



FALL RIVER RURAL ELECTRIC COOPERATIVE, INC.

GENERAL POLICY No. 205

SUBJECT: SERVICES OF CONSULTANTS

I. PURPOSE:

To ensure effective specialized consultation, it is desirable to establish the conditions governing the selection, retention, and use of consultants, and to define the relationships between the consultant and the Board of Directors and the CEO/General Manager.

II. POLICY:

It shall be the policy of the Cooperative to encourage management's use of specialized consultants for advice and assistance to ensure the continued success of the operation of the Cooperative. Management will be directed to include in the Annual Budget a sum sufficient to cover the expenses for such specialized consultation.

III. RESPONSIBILITY:

The Board of Directors and the CEO/General Manager.

IV. PROVISIONS:

The following provisions and procedures shall apply to this policy:

A. Retention and use of consultants:

Consultants will/may be regularly retained and used in the following areas

of management activity:

1. Accounting:

Certified public accountants shall be hired each year for the annual financial audit of the accounting records and related practices to meet the requirements of CFC and the Board of Directors, ensuring effective internal financial management.

2. Engineering:

A certified engineer or engineering firm shall be retained for specific projects or on a continuing service contract in the preparation of long-range engineering plans, the inspection of completed work orders, and/or the performance of other continuing responsibilities.

3. Legal:

An attorney or legal firm of attorneys shall be retained on a monthly fee basis for stipulated recurring functions, and for such additional services to be rendered as may be required, for which additional fees may be charged.

4. Management:

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

5. Other:

Other consultants may be retained when their specialized technical knowledge can contribute to the solution of specialized topics.

B. Selection of Consultants:

1. Consultants will be retained by the Board of Directors when their

services are essential for financial audits of records and accounts, for legal opinions on Board and Cooperative actions, and to make major engineering studies, or for conducting of surveys and making analyses of management practices. However, the CEO/General Manager will be responsible for screening possible consultants and recommending to the Board the best qualified people or firms.

2. Authority is delegated by the Board of Directors to the CEO/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 topics..

C. Relationships of Consultants:

1. The Certified Public Accountant Firm will have a direct reporting relationship to the Board of Directors when employed by the Board to perform audits of records and accounts. The CEO/General Manager shall be kept informed and will provide all possible assistance and advice in making records and accounts available. The Board and/or CEO/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 communicated directly to the CEO/General Manager and through them to the staff.
2. The Consulting Engineer or firm will have a direct reporting relationship to the Board of Directors when the area of employment, such as long-range engineering studies, has been specifically determined by the Board. The Engineer will be responsible to the CEO/General Manager 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 CEO/General Manager in areas of operating problems, the direct reporting relationship will be to the CEO/General Manager.

3. Attorney:

- a. The Attorney will have a reporting relationship to the Board of Directors in all those areas relative to the basic legal entity of the Cooperative. In all areas concerned, specifically with operation management, the Attorney will recognize a reporting relationship to the CEO/General Manager.
- b. The Attorney selected to represent the Cooperative will be available, as requested by the Board and/or CEO/General Manager, at regular and special meetings of the Board of Directors 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 by-laws, 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 Directors and/or the CEO/General Manager. A bill will be submitted for such services and approved by the CEO/General Manager.
- d. Opinions relative to legal services furnished in connection with specific operating problems, will be submitted to the CEO/General Manager.

4. The Management Consultant will render technical advice and assistance on administration of approved policies, plans and programs. In the carrying out of these responsibilities, their reporting relationship shall be directly to the CEO/General Manager and through them 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, their reporting relationship shall be directly to the Board, but with the full knowledge and understanding of the CEO/General Manager.

D. Responsibility and Reports:

The CEO/General Manager shall furnish advice and counsel to the Board on the retaining, selection, and use of consultants. This responsibility includes adequate provisions for same in the annual operating budget.

The CEO/General Manager shall arrange for consultants to appear before the Board to present their reports and findings, if appropriate.

V. Primacy of Policy

This policy supersedes any existing policy that may be in conflict with the provisions of this policy.

APPROVED BY THE BOARD OF DIRECTORS



Georg Behrens, President

DATE APPROVED: February 22, 1988

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