

# Christmas Tree Promotion Board Policy and Procedure Book

*Approved April 11, 2019*

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## Code of Ethics

Board Members will:

1. Maintain loyalty to and uphold the Christmas Tree Promotion Board in the eyes of the Christmas tree industry and the public.
2. Maintain the highest standard of personal and professional conduct when representing the CTPB.
3. Cooperate with other members of the Board/Committee, contractors, vendors and agencies for the advancement of the goals and objectives of the Board
4. Serve all members of the industry impartially, providing no special privilege to any member of the industry or public.
5. Always communicate the Board's internal and external statements in a truthful and accurate manner.
6. Use only legal and ethical means in Board/Committee activities.
7. Hold in confidence and not use for personal gain any information about CTPB's programs before such plans are announced to the industry.
8. Use Board funds only for expenses incurred specifically for Board business and within guidelines set by the Board as notated in the travel policy.
9. Recognize that the services of the contractors, agencies and vendors are to serve the entire industry equitably.
10. Comply with the provisions of the Christmas Tree Promotion, Research, and Information Order and AMS Guidelines.

## **Confidentiality Policy**

Members of the Board have a fiduciary duty of care, including a duty of confidentiality. In connection with Board service, members may be given or have access to confidential information of the Board or third parties. Confidential Information is all information that the Board considers to be confidential or proprietary information of the Board or third-party sources. Members will not disclose or permit to be discussed any Confidential Information, and will not appropriate, photocopy, reproduce, or in any fashion replicate any Confidential Information without the prior written consent of the Board Chairperson or Executive Director. Disclosure of confidential Information in violation of this policy can cause immediate and substantial damage to the Board or any parties that provided the Confidential Information to the Board. Members will use reasonable efforts to maintain the confidentiality of the Confidential Information and agree to not use any Confidential Information for their personal benefit unless authorized in advance in writing by the Board Chairperson. Information about individuals or companies is never to be shared with Board members and should be kept confidential as required in the Order.

## Conflict of Interest Policy

All Board members will sign a Conflict of Interest and a Code of Ethics statement annually.

Members must act at all times in the best interests of the Board and not for personal or third-party gain or financial enrichment. When encountering potential conflicts of interest, Board members are required to identify the potential conflict and, if directed, remove themselves from all discussion and voting on the matters. Specifically, members of the Board will:

- Avoid placing (and avoid the appearance of placing) one's own self-interest or any third-party interest above that of the Board.
- Not abuse their Board membership by improper use of Board membership or staff, services, equipment, materials, resources, or property for personal or third-party gain or pleasure, and shall not represent to third parties that their authority as a Board member extends any further than that which it actually exists.
- Not engage in or facilitate any discriminatory or harassing behavior directed toward independent contractors, members, officers, meeting attendees, exhibitors, advertisers, sponsors, suppliers or others in the context of activities relating to the Board.
- Not solicit or accept gifts, gratuities, free trips, honoraria, personal property, or any other item of value from any person or entity as a direct or indirect inducement to provide special treatment to such donor related to Board business
- Not provide goods or services to the Board as a paid vendor without full disclosure to, and advance approval by, the Board and USDA, and pursuant to any related procedures adopted by the Board.

## Donations Made By The CTPB

CTPB's policy regarding donations utilizing funds derived from assessments or donations is as follows:

- CTPB is prohibited from making financial and gift contributions to any organizations, even in honor or memory of an individual.
- CTPB may expend funds up to \$150 per board member per event, for cards, flowers, plants, or similar tokens for special events or occasions. The amount allowed will be determined by the Finance Committee.
- CTPB may expend funds up to \$200 per board member or officer per term to recognize the board member's service. The Board may only expend funds for board members, not for contractors. The amount allowed will be determined by the Finance Committee.
- CTPB may expend funds up to \$150 per board contractor, as part of regular business practices, to include flowers, plants or similar tokens for special events or occasions (e.g. birth/adoption of a child, death of a family member, celebration of marriage, etc.).
- CTPB may make donations of commodity, product or funds, provided the donation is tied to a public relations or promotional effort promoting the commodity and/or image of the industry.
- CTPB may provide monetary gifts, gifts that function as money, or other gifts as part of a research or promotion project because such restitution is common practice and doing so benefits the Board's collection of information or extends the reach of a promotion.
- CTPB may provide funds to an organization if the funds are for a direct allowable expense. The Board may pay membership or sponsorship fees to industry associations or other groups, but the association or group must certify by letter or other documentation that those funds were not used for the purpose of influencing government policy or action.

## **Donations to CTPB**

The CTPB can receive donations. However, the Board cannot receive funds for a specific project or action. The donated funds will be placed into the CTPB general operating funds and the Board will determine how the funds will be disseminated.

Donated funds must be clearly listed in the budget and incorporated into the budget process to be used for activities permitted under the authorizing legislation, and USDA/AMS will review and approve those budgets, including budget amendments, before funds are expended. The Board must not accept contributions which create a conflict of interest situation or a situation which could reasonably be perceived by a third party as a conflict of interest.

