

**MAINE CONNECTIVITY AUTHORITY
5 MRS §12023 ANNUAL REPORT
FINANCIAL POLICIES AND PROCEDURES
FY JULY 1, 2022 – JUNE 30, 2023**

The Maine Connectivity Authority (MCA), files this annual report pursuant to 5 MRS §12023 concerning the financial policies and procedures required by 5 MRS section 12022. The annual report covers MCA's preceding fiscal year, July 1, 2022 to June 30, 2023, being the most recent July 1 to June 30 budget cycle, the fiscal year used by MCA, consistent with the guidance of 5 MRS §12023(3).

MCA's first annual report covered the 2023 calendar year, the first year of MCA operations to provide the Legislature a more complete picture of the first year of MCA operations. This report duplicates the July 1 to December 31, 2023 period previously covered to provide the full fiscal year information.

MCA was established by the Connectivity Infrastructure Act, P.L. 2021, chapter 364, codified at 35-A MRS §9401 et seq. P.L. 2021, chapter 364, §1 designates MCA a general government board under 5 MRS § 12004-G, sub-§33-G (later reallocated to sub-§33-H) and chapter 364, §2 designates MCA a quasi-independent reporting entity under 5 MRS -§12021(5) and (6).

As noted in the first annual report, in the spring of 2022, MCA staff, with Board of Directors approval, adopted an initial MCA procurement policy. Under the initial policy, MCA staff had authority to approve expenses up to \$10,000, expenses between \$10,000 and \$50,000 required approval by the Chairman of the Board of Directors, and any expenditure above \$50,000 required full Board of Directors or Executive Committee approval. These restrictive limitations were imposed as guardrails during the earliest operations to assure alignment of the Board of Directors and staff on early procurement decisions.

MCA hired its Chief Financial Officer (CFO) as the second employee in the spring of 2022, soon after establishment. With CFO guidance, MCA drafted comprehensive written financial policies for MCA operations, in consultation with the MCA Board of Directors and its Audit and Risk Committee. This included draft Financial and Procurement Policies to comply with the requirements of 5 MRS section 12023 and 12024, drawing from best State of Maine and private sector governance practices. The policies include a Cash Management Policy, and a Financial and Procurement Policy for Board review. The Audit and Risk Committee discussed the policies at its September 2022 meeting and voted to approve and recommend the policies for full Board of Director approval. The Board of Directors considered and approved these two Financial Policies at its November 2022 meeting. The MCA staff have fully implemented the two Financial Policies and report to the MCA Audit and Risk Committee and Board of Directors regularly on policy compliance.

The MCA Procurement Process contained in the Financial and Procurement Policy is a systematic and strategic framework aimed at guiding the organization through the acquisition of

goods and services. Starting with needs identification and budgeting, the process utilizes a procurement cover memo template, evaluates vendor options, estimates costs, and determines the appropriate procurement pathway, seeking approval from key stakeholders and the President or CFO.

The subsequent vendor selection process is tiered based on financial considerations, distinguishing between procurements under \$10,000, and those exceeding \$10,000 utilizing the RFP or single-source approach. Clear roles and responsibilities are outlined for the MCA Vendor Lead and the Procurement Team. The closing process ensures legal compliance, involving the creation of a final memo reviewed by Contracting and Legal, development of a detailed Statement of Work, and identification of payment terms and funding sources.

The post-approval phase involves setting up invoicing and payment procedures, defining roles for vendor management, maintaining comprehensive documentation, and addressing vendor performance and payment issues. This holistic approach ensures a transparent, efficient, and legally compliant procurement process for MCA.

Copies of the current Cash Management Policy and the Financial and Procurement Policy are attached for your information.

