

## *Resolution of the Flathead Reservation Water Management Board*

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

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#### **PURPOSE**

- Detail spending authority, limits, oversight, and accounting procedures;
  - Provide internal operating controls;
  - Allow for the Board to review and acknowledge an annual financial review/audit;
  - Describe the roles and responsibilities of the Finance Personnel; and
  - Provide transparency and financial accountability regarding Board funds and accounts.
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#### **BACKGROUND**

The Board and the OE have the ultimate responsibility to ensure that all purchases and expenditures align with the practices of the Board and the OE and are in compliance with the requirements under the Funding Agreement between the Board and the Compacting Parties.

Pursuant to Compact, art. IV.I.2.h and Ordinance, § 1-2-105, the expenses of the Board are to be shared equally between the Tribes and State. The Funding Agreement between the Compacting Parties and the Board establishes mutually agreeable terms and conditions, specifications, and requirements to provide funds to the Board for operational development. While the Tribes and State 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 authority.<sup>1</sup>

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.<sup>2</sup> The Engineer shall be an employee of the Board and shall exercise the duties set forth in the Compact and Ordinance, and as assigned by the Board. The Finance Personnel (Finance) shall be considered employees of the Office of the Engineer, shall report to and receive direction from the Board, and shall have authority over the day-to-day financial operations of the Board and OE.

#### **FISCAL AUTHORITY GRANTED**

The Board hereby grants the Engineer the following authority:

1. Authority to enter into Board-approved contracts and agreements. The Engineer shall communicate directly with Finance when entering into such contracts and agreements;

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<sup>1</sup> Board Funding and Appropriations Memorandum, Frandsen & Tietz (Dec. 8, 2022)

<sup>2</sup> Compact, art. IV.I.5.a

2. Authority to enter into contracts and agreements, without formal Board approval, for items not to exceed \$5,000 in total cost. The Engineer shall communicate directly with the Finance when entering into such contracts and agreements;
3. Authority to request from Finance the necessary financial documents for meeting the Board's responsibilities under the Funding Agreement; and
4. Authority to use the OE credit card for expenditures of the OE. All expenditures made by the Engineer with the OE credit card are to be approved by and reported to Finance, with original receipts.

Upon termination of employment for any reason, the Engineer will be removed from all Board accounts, credit/debit cards, and relinquish any and all fiscal components related to the above authorization.

The Board hereby grants Finance with the following authority:

1. Designated signatory(ies) on the Board's bank account(s);
2. Authority to obtain and use credit/debit cards associated with the Board's funding and accounts;
3. Authority to act as Program Administrator for Board credit card accounts and online banking profiles;
4. Authority to write checks, make payments, and authorize expenditures using a Board credit card, without formal Board approval, for items not to exceed **\$10,000** in total cost;
5. Authority to assign OE employees and/or staff with limited purchasing power using a Board credit card. Employees shall sign out a Board credit card with Finance after receiving permission for purchase;
6. Authority to access necessary financial and personnel documents for maintaining the Board's monthly, quarterly, and yearly operating budget;
7. Authority to engage in subscription services without formal Board approval;
8. Authority to communicate directly with the Board's contracted accountant regarding payroll, banking, direct deposits, reimbursements, and any other matter related to the Board's accounts;
9. Authority to access necessary financial and personnel documents for payroll, banking, direct deposits, reimbursements, and any other matter related to the Board's accounts; and
10. Authority to provide budget reports to the Board when requested and/or to the Engineer for purposes of producing reports to the Compacting Parties under the Funding Agreement.

Finance will produce the Board budget and will balance all Board and OE purchases, expenses, income, appropriations, and fees collected. Finance will also oversee Board and OE payroll, taxes, leave pay, and any other financials pertaining to the day-to-day administration of Board members, employees, and staff.

Upon termination of employment for any reason, Finance will be removed from all Board accounts, credit/debit cards, and relinquish any and all fiscal components related to the above authorization.

### **INTERNAL CONTROLS**

The Board shall consider and maintain appropriate internal controls, including separation of duties. At its core, no Board member, OE employee, or Finance can approve their own reimbursement or expenditure. Additionally, no Board member, OE employee, or Finance may approve transactions that directly benefit them or their immediate relatives or, in any way, creates a conflict of interest with their responsibilities to the Board or the OE. Such transactions must be countersigned by another authorized person, whether that be the Board Chair/Vice Chair or Finance, depending on the transaction.