## **Civil Rights and Equal Employment Opportunity Policy**

The Christmas Tree Promotion Board's policy is to provide equal employment opportunity for all applicants and contractors based on job-related qualifications and their ability to perform. The CTPB does not unlawfully discriminate on the basis of a person's race, color, sex, age, religion, national origin, disability, protected genetic information, sexual orientation, marital, familial or parental status, political beliefs, or medical condition. The Board also makes reasonable accommodations for disabled employees. Finally, the Board prohibits the harassment of any individual on any of the bases listed above. This policy applies to all areas of employment including recruiting, hiring, training, promotion, compensation, social and recreational programs.

In accordance with these policies, boards must maintain a work environment where:

- Employees are treated with respect and in a professional manner.
- Conflicts and complaints are resolved quickly.
- Employees and supervisors are able to discuss concerns openly without fear, reprisal, or retaliation.
- Employees, at every level, demonstrate a commitment to civil rights and equal opportunity for everyone through their work and actions.

AMS requires boards to establish policies or procedures, approved by AMS, to document their reporting responsibilities, prohibit retaliation, and make employees aware of how they may report violations to AMS or to USDA's Office of the Inspector General at (800) 424-9121.

## **Sexual Harassment Policy**

The Christmas Tree Promotion Board is dedicated to providing a high level of service to its members and to the public with whom it works. In achieving this goal, the Board wishes to promote the health, well-being and mutual respect of all contractors hired and members involved in Board functions.

Sexual harassment is detrimental to working in a positive and healthy environment. The Board strives for a work environment that promotes safety and dignity and that is free from the affronts of sexual harassment.

Sexual harassment is prohibited by State and Federal law, and by this statement of Board policy. It applies in the work place or at any event sponsored by the Board.

### **Definition**

Sexual harassment occurs when unwelcome verbal or written communication or physical conduct is of a sexual nature or is gender-based, that is, directed at a person because of his/her gender. Sexual harassment includes:

- Sexual gestures, comments, innuendos or jokes
- Unwelcome invitations to sexual activity
- Unwelcome touches, pinches, hugs
- Pressure to engage in sexual activity as a condition of employment or promotion
- Sexual assault

Sexual harassment occurs when such conduct has the purpose or effect of interfering with an individual's work performance or creating an intimidating, hostile or offensive work environment.

No contractor or member shall be retaliated against in any way for bringing a potential incident of sexual harassment to the attention of the appropriate party, to include, but not limited to contractors, Board Chairperson or USDA/AMS.



## Development of Programs Policy

The Christmas Tree Promotion Board (Board) welcomes any state or regional cut Christmas tree organization to petition the Board for funding for promotion, research or information projects. The funds from these requests are subject to the same restrictions and parameters including fiscal, budget and audit controls that all assessment funds are subject to.

Each request for funding must:

- include a budget that specifies the cost to be incurred to carry out the activity
- account for funds received and expended in connection with the contract or agreement
- have a section identifying how the request satisfies a part of the Board's strategic plan
- show how the proposal will be evaluated for effectiveness.

All spending is subject to approval by the Secretary before becoming effective, the Commodity Promotion, Research and Information Act of 1996, the Final Rule of the CTPB Order, and any other USDA rulings affecting the Board.

Each request recipient must keep accurate records of all of its transactions relating to the contract or agreement, make periodic reports to the Board of activities conducted under the contract or agreement, and make such other reports as the Board or the Secretary considers relevant.

These activities are prohibited:

- any action that would be a conflict of interest;
- using Board funds under the order for any action undertaken for the purpose of influencing any legislation or governmental action or policy other than recommending to the Secretary amendments to the order
- any advertising, including promotion, research, and information activities authorized to be carried out under the order, that may be false or misleading or disparaging to a segment of the cut Christmas tree industry or another agricultural commodity.

## Social Media Policy

This Social Media Policy is meant to provide guidance to Christmas Tree Promotion Board (Board) members, contractors and agencies for social networking. The Social Media Policy has been created to ensure the Board's voice is part of the larger conversation relating to farm grown Christmas trees and to the consumption and use of farm grown Christmas trees in a consistent manner. Social networking activities that affect the Board's business interests are the focus for this policy. This policy, as approved by USDA/AMS, will allow the Board and its vendors to implement its social media program. All messaging will adhere to USDA guidelines, including the "Guidelines for AMS Oversight of Commodity Research and Promotion Programs" and the "Guidelines for Committee/Board Advertising, Promotional Material, Web Sites, and Other Publications" as issued by AMS's Specialty Crops Programs.

- A. Only authorized staff or contractors are allowed to post, share, or respond to online content as the official voice of the Board. If Board members have questions as to whether they are authorized to represent the Board or have any questions regarding this policy or its intent, they are to contact the Board's Executive Director prior to posting.
- B. Board members and representatives of the Board are to understand the topic being discussed before participating in a conversation, contribute only when knowledgeable about the topic and can add to or advance the discussion.
- C. Everything posted online is visible by all. Sharing any information that compromises the Board's policy, management positions and customer or industry member information is not allowed.
- D. Anything that could be considered defamatory, discriminatory, harassing, or violates copyright laws, among others restrictions will not be posted. Comments or posts referring to drug or alcohol abuse, usage of profanity, inclusion of off-color or sexual humor, or any other inappropriate conduct should never be included in Board social media postings. Any such comments on Board controlled or sponsored social media will be immediately deleted. Social networking on behalf of the Board will show proper respect for individuals' privacy and for topics that may be considered objectionable or inflammatory.
- E. Board identity and or logo may only be used on social media when authorized by the Board.
- F. Staff, members of the industry, partners or vendors will not be referenced without their approval unless engaged in a conversation online where members of the industry, partners or vendors have already revealed their identities.
- G. Content that questions the Board's credibility or any customer complaints about farm grown Christmas trees, should be reported immediately to staff or contractors, who will respond. Board members should not respond to negative comments online without an internal discussion first.

