.

Employees should also refer to the current Personnel Policy that may offer further guidance in this regard, including disciplinary actions.

Resolution Certification

This resolution, FRWMB Resolution #01, is hereby adopted by the Flathead Reservation Water Management Board on April 13, 2023, with [redacted] members voting in favor and [redacted] members voting opposed. This resolution will be hereby referenced by and appended to the Bylaws of the Flathead Reservation Water Management Board and serve to guide and govern Board and OE operations.

_____ Date: _____

Board Chair, Clayton Matt:

_____ Date: _____

Board Vice Chair, Kenneth Pitt: