

UPPER COLORADO RIVER AUTHORITY
Operating Policies and Procedures

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UPPER COLORADO RIVER AUTHORITY
Operating Policies and Procedures

1.00 PURPOSE

The operating policies and procedures of the Upper Colorado River Authority (UCRA) will serve as the official guideline for activities affecting the River Authority and the conduct of Board members.

River Authority officials will conduct themselves in a manner consistent with sound business and ethical practices; that the public interest will always be considered in conducting River Authority business; that the appearance of impropriety will be avoided to ensure and maintain public confidence in the River Authority and that the Board will control and manage the affairs of the River Authority fairly, impartially and without discrimination in accordance with the enabling legislation which created the River Authority as well as other applicable state or federal laws.

2.00 BOARD OF DIRECTORS

2.01 Qualifications of Directors

A person will not serve as a Director if he or she is not qualified to do so under the provisions of the River Authority's enabling legislation. Any Director not qualified to serve on the board who willfully occupies an office and exercises the powers and duties of that office may be subject to penalties under the Texas Water Code. Directors of the River Authority will comply with all state laws and file annual financial statements with the appropriate state agency. Directors will abide by all rules and regulations of the River Authority as set forth in UCRA's operating policies and procedures and any other applicable state laws.

2.02 Director Training Program

Directors are required to complete a training program before being allowed to vote, deliberate or be counted as "Director in Attendance" at a meeting of the board. The training program must provide the person with information regarding the law governing authority operations; the programs, function, rules and budget of the authority; the scope of and limitation of the rulemaking authority of the authority, the results of the most recent formal audit of the

authority, the requirements of laws relating to open meetings, public information, administrative procedure and disclosing conflict of interest and other laws applicable to Directors of a River Authority in performing their duties; and any applicable ethics policies adopted by the authority or the Texas Ethics Commission.

2.03 Travel Expenditure and Compensation Policies for Directors

- A. Board members will be reimbursed for travel, meals, lodging, mileage and other necessary or reasonable costs incurred while that person was conducting business for the River Authority. Vouchers will be submitted to the UCRA Financial Administrator, verified and approved. After review by the UCRA Financial Administrator, vouchers will be submitted at the monthly board meetings for approval of payment as applicable.
- B. Mileage will be reimbursed at the current federal rate per mile, round-trip from the most direct route from the hometown of the Board member, employee or consultant to the destination where business was conducted. Each board member will receive compensation in the sum of \$150 per day, for each regular or special called meeting.
- C. In cases where air travel is authorized by the Board, the actual cost of a coach fare ticket is reimbursable.
- D. Unless restricted by state legislation, actual costs of meals and lodging are reimbursable.
- E. No reimbursement of any kind for Directors will be made unless receipts for eligible reimbursements have been submitted to the UCRA Financial Administrator for verification and payment.

2.04 Board Infrastructure

Officers of the Board are as follows, Chairperson, Vice-Chairperson, Secretary and Treasurer. The term of office for each Board officer will be one year. Under House Bill 1921 (2018), the Governor will be responsible for designating the presiding officer to serve at the pleasure of the Governor. All other officers will be elected at the second meeting of each new calendar year.

Officers will continue to serve until their successors are selected and qualified, except in the event of resignation or removal as hereinafter provided. The Board may establish special or standing committees to deal with specific programs, tasks, review or operation of the River Authority.

3.0 UCRA STAFF OVERSIGHT

- A. The Board of Directors will approve the hiring of all employees, consultants, legal counsel and or any agents of the River Authority as well as determine salary, health insurance or other fringe benefits.

A Personnel Committee, appointed by the Chairperson, may review the performance of any employee, consultant or legal counsel annually or as required for continuation, salary adjustment or termination.

- B. An Employee Policy Manual will be adopted by the Board and reviewed periodically to insure that employees conduct themselves in a manner consistent with sound business and ethical practices; that the public interest is always considered in conducting River Authority business; that the appearance of impropriety will be avoided to ensure and maintain public confidence in the River Authority and that the staff will represent the River Authority fairly, impartially and without discrimination in accordance with the enabling legislation which created the River Authority as well as other applicable state or federal laws.

