

POLICY NO. 1-14

SERVICES OF CONSULTANTS

I. OBJECTIVES

- A. To establish the policy governing the employment, selection, and use of consultants other than legal consultants.
- B. To define the relationship existing between employed consultants, the board of directors and the chief executive officer.

II. POLICY CONTENT

Be it resolved that the board of directors of Wells Rural Electric Company, recognizes, establishes and maintains the following authorities and relationships relative to the employment, selection and use of consultants.

A. Employment and Use of Consultants

- 1. It is recognized that effective management is the most important factor which contributes to the success of the company. Furthermore, in the formulation, adoption, execution, and audit of bylaws, policies, plans and programs, there is a need for the services of consultants to supply the board of directors and the chief executive officer with advice and assistance that will provide for well informed decisions.
- 2. Therefore, the chief executive officer will provide for consultation services in the estimated annual operating budget which is submitted to the board of directors for their review, consideration, and appropriate action. The provisions will include the use of specialized technical knowledge for the following areas -- but not to the exclusion of other areas which may be essential and desirable in the operations of Wells Rural Electric Company, in order that its objectives may be attained.
  - a. Engineering: Engineer or engineers specially employed or on a continuing retained service contract for Engineering System Studies, inspection of completed work orders, and performing other specialized duties on the basis of regular and special requirements.
  - b. Accounting: Certified Public Accountants employed for the financial audit of the accounting records and related practices to meet the requirements of the lenders and effective internal financial management.

- c. Management: Management Consultant employed to study, analyze, and recommend improvement in management practices for the areas of policy formulation, program planning, and administration of the salary and wage program and other employee personnel policies, who are employed on a planned and when-required basis upon acceptance of cost proposals.
- d. Other: Consultants desired for their specialized technical knowledge on problems of a non-recurring nature.

#### B. Selection of Consultants

1. Consultants will be selected by the board of directors when their services are essential for audits of records and accounts, conductive surveys, and making analyses of management practices or to make major engineering studies; however, the chief executive officer will be responsible for recommending the best qualified persons or firms.
2. Authority is delegated to the chief executive officer for the selection of consultants when their services are needed to supplement the regular permanent staff or to serve as an advisor to the chief executive officer on specific operating problems.

#### C. Relationships

1. Consulting Engineer: The consulting engineer or engineering firm will have a direct reporting relationship to the board of directors when the area of employment - such as study, analysis, and review has been specifically determined by the board with a corresponding responsibility for a functional reporting relationship to the chief executive officer; when used to supplement the regular permanent staff or to serve as advisor to the chief executive officer in the areas of operating management for specific engineering operating problems, the direct reporting responsibility to the board of directors.
2. Certified Public Accountant: The Certified Public Accountant or firm of accountants will have a direct reporting relationship to the board of directors when employed by the board to perform audits of records and accounts, but the chief executive officer shall be kept informed and provide all possible assistance and advice in making records and accounts available. The board and/or chief executive officer shall be responsible for requesting professional comments beyond a minimum audit.
3. Management Consultant: The management consultants will work with the chief executive officer and have a direct reporting relationship to him or her during the time devoted to study and analysis; there will be a functional reporting relationship to the board of directors during this period that is accomplished through a board committee or with periodic reports to the full board. The reporting relationship on

all recommendations will be to the board but with the full knowledge and understanding of the chief executive officer.

III. RESPONSIBILITY

- A. The board of directors shall be responsible.
- B. The chief executive officer shall be responsible to the board for recommendations to provide for inclusion of consultant's appearance and reports on the agenda for board meetings. He or she shall have a further responsibility to furnish advice and counsel to the board committees or the regularly constituted full board membership on the employment, selection, and use of consultants; this responsibility includes adequate provisions in the annual operating budget.