



## POLICY NO. 118

SUBJECT: SERVICES OF CONSULTANTS

### I. PURPOSE

To establish the conditions governing the selection, retention, and use of consultants and the relationships which should exist between the consultant and the Board of Trustees and the General Manager.

### II. POLICY CONTENT

It is recognized that effective management is the most important factor contributing to the success of a business enterprise. It is also recognized that management frequently needs to call upon outside specialists for advice and assistance so that decisions affecting the plans, policies, programs, and operations are well-informed.

Therefore, it shall be the policy of the Board of Trustees to encourage management's use of specialized consultants for advice and assistance in dealing with the problems pertaining to the continued success of the operation of the Cooperative and to direct management to include in the annual budget a sum sufficient to cover the expenses for such consultation.

### III. PROVISIONS

#### A. Retention and Use of Consultants

Consultants will be regularly retained and used in the following areas of management activity:

##### 1. Accounting

Certified public accountants shall be retained for the annual financial audit. Accountants may also be retained on a fee basis to provide advice and assistance on accounting problems, retail rate studies, and similar projects.

##### 2. Engineering

A certified engineer or engineering firm may be retained for specific projects or on a continuing service contract for the preparation of long-range engineering plans, the development of annual work plans, the inspection of completed work orders, or other matters.

3. Legal

An attorney or legal firm shall be retained on a fee basis determined by the Board and reflected in an engagement letter or other written agreement. The attorney (or a principal attorney in a firm) shall be identified as the Cooperative's general counsel. In addition, general counsel, with approval of the Board, may retain the services of outside counsel in situations where specialized knowledge that may be of value to the Cooperative is needed.

4. Management

Management consultants may be retained to study, analyze, and recommend improvements in management practices, policy formulation, organizational planning, the administration of the Cooperative's wage and salary program, and other matters.

5. Other

Other consultants may be retained when their specialized knowledge is needed.

B. Selection of Consultants

1. Consultants will be appointed by the Board of Trustees when their services are needed for financial audits of records and accounts, legal opinions on Board and Cooperative actions, major engineering studies, surveys, and analysis of management practices. The General Manager will be responsible for screening possible consultants and recommending to the Board the best qualified persons or firms.
2. Authority is delegated by the Board of Trustees to the General Manager to appoint consultants when their services are needed to supplement the work of the management staff or to serve as advisors on specific operating problems.
3. A member of the Board of Trustees may not incur any consultant expenses on behalf of the Cooperative unless that Trustee has obtained prior approval from the President of the Board.

C. Relationships of Consultants

1. The Certified Public Accountant

The certified public accountant or firm of accountants will have a direct reporting relationship to the Board of Trustees when employed by the Board to perform audits of records and accounts. The General Manager shall be kept informed and will provide all possible assistance and advice

in making records and accounts available. The Board and/or the General Manager shall be responsible for requesting professional comments beyond minimum audit requirements. When rendering accounting advice and assistance in connection with day-to-day operations, this reporting relationship will be directly to the General Manager and through him/her to the staff.

2. The Consulting Engineer

The consulting engineer or engineering firm will have a direct reporting relationship to the Board of Trustees when the area of employment, such as long-range engineering studies, has been specifically determined by the Board. The consulting engineer will be responsible to the Cooperative's General Manager and in-house engineer in gathering the data and information needed for such studies. When used to supplement the regular permanent staff or to serve as advisor to the General Manager in areas of operating problems, the direct reporting relationship will be to the General Manager.

3. The Attorney

- a. The attorney will have a reporting relationship to the Board of Trustees in all those areas relative to the basic legal entity of the Cooperative. In all areas concerned specifically with operations, the attorney will recognize a reporting relationship to the General Manager.
- b. The attorney selected to represent the Cooperative will be available, as requested by the Board and/or General Manager, at regular and special meetings of the Board of Trustees and at annual or special membership meetings to review and render opinions on current and potential legal difficulties which may be inherent in present or proposed Bylaws, policies, and actions.
- c. The attorney will be responsible for providing legal services on specific problems when requested, and for representing the Cooperative before courts and commissions when such representation is deemed necessary by the Board of Trustees and/or General Manager. A bill will be submitted for such services and approved by the General Manager.

4. The Management Consultant

The management consultant will render technical advice and assistance on the administration of approved policies, plans, and programs. In carrying out these responsibilities, his/her reporting relationship shall be directly to the General Manager and through him/her to the staff. In reporting on the recommendations resulting from a management audit or appraisal or on recommendations or revisions needed in Board approved policies or plans, his/her reporting relationship shall be directly to the Board, but with full knowledge and understanding of the General Manager.

D. Responsibility and Reports

The General Manager shall furnish advice and counsel to the Board on the retention, selection, and use of consultants. This responsibility includes adequate provision for same in the annual operating budget. The General Manager shall arrange for consultants to appear before the Board to present their reports and findings, if appropriate.

IV. RESPONSIBILITY

The Board of Trustees and the General Manager are responsible for the administration of this policy.

APPROVED BY THE BOARD OF TRUSTEES

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PRESIDENT

EFFECTIVE DATE: \_\_\_\_\_

REVISED DATE: \_\_\_\_\_