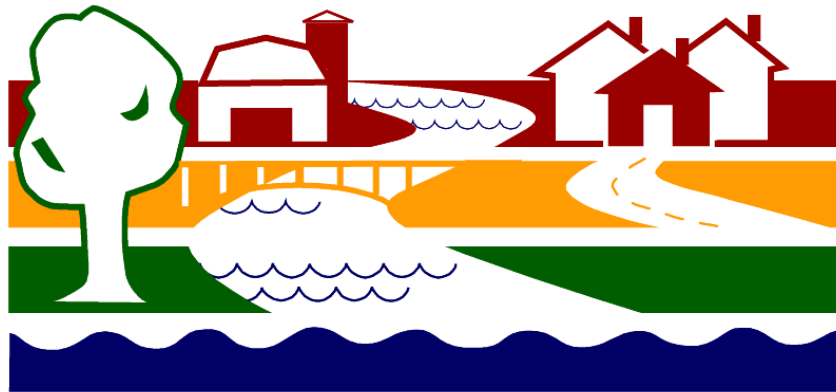


Strafford Regional Planning
Commission
Operating Procedures

S t r a f f o r d



REGIONAL PLANNING

C O M M I S S I O N

Amendment Concurrence, October 19, 2018

Strafford Regional Planning Commission Executive Committee

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I. INTRODUCTION

A. Organization

The New Hampshire legislature established the regional planning commissions through RSA 36:45-58. Functions of the regional planning commissions include the creation and maintenance of a regional master plan and regional housing needs assessment, reviews of projects of regional impact, and the provision of technical assistance to municipalities in their planning regions. One of the nine regional planning commissions in the state, the Strafford Regional Planning Commission (SRPC) has been active for over 46 years.

SRPC serves the 18 municipalities that make up the Strafford region and is governed by Commissioners appointed by each municipal government respectively.¹ Representatives are nominated by the planning board of each municipality and appointed by the municipal officers. Each municipality may appoint alternate Commissioners as they deem necessary.

Municipalities pay dues to support the operation of the SRPC² and in turn are entitled to the technical expertise and planning support of the SRPC staff and organization. Commissioners approve the SRPC's budgets, work plans, policies, procedures, and products.

SRPC's mission is to assure that the region is responsive to the needs of its residents through cooperation with federal and state agencies and its member municipalities, through the implementation of its policies and plans, and through the provision of local planning assistance. These actions foster sustainable development and improve the quality of life in the region. Sustainable development balances economic progress with environmental protection and community well-being.

The SRPC staff provides planning expertise in the areas of land use, transportation, economic development, hazard mitigation, water and natural resources protection, and public health. Staff members deliver this specialized assistance through geographic information systems (GIS), data collection and analysis, meeting facilitation, communications and outreach, master planning, and project management.

The SRPC bylaws specify the annual election of a seven-member Executive Committee from among the Commissioners serving one year. The Executive Committee has three officers (the Chair, Vice-Chair, and Treasurer), and four additional members. It may elect or appoint other officers as deemed necessary. The Executive Committee oversees the administration of the organization, including hiring and supervising the Executive Director, adopting personnel policies, recommending an annual budget and dues to the Commission, monitoring fiscal matters, providing authorization for executive director to negotiate and enter into contracts and agreements, authorizing use of Commission line of credit, and other duties as may be deemed appropriate by the Commission. In carrying out its responsibilities, the Executive Committee strives to ensure that the work produced by SRPC is in accordance with the Commission's policies as stated in the Mission Statement and via other Commission actions.³

¹ RSA 36:46 Formation of regional planning commissions

² RSA 36:49 Finances

³ http://strafford.org/cmsAdmin/uploads/adopted-revisions_strafford-regional-planning-commission-bylaws_101118.pdf

B. Internal Control Structure

As evidenced by the SRPC Values Statement, approved at the December 2016 Commission meeting, SRPC’s core values embrace collaboration, integrity, responsiveness, resourcefulness, and high standards of service. With the related tenets of fiscal soundness, timeliness, and ethical behavior, a clear indication of how we carry out all aspects of our work can be seen.

Strafford Regional Planning Commission VALUES STATEMENT

Purpose: Creating Local Solutions for the Strafford Region¹



<p>Making a difference - through public service</p> <ul style="list-style-type: none"> ▪ As a political subdivision of the State <ul style="list-style-type: none"> ▫ Regional Planning Commission ▪ As a federally designated entity <ul style="list-style-type: none"> ▫ Metropolitan Planning Organization ▫ Economic Development District ▫ Local Development District ▪ Pursuing not for profit status <ul style="list-style-type: none"> ▫ 501 (c) 3 	<p>CORE VALUES</p>	<p>Collaboration <i>Respectful, Inclusive, Participatory</i></p> <p>High Standards of Service <i>Quality, Fiscal Soundness</i></p> <p>Integrity <i>Trust, Ethical, Forthright</i></p> <p>Responsiveness <i>Timely, Reliable, Respectful</i></p> <p>Resourcefulness <i>Creative, Open, Learning</i></p>
<p>GUIDING PRINCIPLES</p> <ul style="list-style-type: none"> • We are a learning environment. • Our considerations and actions are comprehensive. • Our use of Yankee ingenuity respects our history. • Our actions lead us into the future. 	<p>We know the core values are working if they:</p> <ul style="list-style-type: none"> ✓ Guide processes and decision making ✓ Are practical and easily applicable to decisions ✓ Lead to decisions that promote the greater good ✓ Lead to decisions that are fair and just 	

¹ Local Solutions for the Strafford Region, which defines who we are, is the title of our regional master plan.

1. Accounting System

SRPC uses QuickBooks accounting software and Microsoft Office to prepare and process financial documents. SRPC maintains records and provides reports in such form and containing such information as required by each funding source. Accounts and documents are maintained in a manner that permits expeditious determination of the status of funds and the levels of services, including the disposition of all monies received from funding sources and the nature and amount of all charges claimed against such funds in accordance with 2 CFR 200.302(b)1–7.

2. Internal Controls

The Executive Director is responsible for administering and ensuring compliance with procedures and policies. Effective control and accountability is maintained for all assets of the organization. SRPC safeguards all assets and ensures they are used for authorized purposes. To provide an accurate and auditable record of all financial transactions, SRPC’s books, records, and accounts are maintained according to generally accepted accounting principles. SRPC staff members and the Financial Consultant are responsible for safeguarding organization assets under their control and for maintaining an auditable record of financial transactions. Further, the organization specifically prohibits establishing or maintaining funds or for purposes that are not fully and accurately described on the books and in the records of the organization. Receipts and disbursements must be fully and accurately described on the books and in the records of the SRPC.