Only the Board Chair, Vice Chair, and/or Finance will be responsible for signing financial documents, budget reports, and for reviewing forms describing payroll, payment, income, and other matters as described throughout this Resolution.

### **BOARD BANK ACCOUNTS**

The Board shall use two primary bank accounts, one operational account and one interest-bearing money market account. As set forth in the Board's Bylaws and this document, the accounts may include the following signatories: the Board Chair, the Vice Chair, and an approved employee(s) of Finance.

Account structure and operations are as follows:

1. Operational Account—Checking
  - a. Checking account used for day-to-day operations including all payments, credit/debit card transactions, deposits of fees collected, direct deposits for payroll and Board compensation, bill pay, and all other billing.
  - b. The Operational Account requires a single authorized signatory for expenditures under **\$10,000**. Expenditures above **\$10,000** will require two authorized signatures.
  - c. Finance may authorize automated payments, as approved by the Board.
  - d. The Operational Account will also contain a buffer amount of two monthly operational cycles to avoid fund shortages for unexpected operational fees.
  - e. The Board contracted accountant shall have access to the Operational Account for purposes of payroll.
2. Money Market Account—Interest Bearing
  - a. The Operational Account will receive deposits, as needed, from the Money Market Account at an amount set by the Board, and approved by the Board Chair or Vice Chair.

- b. Money Market Account may be used to receive Tribal and State appropriations.

The Board Chair, Vice Chair, and Finance shall have full access to the Board bank accounts. All Board members and the Engineer shall have read-only access to the Operational Account. The Board Chair or Vice Chair may assign and authorize other personnel view or read-only access in the event an audit occurs.

## **ADDITIONAL POLICIES & PROCEDURES**

1. Fiscal Year: The Board will use a fiscal calendar year starting October 01 and ending September 30 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. Finance will generally prepare all invoices to submit to the Compacting Parties. Finance shall coordinate with the Engineer to develop the reports to be submitted to the Compacting Parties. Invoices will not be submitted until they have final approval by the Board.
5. Retention and Deposits: Funds will generally be remitted for deposit weekly. 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. Any refunds must be processed by check and the appropriate documentation to the appropriate individual or entity.
6. Original Receipts: Any purchase or employee per diem reimbursement will require an original receipt be submitted to Finance within three business days from the date of the purchase or the employee reimbursement.
7. Cash: The OE will only accept check or money order. The OE will not keep cash on the premises.
8. Accounts Receivable: The Board and Finance will make efforts to ensure all collections and deposits of funds due to the Board or the OE are processed accurately. Finance, or the Board Chair/Vice Chair, will be responsible for ensuring that all funds due to the Board or OE from funding agreements, contracts, customers, etc. are received in a timely manner.
9. Efficient Sourcing: Finance will seek the lowest cost possible with satisfactory terms and quality from local businesses and/or services before outsourcing.

10. Requisition Forms: A requisition form will, to the extent practicable, be used to initiate the process of procuring goods and services. Finance will review the requisition for completeness, accuracy, whether adequate funds are available within the budget(s). Requisitions under \$5,000 will not require Board approval. Requisitions above \$5,000 will require a formal Board approval. Requisitions will be made available for Board review on the budget report issued by Finance.
11. Disposal of Equipment and Goods: In the event, the Board or the OE does not require or have a use for equipment or goods it receives, Finance may dispose of or donate any surplus equipment or goods through reasonable means. Any funds received from the disposal of the surplus shall be deposited into the appropriate Board bank account for Board operations.
12. Budgets and Updates: Finance shall maintain monthly budget reports to be discussed and shared with the Board at its regular meetings as part of the Budget Report on the Board's meeting agenda.
13. Monthly Financial Reports: Monthly financial reports are provided by Finance for the Board's review. Finance will provide a monthly financial report to the Engineer to be provided to the Compacting Parties for purposes of meeting the responsibilities under the Funding Agreement.
14. Yearly Financial Reports: Finance shall maintain a yearly budget, measured per fiscal year, for the Board to be used for Board business, dissemination to the Compacting Parties, and as public information of the fiscal year operating budget. Finance will provide a yearly financial report to the Engineer to be provided to the Compacting Parties for purposes of meeting the responsibilities under the Funding Agreement.

#### **RESOLUTION AMENDMENT CERTIFICATION**

This resolution amendment is hereby adopted by the Flathead Reservation Water Management Board on December \_\_\_\_\_, \_\_\_\_\_.

Acknowledgement of Board Chair:

\_\_\_\_\_ Date: \_\_\_\_\_

Board Chair, Clayton Matt: