

# MAINE STATE LEGISLATURE

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January 23, 2013

The Honorable Justin L. Alford  
President  
The Maine Senate  
3 State House Station  
Augusta, ME 04333-0003

The Honorable Mark W. Eves  
Speaker of the House of Representatives  
Maine House of Representatives  
2 State House Station  
Augusta, ME 04333-0002

Re: P. L. 2011, c. 616, *An Act to Implement the Recommendations of the Office of Program Evaluation and Government Accountability and the Government Oversight Committee Regarding Quasi-independent State Entities*

Dear President Alford and Speaker Eves:

In compliance with the above law and 5 MRSA §12023 requiring certain state entities to prepare and submit reports to the Legislature by February 1, 2013, and annually thereafter, the Small Enterprise Growth Board ("SEGB"), the governing body of the Small Enterprise Growth Fund ("SEGF" or "Fund"), by unanimous vote at its regularly-scheduled monthly meeting held on Monday, December 17, 2012 at the Brunswick Business Center, Brunswick, Maine, approved and authorized updated policies and procedures, specifically for the following four areas, to ensure that all activities and expenditures of the Fund are limited to those necessary to accomplish the Fund's mission and to carry out the Fund's duties consistent with the authorizing law:

- 1) Selection of Vendors
- 2) Contributions
- 3) Travel Meals and Entertainment
- 4) Lobbying

The Policies and Procedures are attached in their entirety.

The SEGB ensures that the Board Members and the Fund Manager, the managing director, will comply with all financial policies and procedures by performing the following minimum reviews:

- Annually, prior to the new fiscal year, the Fund Manager and the SEGB Audit Committee thoroughly review the Fund's proposed budget for the upcoming fiscal year. Upon satisfactory completion of the review, the Committee makes a recommendation to the full Board for a vote approving the proposed budget, and
- Monthly, a review of the Fund's financial reports and expenditures by the Fund Manager and Board Treasurer, followed by presentation of the same to the full Board at its monthly meeting and a recommendation for a vote of approval of expenditures as presented. All submissions for expense reimbursement by the Fund Management Team are submitted to the Board Treasurer for review and approval.

If you have any questions or need further information, we will be happy to honor your request.

Respectfully submitted,



Matthew Hoffner  
Chair

Small Enterprise Growth Board



John F. Burns, CFA  
Fund Manager

Small Enterprise Growth Fund

SMALL ENTERPRISE GROWTH FUND



# Policies and Procedures

## Part I: Financial

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## Part I: Financial

### Statement of Consistency with Authorizing Law

In compliance with Section A-1 of 5 M.R.S.A, Chapter 379, Subchapter 3, the Small Enterprise Growth Board (the SEGB), the governing body of the Small Enterprise Growth Fund (the SEGF or the Fund), has approved the following policies and procedures to ensure that all activities and expenditures of the Fund are limited to those necessary to accomplish the Fund's mission and to carry out the Fund's duties consistent with the authorizing law.

#### Financial Policies and Procedures:

- 1) Selection of Vendors
- 2) Contributions
- 3) Travel Meals and Entertainment
- 4) Lobbying

The SEGB ensures that it and the Fund Manager, the managing director, comply with all financial policies and procedures by performing the following reviews:

1) annually, prior to the new fiscal year, the Fund Manager and the SEGB Audit Committee, will thoroughly review the Fund's proposed budget for the upcoming fiscal year. Upon satisfactory completion of the review, the Committee will make a recommendation to the full Board for a vote approving the proposed budget, and

2) monthly, a review of the Fund's financial reports and expenditures by the Fund Manager and Board Treasurer, followed by presentation of the same to the full Board at its monthly meeting and a recommendation for a vote of approval of expenditures as presented. All submissions for expense reimbursement by the Fund Management Team are submitted to the Board Treasurer for review and approval.