If any SRPC employee or the Financial Consultant has reason to believe that the organization's books and records are not in accord with the foregoing requirements, they shall immediately report the matter to the Executive Director or the Executive Committee.⁴

C. Governance – Financial Team & Line of Authority

1. Commission

The Commission shall:

- Adopt the annual budget.
- Adopt the annual work plan.
- Approve the annual municipal dues structure.

2. Executive Committee

The Executive Committee has the sole authority to:

- Recommend adoption of the annual operating budget to the Commission.
- Recommend adoption of the work plan to the Commission.
- Recommend adoption of the annual municipal dues to the Commission.
- Review and accept monthly financial statements and the annual audit.
- Review and adopt personnel procedures.
- Authorize the Executive Director to negotiate and enter into contracts and agreements on behalf of the Commission.
- Monitor fiscal matters including the expenditure of all Commission funds.
- Authorize use of the Commission's line of credit.⁵

The Secretary/Treasurer co-signs checks; reviews monthly bank statements, credit card statements, general journal entries, and financial statements; reviews the Executive Director's bi-weekly time sheets, expenses, and mileage reports submitted for reimbursement; and discusses concerns with the Financial Consultant, Executive Director, or appropriate governing body.

3. Executive Director

The Executive Director is responsible for the following fiscal activities:

- Developing the budget and presenting it to the Executive Committee for recommendation and approval.
- Monitoring the budget.
- Reviewing and presenting financial statements to the Executive Committee for acceptance.
- Reviewing internal controls and financial policies in a continuous process.
- Overseeing the annual audit of SRPC's financial statements by a certified public accounting firm.
- Overseeing general and daily financial management.
- Overseeing spending decisions within the parameters of the approved operating budget.

⁴ 2 CFR 200.303

⁵ This would require an update to the Commission Bylaws to expand authority.

4. Confidentiality and Records Security

Access to the financial system is restricted to the Executive Director and Financial Consultant. The Information Technologies staff does not have access to the SRPC financial systems.

The accounting system has sufficient built-in general and application controls to preclude unauthorized access to data.

D. Fiscal Year

The SRPC fiscal year runs from July 1 to June 30.

E. Accrual Accounting

SRPC maintains its records on an accrual accounting basis.

F. Maintenance & Amendments to this Manual

These policies may be changed or amended at any time by the Executive Director with the concurrence of the Executive Committee. Every two years, the Executive Director and Financial Consultant must review the contents of this manual and any recommendations made by the auditors during annual audit process. Any updates or changes made as a result of this review will be brought to the Executive Committee for its concurrence.

II. REVENUE, CASH RECEIPTS, AND ACCOUNTS RECEIVABLE

A. Revenue Monitoring & Reports

The Executive Director and the Executive Committee share the responsibility for annually monitoring SRPC's budgeted revenue. Financial statements are provided to the Executive Committee for its review and acceptance.

B. Banking

All SRPC bank accounts are federally insured.

C. Receipt of Cash

Cash receipts, such as from the sale of tickets to the annual meeting, are an exception and normally received on only a very limited basis. Every effort is made by the SRPC staff and Financial Consultant to provide payment options other than cash. Any cash received is processed daily, or upon receipt by the Financial Consultant.

Checks are primarily received by mail and date-stamped by the staff member processing the mail. Checks are stamped for deposit by the Financial Consultant and either deposited by the Financial Consultant or Executive Director, or left in a locked file cabinet for the Financial Consultant or the Executive Director to deposit at a future date. When a check is received and the Financial Consultant is out, the employee processing the mail stamps the check received and gives it to the Executive Director. If both the Executive Director and Financial Consultant are unavailable, the check is stamped with the date received, placed in sealed envelope, and slid under the Executive Director's office door, which is locked when the Executive Director is not present.

Accurate records regarding all checks and accompanying documentation, including photocopies where appropriate, are maintained at all times.

Until they are deposited, checks and other cash receipts are retained in a secure area with access limited to designated staff members. (See the process above for receiving checks.)

Funds are deposited on a timely basis.

D. Reconciliations

Bank statements are reconciled monthly by the Financial Consultant and reviewed and signed by the Secretary/Treasurer and the Executive Director.

III. PURCHASING

A. Signature Authority

The Executive Director has authority to execute the following documents related to purchases on behalf of SRPC:

- Contracts for general and professional services.
- Capital purchases.
- Leases and rental transactions.
- Proposals and grant applications.
- Contracts, awards, agreements, and grants.

B. Normal Expenditures

Expenditures that are ordinary and conform to the approved annual budget must be initiated in writing and approved by the Executive Director.

C. Procurement Procedures

Procurement procedures are contained herein for federally funded purchases.

Non-federally funded purchases or services up to \$1,000 must be approved by the Executive Director prior to purchase. All approval documentation, receipts, and shipping/receiving documents must be provided to the Financial Consultant.

Non-federally funded purchases or services over \$1,000 require documentation that three comparative quotes were obtained. If three quotes were not obtained, there must be documentation for the process that was followed. The Executive Director must approve the selected quote and process documentation. All approval documentation, receipts, and shipping documents must be provided to the Financial Consultant.

D. Lease of Office Space

When the office lease is due for renewal, the Executive Director reviews space requirements and seeks proposals for renewal, alternative locations, or both.

E. Independent Contractors, Control Of

The use of consultants must be closely monitored so as not to vary from the rules of the Internal Revenue Service in determining Independent Contractor Status.

IV. DISBURSEMENTS

A. Signature Authority

All checks issued by SRPC must be signed by two of the following authorized officials wherein the Executive Committee is the authorizing body:

- Executive Director.
- Secretary/Treasurer.
- Up to three members of the Executive Committee.

Checks made payable to the Executive Director are signed by two of the individuals holding an authorized position as named above.

The Executive Director shall not authorize their own time sheet, approve their own expense or mileage reports, or sign any checks that name them as the recipient.

B. Line of Credit

To ensure timely payment of liabilities, given the varying revenue streams and receipt of payments, the Executive Committee has established a line of credit with Federal Savings Bank or other named institution during the first quarter of Fiscal Year 2018.

The Executive Committee has the authority to renew or expand existing SRPC lines of credit.

The Executive Director may approve draws against the line of credit as needed for operations and must notify the Secretary/Treasurer. The account is reconciled monthly by the Financial Consultant and reviewed by the Executive Director and Secretary/Treasurer.