APPENDIX A
UPPER COLORADO RIVER AUTHORITY
CODE OF ETHICS

The purpose of the Code of Ethics of the Upper Colorado River Authority (UCRA) is to provide instruction to the Board of Directors relating to standards of conduct, personal financial disclosure and conflict of interest.

STANDARD OF CONDUCT

The UCRA Board of Directors must conduct themselves in a way that brings sustaining trust to UCRA and to avoid any questionable conduct that would disgrace the agency. Therefore, in accordance with law, no board member should:

1. Accept or solicit any gift, favor, or service that might reasonably influence the board member in the discharge of official duties or that the board member knows or should know is being offered with the intent to influence the Board members official conduct.
2. Accept other employment or engage in a business or professional activity that the Board member might reasonably expect would require or cause a Board member to disclose confidential information acquired by reason of the official position.
3. Accept other employment or compensation that could reasonably be expected to impair the board member independence of judgment in the performance of the board members official duties.
4. Make personal monetary investments that could reasonably be expected to create a substantial conflict between the board members private interest and the interest of the public.
5. Intentionally or knowingly solicit, accept, or agree to accept any benefit for having exercised the board member official powers or performed the board members official duties in favor of another.

CONFLICT OF INTEREST

BOARD MEMBERS:

Board members will comply with Chapters 171 & 176 of the Local Government Code to the extent that it is applicable. Pursuant to the standards of § 171.00, Local Government Code, board members should

disclose any conflict of interest with matters pending before the Board by executing an Affidavit disclosing such interest and refrain from participation in the discussion or decision on such matters.

In accordance with Local Government Code §176.001, board members should also disclose any conflict of interest when a board member has a specified relationship with a person (or the person's agent) that contracts or seeks to contract for the sale or purchase of property, goods or services with UCRA by executing a Local Government Officer Conflicts Disclosure Statement.

In addition to the disclosures discussed above, each Board member should disclose his/her substantial interest in: Any business entity within UCRA's jurisdictional counties; any business entity with which the board member knows that UCRA has transacted business or is contemplating transacting business. The board member shall make this disclosure by filing an Affidavit and the Local Government Officer Conflicts Disclosure Statement with the UCRA.

Chapter 176 defines "family member" as a person related within the first degree of consanguinity (relationship by blood) or affinity (relationship by marriage), defined by Chapter 573, Subchapter B of the Government Code except that the term does not include a person who is considered to be related to another person by affinity only as described by Section 573.024(b), Government Code.

Persons related to a board member, officer, employee or agent with the first degree of consanguinity include a parent or child of the board member, officer, employee or agent respectively. Persons within the first degree of affinity include a husband or wife of the board member or employees.

FINANCIAL DISCLOSURE

Board members will comply with the standards of financial disclosure as contained in Chapter 572 of Texas Government Code generally described as; disclosure of private interest in pending measures or decisions and the abstention from participating in such measure, prohibits compensation for personal solicitation for the award of a contract to UCRA and requires financial disclosure by filing financial annual statements with the Texas Ethics Commission.

ADDITIONAL STANDARDS FOR PERSONS HANDLING INVESTMENTS

The following standards will be observed by the person(s) responsible for handling UCRA's investments; The UCRA Board will select a depository or depositories under the general provisions for the selection of depositories as provided in Chapter 116 of the Local Government Code. The depository shall be located within the boundaries of the UCRA unless the Board determines that a suitable depository cannot be found within those counties.

NEPOTISM

All Board members will comply with the standards relating to nepotism found in Chapter 573 of the Texas Government Code. An individual should not be eligible for employment by the UCRA if such individual is related to a board member within the third degree by consanguinity or within the second degree by affinity. This prohibition does not apply to an appointment, confirmation of an appointment, or vote for an appointment or confirmation of an appointment of an individual to a position if the individual is employed in the position immediately before the appointment of the board member to whom the individual is related in a prohibited degree and that prior employment is continuous for at least thirty (30) days.

If an individual continues in employment under this exception, the board member to whom the individual is related in a prohibited degree may not participate in any deliberation or voting on the appointment, reappointment, confirmation of the appointment, employment, reemployment, change in status, compensation or dismissal of the individual if that action applies only to the individual and is not taken regarding class or category of employees.

USE OF FUNDS AND PROPERTY

The funds, facilities, personnel, equipment, and supplies of UCRA shall be used in a manner consistent with Article III § 52 of the Texas Constitution, which prohibits grants of public funds or things of value to individuals, associates, or corporations.

RESPONSIBILITIES OF BOARD MEMBERS

UCRA Board members are responsible for the administration, coordination and compliance of this policy.

APPENDIX B
POLICIES FOR MANAGING FINANCES

The purpose of these policies is to establish guidelines for developing financial goals and objectives, making financial decisions, reporting the financial status of the Agency and managing Agency funds.

1. FINANCIAL RESPONSIBILITIES:

The UCRA follows accounting and financial management in accordance with *Generally Accepted Accounting Principles (GAAP)*. UCRA is also required to follow provisions applicable in Water Code, Chapter 49, Subchapter 'A' of Texas Government Code.

It is the responsibility of the Board of Directors to review financial policies and operations and activities on a regular basis. The Board delegates the oversight responsibility to the Treasurer and Executive Committee. The responsibility is shared through delegation with the River Authority staff.

The UCRA Financial Administrator acts as the fiscal agent, implementing all financial policies and procedures. The Financial Administrator, with the oversight of the Treasurer and Executive Committee, is responsible for the preparation and management of an annual budget and financial management of all agency funds, grants and special projects.

The Financial Administrator is also responsible for the day to day financial operations of the River Authority which include but are not limited to; management of agency funds, ensuring accuracy of the accounting records, internal controls, financial objectives and policies, financial statement preparation, bank reconciliation review, accounts payable and receivables, applicable tax reports and approval and management of payroll and payroll records for all personnel.

2. BUDGETING PROCESS:

The Board, in the conduct of River Authority affairs, will utilize the annual budget for the purpose of controlling and accounting for costs, planning, establishing functions and programs for the River Authority. The River Authority adopts an annual budget no later than August 31 in accordance with applicable state laws. This budget may be amended from time to time by authorization from the Board of Directors. This budget will be a true reflection of the River Authority's anticipated annual

expenditures and revenues. Each year during the annual budget review and adoption process the Directors will consider current, intermediate and long range goals for the organization based on anticipated revenues and expenditures.

3. AUDIT REQUIREMENTS:

An annual audit of the River Authority finances is conducted by an outside Independent Certified Audit Company in accordance with applicable state and federal laws. The UCRA is also subject to the Sunset Review process every 12th year, but is prohibited by law from being abolished.

4. REVENUE AND INCOME PROCEDURES

Funds received by the River Authority are approved and recorded by the Financial Administrator. Revenues are tracked by class within the accounting software to ensure that all funds received are allocated to specific grant or special project categories. Board members and staff are provided with an Accounts Receivable Report at the monthly board meetings. Reports include a list of current or pending receivables by date and project classification, agency funds are being received from and a current project balance. This reporting system provides Board Members and staff an on-going opportunity to track revenues.

5. PROCEDURES REGARDING MANAGEMENT OF EXPENDITURES AND PAYMENT OF EXPENSES

Board members and staff are given check registers that include all pending expenditures and copies of original receipts and any other applicable back up documentation at the monthly meetings. All receipts are classified according grants, special projects or general revenue providing board members and staff an opportunity to review and track expenditures. The Treasurer and a member of the executive committee also review all expenditures for approval prior to the meeting. Bills are not paid until the Board votes to authorize final payment.

6. SIGNATURE POLICY

All checks and payments require two authorized board members signatures. All Executive Officers are Signatories and are bonded.