Maine Connectivity Authority Financial Policies and Procedures

1. Approved Financial Policies Comply with 5 MRS 12022

The approved MCA Financial Policies and Procedures (Financial Policies) includes all written policies and procedures required by 5 MRS §12022(1) - (6). The Financial Policies:

- 1.1 limit MCA activities and expenditures to those necessary to accomplish the entity's mission and duties consistent with the MCA law [§12022(1)];
- 1.2 ensure that the MCA Board of Directors, management, and staff comply with financial policies and procedures established by the governing body [§12022(2)];
- 1.3 establish procedures for vendor selection, including competitive procurement as the standard procurement method, specify the conditions under which the competitive procurement may be waived, and require written justification of any procurements over \$10,000 not competitively procured [§12022(3)];
- 1.4 establish procedures for grant awards by MCA to third parties [§12022(4)];
- 1.5 establish policies and procedures for meals, travel, and entertainment expenditures, limiting those costs to reasonable and necessary expenditures to accomplish MCA's mission [§12022(5)]; and
- 1.6 MCA has registered Andrew Butcher, MCA President and employee, as MCA legislative designee, consistent with the requirements of 3 MRS §313-A(10) [§12022(6)].

2. Financial Policy Oversight (5 MRS §12022(2))

The MCA Board of Directors has designated both MCA President, Andrew Butcher, and CFO, David Wedick, to oversee implementation of the Financial Policies. The CFO provides a quarterly report to the MCA Board of Directors meeting concerning procurement issues and MCA’s compliance with the Financial Policies.

3. List of Procurements exceeding \$10,000 where competitive procurement waived (5 MRS §12023(2))

The following list includes all procurements exceeding \$10,000 in the preceding fiscal year ending June 30, 2023, for which competitive procurement was waived under the MCA Financial Policy, including names of vendors and costs associated with those procurements:

Vendor	Annual Cost
Baker Newman Noyes	\$100,930.00
Breaking Point Solutions	\$34,558.60
Carahsoft	\$38,590.17
Consensus Building Institute	\$16,220.00
Lincoln Institute	\$52,000.00
Tilson	\$1,055,252.14

4. List of contributions greater than \$1,000 under 5 MRS section 12023(2)(A))

The following list includes all persons (entities and individuals) to which MCA made contributions (including grants) greater than \$1,000 in the preceding fiscal year ending June 30, 2023, and the total amount contributed to each, The MCA grant programs are competitive programs accompanied by extensive public outreach to inform citizens about the program availability and requirements.

Recipient	Amount
Aroostook County Action Plan	\$3,000.00
Bath Fiber Optics Alliance	\$10,000.00
Bath Housing Authority	\$1,500.00
Biddeford Internet Corporation	\$1,238,492.00
City of Eastport	\$10,000.00
Eastern Area Agency on Aging	\$1,500.00
Eastern Maine Development Corporation	\$30,000.00
Four Directions Development Corporation	\$62,500.00
Friends of Portland Adult Education	\$1,500.00
Greater Portland Council of Governments	\$161,995.36
Maine Broadband Coalition	\$15,000.00
Maine Municipal Association	\$1,500.00
Maine Prisoner Re-Entry Network	\$1,500.00

Northern Maine Development Commission	\$62,500.00
Outer Reach Broadband	\$293,967.00
Passamaquoddy Tribe	\$10,000.00
Southern Maine Planning and Development Commission	\$62,500.00
Sunrise County Economic Council	\$50,843.25
TDS Telecom Service	\$424,499.25
Thompson Free Library	\$1,500.00
Town of Chelsea	\$10,000.00
Town of Cooper	\$102,152.00
Town of Dresden	\$10,000.00
Town of Gouldsboro	\$10,000.00
Town of Greene	\$10,000.00
Town of Princeton	\$58,287.00
Town of Wiscasset	\$10,000.00
Town of Woolwich	\$10,000.00
US Cellular	\$92,400.00
Waldo Community Action Partners	\$1,500.00
Wireless Partners	\$45,000.00
YMCA Central Maine	\$1,500.00

5. Travel and Meal Expenses (5 MRS section 12023(2)(B))

The Financial and Procurement Policy section on travel, meals and expenses provides that Travel, meal and entertainment costs are limited to those reasonable and necessary for accomplishing the entity's mission and activities, and consistent with the Employee Handbook. MCA budgets and accounts for these expenses separately in the MCA Budget. The Board of Directors must approve an annual budget for travel, meals, and expenses.

6. Lobbyist Prohibition (5 MRS section 12022(6))

MCA is aware of the section 12022(6) prohibition concerning MCA retention of any person, other than MCA staff, who is required to register as a lobbyist as defined in Title 3, section 312-A, subsection ten. MCA has registered Andrew Butcher, its President, as its representative in the Legislature.

Please contact me with any questions.



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