C. Disbursements

1. Purchase Orders

- Purchase orders are created for the majority of purchases and must be approved by the Executive Director prior to use of the credit card or the disbursement of a check.
- Only last-minute purchases under \$250 may be made without a purchase order.
- All Purchase orders are coded to the proper award or contract, indirect costs, or local technical assistance costs.
- All Purchase orders must have all required back-up documentation attached prior to approval by the Executive Director.

2. Vendor Invoices

- Invoices and vendor correspondence received by mail are stamped with the date received by the mail processing staff and approved by the Executive Director.
- Invoices and vendor correspondence received by email or delivered by hand are presented to the Executive Director for signature and date approval.
- Once the Executive Director approves an invoice, it is paid by the Financial Consultant.

3. Disbursement Process

- Disbursements are generally made by check or credit card and are accompanied by a purchase order and all substantiating documentation to justify the disbursement.
- All disbursement are approved by the Executive Director, coded to a general ledger expense, and assigned to a QuickBooks Customer for billing purposes.

4. Check Procedures

- Blank checks are stored in a locked file cabinet in the Financial Consultant's work area. Each time a block of checks is removed from inventory, the Financial Consultant logs their numbers and signs a check log with the date the checks were removed from inventory.
- All checks are pre-numbered.
- No checks may be written to "cash" or "bearer."
- Pre-signing blank checks is not permitted.
- Expense report forms and checks payable to the Executive Director must be approved by an officer or member of the Executive Committee.
- The Executive Director, designated as an authorized check signer, may not have any responsibilities related to the recording of financial transactions or to the maintenance or reconciliation of financial records of the organization.

D. Credit Cards

Four objectives have been established for the use of the credit card, as follows:

- Ensure credit card purchases are made in accordance with the policies and procedures established by the SRPC.
- Enhance productivity, significantly reduce paperwork, improve controls, and reduce the overall cost associated with small purchases.
- Ensure appropriate internal controls are established so that credit cards are used only for authorized purposes.
- Ensure SRPC bears no legal liability from inappropriate use of the credit card(s).

1. Scope

The Executive Director makes all decisions regarding the use of the SRPC credit card by employees and the establishment of any and all additional controls for its use.

2. Applicability

This procedure applies to all Commission employees.

3. Credit Card Use

- SRPC credit cards are to be used solely for Commission purchases.
- SRPC credit cards will not be used for personal purchases of any kind.
- Any credit card purchase over \$250 must first have an approved purchase order signed by the Executive Director or the Secretary/Treasurer.
- All approved credit card purchases must align with SRPC's procurement procedures and have supporting documentation.
- When using a credit card, the designated card user should ensure that the goods or services to be purchased are budgeted and allowable.

4. Documentation and payment procedures

It is important that card users adhere to the following procedures. Failure to keep adequate receipts or any abuse of these provisions will result in cancellation of the employee's credit card privilege.

a. **Documentation**

Anytime a purchase is made using a credit card, every effort should be made to obtain a purchase order first. If the Executive Director has verbally approved an emergency purchase, the staff member initiating the purchase must obtain a customer copy of the charge slip and give it to the Financial Consultant for the creation of a purchase order, if necessary, and to document the Executive Director's approval.

b. **Missing Documentation**

If the staff member or designated card user making a purchase does not have a receipt or other original purchase documentation, they must provide a statement that includes a description of the item, date of purchase, merchant's name, and an explanation for the missing support documents. That statement must be approved by the Executive Director and submitted to the Financial Consultant as documentation of the purchase. Missing documentation or documentation that does not identify specific food and drink items that were purchased will be disallowed if billed to a federally funded project or agreement.

c. **Payment Procedures**

The Financial Consultant verifies that purchases listed on the credit card statement were approved by the Executive Director.

d. **Missing Receipts**

If a receipt or purchasing record is missing, the instructions in (b) above (Missing Documentation) must be followed. It is the staff member's responsibility to submit documentation in a timely manner when making any purchases using the SRPC credit card.

e. **Reconciliations**

The Financial Consultant reconciles all credit cards monthly.

5. Approval

The Secretary/Treasurer reviews each transaction on the credit card statement. At a minimum, the items, vendor, and account number are reviewed to determine whether the purchase was made for official use and in accordance with policies and procedures.

If for any reason the Secretary/Treasurer questions the purchase(s), their questions must be resolved with the Executive Director or Financial Consultant. Resolution for improper use of the credit card is the responsibility of the Executive Director and Secretary/Treasurer. Disciplinary action will result for misuse of the credit card. Abuse of the credit card program by an employee could result in termination of employment.

6. Lost or Stolen Credit Cards

It is the responsibility of the Executive Director or designated card user to immediately notify the Financial Consultant of a lost or stolen credit card.

Failure to promptly notify the issuing bank of the theft or loss of the credit card could make SRPC responsible for any fraudulent use of the card and could result in loss of privileges for the designated card user.

7. *Termination or Transfer*

Upon termination of employment for any reason, a designated card holder must relinquish their credit card at the time of separation from SRPC. The Financial Consultant will notify the credit card issuer, and the cardholder's card will be immediately deactivated. Anyone who fraudulently uses the credit card after separation from SRPC will be subject to legal action.

E. Adjusting Journal Entries

Journal entries are recorded and reviewed monthly. All journal entries are approved at the close of each month by the Executive Director, the Secretary/Treasurer, or both.

V. PERSONNEL FILES AND PAYROLL PROCESSING

Personnel files are maintained in a locked cabinet in the Executive Director's office and the Financial Consultant's work space.

Changes in staff payroll data are approved only by the Executive Director, and supporting documentation must be maintained in the employee's human resources file.

A change in the Executive Director's compensation must be approved by the Executive Committee, and a letter documenting the change signed by the Chair or Secretary/Treasurer must be maintained in the Executive Director's human resources file.

Timesheets are reviewed weekly by the Financial Consultant and approved by the Executive Director.

Payroll is processed bi-weekly in QuickBooks.

No loans or advances on payroll will be made.

All employment tax deposits are made and returns prepared and submitted by the QuickBooks Payroll Assisted service.

VI. BUDGETING AND FINANCIAL REPORTING

A. Budgeting

An annual operating budget is drafted by the Executive Director and reviewed by the Executive Committee. The Executive Committee recommends a draft budget to the full Commission for consideration at the Annual Meeting. Financial statements are provided to the Executive Committee with an explanation of significant variances.

B. Financial Statements & Reporting

Financial reports are prepared by the Financial Consultant and reviewed and signed by both the Executive Director and the Secretary/Treasurer prior to distribution. Copies must be provided to the Executive Committee for its review and acceptance.

Financial statements include a Balance Sheet, Profit and Loss, Income by Customer, Profit & Loss Budget vs. Actual, and an Accounts Receivable Aging Summary.

C. Audit⁶

SRPC is audited annually by an independent certified public accountant.

Proposals for auditing services must be secured every three years, although a change in auditors is not required.

The Executive Director reviews the completed audit report and, along with the audit firm, presents the financial statements to the Executive Committee for acceptance.

SRPC is required to have its audit conducted in accordance with U.S. generally accepted auditing standards; the standards for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; the Single Audit Act and Amendments currently in effect; and the provisions of the Uniform Grant Guidance, "Audits of States, Local Governments, and Non-Profit Organizations."

The scope of the audit shall meet any additional requirements associated with sources of funds received during that fiscal year.

Copies of the accepted audit report(s) are provided to the Executive Committee and made available to federal, state, and other funders as required and to the public upon request.

SRPC will ensure the timely and appropriate resolution of audit findings and recommendations.

D. Document Retention & Disposal⁷

If any funding sources (e.g., contracts or award agreements) impose specific requirements that are more stringent than those prescribed by law (49 CFR Part 18 Section 18.42), the more stringent requirements shall be followed.

Financial records, supporting documents, statistical records, and other records pertinent to a federal award must generally be kept three years from the date of submission of the final expenditure report or, for federal awards that are renewed quarterly or annually, from the date of submission of the quarterly or annual financial report,

⁶ 2 CFR 200.500–521

⁷ 2 CFR 200.333–337

respectively. This rule also applies to SRPC's subrecipients. SRPC may not impose any other record retention requirements upon a subrecipient, except as follows:

- If any litigation, claim, or audit is started before the three-year period expires, the records must be retained until all litigation, claims, or audit findings have been resolved and final action taken.
- When SRPC receives written notification to extend the retention period by the federal agency, cognizant agency for audit, oversight agency for audit, cognizant agency for indirect costs, or pass-through entity.
- Real property records must be retained for three years after final disposition.
- When records are transferred to or maintained by the federal awarding agency, the three-year retention requirement is not applicable.
- When there are records for program income after the period of performance, the retention period starts from the end of the SRPC fiscal year in which the program income was earned.
- Indirect cost rate proposals and cost allocation plans, if submitted for negotiation, are retained for three years starting from the date of submission. If they are not submitted for negotiation, the three-year period begins at the end of the fiscal year covered by the proposal, plan, or other computation.

VII. FEDERAL CASH MANAGEMENT

Standards for financial and program management are found at 2 CFR 200.300–345.

Every federal award that SRPC enters into as a recipient or subrecipient includes the following information, which is retained in an Agreement Binder in the Financial Consultant’s office space:

- CFDA title and number.
- Federal award identification number and year.
- Name of federal agency.
- Name of pass-through entity, if any.⁸

All federal requirements pertaining to the specific (sub)award must be followed.

Reimbursement requests for costs incurred must follow stated guidelines and rules in the (sub)award. SRPC monitors each (sub)award’s costs and expenditures closely to ensure that the Commission does not go over budget and that the cash is available for spending. All efforts must be taken to avoid spending monies that are unavailable or incurring costs that are not expected to be reimbursed.

The determination of the required match, levels of effort, or leveraging is the responsibility of senior program staff members under the direction of the Executive Director and must be completed for the preparation of (sub)award proposals and for collaborative multiagency proposals.

Methods of valuing matching requirements and in-kind contributions of property or services, calculations of effort, and leveraging are maintained by the Financial Consultant and overseen by the Executive Director in the management of the (sub)award over the duration of the (sub)award. These methods are to be based on federal requirements specific to that award, as stated in the (sub)award, or based on accepted federal policies for that program. Day-to-day accounting of match and level of effort are monitored and documented by the program manager and the Financial Consultant during the course of the (sub)award.

Subawards between SRPC and another entity must be consistent with federal requirements governing the award. Payments will be made on a no more than monthly basis, and SRPC must receive invoices by the 8th of each month to be included in the upcoming billing cycle, unless otherwise specified in the (sub)award with the subrecipient. Unless explicitly forbidden by the awarding agency, SRPC is not obliged to make a payment disbursement under a subagreement for funds which are not first made available by the federal awarding agency.

SRPC follows the federal requirements in [OMB Uniform Guidance, Subpart E \(Cost Principles\)](#) in establishing its procedures for administering all awards for federally funded program agreements.

In addition, whether a cost is allowable is further determined by any additional federal requirements pertaining to the specific (sub)award.

Subsequent to the identification of any instances of noncompliance, SRPC shall take all necessary and prompt actions to remedy the situation including notifying the awarding agency. All such actions must be documented in writing.

⁸ 2 CFR 220.302 (b)(1)

Reference Quick Links for More Information:

- 2 CFR [200.302](#) Financial Management.
- 2 CFR [200.303](#) Internal controls.
- 2 CFR [200.327](#) Financial reporting.
- 2 CFR [200.328](#) Monitoring and reporting program performance.
- 2 CFR [200.305](#) Payment.
- 2 CFR [Subpart E](#) – Cost Principles

A. Equipment Record Keeping

The Financial Consultant oversees the maintenance of all records for the acquisition and disposition of property acquired with federal awards by retaining purchase receipts and confirmations of purchase and attaching them to expense vouchers for review and approval. Such documentation must be maintained for equipment with a useful life greater than one year⁹ and an acquisition cost equal to or greater than \$5,000.¹⁰

Backup documentation must be retained by the Financial Consultant in a locked file cabinet.

SRPC records and maintains equipment purchases and disposals on a spreadsheet showing description, serial number or other identification number, source of funding for property, title holder, date of purchase and cost, model, status and location of equipment, and disposal date and method.

SRPC places property tags on each item that correspond with the spreadsheet.

SRPC performs physical inventories of equipment at least once every two years.¹¹

Upon receipt, all inadequate or broken equipment shall be returned to the vendor with a request for full refund or replacement. If a refund is given, the federal award shall be credited for the refund amount that was originally requested of the (sub)award.

Technical support and warranty paperwork must be kept in the User Manual office files under oversight of the Executive Director.

There are risks from vendor inadequacy, quality of goods or services and delivery, warranty assurances, user support, etc. SRPC must scrutinize each situation and purchase, and attempt to make intelligent and responsible choices. Some monetary risks may be avoided by using known, reliable vendors.

Disposition instructions from the federal awarding agency will be requested if required by the terms and condition of the award.

Equipment items with a fair market value of \$5,000¹² or less will be retained, sold, or otherwise disposed of with no further obligation of the federal awarding agency.

⁹ Using federal requirements

¹⁰ Ibid

¹¹ 2 CFR 200.313

¹² 2 CFR 200.313 (e)(1)

B. Procedures for Determining Allowable Costs

All costs incurred are reviewed monthly to determine whether each cost is an allowable under the federal award (2 CFR 200.403).

All costs must:

- Be necessary and reasonable for the performance of the federal award and be allocable thereto under these principles.
- Conform to any limitations or exclusions set forth in these principles or in the federal award as to types or amount of cost items.
- Be consistent with policies and procedures that apply uniformly to both federally financed and other activities of the non-federal entity.
- Be accorded consistent treatment. A cost may not be assigned to a federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the federal award as an indirect cost.
- Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in this part.
- Not be included as a cost or used to meet cost-sharing or matching requirements of any other federally financed program in either the current or a prior period.
- Be adequately documented.

<i>Selected Cost Item</i>	<i>Uniform Guidance General Reference</i>	<i>Allowable/Unallowable</i>
Advertising and public relations costs	§200.421	Allowable with restrictions
Advisory councils	§200.422	Allowable with restrictions
Alcoholic beverages	§200.423	Unallowable
Audit services	§200.425	Allowable with restrictions
Compensation – personal service	§200.430	Allowable with restrictions
Compensation – fringe benefits	§200.431	Allowable with restrictions
Conferences	§200.432	Allowable with restrictions
Depreciation	§200.436	Allowable with qualifications
Employee health and welfare costs	§200.437	Allowable with restrictions
Entertainment costs	§200.438	Unallowable with exceptions
Equipment and other capital expenditures	§200.439	Based on specific requirements
Fines, penalties, damages and other settlements	§200.441	Unallowable with exception
Gains and losses on disposition of depreciable assets	§200.443	Allowable with restrictions
Goods or services for personal use	§200.445	Unallowable (goods/services); allowable (housing) with restrictions
Insurance and indemnification	§200.447	Allowable with restrictions
Interest	§200.449	Allowable with restrictions
Lobbying	§200.450	Unallowable

<i>Selected Cost Item</i>	<i>Uniform Guidance General Reference</i>	<i>Allowable/Unallowable</i>
Losses on other awards or contracts	§200.451	Unallowable (however, they are required to be included in the indirect cost rate base for allocation of indirect costs)
Maintenance and repair costs	§200.452	Allowable with restrictions
Materials and supplies costs, including computing devices	§200.453	Allowable with restrictions
Memberships, subscriptions, and professional activity costs	§200.454	Allowable with restrictions; unallowable for lobbying organizations.
Organization costs	§200.455	Unallowable except federal prior approval
Plant and security costs	§200.457	Allowable; capital expenditures are subject to §200.439
Professional service costs	§200.459	Allowable with restrictions
Proposal costs	§200.460	Allowable with restrictions
Publication and printing costs	§200.461	Allowable with restrictions
Recruiting costs	§200.463	Allowable with restrictions
Rental costs of real property and equipment	§200.465	Allowable with restrictions
Selling and marketing costs	§200.467	Unallowable, except as direct cost with prior approval
Training and education costs	§200.472	Allowable for employee development
Transportation costs	§200.473	Allowable with restrictions
Travel costs	§200.474	Allowable with restrictions

C. Travel¹³

Employees will be reimbursed for expenses incurred on behalf of SRPC or in fulfilling the requirements of their positions. Employees must use their personal automobiles in the conduct of their duties and will be reimbursed for such costs as tolls and parking fees. A mileage allowance will be granted based on the annual IRS business mileage rate. Mileage is computed between the destination and the SRPC office or the employee's residence, if leaving from the residence, whichever is less. This policy applies to all trips conducted weekdays, weekends, and evenings.

The costs of commuting are not reimbursable.

The default on travel sheets should be SRPC > DESTINATION > SRPC. The only exceptions are when a trip is one-way or travel to/from home is fewer miles. Reimbursement is limited to the cost of travel by a direct route or on an uninterrupted basis. Employees are responsible for any additional costs.

¹³ 2 CFR 200.474

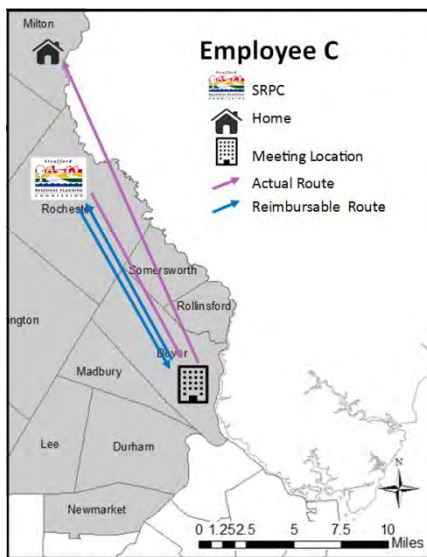
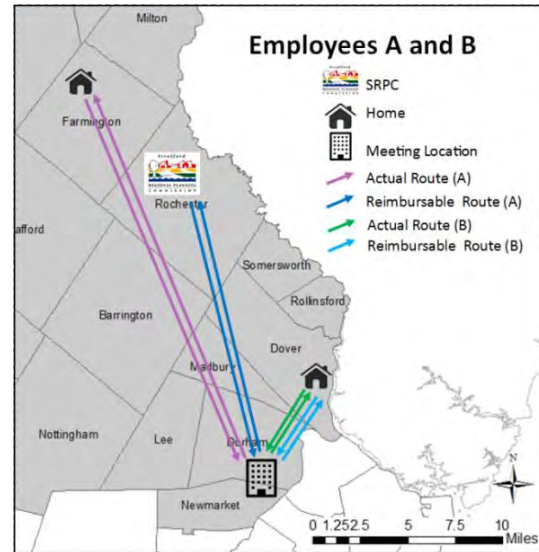
Costs for travel, meals, and lodging incurred by an employee on SRPC business out of the region for more than one day must have prior approval from the Executive Director. The Commission will not pay for excess costs resulting from circuitous routes, delays, or luxury accommodations or services unnecessary or unjustified in the performance of official business.

1. Examples

The following examples will help staff members compute mileage for trips other than the standard SRPC > Destination > SRPC:

HOME > DESTINATION > HOME:

Employee A lives in Farmington and travels to Newmarket on a Saturday. The round trip from home is 52.3 miles, but roundtrip from the SRPC office in Rochester to Newmarket is only 39.5 miles. Because mileage from SRPC is less, the expense request should be SRPC > Newmarket > SRPC, 39.5 miles.