## Travel Policy

Expenses should be submitted to the Christmas Tree Promotion Board using a CTPB REQUEST FOR REIMBURSEMENT OF EXPENSES form in accordance with the following: Board members, committee members, staff and contractors are eligible to seek reimbursement for reasonable and necessary expenses incurred in connection with travel on authorized Board business. Preapproval of all travel is required. Necessary travel expenses include airline tickets, mileage, meals and lodging. When other travel-related expenses are incurred, the traveler must provide an explanation and receipts, if they are seeking reimbursement for such expenses. Personal and guest expenses are not reimbursable.

Each person filing a claim for reimbursement shall be responsible for supplying the necessary receipts or a reasonable explanation of the various expenses incurred during the approved travel period. All such claims for reimbursement shall be filed within 30 days following the date expenses were incurred.

The Treasurer shall approve all expense vouchers of the Executive Director. The Executive Director will approve all other member and committee member expenses, as well as those of CTPB employees under supervision of the Executive Director.

Members may be required to book and pay for all airfare, travel and hotel room charges. Travelers will be reimbursed by the CTPB for these approved expenses along with actual costs for mileage, taxi or shuttle to and from airport, parking and tolls. Expense claims, with copies of all receipts for any expenses, must be sent to the CTPB office for full reimbursement.

**Air Transportation:** All air travel should take place on Domestic (U.S.) carriers whenever possible, with coach service utilized on all domestic flights. Business class may be utilized for international flights over 8 hours. When the ticket is purchased by cash or personal credit card, the original itinerary issued by the airline, travel agent or Web site shall be attached to the expense claim.

**Automobile Transportation:** Any travel by car will be reimbursed at the current official IRS rate from home to the meeting site and return. However, should a claim for automobile mileage reimbursement exceed \$400, the roundtrip cost by auto will be compared to the most recent and lowest roundtrip price available for airfare to and from these same locations. The lower of these two costs will be awarded to the claimant.

Travelers obtaining a rental vehicle should rent a compact or intermediate car. Rental cars will only be covered from point of arrival to and from the meeting location if the cost is lower than using a taxi or shuttle, or if a taxi or shuttle is not available.

**Lodging:** Board members, committee members, staff and contractors are authorized to use midrange priced hotels. It is their responsibility to cancel a reservation before the cancellation deadline. "No show" charges are not reimbursable unless it results from an unavoidable circumstance. Reimbursement for the cost of hotel accommodations shall be supported by an original receipt issued by the hotel which will contain the occupant's name, date the receipt is issued, the arrival and departure dates, and the rate per day.

**Business Meals and Entertainment:** Board members will turn in their receipts for reimbursement in a timely manner. The Board may elect at a future date to allocate a monetary per diem payment to Board members and committee members in lieu of actual meal and incidental expenses to meet potential funding requirements. Claims for per diem reimbursement must be accompanied by adequate documentation and shall be paid only for the time claimant is engaged on behalf of authorized Board activities. Authorized expenses do not include alcohol.

Meal and entertainment expenses for other persons are allowed only when directly related to Board business. The expense report must clearly indicate the purpose of the entertainment, dates, places, names of those entertained, their business affiliation, and their relationship to the Board.

**Seminars, Conferences and Conventions:** Board members, committee members, staff and contractors must obtain Board approval prior to attending a seminar, convention, conference, lecture, or other event of a business nature. Expenses will only be reimbursed for the length of the event, which may include the day before and the day after the event for traveling.

The following expenses will not be reimbursed:

- Personal expenses (i.e. movies, entertainment tickets, alcohol, minibar, open bar, etc.).
- Spouse and/or family expenses.
- Traffic tickets or parking fines.

## Antitrust Compliance Policy

It is the policy of the Christmas Tree Promotion Board ("Board") and its Members to comply strictly with all laws applicable to Board activities. Those activities may involve cooperative undertakings and meetings of Members that are employed by companies that may have competing, and sometimes opposing, economic interests. For this reason, it is important to emphasize the ongoing commitment of the Board and its Members, to full compliance with applicable antitrust laws in the United States, as well as comparable laws in other countries that may apply to the Board.

A free exchange of ideas on matters of mutual interest to Members is necessary for the success of all meetings. Such an exchange of views is essential to the successful operation of every research and promotion Board. It is not the purpose of this Antitrust Compliance Policy to discourage the exploration in depth of any matters of legitimate concern to meeting participants. Nevertheless, to ignore certain antitrust ground rules, either through ignorance or otherwise, is to create a hazard business people cannot afford.

The Sherman Antitrust Act, the Clayton Act, the Federal Trade Commission Act, and the Robinson-Patman Act comprise the basic federal antitrust laws which set forth the broad areas of conduct considered illegal as restraints of trade. In general, agreements or understandings between competitors that operate as an impediment to free and open competition are forbidden.