7. COMPENSATION AND PAYROLL PROCEDURES

River Authority employees are paid twice a month through Direct Deposit. All River Authority employees are salaried. Additional information regarding compensation and fringe benefits may be found in the UCRA Employee Policy Manual. Employees are required to submit timesheet files via email to the UCRA Financial Administrator at the end of each month for review and approval. In an effort to reduce environmental waste, UCRA does not print timesheets unless required as back up documentation for projects.

Reimbursements for travel or any other applicable expenses are submitted separately for review and payment at the monthly board meetings.

8. LOCAL TRAVEL AND EXPENSE REIMBURSEMENTS

Board members and employees, by approval from the Board of Directors, may be reimbursed for travel, meals, lodging, mileage and other necessary or reasonable costs incurred by that official, employee or consultant while that person was conducting business for the River Authority.

Mileage is reimbursed at the current federal rate per mile for Directors, round-trip from the most direct route from the hometown of the Board member, employee or consultant to the destination where business was conducted. Employee mileage is paid at the current state rate per mile. Each board member receives compensation in the sum of \$150 per day, for each regular or special called meeting. Payment for attendance of any other meetings must be authorized by the Board of Directors.

In cases where air travel is authorized by the Board or pre-approved by a funding agency, the actual cost of a coach fare ticket is reimbursable. Unless restricted by state legislation, the actual costs of meals and lodging are reimbursable when it has been determined that costs are allowable, allocable and reasonable. Reimbursement of any kind for Directors, employees or consultants cannot be made unless actual receipts for any eligible reimbursement have been submitted to the River Authority for verification and payment.

9. BANKING AND INVESTMENT ACCOUNTS

The River Authority maintains an operating (checking) and investment account. Revenue and income is deposited into the investment account and transferred into the operating account at the end of each

board meeting to cover expenses. Funds may also be transferred from the investment to operating account one day prior to payroll. Authorized Board Members (signatory) may transfer monies between the checking to the investment accounts. The Financial Administrator is responsible for bank statement reconciliation, making and recording deposits and is authorized to make an electronic payroll transfer (if needed) from the investment account to the checking account twice a month one day prior to payroll.

10. INVESTMENT POLICY

- A. River Authority funds which are invested will be secured in order to preserve principal, earn interest and comply with various provisions of state law relating to the investment and security of the River Authority's funds. Any funds invested or reinvested by the River Authority's investment officer will be in national or state banking associations or savings and loan associations located within the State of Texas or in federal treasury bills. The principal plus interest will not exceed FDIC insurance limits, unless collateral securities of a market value equal to the investment has first been pledged to the River Authority by the financial institution receiving the River Authority's investment.

Those collateral securities acceptable to the River Authority will include: (1) governmental securities obligations issued State of Texas, it agencies or political subdivisions; (2) direct obligations of the United State of America, backed by the full faith and credit of the U. S. Government; (3) any other obligations or securities authorized to be collateral securing funds of River Authority under the laws or the State of Texas approved by the Board of Directors.

- B. The investment officer will ensure that the custodian of the collateral will be an independent third party Texas financial institution and the investment officer will obtain safe-keeping receipts from the Texas financial institution regarding same.

11. INSURANCE & BONDING

Board Members authorized to conduct banking business and sign checks on behalf of the River Authority must be bonded.

12. EQUIPMENT

“Equipment” is defined as tangible, non-expendable personal property with a useful life of greater than one year and a per unit cost greater than \$5000. The River Authority does not currently own or have any plans purchase equipment. If at such time the River Authority must purchase equipment the General Procurement Policy will be adhered to and the proper inventory and assessment protocols will be adopted and followed. River Authority assets are reviewed annually by an independent auditor and adjusted according to a depreciation schedule.

13. DOUCMENT RETENTION

UCRA follows the Texas State Records Retention Schedule, Texas Administrative Code, Title 13, Chapter 6, Section 6.10, for River Authority records. UCRA formally adopted the Local Schedule GR Policy now on file with the Texas State Library and Archives Commission. The designated Records Retention Officer for UCRA is the Financial Administrator.