Employee B lives in Dover and travels to Newmarket for the same event. The round trip mileage from home is 18.8 miles, while the round trip between the SRPC office and Newmarket is 39.5 miles. Because mileage computed from HOME is less, Employee B’s travel request sheet should be HOME > Newmarket > HOME, 18.8 miles, and it should note in the “Description” column that “travel from home is less mileage.”

SRPC > DESTINATION > HOME (or similar for the reverse, HOME > DESTINATION > SRPC):

Employee C lives in Milton and departs from the SRPC office directly to an evening planning board meeting in Dover. After the meeting, the employee drives directly home and does not stop at the office. The 12 miles from the SRPC office to Dover are fully reimbursable, but the trip from Dover to home is longer.

Consequently, Employee C’s travel request should be for 24 miles, SRPC > Dover > SRPC.



Employee D lives in Dover and attends a meeting along their usual route home in Rochester at the end of the day. The distance from the SRPC office to the meeting in Rochester, 2 miles, is reimbursable. But because the employee’s commute home has been reduced by that amount, mileage for the return trip home is not reimbursable. Employee D’s travel request would be only for SRPC > Rochester, 2 miles.

2. Submitting Mileage and Expense Sheets

Expense and mileage sheets, on a form and in a manner prescribed by the Executive Director, are to be kept by each employee and must be submitted before reimbursement is made for any eligible expense. Original receipts for all expenses other than mileage must be submitted with the expense sheets. No expense will be reimbursed if there are no details, particularly for food and drink in a restaurant. The receipt must clearly indicate what was consumed in order to ascertain no alcohol was purchased, an unallowable cost.

Mileage and expense reimbursement forms must be submitted monthly and are due on the 1st of every month for the previous month. For example, all November mileage must be submitted by December 1st. The travel form should include expenses only for the one-month period. Travel items from two different months must not be combined on a single expense sheet.

a. Overnight Travel

Employees must estimate costs ahead of time to identify the least expensive travel option, particularly for multi-day events. Hotel stays are limited to situations where the combined costs justify an overnight stay and are at the discretion of the Executive Director. Employees must exercise the same care in incurring expenses that a prudent person would exercise if traveling on personal business. Employees will secure registration fees and hotel rates when the lower rates apply.

b. Airlines

All air travel is to be via coach class. If a carrier denies a confirmed reserved seat on a plane or an employee is compensated for voluntarily vacating their reserved seat, the employee must remit to SRPC any payment received for liquidated damages.

D. Subrecipient Monitoring and Management

SRPC must determine whether the recipient of each sub-award it makes is a “contractor” or a “subrecipient” for the disbursement of federal funds. In making such a determination, SRPC will use these definitions: [2 CFR 200.23 Contractor](#) and [2 CFR 200.93 Subrecipient](#), along with the guidance found at 2 CFR 200.330. In general, “subrecipients” are instrumental in implementing the applicable work program, and “contractors” provide goods and services for SRPC’s own use. Contractors are subject to SRPC’s Procurement Policies. Subrecipients are subject to SRPC’s Subrecipient Monitoring and Management Policies.

The Commission monitors subrecipients in accordance with [2 CFR 200.330 – 200.332, Subrecipient Monitoring and Management](#).

SRPC is considered a “pass-through entity” in relation to its subrecipients, and as such requires its consultants and subrecipients to comply with all applicable terms and conditions (flow-down provisions). All subrecipients of federal or state funds through SRPC are subject to the same federal and state statutes, regulations, and award terms and conditions as SRPC.

1. Subaward Contents and Communication

In the execution of every subaward, SRPC will communicate the following information to the subrecipient and will include the same information in the subaward agreement. Every subaward will be clearly identified and will include the following federal award identification:

- Subrecipient’s name.
- Subrecipient’s unique ID number (DUNS).
- Federal Award ID Number (FAIN).
- Federal award date.

- Period of performance start and end dates.
- Amount of federal funds obligated.
- Amount of federal funds obligated to the subrecipient.
- Total amount of federal award.
- Total approved cost sharing or match required, where applicable.
- Project description responsive to the Federal Funding Accountability and Transparency Act.
- Name of federal awarding agency, pass-through entity, and contact information.
- CFDA number and name.
- Identification if the award is R&D.
- Indirect cost rate for the federal award.

a. Requirements

Requirements imposed by SRPC include statutes, regulations, and the terms and conditions of the federal award, as well as any additional financial or performance reporting requirements SRPC deems necessary for subrecipients.

b. Indirect Cost Rate

An approved indirect cost rate negotiated between the subrecipient and the federal government or between the pass-through entity and the subrecipient must be documented.

c. Audit

Audit requirements include access for SRPC and its auditors to the subrecipient's records and financial statements.

d. Close Out of Award

Terms and conditions are included for the closeout of the subaward.

2. Subrecipient Monitoring Procedures

All SRPC project managers are responsible for subrecipient monitoring under the supervision of the Executive Director. SRPC monitors the activities of each subrecipient to ensure the subaward is used for authorized purposes. The frequency of monitoring review is specified in the subaward and conducted concurrently with all invoice submissions.

Subrecipient monitoring procedures include the following:

a. Proposals

At the time of the proposal, SRPC assesses the potential of the subrecipient for programmatic, financial, and administrative suitability.

b. Risk

Prior to executing a subaward, SRPC evaluates each subrecipient's risk of noncompliance by assessing the subrecipient's:

- Prior experience with the same or similar subawards.
- Results of previous audits and single audit (if applicable).
- New personnel or new or substantially changed systems.
- Extent and results of monitoring by the federal awarding agency.

c. *Scope of Work*

SRPC confirms the statement of work and reviews any non-standard terms and conditions of the subaward during the negotiation process.

d. *Progress Reporting*

SRPC monitors financial and programmatic progress and the subrecipient's ability to meet objectives of the subaward. To facilitate this review, subrecipients are required to submit sufficiently detailed invoices and progress reports. SRPC project managers encourage subrecipients to submit regular invoices.

e. *Invoices*

Invoices and progress reports are date-stamped upon receipt if received in hard copy. A record of the date of receipt is maintained for invoices sent electronically.

In conducting regular oversight and monitoring, SRPC and the Commission project managers do the following:

- Verify that invoices include progress reports.
- Review progress reports to ensure each project is progressing appropriately and is on schedule.
- Compare the invoice to the agreement budget in order to ensure the costs are eligible and do not exceed the budget.
- Review each invoice to ensure supporting documentation is included and the invoiced costs are within the scope of work for the projects being invoiced.
- Obtain reports, certification, and supporting documentation of local (non-federal)/in-kind match work from the subrecipient.
- Review subrecipient match tasks for eligibility.
- Initial the progress report and invoice to confirm their review and approval prior to payment.
- Bring any concerns to the Executive Director.