## **Part I: Financial**

### **Selection of Vendor Policy**

#### **General Provisions**

The purpose of this Selection of Vendor Policy (hereinafter the "Policy") is to:

- Assure that supplies, products and services are procured efficiently, effectively and at favorable prices;
- Assure that quality, experience and service are given strong consideration along with pricing;
- Promote open and free competition in contracting;
- Provide safeguards for maintaining a procurement system of quality and integrity;
- Assure that SEGF purchasing actions are in full compliance with applicable Federal standards and regulations and State and local laws.

#### **Administration**

Unless otherwise stated in this Policy, the SEGF Administrative Associate will work together with the Fund Manager in administering this Policy.

The SEGF will maintain records sufficient to detail, including the rationale for the method of procurement, contractor/vendor selection or rejection, the basis for the contract/vendor price and such other information as the SEGF determines appropriate.

The Board of Directors will be requested to authorize any non-budgeted purchases over \$2,000 or non-budgeted contracts that obligate the Fund to an amount over \$2,500 annually.

Board approval will also be sought for any non-budgeted capital expenditures that would cause actual capital expenditures to exceed the capital budget by \$2,500 in aggregate.

#### **Procurement of products or services**

When acquiring supplies or products, the SEGF will choose reputable vendors who provide reasonable pricing, delivery and service.

##### **1) Procurement for Small Purchases < \$5,000**

For small purchases below \$5,000, the SEGF will solicit one quotation if the SEGF considers the price received reasonable.

## **2) Procurement for Major Purchases > \$5,000 and < \$10,000**

For purchases from \$5,000 to \$10,000, the SEGF will obtain quotations from up to three qualified sources unless the Board of Directors allows an exception.

### **Documentation of Quotes Received for Major Purchases**

The following documentation will be required for each purchase:

- Name and address of Vendor(s)/Contractor(s)
- Price, quantity, specifications of product or service, and quality of product(s)
- Criteria for Decision Making
- Reasons for Decision if for not using price as deciding factor in Competitive Proposals

### **Length of Contract and Review**

The length of a contractual agreement to provide services or product should not exceed one year for services rendered. Prior to the end of the contract, the SEGF should begin the process for replacing the contract according to the Policy.

### **Ethics in Public Contracting**

No employee, Board Member, officer or agent of the SEGF shall participate in the selection or in the award or administration of a contract if a conflict of interest, real or apparent, would be involved. A conflict of interest is defined under the Conflict of Interest Policy **(See Section V)**.

## **Part I: Financial**

### **Contributions**

#### **Statement of Policy**

The SEGF will only become a member of an organization that supports the Fund's mission and that provides benefits that the SEGF is unable to obtain without such membership. Similarly, the SEGF will only make a contribution, a sponsorship or a donation to meet an objective consistent with the Fund's mission and marketing plan.

#### **Membership Organizations**

The SEGF may become a member of any national organization that is composed of similar governmental or not-for-profit entities from other states that offer opportunities to learn best practices; review and interpretation of national policies that affect the SEGF; tracking of prospective policies that may affect the SEGF; or collaboration opportunities.

The SEGF may become a member of a Maine organization that includes among its members, entrepreneurs, businesses, financial institutions, venture capital groups, angel investor groups, regional development and economic development groups, so long as such a membership provides benefits to the SEGF, such as opportunities to learn best practices, opportunities to collaborate on new policy directions within the SEGF's mission; opportunities to make the SEGF mission and investment activities known to an audience that can benefit from such information.

The Fund Manager will review, with the SEGB Executive Committee, all organizational memberships prior to joining.

The SEGF may pay for membership of its employees in appropriate professional organizations such as the CFA Institute (Chartered Financial Analyst), the National Association of Seed and Venture Funds (NASVF), the Maine Development Foundation or other similar organizations, upon approval by the SEGB.

#### **Sponsorships**

The SEGF will undertake sponsorships that build awareness of the Fund's mission, entrepreneurship or economic development among core constituencies. Such sponsorships will be consistent with the SEGF's marketing plan.

#### **Donations/Contributions**



The SEGF will not ordinarily make donations or contributions that are not undertaken for marketing purposes.

**Procedure for Documenting the Benefits of a Membership, Contribution, Donation or Sponsorship**

Memberships in organizations will be reviewed annually as part of the annual budgeting process. The budget will include a summary statement as to the benefit of each organization budgeted for membership.

**Procedure for Accounting for Memberships, Contributions, Donations or Sponsorships**

All proposed contributions, sponsorships and memberships must be identified in the annual budgeting process, including the benefits the proposed contribution, sponsorship or membership will bring to the SEGF.

## **Part I: Financial**

### **Travel, Meals and Entertainment**

#### **Statement of Policy**

Travel costs are limited to those reasonable and necessary to accomplish the Fund's mission and activities. The SEGB reviews and approves the travel and expense reimbursement budget as part of the annual budget proposal for the upcoming fiscal year. See Statement of Consistency with Authorizing Law, p. \_\_\_.

#### **Administration**

SEGF employee travel will be limited to that which is necessary to fulfill the obligations and requirements of the job.

To receive reimbursement for travel expenses, Board Members and Management Team must submit a request to the Fund Administrative Associate. This report shall detail the date of travel, and the purpose of any expenses associated with the travel (mileage, tolls, meals, lodging, etc.). Travel and Expense Reports are made available for review by the Board Treasurer and Fund Manager, and, upon approval by the Treasurer, are paid by check to the requesting party.

All reimbursable expenses must adhere to the SEGF travel reimbursement policy and include the appropriate documentation (receipts). Travel and Expense Account requests must be submitted for reimbursement no later than 30 days after the travel expense incurred.

Travel and expense reimbursements are posted under two separate accounts in the Fund's financial accounting system, one for staff and one for board members.

#### **Travel Policies**

While traveling on official business, SEGF employees are expected to conduct themselves in a responsible and professional manner.

To help promote this image, the SEGF adopts the following guidelines:

1. All state and local motor vehicle laws are to be obeyed at all times, and the use of seat belts is required while on SEGF business. Any traffic tickets or parking tickets are the personal responsibility of the operator.
2. Mileage reimbursement is based on actual miles traveled to the business destination and return (see Maine Mileage Chart). If travel originates or terminates at home, reimbursement will be provided for the lesser of actual miles traveled or mileage from

the SEGF headquarters to the business destination and return. The cost of commute between the traveler's home to the SEGF's headquarters cannot be reimbursed.

Staff is encouraged to use a rental car for travel in excess of a 100-mile round trip (subject to change as mileage reimbursement rates change, or any other changes occur). With ample notice of departure time from SEGF employees, the Fund Administrative Associate will make all car rental arrangements.

3. In the event of an accident while traveling on official SEGF business the following procedures are required to be followed:
  - The accident should be immediately reported to the local police.
  - Report the accident to the insurance carrier. The employee's personal automobile insurance is primary if the employee is using their personal car for company business. If a serious collision involving a second party takes place while using a personal car on company business, the accident should be reported to both the personal insurance carrier and to Risk Management (through the SEGF Fund Administrative Associate). Minor "fender bender" accidents with a personal car do not need to be reported to Risk Management.
  - All accidents should be reported as soon as possible to the Fund Administrative Associate. With the assistance of the employee, a "Driver's Accident Report" and any other required reports or forms will be completed.
  - All forms will be forwarded to Risk Management at the State, the Agency that handles Fund's vehicle insurance. Risk Management will investigate all accidents and report their findings to the SEGF.
4. Employees are considered on "Official SEGF Business" while traveling to and from business meetings/conferences/training, regardless of the time of day or night. Conducting personal business during travel time is strongly discouraged and not considered official business.

## **Part I: Financial**

### **Lobbyists**

#### **Statement of Policy**

The SEGF historically has used and will continue to use, per annual contract with the Finance Authority of Maine, its Governmental Affairs and Communications Manager as legislative liaison to assist, as requested, in developing annual legislative strategy and in tracking any pending legislation that may affect the Fund or the Board.