14. FINANCIAL PROCEDURES PERTAINING TO SPECIAL PROJECTS AND GRANTS:

Financial management of all state, federal and local agreements is conducted by the UCRA Financial Administrator. The organization’s financial management system tracks revenues and expenditures for each project by class. Records are tracked to show applicable obligations, unobligated balances, assets, outlays, income and interest. Quarterly comparisons are made in each grant classification and annual review is conducted at the end of the fiscal year to assess expenditures, revenues and project adherence to the contract. The River Authority maintains extensive source documentation for all entries into the financial and accounting systems. The River Authority also maintains a schedule to ensure annual updates are made to the Central Contractor Registration System (CCR) and update information for sub-recipients in required for applicable federal grant projects.

A. Procedures for drawing funds and issuing payments:

- i. The Financial Administrator is authorized to request payment from Federal, State and Local Government and its agency representative.
- ii. The Financial Administrator is authorized to prepare payments for project expenses. Payments are submitted for review and approval to the Board at the monthly meetings to ensure that expenses are allowable, allocable and reasonable.

- iii. Receivables reports are generated and presented by date to the Board of Directors each month to track current and pending payments and expenditures requested and received.
- iv. Banking records and source documentation are provided to verify that transactions are accurate and record when they were made.
- v. Original receipts with project classifications are always required for payment to ensure accuracy.
- vi. Agency software is used to track all expenses and revenue by project and generates reports to match with other records.
- vii. Grants and special projects are billed on a quarterly and monthly basis or as otherwise specified within the project contract. A tracking system is in place to ensure reporting is submitted in a timely manner.
- viii. A tracking system for expenses is in place and constantly under review to ensure that all costs for special projects and grant are reasonable, allocable and allowable and do not exceed the budgeted amount.
- ix. Payment requested from Grantors will be for funds already expended and paid. No advance payments will be requested for any project.

B. Procedure for Matching and Cost Sharing for Federal Grants:

Matching funds are sometimes required for specific grants and projects. UCRA uses a pre-evaluation process to determine the match requirements prior to submitting the contract proposal. Cost sharing by UCRA for Federal Grants is achieved by an agency cash match of the amount required for the project and paid directly to the Grantor by UCRA.

APPENDIX C
PROFESSIONAL SERVICES POLICY

Procurement is the process for obtaining supplies, expendable property, equipment, real property and services, including contracting, consultant agreements, sub awards or sub grants or any other types of agreements that transfer funds outside of the organization. UCRA is committed to the following:

1. Conflict of Interest:

UCRA has an adopted code of conduct which specifically addresses conflict of interest in regards to professional services.

2. Maintain a List of Qualified Persons:

UCRA will maintain a list of at least three qualified persons or firms for professional services used by the authority for contracts over \$25,000. The pre-qualified persons or firms will be sent a request for proposal for any contract award which is expected to exceed \$25,000.

3. Cost Thresholds & Procurement Authorization:

The Board must authorize procurement of all expenses exceeding \$5000 either by Board vote or pre-approval of contracts with budgeted items specific to supplies, property, equipment, real property and service.

4. Review of unnecessary purchases and limit purchases to necessary quantities:

Purchases will be reviewed by the UCRA Financial Administrator before purchase is made to ensure that all purchases are necessary and quantities ordered acceptable.

5. Requirement to review lease vs. purchase alternatives when appropriate:

UCRA is required to review lease vs. purchase alternatives when appropriate.

6. Perform a cost of price analyses for all procurements:

A cost of price analyses will be performed for all procurements.

7. Procurement transactions that maximize open and free competition:

UCRA will ensure that all procurement transactions maximize open and free competition.

8. Provisions for Conducting Solicitations:

UCRA will ensure that the following guidelines in conducting solicitations by: developing a clear scope of work, stating requirements and features a prospective bidder must meet, state a preference for conserving natural resources and the environment, and make efforts to use small disadvantaged and minority owned firms when possible.

9. Requirements to Document:

During any procurement procedure the UCRA will document the reasoning for the type of procurement being used, the basis for contractor selection, basis for cost award and price, and if applicable, justification for lack of competition or sole source procurement.

10. Provisions that ensure that all goods and services are received, approved and acceptable before payment is made:

Payment will not be made until UCRA ensures that all goods and services are received, approved and acceptable.

11. Provisions that no contract or sub-award will be entered into with parties that are debarred, suspended or excluded from Federal Assistance Programs:

UCRA will check the Excluded Party List System (<http://epls.gov>) to ensure any recipient is not debarred, suspended or excluded from federal contracting or receiving federal funds. UCRA will also require any contractors and sub-award recipients of federal funds to certify that they have not been debarred, suspended or excluded from any Federal assistance programs.

12. Provisions in the contract or agreement for termination and Federal access to contract records:

UCRA will require termination language in any contract or agreement and will also require that participants allow Federal access to all pertinent contract records.

13. Guidelines for documenting contract files:

Contract files will include copies of all executed agreements, invoices and records pertinent to the contract. UCRA will keep records of all contract files for a minimum of 3 years from close of project.

APPENDIX D

POLICY ON UTILIZATION OF HISTORICALLY UNDERUTILIZED BUSINESSES (HUBs)

I. POLICY STATEMENT

The Upper Colorado River Authority, (UCRA) is committed to providing procurement and contracting opportunities for *Historically Underutilized Businesses (HUBs) as required by the State of Texas in accordance with:

1. Chapter 2161.002, Title 10 of the Texas Governmental Code; and
2. Chapter 20.284, Title 34 of the Texas Administrative Code adopted by the Comptroller of Public Accounts,

It is the UCRA's policy to promote full and equal business opportunities for all businesses in state contracting in accordance with the goals specified by the State of Texas.

II. AGENCY RESPONSIBILITIES

- A. UCRA will make a good faith effort to utilize HUBs in contracts for professional services (as defined by Chapter 2254), services and commodities purchases.
- B. For goods and services, UCRA will make a good faith effort to increase contract awards that the agency expects to make during a fiscal year to HUBs.

***Historically Underutilized Business (HUB) Defined:**

A for-profit entity that has not exceeded the size standard prescribed by 34 TAC §20.294, and has its principal place of business in Texas and is at least 51% owned by an Asian Pacific American, Black American, Hispanic American, Native American, American woman and/or Service Disabled Veteran. Must also reside in Texas and actively participate in the control, operations and management of the entity's affairs. <https://comptroller.texas.gov/purchasing/vendor/hub/>

APPENDIX E

POLICY FOR NEGOTIATED RULEMAKING AND ALTERNATIVE DISPUTE

I. POLICY STATEMENT

It is the policy of the Upper Colorado River Authority (UCRA) to encourage the use of Negotiated Rulemaking under Government Code Chapter 2008 and Alternative Dispute Resolution (ADR) procedures under Government Code Chapter 2009 when appropriate, to assist in any internal or external disputes that may occur under the agency's jurisdiction.

II. AGENCY PROCEDURES FOR NEGOTIATED RULEMAKING

- A. UCRA will encourage the use of Negotiated Rulemaking procedures to resolve internal and external disputes when the procedure best serves the public interest as determined by the Board of Directors after consultation with legal counsel.
- B. When utilizing Negotiated Rulemaking, the UCRA adopts by reference, guidelines set forth in Government Code 2008, Subchapter B, "Procedures for Negotiated Rulemaking".

III. AGENCY PROCEDURES FOR ALTERNATIVE DISPUTE RESOLUTION

- A. UCRA will encourage the use of ADR procedures to resolve internal and external disputes when the procedure best serves the public interest as determined by the Board of Directors after consultation with legal counsel.
- B. UCRA encourages the fair and expeditious resolution of disputes through ADR procedures. UCRA adopts by reference the model guidelines for Alternative Dispute Resolution Procedures developed by the State Office of Administrative Hearings (SOAH). Guidelines are located at the SOAH website:
<http://www.soah.texas.gov/Hearings-And-Mediation/mediation.html>.