Upon the recommendation of the Project Manager and Financial Consultant, the Executive Director approves invoice payment and initials the invoices to confirm their review and approval prior to payment.

Payments will be withheld from subrecipients for the following reasons:

- Insufficient detail to support the costs billed.
- Unallowable costs.
- Ineligible costs.
- Incomplete work or work not completed in accordance with required specifications.
-

b. *Subrecipient Audit*

SRPC will verify that every subrecipient is audited in accordance with 2 CFR 200 Subpart F – Audit Requirements.

All subrecipients are required to annually submit their audit and Single Audit report to SRPC for review to ensure that the subrecipient has complied with good accounting practices and federal regulations. If a deficiency is identified, SRPC will do the following:

- Issue a management decision on audit findings pertaining to the federal award.

- Consider whether the results of audits or reviews indicate conditions that necessitate adjustments to the pass through entity's own records.

c. ***Subrecipient Project Files***

The project files will contain, at a minimum, the following items:

- Project proposal.
- Project scope.
- Progress reports.
- Invoices and billing documentation.
- Interim and final products.
- Copies of other applicable project documents as required, such as copies of (sub)awards or memorandums of understanding (MOUs).
- Pre-procurement review and procurement documents, including documentation of the procurement process used and the resulting contract.

d. ***Methodology for Resolving Findings***

SRPC works with subrecipients to resolve any findings and deficiencies. In doing so, SRPC may follow up on deficiencies identified through on-site reviews, provision of basic technical assistance, and other means of assistance as appropriate.

SRPC will consider taking enforcement action against non-compliant subrecipients in accordance with 2 CFR 200.338 only when noncompliance cannot be remedied. Enforcement may include taking any of the following actions as appropriate:

- Temporarily withholding cash payments pending correction of the deficiency.
- Disallowing all or part of the cost of the activity or action not in compliance.
- Wholly or partly suspending or terminating the subaward.
- Initiating suspension or debarment proceedings.
- Withholding further federal awards for the project or program.
- Pursuing other legally available remedies.

E. Procurement Procedures

The following Procurement Procedures apply to all contracts for purchases of goods and services using federal funds.

All procurements made with federal funds will be consistent with [2 CFR 200.318–200.326, Procurement Standards](#). These procedures ensure that goods and services are procured at the best available price consistent with high quality, that sound business and ethical practices are adhered to, and that all SRPC business transactions are completed in a manner that provides for open and free competition.

The Executive Director has primary responsibility and oversight authority for SRPC's purchasing activities and has the authority to delegate purchasing responsibilities, as appropriate. The Executive Director periodically reviews and evaluates these procedures to ensure the best internal controls possible.

All purchases must comply with appropriate and relevant federal, state, and local laws and with the SRPC's procedures. If federal, state, or local laws, regulations, grants or requirements are more restrictive than these procedures, those laws, regulations, grants, or requirements must be followed.

Acquisition of unnecessary or duplicative items is prohibited. Consolidating or breaking out procurements to obtain a more economical purchase will be considered. When appropriate, lease versus purchase and other analyses will be made to determine the most economical approach.¹⁴

Contracts must be awarded only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement.¹⁵ Regulations restrict awards, subawards, and contracts with parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in federal assistance programs or activities.¹⁶

Sufficient records must be maintained to detail the history of each procurement. These records will include, at a minimum, the rationale for the method of procurement, justification for selection and rejection of contractors, and the basis for the contract price.¹⁷

1. Competition¹⁸

To ensure open and free competition:

- Contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements.
- Unreasonable requirements, unnecessary experience, or excessive bonding shall not be placed on firms or individuals in order for them to qualify to do business.
- Noncompetitive pricing between firms, affiliates, or contractors on retainer is prohibited.
- Specifying only a brand name product instead of allowing an equivalent product to be offered is prohibited. A “brand name or equivalent” description may be used to define the performance or other salient requirement of the procurement.
- No geographical preferences shall be used in the evaluation of bids or proposals unless state or federal statutes expressly mandate or encourage a geographic preference.
- Contract specifications or statements of work may not unduly restrict competition and must identify the technical requirements and minimum essential characteristics and standards that proposing firms or individuals must fulfill and the factors that will be used in evaluating bids or proposals.
- All prequalified lists of persons, firms, or products must be current and include enough qualified sources to ensure maximum open and free competition. Other potential bidders will not be precluded from the bidding process during the solicitation period.
- Splitting purchases or contracts to avoid competition is prohibited.

2. Purchase Methods

a. Micro Purchase (under \$500)

A good faith effort should be made to compare prices with comparable suppliers, and purchases must be distributed equitably among qualified suppliers.

¹⁴ 2 CFR 200.318 (d)

¹⁵ 2 CFR 200.318 (h)

¹⁶ 2 CFR 200.213

¹⁷ 2 CFR 200.318 (i)

¹⁸ 2 CFR 200.319

b. **Other Purchases**

i. **(\$500–\$3,500)**

Price or rate quotes from at least three qualified sources must be documented. Quotes may be obtained by telephone or by visiting websites. If three price or rate quotes are not possible, documentation must be maintained to detail the process used and to explain why three quotes could not be obtained.

ii. **(\$3,501–\$35,000)**

Three written quotes must be obtained. The process used and the price quotes obtained must be kept in the project file for documentation purposes.

iii. **(\$35,001 and over)**

Goods and services over \$35,000 must be obtained through a competitive bid process. Bids shall be solicited by publishing written specifications in a newspaper of general circulation, or other electronic or print publication with wide distribution or readership in the area where the goods or services will be used. Copies of the advertisement that identifies the date(s) published and newspapers where the ads appeared will be kept in the project file. The advertisement shall be available to bidders a minimum of three weeks prior to opening of bids.

c. **Sole Source**

Noncompetitive purchasing requires that one or more of the following apply:

- The item or service is available only from a single source.
- An emergency does not allow additional time for a competitive process.
- The granting agency authorizes noncompetitive negotiations in response to a written request from SRPC.
- Competition is deemed inadequate after solicitation of a number of sources.
-

d. **Competitive Procurement (all purchases over \$35,000)**

All procurements in excess of \$35,000 must start with a cost or price analysis that provides an independent cost estimate before receiving bids or proposals.

i. **Sealed Bids**

Requests for Bids (RFBs) must be publicly solicited for a firm-fixed-price contract (lump sum or unit price). The contract is awarded to the responsible bidder that conforms to all the material terms and conditions of the RFB and is the lowest in price. In order for this procurement method to be feasible, the following conditions must exist:

- A complete, adequate, and realistic specification or purchase description is available.
- Two or more responsible bidders are willing and able to compete.
- The procurement lends itself to a firm-fixed-price contract so that the successful bidder can be chosen principally on the basis of price.

When using the sealed bid process, the following requirements apply:

- Bids must be solicited from an adequate number of known suppliers.
- The solicitation must specify the date and location of the bid opening and provide sufficient time for suppliers to prepare responses. The solicitation must also state that all complete and timely submittals will be considered.
- The bid must be publicly advertised, to include any specifications and pertinent attachments, and definition of the items or services.

- All bids are opened publicly at the time and place specified in the solicitation.
- The award is made in writing to the lowest responsive and responsible bidder.
- Any or all bids may be rejected if there is a sound, documented reason.

ii. *Competitive Proposals*

This procurement method is typically used when more than one prospective source is expected to submit an offer and either a fixed-price or cost-reimbursement type of contract will be awarded.

Requests for Proposals (RFPs) are issued when the requirements or technical specifications of a project are unclear and criteria in addition to pricing are needed on which to base an award. The proposal is a solution that typically describes the scope of the project or service and specifies the offeror’s approach, technical capabilities, financial information, and references. When using this procurement method, the following conditions must be met:

- RFPs must be publicized and identify all evaluation factors and their relative importance. All responses must be considered.
- An adequate number of responses must be received.
- The process for conducting technical evaluations and selecting recipients must be documented.
- The contract is awarded to the firm whose proposal is the most advantageous to the program, with price and other factors considered.

This method may be used for the qualification-based procurement of architectural/engineering (A/E) professional services, where the most qualified competitor is selected subject to the negotiation of fair and reasonable compensation. This method, where price is not used as the selection factor, can only be used in procurement of A/E professional services.

Requests for Qualifications (RFQs) are evaluated based on technical factors and qualifications including education, experience, management, and other applicable criteria. RFQs may be used in conjunction with RFPs.

If only one competitive proposal is received, the procurement may qualify as a sole source procurement and would require a review by the Executive Director (See Sole Source, above).

3. *Procurement Process Overview*

The SRPC procurement process follows these steps:

1. Determine the applicable purchase type and requirements based on the anticipated total cost.

Costs shall not be divided in an attempt to create a lower total cost and so avoid a procurement method or competition requirements. If one item being purchased requires another item to be complete or to make a whole, the total cost of the two items together should be considered to determine the procurement method that must be followed—unless the two items cannot be acquired from a single supplier. Total quantity, taxes, freight, and installation costs, as well as the total costs expected for all phases of a multi-phase project, are to be included when estimating the anticipated total costs.

2. Complete and document all requirements for the applicable purchase type.

3. Have materials reviewed and approved by the Executive Director.

No competitive procurement is to be publicized without review and sign-off of the Executive Director.

4. After steps 1–3 are complete, purchase or execute the contract for the goods or services.

No payments may be made prior to receipt of goods or services without the approval of the Executive Director.

5. Promptly submit all purchase requests and other commitment documentation to the Financial Consultant. Documentation must include the following:

- Formal written bids, proposals, or qualifications from all qualified sources.
- The method of procurement.
- The evaluation and selection process.
- The basis for the contract price.
- Final labor and overhead rates.
- Original fully executed contract and all appendices, attachments, and exhibits.

4. *Contracts*

SRPC must take all necessary affirmative steps to ensure that minority and women’s business enterprises and firms in Labor Surplus Areas are used when possible.

Contracts directly funded with state or federal grants must adhere to state or federal statutory and regulatory requirements. The Executive Director must sign all contracts and contract amendments.

The text of contracts must contain the information specified below:

- Contracts for more than the federal simplified acquisition threshold—\$150,000 at the time this document was written—must address administrative, contractual, or legal remedies to be pursued when contractors violate or breach contract terms. The contracts must also provide for sanctions and penalties, as appropriate.
- All contracts over \$10,000 must address termination for cause and for convenience, including the manner by which SRPC will effect the termination and the basis for settlement.
- Contracts that exceed \$100,000 require Byrd Anti-Lobbying Amendment (31 U.S.C. 1352) certification.

Legal counsel review may be required for contracts that do not use the SRPC boiler plate contract template.

A contract will not be executed with parties on the government-wide exclusions list in the federal System for Award Management (SAM). The SRPC Financial Consultant, Executive Director, or project manager will login to <https://www.sam.gov> and conduct a public search for existing entity registration or exclusion records. A “Quick Search” can be conducted by entering the name of the contracting firm. Results will include the firm’s formal name, DUNS number and CAGE code; will indicate if the firm has an active exclusion; and will show the expiration date of the firm’s SAM system registration. SRPC will contract only with firms that do NOT have an active exclusion. A copy of the search results must be kept in the project file.

In addition, each contractor will be required to submit annual audits to SRPC to ensure that the contractor has complied with good accounting practices and with federal regulations.

a. ***Protest Procedure***

Unsuccessful contractors will be granted a debriefing conference if they request one within three days of receiving notification that their proposal was not selected. Discussions will be informal and limited to a critique of the requesting contractor’s proposal. SRPC representatives will explain how the proposal was scored. Debriefings may be conducted in person or by telephone and may be limited to a specific period of time.

5. *Contract Oversight*

The SRPC project managers are responsible for day-to-day contract administration and must report any aberrations to the Executive Director.

SRPC ensures that contractors meet their responsibilities by making certain that the contractors know and understand the applicable federal requirements, have adequate project delivery systems, and have sufficient accounting controls to manage federal funds properly.

SRPC adequately monitors the contracts administrative actions to ensure compliance with federal or agreement requirements.

If a contractor is unable to satisfactorily complete the work, and attempts to remedy the situation are unsuccessful, a contract may be terminated. SRPC will reimburse the contractor for all costs incurred—but not those in excess of the contract—in the performance of the project up to and including the effective date of termination.

6. *Conflicts of Interest*

No employee, commissioner, or agent of SRPC shall participate in the selection, award, or administration of a contract, or the authorization of a purchase, if they have a real or apparent conflict of interest.

Such a conflict could arise if an organization that enters into a contract with SRPC, or that provides goods or services purchased by SRPC, employs, or is about to employ, an SRPC employee, commissioner, or agent; their partner; or any member of their immediate family.

A conflict would also arise when any of these people has a financial or other interest in the firm selected for a contract award or a purchase, has formed an opinion on the matter or has prejudged it to any degree, or has directly or indirectly given their opinion on the matter of the contract award or purchase.