The broad language of these laws suggests the scope of federal antitrust prohibitions by forbidding any "agreement or understanding ... to substantially lessen competition ... in any line of commerce." In particular, the U.S. antitrust laws prohibit:

1. Discussing the fixing or regulating of prices, markups, or the conditions or terms for sale.
2. Discussing the establishment of geographic trading areas, allocation of markets or customers, or classification of certain customers as being entitled to preferential treatment.
3. Discussing or participating in any plan designed to induce any manufacturer or distributor to sell or refrain from selling to, or to discriminate in favor of or against, any particular customer or class of customers.
4. Discussing limiting or restricting the quantity of products to be produced.
5. Discussing or participating in any plan designed to control the means of transportation or channels through which products may be sold.
6. Discussing or participating in any plan which has the effect of discriminating against or excluding competitors.

Board contractors, staff, officers and members, are required to comply with the spirit and requirements of the antitrust laws.

## **Accounting and Internal Control Policy**

### **Monthly and Quarterly Accounting Procedures**

#### **Bank reconciliation**

Bank statements for the Christmas Tree Promotion Board (CTPB) will be reconciled monthly within the accounting software. The bank statement and reconciliation is filed to be used for the annual audit.

#### **Financial reports**

CTPB administration will prepare the standard reports from the accounting software. These reports include: Assessments Received, Balance Sheet, and a Budget-to-Actual detailed report for the month just ended. These reports will be reviewed by the Executive Director then submitted to the CTPB Chairman and Treasurer noting any exceptional items. Reports may be printed, filed in PDF format or stored within the accounting software system.

#### **Quarterly reports**

Quarterly reports will be prepared for distribution to Board members and USDA within 45 days of the completion of the quarter. Reports will include, but not be limited to current fiscal year assessments received, Balance Sheet, Income Statement and a Budget-to-Actual Summary Report for the current fiscal year. A similar report will be presented to the Board at each of its meetings through the end of the most recent completed month. On recommendation by the Executive Committee, the Board will vote whether to accept the report.

### **Annual Accounting Procedures**

#### **Annual budget**

The Board will meet each year to create a program of work and accompanying budget. Once the Board has approved a budget and within 60 days after assessments are due, the CTPB will submit to USDA-AMS for review and approval the Board-approved Budget with accompanying Promotion, Research, and Finance Committees' Narratives for the new fiscal year. After the budget has been approved by USDA, a summary version will be posted on the Board's website for the public.

#### **Vendor contracts or agreements**

Once USDA approves the new fiscal year budget and work plan, the Executive Director will prepare contracts for any vendors who may be engaged to carry out approved programs and projects. All contracts must meet USDA requirements and must be submitted to and approved by the USDA-AMS prior to final execution by all parties.

All contracts submitted to the USDA for review and approval will include a prohibition on lobbying. The board will provide a statement why contract was awarded to a particular contractor, including justification when lowest bid is not awarded or when non-competitive contracts are awarded. The

board will notify potential contractors that any work they undertake prior to contract approval by AMS is at their own risk as the board is not financially liable if the contract is not approved.

When CTPB receives approval from USDA, contracts are sent in duplicate to the vendor for vendor signature. Once the contract is fully executed, original copies with original signatures are maintained at the CTPB office and mailed to the vendor, and a PDF file copy of the contract is sent to USDA-AMS via email.

All contracts must be reviewed and approved by USDA-AMS, and USDA-FAS when applicable and be fully executed by all parties in duplicate with appropriate signatures, before any money or invoice can be paid against the contract.

### **Audits**

- *Annual Financial Audit.* Within 90 days after the end of each fiscal year, the CTPB will engage an independent audit firm to conduct a financial audit of the just-ended fiscal year in accordance with Generally Accepted Government Auditing Standards (GAGAS). Once the firm has been identified, a contract must be fully executed. AMS staff will review the board's letter of engagement with the auditors, participate in any entrance and exit conferences, and participate in the resolution of findings. AMS participation may be via conference call. AMS shall review these annual audits to determine if the auditor identified any misuse of board funds and if the audit adequately addressed whether (1) funds were discovered to be used for influencing government policy or action, (2) the board adhered to the AMS investment policy (Appendix 3), (3) internal controls over funds met auditing standards, (4) funds were used only for projects and other expenses authorized in a budget approved by USDA, and (5) funds were used in accordance with this guidance.

Once the financial audit is complete, a written report as well as report of the findings will be sent to AMS for review and approval followed by an exit interview with AMS, CTPB's management staff and board chair or designee. Once the draft report is reviewed and approved by AMS, the audit will be presented to the full Board. This may be in person at a Board meeting or via conference call. An original copy of the final audit report as provided by the audit firm is provided to the USDA. A copy will be filed and maintained at the CTPB office. The Finance Committee will determine when a review or bid process will be made to identify other possible external auditors to maintain effectiveness of the audit and to ensure competitive rates.

- *Compliance audit.* The CTPB shall annually provide a collection report demonstrating that the collection of check-off funds has been analyzed to determine if collections are being paid and collected per the Order. Based on the analysis, the Board may decide to conduct field visits or audits at its discretion. The CTPB may contract with an outside CPA firm to conduct these field visits or audits. The results are reported to the Executive Director who then verbally reports to the Executive Committee without mention of the names of the Producers audited. Copies of the original written analysis audit report are provided to the Board, given to the USDA and one is kept in CTPB files. *Approved 1/30/17*

- *USDA Management Audit.* USDA-AMS audits the CTPB's board operations (programmatic, financial and compliance) at least once every three years. The USDA will notify the Executive Director when the audit will be conducted and the materials needed for review. USDA provides the Executive Director a report of the results and reports to the Board at the next regularly scheduled full Board meeting of any suggestions, needed changes or improvements. CTPB staff will keep all documentation current and in full compliance with all USDA guidelines and rules at all times. The office of Inspector General or USDA may request audits at any time deemed appropriate.

## **Cash disbursements**

### **General**

All financial transactions of the Christmas Tree Promotion Board are governed and handled in accordance with the Christmas Tree Promotion, Research, and Information Order. The processes in this section involve reviewing, coding and disbursing CTPB funds in accordance with the Board's Bylaws, policies and procedures, and USDA guidelines. All invoices, reimbursement payments, purchase orders, check requests, wire transfers and any other payments should be directed to the CTPB office for initiation of payment processing. All invoices must be authorized as appropriate payment requests by the Executive Director or in his/her absence, a member of the Executive Committee then submitted as a payment report for approval by the Treasurer. All payments must be approved per the General Payables Documents Flow policy, checks require two signatures: CTPB Executive Director plus the Treasurer or in the Executive Director's absence a member of the Finance Committee.

### **Approval for expenditures**

All expenditures initiated by contracted staff are approved prior to initiation by one or more of several means: Vendor Contract or Letter of agreement, purchase order, travel authorization or through email as part of carrying out the CTPB program of work.

### **Travel Authorization**

- **Staff/Contractors.** Travel authorization for the Executive Director and staff must be obtained from a member of the Executive Committee prior to travel.
- **Board Members.** A meeting notice of an upcoming meeting will serve as travel authorization for Board members. Members must obtain Executive Committee approval prior to attending a seminar, convention, conference, lecture, or other event of a business nature on behalf of the CTPB.

### **General payables document flow**

1. Vendor invoices and check disbursement
  - a. All vendor invoices are received at the CTPB location by mail or electronically. All mail is



- sorted by the CTPB designee. All vendor invoices and requests for payments are forwarded to the assigned CTPB management personnel
- b. The assigned CTPB management personnel will code and approve the invoice, and forward on to Accounts Payable (AP). Accounts Payable will check to see if the vendor is under contract with the CTPB and has a fully executed contract in place. If the invoice appears accurate, has the correct supporting documentation and is within the budget, then AP enters the invoice into the accounting software as unpaid. AP must be confident of the legitimacy of the charge and may investigate further by interviewing CTPB staff members or vendors.
  - c. As needed but not less than once every 30 days, AP prints the checks and a detailed payment report. The detailed payment report includes a listing of all checks and ACH payments that are being presented to the CTPB treasurer for signature and approval with the following information: check number, check date, vendor name, class coding, and amount. Voided checks are also furnished. The Treasurer will approve the payment report and document its approval. These records will be retained as part of the CTPB accounting system.
  - d. The entire payable package is then co-signed by CTPB Executive Director, processed by assigned CTPB management personnel and paid by ACH payment or check.
2. Reimbursement of Board expenses
    - a. Board Members are required to file an expense report for reimbursement of out-of-pocket expenditures associated with approved travel or CTPB related expenses (see Board Policies and Procedures).
    - b. All individual item claims \$25 or more must have a receipt or appropriate documentation. In the rare instance that an expense of \$25 or more is not supported by a receipt, a detailed explanation of the charge and why a receipt is not available must be provided.
    - c. All expense reports submitted by Board members must be approved by the Treasurer and processed as all other approved invoices.
  3. CTPB-issued Credit Card invoices
    - a. As deemed appropriate by the Executive Committee, a CTPB Credit Card may be issued to CTPB management personnel for travel and associated business expenses. All charges to CTPB credit cards are considered an advance by the CTPB to the staff member assigned a credit card, and each staff member is responsible for all charges on the card assigned in their name.
    - b. Each staff member's credit card will be assigned a spending limit based on the staff member's position as well as the amount of travel involved with his or her job.
    - c. When the Credit Card bill is received in the CTPB office, AP will forward a copy to the staff member for reconciliation. If a charge is inadvertently made to the CTPB Credit Card or a portion of the charge is personal, or the charge is not deemed appropriate to be incurred by

- CTPB, then AP will enter it as a debit against the individual's next expense report or the employee will be asked to reimburse CTPB for the incurred amount by check.
- d. AP will keep all credit card bills and supporting documentation on file.
  - e. All credit card bills submitted by staff members must be approved by the Treasurer and processed as all other approved invoices
4. On-line banking transactions
- a. In some instances, there will be a need to pay a bill electronically. The CTPB has access to electronic banking for its checking account. This service allows bills to be paid electronically either through on-line checks or wire transfers.
  - b. All vendor invoices that are to be paid through an Automatic clearing house (ACH) wire transfer or electronically are to be handled in the same manner as those paid by check except for the payment method.

### **Cash receipts**

Assessment collections are sent to the CTPB's bank lock box account. If an assessment is sent to the CTPB office in error, that assessment payment and all documents included in the mailing are sent to the bank lock box for processing. CTPB staff does not deposit assessment payments. A listing of each payment and a copy of the assessment form will be provided to the CTPB by the bank. The Executive Director or designee reviews the grower's or importer's report for possible late payment of the assessment and determines if all required information has been included in the report. The grower's or importer's report must show for each transaction: crop year, total number of trees cut and sold or imported. If the grower's or importer's report is incomplete or there appears to be a calculation error, a call is made to the grower or importer by the Executive Director or designee to get the required information; this contact is noted in the grower's record. If the required information is not obtained from the grower or importer within two weeks of the original call, a follow-up letter is sent to the grower detailing the requested information. If the information does not arrive within two weeks after the letter, another letter indicating the matter will be turned over to USDA-AMS as a compliance issue is sent. The USDA-AMS is cc'd on the letter. The matter is then turned over to AMS compliance. A master compliance form-letter approved by the USDA is kept on file for consistent use for late payments.

Each grower's assessment payment will be entered into the accounting system as well as a database of assessment payers; recording assessment payments for each reporting year. The deposit amount is coded by domestic or imported product and fiscal year.

## CTPB Record Retention Policy

The records of the CTPB are important assets. The records include essentially all records produced during the course of business. All CTPB contractors are responsible for keeping detailed files of the work conducted in their areas of responsibility. All files are property of CTPB and are governed and subject to USDA audit. All contractors are responsible for safeguarding materials of a confidential and sensitive nature.

Questions regarding document retention should be directed to the Executive Director. Law requires a company to maintain certain types of records, usually for a specified period of time. Failure to retain those records for those minimum periods could subject the CTPB to penalties and fines.

The CTPB document retention and destruction policy is set to ensure that documents are retained only so long as they are:

1. Necessary to the conduct of the organization's business
  2. Required to be kept by statute or regulation
- Relevant to pending or foreseeable investigations or litigation

The CTPB will maintain all program records for at least 3 years, complying with AMS Guidelines. The CTPB expects all contractors to fully comply with the CTPB record retention or destruction policies and schedules. If the policy says seven years, it means seven; not less and not more unless it falls into the exception category.

There are two exceptions:

1. Litigation. If it is believed that specific company records are relevant to litigation, or potential litigation, then those records must be preserved until they are no longer needed.
2. History. Documents relevant to the history of the Christmas Tree Promotion Board should be kept indefinitely.

Current and relevant documents should be filed systematically and accessibly. Placing documents in an electronic format provides easy access and properly secures them. The Board will maintain files of all completed materials as well as USDA approvals for those materials. All contractors should become thoroughly familiar with the practice of providing completed materials to the CTPB on a timely basis.

### Types of Records

### Number of Years to Retain

#### **Accounting**

Audit reports	Indefinitely
Bank Statements and deposit slips	3

Computer Accounting records	7
General ledgers and journals	Indefinitely
AP Vouchers (vendors, employees & others	7

### **Corporate**

Bylaws, charter	Indefinitely
Board meeting minutes and agendas	Indefinitely
Compliance Records	Indefinitely
Signed Contracts	Indefinitely
FOIA materials (after FOIA resolved)	3
Legal and tax issues, settlements	Indefinitely
Litigation records	Indefinitely
USDA approvals	Indefinitely
Historical items and documents	Indefinitely

### **Insurance**

Accident reports	5
Insurance Claims (after settlement)	10
Insurance Policies (all types – expired)	3
Safety reports (after termination)	5

### **Marketing**

All electronic marketing materials	5
Advertising materials/approvals	Indefinitely

### **Research**

All electronic research materials	Indefinitely
Research approvals and contracts	Indefinitely

### **Personnel**

Contracts (expired)	Indefinitely
General resumes/applications (not contracted)	1

**Electronic Documents**

Electronic files that fall into the above referenced categories will be held to the same retention schedule as outlined above.

## **Cash Management Procedures and Investment Policy**

Effective cash management and investment practices are recognized as essential to good fiscal management. This policy is intended to provide formal rules and guidelines for the prudent cash management and investment of funds.

The Christmas Tree Promotion Board (Board) has the authority to invest funds collected through assessments authorized under the Christmas Tree Promotion, Research, and Information Order (hereinafter referred to as the "Order").

### **Delegation Of Authority**

The Executive Committee shall establish, revise and recommend as necessary to the Board appropriate cash management and investment policies, procedures, objectives, and strategies with approval from USDA. It will review the implementation of the policies and monitor the achievement of financial and investment objectives, in compliance with the Act, Order, AMS Guidelines, and the Bylaws.

The Board may enter into contracts for administrative services, as may be required to conduct its business as approved by the Board. The Executive Director is charged with providing administrative services to the Board to implement the Board's approved policies and plans which includes but is not limited to managing all financial and administrative affairs and implementing and administering the Cash Management Procedures & Investment Policy. The Executive Director will act as an agent for the Board in all investment and financial matters as approved by the Board (i.e. opening bank accounts; withdrawing, transferring or investing funds; paying bills; receiving and depositing funds; acquiring loans; opening letters-of-credit; etc.) and will serve as dispenser of funds for the Board at the Board's direction. The Executive Director serves as the primary contact with bankers, brokers, money managers, custodians, and consultants.

### **Performance Standards**

The Cash Management Procedures & Investment Policy shall be designed with the objective of receiving a reasonable rate of return on investments consistent with risk limitations identified in this policy and prudent investment principles and AMS Guidelines.

### **Financial Management Procedures**

In order to comply with the Cash Management Procedures & Investment Policy of the Board, the following procedures are to be followed:

1. Exercise prudent cash management of funds collected by the Board. Funds include, but are not limited to: fees for services; assessments collected from producers and importers; and interest income.
2. Maintain all funds, belonging to or in custody of the Board, in risk-free (fully insured or collateralized with Federal Government securities) and short-term (one year or less) accounts. In accordance with AMS Directive 2210.2.

- If under \$250,000, in FDIC insured instruments or accounts. If above \$250,000, in instruments listed under “Acceptable Collateral for 31 CFR Part 202”
3. Invest, pending disbursement under a program, plan, or project, funds collected through assessments authorized under the Order only in:
    - a. Obligations of the United States (U.S.) or any agency of the U.S.
    - b. General obligations of any State or any political subdivision of a State
    - c. Any interest-bearing account or certificate of deposit of a bank that is a member of the Federal Reserve System
    - d. Obligations fully guaranteed as to principal and interest by the United States, except that income from any such invested funds may be used only for a purpose for which the invested funds may be used.
  4. Funds needed for immediate operating use shall be maintained in a checking account that meets the above requirements.
  5. Funds not needed for immediate use may be moved from the checking account to an approved investment instrument whenever:
    - a. The incremental return justifies the transfer, or
    - b. The account balance exceeds \$250,000

### **Investment Policy**

The primary objective of investment activities shall be: (1) Safety of Principal (Risk Free), (2) Liquidity (Short-term), and (3) Yield (Interest Bearing).

- Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital. The objective will be to mitigate credit risk (the risk of loss due to failure of the financial institution, broker/dealer default, or erosion of market value) and interest rate risk (the risk that the market value of securities in the portfolio will fall due to changes in general interest rates).
- Liquidity of the portfolio shall remain sufficient to meet all operating and capital requirements that may be reasonably anticipated.
- Yield or rate of return shall be designed with the objective of attaining a reasonable rate of return throughout budgetary and economic cycles.

### **Prudent Person Standard**

All participants in the investment process shall seek to act responsibly and professionally as custodians of the industry’s trust. Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence would use in the management of their own affairs, not for speculation, but for investment purposes, considering first the safety of their capital, then the probable income to be derived.

### **Ethics and Conflict of Interest**

Participants involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of the investment program, or which could impair their ability to

make impartial investment decisions. Participants involved in financial decisions/transactions will have to sign a “conflict of interest” agreement.

### **Safekeeping**

All investments shall have the Board as the registered owner and all interest and principal payments and withdrawals shall indicate the Board as the payee. All investments shall be kept safe with a qualified financial institution. A formal agreement or Memorandum of Understanding shall be signed between the Board and the financial institution before funds are deposited with the financial institution. Certificates of Deposits, or a copy thereof, will be delivered to and held by the Board. Whenever possible, settlements will be made electronically.

### **Security of Funds**

Board funds deposited in a financial institution covered by the Federal Deposit Insurance Corporation (FDIC) must be secured at all times. Funds are considered sufficiently safe if the total amount of deposits in a single financial institution is less than the recognized FDIC deposit insurance limit of \$250,000, including both principal and interest; and/or the Board ensures that the financial institution pledges acceptable collateral prior to making a deposit that exceeds the recognized deposit insurance limit of \$250,000.

Funds that are not needed for immediate operating use may be invested in instruments that are interest-bearing, short-term (one year or less), and risk-free. Risk-free requires that:

1. All accounts must be federally insured or collateralized with Federal Government securities. In the absence of collateral, accounts must be established at financial institutions that are insured by FDIC insurance. FDIC insurance coverage applies to the Board’s total deposits at a single financial institution, regardless of how many accounts the Board has at that financial institution; and deposit accounts maintained by the Board are not separately insured at different branches or offices of the same insured financial institution.
2. The Board must monitor its deposits to ensure that its account balance never exceeds the recognized FDIC insurance limit of \$250,000, including both principal and interest, unless appropriate collateral security is pledged, or unless a higher balance is needed to process a payment through the Board checking account. Only those securities noted in U.S. Department of Treasury Regulations, Title 31, CFR, Part 202 (Attachment A) are acceptable. They include collateral issued, fully insured or guaranteed by U.S. Government Agencies or U.S. Government sponsored corporations. No declining balance securities, regardless of issue, are acceptable.

Investments currently **not acceptable** may include but are not limited to:

- Common and Preferred Stock
- Consumer Paper or Consumer Notes
- Foreign Currency-Denominated Securities
- Indexed Securities (except as otherwise noted)
- Mutual Funds and Insurance Funds
- Construction Loans



- Raw Loans
- Obligations that have been issued by the pledging bank or by affiliates of the pledging bank
- Obligations of foreign countries (i.e., Sovereign Debt)
- Collateralized Bond Obligations (CBO's), Collateralized Loan Obligations (CLO's), and Collateralized Mortgage-Backed Securities (CMBS) except as otherwise noted
- Real Estate Mortgage Notes
- Commercial Loans (Including real estate and agricultural loans)
- Sinking Fund Securities
- Stripped and Zero-Coupon Securities: Some of the securities listed may be offered in stripped or zero-coupon form. Securities in these forms are NOT acceptable except those where market prices are available and that are specifically listed. In addition, U.S. Government agency securities may also be stripped into their separate components. These securities would be acceptable, provided market prices are available.

### **Reporting**

Complete, accurate, and timely records of all investment activities shall be maintained. A monthly report shall be prepared detailing all investments. This report will be submitted to the Executive Committee and USDA monthly and to the Board at each meeting. This report shall include the following:

- A listing of investment securities
- Amortized book value
- Purchase Date
- Maturity date
- Interest Rate/Return
- Market Value.

The report will also include a statement that the investments are in compliance with the Cash Management Procedures & Investment Policy and AMS Guidelines.

## **Indirect Costs Policy**

Any funding provided by the CTPB to a research institution, university, government entity or any other organization for the purpose of research must be used solely for the objectives set forth in such entity's research proposal, and may not be used in any percentage or form to cover administrative or overhead costs of the entity.

## Diversity Plan

AMS requires Boards to develop diversity plans, approved by AMS, that outline action plans to identify and encourage nomination of a diverse slate of candidates based on the principles noted below. The nomination process should demonstrate outreach to multiple groups. AMS policy is that diversity on the Boards should reflect the diversity of their industries. Therefore, when making recommendations for appointments, the industry must take into account the diversity of the population served and the knowledge, skills, and abilities of the members to serve a diverse population.

The Christmas Tree Promotion Board (CTPB) sees the pursuit of diversity in Board membership as an opportunity for embracing new ideas and growth that will enable the Board to better serve the industry. Central to this effort is the goal of growing new leadership to serve on the CTPB that reflects a diversity of perspective and opinions. The industry that pays the marketing and promotion assessment is diverse and the CTPB should reflect that diversity in the size of operations, experience of members, methods of production and distribution, marketing strategies, and other distinguishing factors that will bring different perspectives and ideas to the table.

Action steps will include, but not be limited to the following: mailings to industry members notifying them of upcoming elections and the opportunity to serve on the CTPB; posting notices on the CTPB website; outreach to State and Regional associations; and outreach to resources recommended by AMS.

## **Board Member Election Procedure**

The Board shall reach out to the industry to solicit nominations for each vacant Board position. The CTPB staff will notify the industry of the open positions through press releases, posting on the CTPB website and email to respective state and regional associations.

State and regional associations and individuals in each region will submit qualified nominees to the CTPB office by June 1. State and regional associations may conduct this process in any manner they choose but must allow any qualified grower to be considered. The CTPB will verify nominees are qualified. Nominees must have domestically produced and sold 500 trees or more during the most recent fiscal period and have paid all past and present assessment payments in full. Producers who produce trees in more than one region may seek nomination only in the region in which they produce the majority of their Christmas trees.

The CTPB will place the qualified nominees on a ballot to be sent to producers in each region by June 15. Ballots will be sent to producers in each region who have paid assessments in the most recent fiscal period and have paid all past assessment payments in full. Producers who produce Christmas trees in more than one region may only vote in the region in which they produce the majority of their Christmas trees. Ballots must be received by the CTPB office by July 15. The names of the two nominees from each region who receive the highest number of votes shall be submitted to the Department of Agriculture as the producers' first and second choice nominees. If there are two vacant Board positions from the same region, producers will vote for two nominees. The four nominees receiving the highest number of votes shall be submitted to the Department. The top four nominees will be submitted to the Department in order, based on the number of votes received. The CTPB staff will assist the nominees from each region to complete their nomination packet and submit the packet to the Secretary by August 1.

The Board will solicit importer nominations from those importers who have paid their assessments in the most recent fiscal period and have paid all past assessments in full. The CTPB office will place qualified nominees on a ballot that will be sent to importers for a vote by June 15. Ballots must be received by the CTPB office by July 15. The names of the two importer nominees receiving the highest number of votes shall be submitted to the Department of Agriculture as the importers' first and second choice nominees. The CTPB staff will assist the importer nominees to complete their nomination packet and submit the packet to the Secretary by August 1.

From the nominations, the Secretary of Agriculture shall select the members of the Board for each position on the Board. Members will serve until their successors have been appointed by the Secretary of Agriculture.

## **Nominating Process for Officer Election**

In January, or when necessary, the Chairperson will appoint a Nominating Committee.

The Nominating Committee will create a slate of one or more candidates for Chairperson, Vice Chairperson, Treasurer, and Secretary.

The Nominating Committee will verify that each potential candidate agrees to be on the ballot for that position.

The Chairperson will present the slate at the appropriate meeting and ask for nominations from the floor before proceeding with the election. Elections will be done in this order: Chairperson, Vice Chairperson, Treasurer, and Secretary.

Voting will be by secret ballot. In case of a tie, the vote will be re-taken until one candidate receives a majority.

The election will take place at the end of the first face to face meeting each calendar year. The new officers will take on their responsibilities immediately upon election.

If an office is vacated, the position may be filled at the next meeting of the Board using these election procedures.