

Resolution of the Flathead Reservation Water Management Board

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

Date of Amendment: DRAFT August 08, 2024

Date of Amendment: July 13, 2023

Date of Original 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 Board and the Office of the Water Engineer 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.¹

Duties of the Engineer: The 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 of budget requests to the Board for Board approval and transmission to the Tribes and State for the purpose of securing necessary appropriations.²

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 allocate the funds for the statutorily mandated purposes of administering and managing water rights within the boundaries of the Reservation. The Compact and the Ordinance are both silent as to specific implications of Board authority regarding its funding abilities, thus, leaving room for unique applications of its broad authority.³

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

² Ordinance Section 1-2-110

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

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) as allowed by Board Bylaws Section 6.4;
2. Authority to write checks, make payments, and enter into contracts and agreements for items formally approved by the Board as allowed by Board Bylaws Section 6.2;
3. Authority to obtain and use credit/debit cards associated with the Boards funding and accounts;
4. Authority to write checks, make payments, and/or enter into contracts and agreements for items not formally approved by the Board, but meeting the general mission of the Board and the OE, but not exceeding \$3,000 in total cost and not exceeding one year in duration;
5. Authority to assign OE employees limited purchasing power. Prior approval by the Water Engineer is mandatory to use office credit/debit cards or be reimbursed for allowable OE expenses.
6. Authority to access necessary financial documents for producing the Board and OE's budget; and
7. Authority to provide budget reports to the Board and/or other parties as stated in the compact. The Water Engineer will provide current reports of all revenue/expenditures and contracts entered into 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. The Water Engineer will oversee the creation of quarterly reports and other information required by funding agreements between the Board and the Tribes and the State of Montana.

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.

Fiscal authorization granted to OE Budget Personnel, including contract services for budget work, by the Board:

OE Budget Personnel is hereby assigned authority from the Board for the following:

1. Designated signatory on the Board's bank account(s) as allowed by Board Bylaws Section 6.4;
2. Authority to write checks, make payments, and enter into contracts and agreements for items formally approved by the Board as allowed by Board Bylaws Section 6.2;

3. Authority to obtain and use credit/debit cards associated with the Boards funding and accounts;
4. Authority to write checks, make payments, and/or enter into contracts and agreements for items not formally approved by the Board, but meeting the general mission of the Board and the OE, but not exceeding \$3,000 in total cost and not exceeding one year in duration;
5. Authority to assign OE employees limited purchasing power. Prior approval by the Water Engineer is mandatory to use office credit/debit cards or be reimbursed for allowable OE expenses.
6. Authority to access necessary financial documents for producing the Board and OE's budget; and
7. Authority to provide budget reports to the Board and/or other parties as stated in the compact. The Water Engineer will provide current reports of all revenue/expenditures and contracts entered into at regularly scheduled Board meetings as part of the OE Budget Personnel 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. The Water Engineer will oversee the creation of quarterly reports and other information required by funding agreements between the Board and the Tribes and the State of Montana.

Upon termination of employment for any reason, OE Budget Personnel 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 Water Engineer or Board 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. 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 signature authority of the Office of the Water Engineer and the Board. Only the Water Engineer or

Board members with signature authority will be responsible to sign financial documents, reports, and approve any form of payment.

Board Bank Accounts

The Board shall use two primary bank accounts, one operational account and one interest earning money market account. As set forth in the Board's Bylaws and this document, the accounts shall have three signatories: the board chair, the board vice chair, and the Water Engineer. Account structure and operations are as follows:

1. OE Operational Account
 - a. Checking account used for day-to-day operations including all OE payments, OE debit card transactions, deposits of fees collected by the OE, direct withdraws for payroll and Board compensation, and all billing.
 - b. The operational account requires a single signatory authorizer for transactions.
 - c. The Board and the OE's payroll services shall have access to make automated payments as authorized by and to be benefit of the Board and the OE's official operations.
 - d. The Operational account will receive automated monthly deposits from the Board's Money Market Account with the amount being set initially as by the Water Engineer.
 - e. The Operational account will also contain a buffer amount of two monthly operational cycles to avoid fund shortages for unexpected operational fees.
2. FRWMB Appropriations Account
 - a. Money market interest earning account used to receive State and Tribal appropriations.
 - b. The appropriations account requires two signatory authorizers for withdrawals.
 - c. Payroll services shall not have access to the appropriations account.
 - d. Automated transfers to the operational account may be adjusted up to 15% by the Water Engineer, but adjustments exceeding 15% require two signatory authorizers.

Online Account Read-Only Access

All Board members and the Water Engineer shall have online access to view or read-only of OE Operational Account and the FRWMB Appropriations Account. Additionally, the Water Engineer may assign and authorize OE staff, auditors from the Tribes or the State, or other financial service providers to have view or read-only access.

Policies & Procedures

1. Fiscal Year: The Board and the OE will use a fiscal calendar year, starting January 01 and ending December 31 per annum.
2. Purchasing: Individuals initiating a proposed purchase should always take steps to assure that the items are being obtained at competitive prices and with appropriate quality.
3. 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.
4. Billing: All paperwork necessary for collection and reimbursement of funds should be submitted on a timely basis. The Water Engineer or designated OE staff will generally prepare all invoices to

submit to the funding agencies. Invoices will not be submitted until they have final approval by the Water Engineer or Board.

5. Retention and Deposits: Funds will generally be remitted for deposit once funds reach \$750 or less. 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.
6. Cash: Applicants wishing to pay in cash must do so using exact change; the OE will not keep a supply of petty cash in the office for purposes of making change.
7. 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 Water Engineer or designated Board members will be responsible for ensuring that all funds due to the Office of the Water Engineer or Board 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.
8. Efficient Sourcing: The Board and the OE will seek the lowest cost possible with satisfactory terms and quality.
9. Requisition Forms: A requisition form will, to the extent practicable, 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 Water Engineer or the Board 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.
10. Budgets and Updates: A budget is an 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, then analyze the line-item variances and the reasons they occur, whether positive or negative, and finally 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.
11. 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.

12. Annual Reports: On an annual Basis.

Resolution Certification

This resolution, #frwmb 01, is hereby adopted by the Flathead Reservation Water Management Board on July 13, 2023, with ____ members voting in favor and ____ members voting opposed. This resolution hereby serves to guide and govern the Board and OE operations.

____ Date: _____
Board Chair, Clayton Matt:

____ Date: _____
Board Vice Chair, Roger A. Noble:

____ Date: _____
Water Engineer Acknowledgement:

