

Washington Apple Commission

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POLICY MANUAL



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SECTION I: WASHINGTON APPLE COMMISSION LOGO

POLICY: TRADEMARK RULES AND REGULATIONS



General Policies

1. The Washington Apple Commission will grant licenses to others to use the Apple Logo for unprocessed apples, processed food products including apples, other products, and for promotional use in support of the Commission's mandate, only pursuant to the following policies. Any use of the Apple Logo not pursuant to these policies is expressly prohibited and shall be subject to legal action for trademark infringement by the Washington Apple Commission.
2. All products of the Commission's licensees identified by the trademark shall meet quality assurance standards established by the Washington Apple Commission.
3. The Washington Apple Commission, or its designee, shall have the right to inspect the facilities of any licensee as needed for the purpose of verifying compliance by the licensee with these quality assurance standards.
4. All depictions of the Apple Logo by the Commission's licensees may not vary in any way from the appearance set forth above, except that the colors of the Apple Logo and the absolute dimensions thereof may be changed as needed.
5. All labeling, packaging, shipping containers, signage, and any other materials bearing the Apple Logo shall include the symbol ® in close proximity to the Apple Logo, as represented above.
6. The Washington Apple Commission shall have the right to request that any licensee submit to it samples of labeling, packaging, shipping containers, signage, and any other materials or items bearing the Apple Logo, as needed for the purpose of verifying compliance by the licensee with these appearance and marking requirements.
7. Each licensee shall respond in writing within one (1) month to any request from the Washington Apple Commission for compliance with the general and specific policies set forth herein. The failure of a licensee to respond to any such request to the satisfaction of the Commission shall be grounds for immediate termination of the licensee's right to use the Apple Logo, which termination shall be effective upon delivery of written notice of termination from the Commission to the licensee.
8. The Washington Apple Commission reserves the right to amend or delete any or all of these general and specific policies without prior notice to its licensees.
9. The President of the Washington Apple Commission has the authority to take all steps necessary to implement and execute these policies on behalf of the Commission.

Specific Policies

Unprocessed Apples

- A. The Washington Apple Commission hereby grants to growers, packers and shippers a nonexclusive, royalty-free license to use the Apple Logo on labeling, packaging and shipping containers for unprocessed apples, and on advertising materials dealing with such goods.
- B. All unprocessed apples identified with the Apple Logo pursuant to this license shall: i) have been grown in Washington State, and ii) comply in all respects with the quality assurance standards of the Commission which are the applicable Washington State standards for apples set forth in the Washington Administrative Code (Wash. Admin. Code §16-403) and the applicable U.S. Standards for Grades of Apples (7 C.F.R. §51).

Processed Food Products Including Apples

- A. The Washington Apple Commission may grant to processors an exclusive or nonexclusive license to use the Apple Logo on labeling, packaging and shipping containers for processed food products including apples, and on advertising materials dealing with such goods.
- B. Any processed food products that are the subject of such a license agreement shall include only apples grown in Washington State.
- C. Application for such license shall be made in writing to the Washington Apple Commission, setting forth the information that the Commission may require in order to determine the terms and conditions of the license which shall be set forth in a written license agreement executed by the Commission and by the licensee.

Other Products

- A. The Washington Apple Commission may grant to any interested party an exclusive or nonexclusive license to use the Apple Logo on any labeling, packaging and shipping containers for any other products to be sold or leased by the party, and on advertising material dealing with such goods.
- B. Application for such license shall be made in writing to the Washington Apple Commission, setting forth the information that the Commission may require in order to determine the terms and conditions of the license which shall be set forth in a written license agreement executed by both the Commission and by the licensee.

Promotional Use

- A. A "promotional use" is any use of the Apple Logo, other than those uses specifically discussed above on unprocessed apples, processed food products including apples, and other products, that is in support of the Commission's mandate to advertise and promote the interests of the industry of those growing, packing and shipping apples in the state of Washington.
- B. The Washington Apple Commission hereby grants to apple growers, packers and shippers having a place of business in the state of Washington a license to engage in promotional use of the Apple Logo on stationery, business cards, checks, forms, other documents and signage used in their businesses.

- C. The Commission may grant to any other interested party a nonexclusive, royalty-free license to engage in promotional use of the Apple Logo.
- D. Any promotional use must have a demonstratively direct relationship to promoting the Washington apple industry. The determination of whether any use of the Apple Logo has such a direct relationship is in the sole discretion of the Washington Apple Commission. The following are illustrative of uses that do and do not meet this test:

Acceptable

Use on stationery and signage by any business located in, or a government agency of, any county in the state of Washington in which apple growers, processors, packers or shippers form a significant portion of the business tax base;

Use on stationery by a trade association, a majority of whose members include Washington State apple growers, processors, packers or shippers.

Unacceptable

Use on any product to be sold or leased (a product license is required);

Any use by a government agency of a state or political subdivision thereof other than the State of Washington and its political subdivisions;

Any use by an individual or organization engaged in illegal, scandalous or immoral activities.

- E. Application for a promotional use license shall be made in writing to the Commission, setting forth any information reasonably required by the Commission to determine whether to approve or disapprove the application. A promotional use license shall be granted by a letter from the Commission to the applicant, which letter shall approve or disapprove the proposed use, and in the case of an approved use shall set forth any limitations deemed necessary by the Commission that apply to such use.

SECTION II: COMMISSIONER POLICIES

POLICY: CODE OF CONDUCT

1. Commission members must comply with chapter 42.52 RCW, the Ethics in Public Service Act.
2. Commission members and employees shall not engage in personal activities which are in conflict with the proper discharge of their official Commission duties.
3. Commission members shall abstain from voting in any official action in those instances where such vote could reasonably be considered a conflict of interest or interference with the satisfactory performance of their official duties.
4. Commission members and employees are expected to act in good faith to carry out the statutory purpose and/or official action of the organization and in all respects to behave in a manner that advances the purposes of the Commission, its favorable image, and goodwill.
5. Commission members and employees may receive as part of their official duties information that is confidential under state or federal law relating to a business or the professional activities of others, and such information will not be disclosed to third parties, except as required by law including chapter 42.56, the Public Records Act.
6. Commission members and employees shall not use the powers of the Commission to induce or coerce another person to take action for personal gain or special privilege.
7. Commission members and employees shall have no direct and substantial economic interest in any contract or purchase of the Commission.
8. Commission members or employees shall not use Commission personnel or assets for private gain.
9. Commission employees shall not engage in other employment or activities which could reasonably be considered a conflict of interest or interfere with the satisfactory performance of their official Commission duties.
10. Each commissioner shall be expected to personally adhere to advisory resolutions for the industry if he/she has affirmatively voted in favor of the resolution.
11. Communications on the official public positions of the Commission shall rest solely with the Chairman, Vice-Chairman, President and his/her staff designees. Commissioners offering opinions about official actions or activities of the Commission shall characterize such opinions as "personal."
12. Commission members and employees shall not seek or receive gifts, gratuities, or favors from anyone outside the Commission involved in Commission business except where permitted by chapter 42.52 RCW, the Ethics in Public Service Act.
13. Hosting of Commission members and employees by the Commission shall be permissible within the promotional hosting rules adopted by the Commission for furtherance of regular Commission business and interests.

SECTION II: COMMISSIONER POLICIES

POLICY: BOARD OFFICERS AND COMMITTEES

OFFICERS:

1. Officers of the Board and Job Descriptions

Officers of the Board will be a Chairman, Vice Chairman, Secretary and Treasurer elected by a majority vote of the Board.

The **Chairman** of the Board will:

- Collaborate with the President to prepare Board meeting agendas.
- Preside at WAC Board meetings
- Sign official documents requiring the Chairman's signature.
- Represent the Board in public and official capacities as instructed by the Board.
- Serve on the Executive Committee.
- Appoint other Commissioners to serve on the Operations, Executive and Foreign Trade Committees.
- Act as a liaison between the Board and the President.
- Encourage the Board to conduct long-range planning and participate in Board activities.
- Assist Board members in building their Board skills.
- Act to discipline Board members who violate standards of the Board.

The **Vice Chairman** of the Board will:

- Serve as the chair-elect
- Preside at Board meetings in the absence of the Chairman.
- Assume the office of the Chairman if the Chair can no longer serve.
- Chair the Executive Committee.
- Work closely with the Board Chairman to be prepared to assume that office if necessary.
- Manage special assignments as requested by the Board Chairman.

The **Secretary** of the Board will:

- Be held by the President of the Washington Apple Commission.
- Attend Executive Committee meetings as requested.
- Sign documents, contracts and other official agreements on behalf of the Commission and at the direction of the Board.
- Will oversee the records archive of the Board, including meeting minutes, the RCW, and any other historical documents.
- Act as a liaison between the Board and Staff.
- Communicate with growers & shippers on behalf of the Commission.
- Cooperate with other industry organizations at the direction of the Board.

The **Treasurer** of the Board will:

- Be held by the Controller of the Washington Apple Commission.

- Oversee the financial records of the Commission, and ensure that the Board regularly receives complete records of the Commission’s financial condition.
- Assist the Board in understanding the annual budget before approval.
- Answer any questions regarding the Commission’s finances, financial reporting and other administrative practices.
- Oversee the Operations Committee, working directly with Operations Chair.
- Ensure the Commission’s books are audited by the State Auditor’s Office on an annual basis.
- Sign documents, contracts and other official agreements on behalf of the Commission and at the direction of the President/Secretary.

2. Officer Authority

Officers of the Board are elected to be servant-leaders of the Board. All authority of the officers is delegated to them by the Board of Directors. No officers will have any authority to act on behalf of the Board other than that authority specifically granted by Board policy or by majority vote of the Board of Directors.

3. Officer Election Process

Officers for the subsequent year will be elected at our annual Board meeting in March, providing a quorum is present. Officers will be elected by majority vote of the Board of Directors.

4. Terms of Office

Officers of the Board shall serve a single two-year term in each office.

5. Vacancies Among Officers

When vacancies occur among the officers other than normal expiration of terms, the Chairman may appoint to fill the vacancies. The appointed officers may fill the positions only until the expiration of the terms of the persons they replace.

6. Removal of Officers

It is the policy of the Washington Apple Commission to remove officers who fail to perform the expected duties of their position. An officer may be removed because of:

- Negligence of duties and responsibilities.
- Failure to attend Board meetings regularly.
- Illegal activity as a member of the Board.
- Acting in any manner detrimental to the Washington Apple Commission.

An officer may be removed by a majority vote of all currently serving Board members, and the motion to remove will state clearly the cause for removal.

COMMITTEES:

1. Committees of the Board and Job Descriptions

Committees of the Board of Directors will be the Operations Committee, Executive Committee and Foreign Trade Committee appointed by the Chairman of the Board.

Operations Committee:

- Operations Chair appointed by Board Chairman.
- Treasurer oversees Operations Committee.
- Treasurer sets agenda and provides materials for Operations Committee meetings.
- Committee charged with financial oversight, approval of budgets, expenses, investments and other financial reporting.
- Committee meets prior to Board meeting to review financials and to make recommendations for approval by full Board.

Executive Committee:

- Members include Current Chairman, Past Chairman, and Vice Chairman.
- Up to 4 additional Board members may be invited to attend at the discretion of the Current Chairman.
- Vice Chairman of the Board serves as chair of the Executive Committee.
- President/Secretary attends meetings at the discretion of the Committee.
- Executive Committee is charged with personnel issues, major policy issues and direction to the President.
- Meeting content is confidential and not subject to open public meetings as long as no decisions are made within the confines of the Committee.
- Committee makes recommendations to full Board on issues discussed in Committee.
- No minutes are taken during Executive Committee meetings unless requested by Chair.

Foreign Trade Committee:

- Members include 4-5 Commissioners appointed by the Chairman.
- This committee also invites a representative from each of the major Washington Apple Export sales and marketing agencies.
- Foreign Trade Committee Chair appointed by Chairman of the Board.
- All members have a full vote on the committee.
- Committee responsible for approving marketing direction of WAC Export staff.
- President and International Marketing Director oversee this committee.
- Foreign Trade Committee recommends Export country budgets and direction to full Board for approval.

2. Committee Member Authority, Appointment, Terms, Vacancies & Removal

All rules governing Board Officers also apply to Committee Members.

SECTION II: COMMISSIONER POLICIES

POLICY: COMMISSIONER COMPENSATION

As outlined in RCW 43.03.230, Commissioners are eligible to receive compensation in the amount of \$55 for each day during which they attend an official meeting of the group or perform statutorily prescribed duties approved by the Chairman of the Board. This daily compensation rate will not be paid for Commissioner travel days in which their expenses are already being paid by the Commission.

SECTION II: COMMISSIONER POLICIES

POLICY: USAPPLE TRAVEL EXPENSES

WAC Board members appointed to USApple – travel expenses;

1. USApple typically has two meetings a year;
 - a. The USApple Outlook Conference, typically in Chicago during the month of August, and
 - b. The USApple March on Capitol Hill, located in Washington DC during the month of March.
 - c. Any additional meetings require pre-authorization by the WAC VP/Controller.
2. The Washington Apple Commission will reimburse hotel and airfare for the USApple Outlook Conference;
 - a. All flight bookings must be for coach class and within traditional fare norms. The Trustee can request the WAC to make the appropriate flights to Outlook.
 - b. The WAC appointed Trustee must make an attempt to stay at the conference hotel where USApple bookings allow for a group rate. Hotel bookings outside the conference require advance confirmation by WAC controller and may be limited to the USApple group rate.
 - c. The Washington Apple Commission will only reimburse those current Washington Apple Commission board members, not any At-Large or other appointed USApple Trustees.
3. The USApple Association will cover (reimburse) hotel, airfare, taxis and meals for the USApple March on Capitol Hill;
 - a. This reimbursement is available to all USApple Trustees whether WAC Board appointed, At-Large or Regional,
 - b. All travel should be coordinated with USApple to be in compliance with USApple policies,
 - c. Reimbursement should be requested directly with USApple.

SECTION II: COMMISSIONER POLICIES

POLICY: COMMISSIONER RESPONSIBILITIES AND AUTHORITY

As duly elected officials of the Washington Apple Commission, commissioners are ultimately responsible for the effective operation of the organization. Commissioners have chosen to delegate much of their authority to the President of the Commission.

Specific responsibilities retained by the commissioners are:

1. To insure that the organization is functioning in accordance with its enabling legislation.
2. To follow chapter 42.52 RCW, the Ethics in Public Service Act as a standard of behavior in conducting Commission business.
3. To develop policies that affect the operation as a whole in the areas of general employee policies, borrowing, investing, facility planning, litigation, legislation, commissioner conduct.
4. To promulgate rules in accordance with state law that affect the policies and operations of the Commission; to seek changes in assessments as deemed necessary for effective performance of responsibilities.
5. To review and approve budgets; control expenditures in accordance with approved budgets; and at their discretion, review and approve the President's travel and promotional hosting expenses.
6. To hire the President and conduct performance evaluations annually, at a minimum, or more often as deemed necessary.
7. To conduct strategic planning related to marketing and promotion of Washington State apples.
8. To become informed about apple marketing and promotion, including travel to international markets for the purpose of education, evaluation of Commission programs and report back to the Commission.
9. To represent the Commission among industry members (growers, shippers, marketers) so as to inform them of activities, direction, and policies; enhance goodwill of the Commission among industry members; follow policies and positions set forth by the Commission.
10. To represent the Commission with the media when requested by the Chairman; to follow organization policies and positions when speaking with the media about Commission operations.
11. To serve on Commission committees that help direct work on specific issues; serve at the appointment of the Chairman.
12. To delegate to the President day-to-day control of Commission, including:
 - a) Organization of staff and office systems to carry out the policies, directives, and plans of the commissioners.

- b) Hiring, management, and firing of the staff under general policies adopted by the board.
- c) Day-to-day financial control in income, expenditures, and assets of the organization, under policies adopted by the board.
- d) Annual planning to carry out the long-range objectives of the organization.
- e) Effective execution of programs.
- f) Development and communication of Commission positions, in line with board policies and directives (whenever possible).
- g) Development of organizational relationships with growers, shippers, marketers, media, suppliers, trade, and public interest groups, and the local communities.
- h) Conducting goodwill on a regular basis.
- i) Entering into contracts to accomplish Commission objectives.
- j) Development of policy positions for board review and actions.
- k) Advising commissioners in a timely fashion of important developments in operations and personnel.

SECTION II: COMMISSIONER POLICIES

POLICY: GENERAL RESERVE FUND

The General Reserve Fund, was established by the Board of Commissioners in 2004, to set aside a portion of the Commission’s working capital in a Board designated reserve to be used for specific purposes. These funds cannot be used for general Commission operations unless released by Board motion. This reserve is fully funded at \$3,000,000 of grower dollars.

SECTION II: COMMISSIONER POLICIES

POLICY: TREE FRUIT RESEARCH COMMISSION APPOINTMENTS

The Washington State Tree Fruit Research Commission (TFRC) is a separate entity established by the Washington State legislature in 1969 as defined under RCW 15.26. This commission was created to “promote and carry on research and administer specific industry service programs, ...which will or may benefit the planting, production, harvesting, handling, processing or shipment of tree fruit of this state...” Under this code, assessments are levied on all commercial tree fruit produced in the state for fresh or processing use. Per RCW 15.26.250, the Washington Apple Commission is mandated to collect the assessments due TFRC at the time we collect our own assessments and then pass those assessments on to them expeditiously. WAC bills TFRC quarterly for the actual cost of time and materials necessary to collect their assessments.

The Washington Apple Commission currently collects an assessment on behalf of Tree Fruit Research in the amount of \$1.00/ton for all fresh, sliced and processed apples. Assessments collected are not held for more than 35 days before disbursement to Tree Fruit Research.

The Washington State Tree Fruit Research Commission has nine members: three appointed by the Washington State Fruit Commission; five appointed by the Washington Apple Commission; and one appointed by the Washington Director of Agriculture to represent the pear industry.

Suggested format of procedures to be followed when filling Tree Fruit Research Commission positions at the Washington Apple Commission.

1. Positions will be appointed on a general production area basis. The five positions to be appointed by the Apple Commission will be assigned two from the South Central Washington district, and two from the North Central Washington district, and one from the Columbia Basin. It is realized that a person can have production in more than one area and still qualify for selection from any of those production areas.
2. When position is up for renewal, if the current appointee wishes to remain in his position, their name will be presented to the board for reappointment without going through the process below.
3. When a position is to be filled, and the current member does not wish to be reappointed, the vacancy will be advertised and publicized throughout the identified selection area.
4. All respondents will be asked to send a written resume to the Board Chairman or the Commission President.
5. The Chairman will recommend its selection to the full board of commissioners, who will make the final appointment.

SECTION III: EMPLOYEE CONDUCT

POLICY: POLITICAL ACTIVITIES

State law prohibits state officials and employees from using state facilities and resources for political activities including election campaigns and promotion of or opposition to ballot propositions and initiatives, irrespective of whether it is being done during public hours or on personal time. This prohibition also includes the use of Commission facilities for the collection of signatures for any ballot measure or election (including recall elections). This means that any Commission resource such as computers, e-mail accounts, internet, telephones, company cell phones, stationery, etc. may not be utilized for political purposes. It also means that employees will not in any way solicit support or opposition for any political activities while on Commission property.

This prohibition does not extend to activities authorized by statute including the limited lobbying activities allowed under RCW 42.17.190 and chapter 15.24 RCW.

SECTION III: EMPLOYEE CONDUCT

POLICY: HIRING CHILDREN OF EMPLOYEES

The Apple Commission abides by the policy to hire the children of employees provided they are hired and supervised by someone other than their parents and that employment be for short-term tasks at hourly wages comparable to others doing the same work.

SECTION III: EMPLOYEE CONDUCT

POLICY: COMPUTER RESOURCES

Upon hiring, all employees are provided with a computer, log in and password, email address and are granted access to the WAC network to conduct Commission business. Acceptable use is always ethical, reflects professional integrity and is subject to applicable laws and Commission policies.

The following guidelines should be followed regarding employee use of computing resources:

1. Use resources only for authorized purposes.
2. Protect user ID and system from unauthorized use.
3. Only access information that is their own, that is publicly available, or to which they have been given authorized access.
4. Employ established security mechanisms to protect the confidentiality, integrity and availability of information when required.
5. Use only legal versions of copyrighted software in compliance with vendor license requirements that has been authorized and installed by the Commission's IT provider.
6. Be considerate in the use of shared resources.
7. Do not engage in any activity that might be harmful to systems or to any information stored thereon.
8. Occasional and limited personal use of WAC computers and email is acceptable provided it does not interfere with job performance or completion of work.
9. Never use Commission systems for unauthorized commercial or partisan political purposes or for personal gain.
10. Employees shall not use company email or electronic messaging systems to infringe the copyright or other intellectual property rights of third parties, to distribute defamatory, fraudulent or harassing messages, or otherwise to engage in any illegal or wrongful conduct.

All documents, email and text messages, social media and website content using state government systems that contain information about business activities, and that can function as evidence of business transactions are, regardless of recorded medium, part of the records of the agency and must be managed in accordance with the Public Records Act, Chapter 42.56 RCW and the Preservation and Destruction of Public Records Act Chapter 40.14 RCW.

Employees must follow Commission record retention schedules and may not delete email or destroy other documents until the relevant retention period has expired.

In the case of a lawsuit, Commission employees must follow instructions given by management and attorneys related to preservation of records. Any evidence that points to email or documents (records) being deleted or destroyed could result in legal liability for the employee and the Commission.

SECTION III: EMPLOYEE CONDUCT
POLICY: PERSONAL UPS/USPS MAIL

WAC staff and WAC building tenants will have the availability of shipping packages via UPS and purchasing postage to mail personal envelopes/packages via USPS with the following criteria:

Shipping Personal UPS Packages: WAC no longer offers this service. All UPS packages need to be taken to a local UPS store.

Shipping Personal USPS (United States Postal Service) Mail:

1. All envelopes/packages will be complete and ready for mailing when delivered to the shipping department.
2. For WAC employees, each letter/package processed through the mailing machine will be assessed a \$0.01 handling charge in addition to the actual postage cost.
 - a. Employee will pay Accounting Specialist at time of mailing by either cash or check.
 - b. Transaction is recorded in daily postage log book.
 - c. Money for postage is retained by Accounting Staff in locked cash drawer until the first day of the month and balanced to the Postage Meter Report.
 - d. All collected funds for the month will then be deposited in bank.
3. WAC building tenants who choose to use the mailing machine for business purposes will be charged the actual cost of postage in their monthly tenant billing.
4. Pre-stamped letters mailed from the WAC building can be left in the mail bin in the shipping department for outgoing mail. Outgoing mail will be picked up by a USPS employee every morning Monday through Saturday with door code. Mail deposited in outgoing bin after USPS pickup on Friday will not be mailed until the following Monday.

SECTION IV: TRAVEL POLICY

POLICY: PERSONAL EXPENSES

The following are updated policies with respect to reimbursement of personal expenses to which you are subject.

1. All travel must be approved by immediate supervisor prior to departure. Travel Authorization Request Forms must be completed and approved by President for all travel outside of the state of Washington.
2. Advance notification must be provided to in-country post of staff travel. Notification can be performed by WAC staff or WAC representative.
3. A trip report must be completed and submitted to FAS within 45 days of completion of every trip.
4. A personal credit or debit card is the preferred method of payment for all reimbursable Washington Apple Commission expenses. A copy of the detailed credit/debit card statement must be attached to confirm actual expenses and applicable exchange rates. When travelling internationally, exceptions may occur when purchasing and paying in foreign currency.
5. Reimbursement for transportation expenses shall be at actual cost, subject to the following limitations: Federal Travel Regulations (FTR) requires use of U.S. flag carriers with limited exceptions, no business or first-class air travel will be approved or reimbursed for domestic travel, business class may be allowed for international (overseas) travel when total flight time exceeds six continuous hours; documentation must be provided demonstrating the full-fare, refundable coach rate (class "Y"). Original boarding passes are required. (See note 15 for reference)
6. Flight upgrades beyond constraints listed in 'section 5' can be made at the employee's expense.
7. International travel documentation must include the following: itemized expense report, eTicket receipt, airfare cost comparison, hotel receipt, itemized receipts of actual costs, and exchange rate when applicable (from the credit card statement or currency exchange receipt), and post notification and trip reports.
8. The Commission vehicle should be used for all business travel unless it is currently unavailable. If a commissioner or commission employee must use his/her personal vehicle for business travel, mileage shall be reimbursed at the current rate established by the state Office of Financial Management.
9. Hotel accommodations will be moderate room accommodations that suit the business purposes. For international lodging, every effort should be made to secure "embassy" rates and stay within the Federal Travel Regulation guidelines. For domestic travel, all personnel are to secure "government" rates when available.
10. Reimbursement for meals shall be at actual cost, provided that such costs are reasonable for the particular market in which the expense is incurred. All personal meals must be supported by itemized receipts.

11. Any costs for tolls, taxi, and parking must be supported, whenever possible, by receipts or reimbursement will be disallowed.
12. Any miscellaneous items (such as magazines, toiletries, umbrellas, or consumer goods purchased for personal use) will not be reimbursable.
13. Reasonable laundry expenses while traveling in the United States and abroad on Commission business are reimbursable.
14. Promotional hosting expenses are confined to expenses allowed under Commission promotional hosting rules and the approved annual hosting budget.
15. Personal travel expenses must be submitted within 45 days after returning to the office from official commission business or will not be considered reimbursable. Exceptions must be approved by the President.
16. Employee travel can be extended beyond the work-related time and locations if all of the following conditions are met:
 - a. Prior approval by the President
 - b. Cost comparison documentation is provided, demonstrating the difference between the work-only trip and extended trip
 - c. The employee incurs all additional costs at his/her own expense
17. Note: Any travel costs intended for Federal reimbursement must comply with Federal Travel Regulations as detailed; <https://www.ecfr.gov/current/title-41/subtitle-F>. Additional guidance can be found at: Foreign Per Diem Rates, Domestic Per Diem Rates, and §301-11.101 & §301-11.102. Airfare documentation must be maintained supporting the full-fare, refundable coach rates, as well as the actual rates incurred, should a different method be selected for travel. The maximum Federally reimbursable amount is the full-fare, refundable coach rate (class "Y").

SECTION IV: TRAVEL POLICY

POLICY: PROMOTIONAL HOSTING POLICY

RCW 15.04.200 provides that agricultural commodity commissions shall adopt rules governing promotional hosting expenditures by agricultural commodity commission employees, agents, or commissioners. “Promotional Hosting” means the hosting of individuals or groups of individuals at meetings, meals, events, tours, or other gatherings for the purpose of agricultural development, trade promotion, cultivating trade relations, or in the aid of the marketing, advertising, or sale of Washington state apples. “Hosting” may include providing meals, refreshments, lodging, transportation, gifts of nominal value, reasonable and customary entertainment, and normal incidental expenses at meetings or gatherings.

The rules governing promotional hosting expenditures for the Washington Apple Commission (WAC 24-16-30) shall be as follows:

1. Budget approval. Commission expenditures for agricultural development or trade promotion and promotional hosting shall be pursuant to specific budget items (STRE) in the commission’s annual budget as approved by the commission and the director.
2. Officials and agents authorized to make expenditures. The following officials and agents are authorized to make expenditures for agricultural development, trade promotion, and promotional hosting in accordance with the provisions of these rules:
 - a. Commissioners;
 - b. President;
 - c. Controller;
 - d. Export marketing staff;
 - e. Contracted international representatives of the commission as defined within the scope of their contract with the commission.

Individual commissioners shall make promotional hosting expenditures, and seek reimbursements for those expenditures, only in those instances where expenditures have been approved by the commission.

3. Payment and reimbursement. All payments and reimbursements shall be identified and supported by an expense report and promotional hosting form to which receipts are attached. These forms will be supplied by the commission, and shall require the following information:
 - a. Name and company (if applicable) of each person hosted;
 - b. General purpose of the hosting;
 - c. Date of the hosting;
 - d. Location of the hosting;
 - e. To whom payment was or will be made;
 - f. Signature of person seeking payment or reimbursement.
4. The Commission chair, President/Secretary, and Controller/Treasurer are authorized to approve direct payment or reimbursements submitted in accordance with these rules: Provided that they are not authorized to approve their own invoices.

5. The following persons may be hosted when it is reasonably believed such hosting will promote agricultural development, promote trade, cultivate trade relations, or aid in the marketing, advertising, or sale of Washington state apples: Provided, that such hosting shall not violate federal or state conflict of interest laws:
 - a. Individuals from private business, associations, commissions, and accompanying staff and interpreter(s);
 - b. Foreign government officials and accompanying staff and interpreter(s);
 - c. Federal, state and local officials: Provided, that lodging, meals, and transportation will not be provided when such officials may obtain full reimbursement for these expenses from their governmental employer;
 - d. The general public, at meetings or gatherings open to the general public;
 - e. Commissioners, employees and contracted international representatives of the commission when their attendance at meetings, meals, and gatherings at which the persons described in (a) through (d) of this subsection are being hosted, will promote agricultural development, promote trade, cultivate trade relations, or aid in the marketing, advertising, or sale of Washington state apples;
 - f. Spouses, or significant others of the persons listed in (a), (b), (c), and (e) of this subsection when attendance of such spouse or significant other is customary and expected or will serve to promote agricultural development, promote trade, cultivate trade relations, or aid in the marketing, advertising, or sale of Washington state apples.
6. On an employee's expense report, meals paid for commissioners, other employees and contracted international representatives are not considered promotional hosting expenses and shall be reported in the respective breakfast, lunch or dinner line item.
7. "Hosting" may include occasional remembrances for industry members/clients such as the purchase of flowers, cards or nominal gifts. Commission funds cannot be used to pay for personal remembrances among staff or commissioners.
8. In recognition of the fact that the primary responsibility of the Washington Apple Commission is the promotion of Washington apples internationally, and in recognition of the fact that in the commercial world, promotional hosting frequently involves the use of alcohol in connection with dinner and other promotional events, the Commission establishes the following policy for employees and agents listed in Section (2) who are authorized to engage in promotional hosting:
 - a. Alcohol may be purchased by authorized Commission employees and agents listed in Section (2) in connection with the "hosting" of dinners and/or receptions provided the alcoholic beverage purchase is made in conjunction with a bona fide hosted meal or reception.
 - b. Alcoholic beverages will not be served or consumed at any "non-hosted" business function of the commission.
 - c. Alcoholic beverages may be served at social functions hosted by the commission for commissioners and/or staff, so long as no commission funds pay for the alcoholic beverage.

SECTION IV: TRAVEL POLICY

POLICY: TIPPING

The Board of Commissioners recognizes that tipping is a usual and customary practice and may vary due to country customs. Best judgment should be used depending on the service provided. Tip not to exceed 20%.

SECTION IV: TRAVEL POLICY

POLICY: TRAVEL ADVANCES

Pursuant to the provisions of RCW 43.03.170, the Commission may approve an advance payment of employee travel expenses:

Purpose of Travel Expense Advances:

If it becomes necessary for an employee of the Apple Commission to travel on Commission business out of state, and it would put an undue hardship on employee to use personal debit/credit card for travel expenses, the Commission may approve a travel advance to such employee. The purpose of the advance is to defray the employee's anticipated reimbursable expenses other than personal motor vehicle expenses when traveling on Commission business. Advances may be written in amounts not to exceed \$1,000 for travel within the United States and \$3,000 outside the United States. Advances will be approved on a trip by trip basis.

How to Obtain Travel Expense Advances:

The employee is to submit a travel request to the Commission. Upon approval of the advance, the Commission is to process the document for payment. The exception to this would be if the employee was already in travel status when faced with an emergency cash flow issue such as stolen wallet or credit card. In such cases, Controller would initiate travel advance and deposit funds for employee travelling.

Accounting for Travel Advances:

Any unexpended portion of the travel advance is to be returned to the Commission within 30 days after employee returns from authorized Commission travel. Payment is to accompany a properly completed travel expense form by check payable to the Commission.

If the travel advance is less than or equal to the travel expenses incurred, the employee is to submit a properly completed travel expense form itemizing the expenditures of the travel advance for legally reimbursable expenses. The expense form is to indicate the net amount, if any, due the employee. The expense form is due no later than 45 days following the return from business travel. Upon receipt, the Commission will reimburse the employee for the additional amount due.

SECTION IV: TRAVEL POLICY

POLICY: FREQUENT FLIER MILES

The Board of Commissioners recognizes that employees who travel as a regular part of their job sacrifice time away from family and friends, oftentimes traveling over weekends and personal holidays.

As a form of compensation for efforts expended, the Board allows employees to use frequent flier miles earned on business travel for their personal use without restriction. However, employees must follow all Commission policies and State rules related to travel and airfare purchases. Employees may not use a particular carrier in order to accrue frequent flier benefits if it results in additional cost to the Commission.

SECTION IV: TRAVEL POLICY

POLICY: CELL PHONE POLICY

Company cell phones may be issued to employees at the discretion of the President. Employees frequently traveling on company business may be issued a company cell phone if deemed necessary to conduct business while away from the office. Company cell phones must be used primarily for business purposes.

The Commission will research cellular phones and providers to ensure chosen plan is adequate for intended purpose.

The Commission will pay for the cost of the cellular phone, the monthly service charge that includes a predefined number of usage minutes and all business related charges. The Commission will also pay for employee's periodic calls home when traveling to check on family.

Employee will use best judgment to keep usage charges to a minimum. i.e. Use email, text messaging, prepaid Skype or international travel plans as alternatives when available.

SECTION V: FINANCIAL / PURCHASING ISSUES

POLICY: CAPITAL ASSETS AND DEPRECIATION

Capital Assets Defined

Capital assets are tangible or intangible assets having initial useful lives extending beyond a reporting period. Such assets may include land and improvements to land, buildings and building improvements, building furniture and fixtures, parking lots, vehicles, and machinery and equipment.

Cost to be Recorded

All capital assets are stated at historical cost, or the original amount spent to acquire the asset.

Depreciation Method

The straight-line depreciation method is used for all WAC assets. The cost of an individual capital asset (less any salvage value) is allocated equally over its estimated useful life. Buildings and land improvements are depreciated over twenty (20) to fifty (50) years. Depreciation of furniture, fixtures and equipment is computed using three (3) to ten (10) year asset lives. Certain expenditures may be classified separately from the rest of the structure, such as the roof of the main or conference room buildings, on the grounds that the asset may be replaced several times over the life of the building.

Capitalization Threshold

The Washington Apple Commission's Capitalization threshold is \$5,000 for any individual item. Office equipment items under \$5,000 such as computers, laptops, printers, office furniture and the like are charged to expense but tagged with an inventory number which allows WAC to track the location of the items purchased.

Date Placed in Service

An asset will be capitalized and begin to be depreciated in the month it is either substantially completed (when it can perform its intended function) or placed in service. Depreciation expense will be booked annually at the end of each fiscal year for all assets that remain in service.

Estimated Useful Life

The objective of depreciation is to spread the costs of capital assets incurred in one period equitably over multiple periods for which the capital asset will benefit. Depreciation must be based on a reasonable estimate of expected useful life, or the number of years WAC expects to use that asset in operations. The useful life will be periodically reviewed and adjusted prospectively when needed to ensure that the asset's cost is allocated over its useful life.

When there is a change in the estimated useful life due to an improvement of an asset, depreciation charges for future periods will be revised based on the new book value and the new estimated useful life. No adjustment will be made to prior periods.

If it is determined that an existing asset's useful life needs to be extended, future depreciation charges will be revised based on the original cost allocated over the asset's new estimated useful life.

Repairs and Maintenance

Repairs and maintenance costs that keep or restore an asset to its original condition will be expensed as they are incurred, regardless of dollar amount.

Costs will only be capitalized if they result in a betterment/improvement to the original capital asset if they 1) extend the useful life, or 2) increase the service capacity or efficiency of the asset.

Inventory

All capital assets are inventoried at least once per fiscal year to confirm location, condition and to re-evaluate whether the estimated useful life is still sufficient. At this time, assets no longer in service may be either sent to the State surplus or destroyed if damaged and unusable. In both cases, these assets will be taken off the books. Asset additions will also be recorded and begin depreciation the month they were placed in service.

A complete capital asset inventory is maintained which states each asset by category listing WAC's inventory equipment number (if applicable), the date the asset was placed in service, the historical cost and its estimated useful life.

SECTION V: FINANCIAL / PURCHASING ISSUES

POLICY: ACCOUNTS RECEIVABLE COLLECTION/WRITE-OFF POLICY

Collection of receivables should be pursued with all in-house collection policies and legal actions as long as the expected cost of further collection does not exceed the expected benefits.

The Commission shall follow the rules set forth in WAC 24-12-012 in collecting assessment account receivables.

1. The Commission shall obtain from the Department of Agriculture a record of all shipments of fresh apples, including fresh apples designated for slices, and shall from this record periodically invoice all apple dealers and handlers shown thereon for assessments on apples levied pursuant to WAC 24-12-010. The date of the invoice shall be known as the billing date.
2. If the assessments are not paid within thirty-five days from the billing date, a notice of delinquency shall be sent to the dealer or handler involved, requesting them to bring their account current within ten days from the date of the letter. At forty-five days from the billing date, a second notice of delinquency shall be sent to the dealer with a copy to the regional inspection office of the Department of Agriculture. The notice shall state that if the delinquent assessments are not paid within sixty days from the billing date, the Department of Agriculture will notify the dealer or handler involved that the Department of Agriculture will deny service if the account is not paid in full within the next thirty days. The notice shall also advise that if the delinquent assessments are not paid within ninety days from the billing date, the inspection service may be withdrawn. Once withdrawn, the inspection service will be reinstated only upon mutual agreement of the Department of Agriculture and the Commission and after all delinquent assessments have been paid.
3. If assessments are not paid within forty-five days of the billing date, the Commission reserves the right to charge interest at the maximum legal rate, not to exceed one and one-half percent per month, and in case of suit to collect the delinquent assessments, the prevailing party shall, in addition to any other relief granted, be allowed an attorneys fee in such amount as the court in its discretion deems reasonable, together with the costs of suit.

Receivables should be written off when the following occurs:

1. All in-house and legal action has been acted on to collect debt and further collection efforts exceed the expected benefits.
2. The debtor cannot be located, or has deceased and there is no estate.
3. The debtor has no assets and no expectation to have any in the future.
4. The debt is discharged in bankruptcy court and all funds have been distributed. The Commission contacts the Attorney General's Office at first notification of bankruptcy to make determination if filing a claim should be pursued.
5. Requests to Department of Agriculture to revoke Certificate of Compliance eligibility have been exhausted.
6. All receivables to be written off should be approved by the Board of Directors.

SECTION V: FINANCIAL / PURCHASING ISSUES

POLICY: PROCUREMENT / CONTRACTING

The Washington Apple Commission, as a state governmental agency, is required to follow the procurement laws set forth under RCW 39.26 authorized by the Washington State Department of Enterprise Services (DES). One requirement is that agency employees responsible for developing, executing or managing procurements or contracts, need to complete the training required specific to their individual level of involvement in the process.

The Director of DES is charged with establishing policies for delegating procurement authority to state agencies. Delegation policies must be based on a risk assessment process developed by the department and specify restrictions as to dollar amount or specific types of goods and services.

DES has given the Washington Apple Commission a delegated authority as follows:

1. For contracts related to the agency's mission and core functions, specifically overseas promotion services for the Washington Apple market, the WAC is delegated \$1,500,000 per projected amount of initial contract term; and
2. For all other procurement and contracts, the WAC is delegated authority to procure goods and services up to \$50,000 per purchase event or projected amount of initial contract term.
3. For procurement of goods and services made directly from a DES master contract, the WAC has unlimited authority.
4. For FY 2022 through FY 2024, DES has increased the delegated authority to \$2,200,000 per contract for promotional services in Mexico and India to utilize the remainder of their ATP funding.
5. For FY 2021 through FY 2025, DES has approved an additional delegated authority of \$1,200,000 to fund an Interagency agreement with WSU to conduct a 4-year research project through the TASC grant program.

The Washington Apple Commission follows the following procedures when purchasing goods and services under the delegated authority:

NON-COMPETITIVE CONTRACTS

Small Purchases:

Purchases of a small dollar amounts made on behalf of the agency such as office supplies, janitorial supplies, or other day-to-day purchases related to the ongoing needs of the agency are usually made with an authorized purchasing card (P-Card) or a purchase order. No contract is necessary.

Direct Buy:

Agencies are authorized to purchase goods and services up to a cost of \$30,000 (excluding sales tax) directly from a vendor without competition. However, in order to ensure WAC is receiving the contract amount at "fair market value", the following procedures may apply:

- Staff will search the DES website to see if there is a Qualified Master Contract available that can justifiably satisfy agency needs before engaging in a direct buy.
 - A Qualified Master Contract is for specific goods or services that is competitively bid by DES resulting in a Master List of prequalified vendors for general use by agencies.
 - A Master Contract may not meet the needs of the agency due to the location of the contractor, their familiarity with the agency/industry, timeliness to complete the project or minimum order quantity specified in the contract exceeds the agency’s needs.
- A minimum of three quotations shall be sought. If fewer than three sources are solicited, the reasons are to be explained in writing and included in the purchasing file.
- The purchase will be awarded to the lowest responsive and responsible bidder.

In determining the **“lowest responsible bidder,”** in addition to price, can consider:

- Ability, capacity, & skill of bidder
- Character, integrity, reputation, judgment, experience & efficiency of bidder
- Whether bidder can perform the contract within the time specified
- Quality of performance of previous contracts or services

*Explanation must be provided for Vendor chosen unless it is for the lowest price.

- The \$30,000 cost is limited to single purchases.
- Repetitive purchases up to a maximum cumulative total of \$30,000 during a fiscal year are allowed. If the repetitive purchases will eventually exceed the \$30,000 threshold during a fiscal period, then a competitive bid must be performed.

COMPETITIVE CONTRACTS

A competitive procurement is a documented formal or informal process that provides an equal and open opportunity to bidders and results in a selection based on predetermined criteria. The complexity of a procurement determines whether it should be considered “informal” or “formal”, and not just the dollar amount.

Informal Bid / Competitive Contract

The Characteristics of an Informal Competition include:

- Well-established or well-defined goods or services that are readily available in the marketplace from multiple sources.
- The product is standard, or service is common, routine or repetitive.
- Cost is frequently the primary factor for the award.
- Short-term duration of contract.
- Low risk procurement to the agency.
- Examples would include the production of consumer or trade giveaways or using a printing service to produce Point of Sale (POS) materials.

WAC (Wenatchee) Procedures for conducting an Informal Competition over \$30,000:

- A minimum of three quotations shall be sought. If fewer than three sources are solicited, the reasons are to be explained in writing and included in the purchasing file.
- Quotations must be received by close of the normal business day on the stated due date.
- Award to the lowest responsive and responsible bidder.

Formal Bid / Competitive Contract

The Characteristics of a Formal Competition include:

- Products or services that are more specialized and complex and may require more customization and advanced knowledge.
- Multiple firms may be available, but product or services represent a higher level of specialization, complexity and expertise.
- Project may involve multiple types of services and/or products to complete the contract requirements successfully.
- Costs have a greater budgetary impact.
- Medium to higher risk procurement to the agency.
- Examples would include media production, market research, website design, or consulting services.

WAC (Wenatchee) Procedures for conducting a Formal Competition:

- Prepare formal solicitation document, e.g., Request for Proposals (RFP) or Request for Qualifications and Quotations (RFQQ). Include a clear and accurate description of the work requirements for the contract so proposers will understand what the agency needs and how the agency will evaluate responses.
- Publish legal notice in major daily newspaper to notify firms of upcoming solicitation. For U.S. activities, post solicitation document on WA State Department of Enterprise Services WEBS online contracting website.
- Develop score sheets for use by evaluators.
- Issue RFP or RFQQ document to all firms/businesses that request it.
- Provide answers to bidders' questions via an addendum to all who receive the RFP or RFQQ.
- Record date and time stamp of proposals received by the due date. (Date of email sufficient for electronic delivery.)
- Evaluation team will be comprised of at least three staff members who will score proposals.
- Evaluate proposals strictly against criteria set forth in the RFP or RFQQ document. Proposals are scored on Firm Experience, Staff Qualifications, Proposed Activity plan and Quoted Budget to conduct work.
- Schedule and conduct oral interviews of top finalists, if desired.
- Determine final score by using the average score of all evaluators and select apparent successful contractor.
- A minimum of three proposals shall be sought. If fewer than three proposals are solicited, all of which meet the qualifications of the solicitation, those proposals will be evaluated and a contractor will be selected, noting the exception in writing in the purchasing file. If the proposals received do not meet the qualifications of the solicitation, the competition will be conducted again to widen the search for successful candidates.
- Verify on the System for Award Management (SAM) website that successful contractor is NOT on the debarment list and excluded from participation.
- Notify successful and unsuccessful firms.
- Negotiate contract with apparent successful contractor.
- Conduct debriefing conferences with unsuccessful proposers, if requested.
- Sign contract and begin contract work.
- Multi-year contracts, excluding in-country representation, will be re-bid every 3 years or sooner if the terms of the contract are not being met in a satisfactory manner.

- All records of competitive contracts will be kept by WAC in accordance with the State of Washington's Retention Policies and Regulations. Contractors will maintain adequate records to account for funds provided to them by the Washington Apple Commission.

Separate procedures shall be developed for various situations, including, but not limited to: solicitations for highly technical services; solicitations for services that are not common in a specific market; solicitations that yield receipt of three or more bids; solicitations that yield receipt of fewer than three bids. In such scenarios, alternative solicitation methods such as sole source may be elected. If so, the Commission will document the process as well as why that approach became necessary.

Sole Source Contract Policy:

Under special circumstances, when goods and/or services are only available from a single source, such as procuring highly technical skills that are justified and necessary to fulfill the contract's obligations, the Commission must submit the sole source contract to the Department of Enterprise Services (DES) for approval before contract is executed. A contract for work performed before DES approves it as a sole source is null and void.

Conflict of Interest:

No Employee, officer, board member, or agent thereof of the Washington Apple Commission will participate in the review, selection, award, or administration of a contract if real or apparent conflict of interest would arise. Such conflict would arise when an employee, official, board member, agent, or the employee's, officer's, board member's, agent's family, partners, or an organization that employs, or is about to employ, any of the parties indicated herein, has a financial or other interest in the firm selected for an award. Officers, employees, board members and agents thereof shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or subcontractors. Violations of such standards by officers, employees, board members or agents thereof shall result in immediate disciplinary actions.

Individuals who develop or draft specifications, requirements, statements of work, invitations for bids, and/or requests for proposals for procurement of any goods or services, and such individuals' families or partners, or an organization that employs or is about to employ any of the aforementioned, shall be excluded from competition for such procurement. RAPP Participants' written contracting guidelines may detail special situations where the prohibitions in this subparagraph do not apply, such as in situations involving highly specialized technical services or situations where the services are not commonly offered in a specific market. If an alternative approach is taken the Commission will document the process as well as why that approach became necessary.

Corrective Action:

The Washington Apple Commission procures all Contracts on an annual basis for goods or services provided during the fiscal year beginning July 1, ending June 30. The Contract will remain in effect for the entire year unless earlier terminated as provided for within the contracting document. (Reference Terms & Conditions Section 9-13 in the attached sample contract template) The Contract may be renewed in subsequent years at the sole discretion of the Commission.

Each year before the Contract is awarded, the Commission will verify that the Contractor is not listed on the government wide exclusions in the System for Award Management (SAM), in accordance with the OMB requirements for Federal Awards.

The Contractor will be remunerated for performance of the services provided as long as the Contractor satisfies the terms and conditions of the contract as well as complies with the provisions in the Rep Compliance Manual. (Also attached)

Before suspending or terminating a Contract, the Commission will notify the Contractor in writing of the need to take corrective action. This may include non-compliance with invoicing procedures, unsatisfactory promotional program administration or another issue determined by WAC staff that needs immediate attention. The Commission will withhold future payments in the contract payment schedule until unsatisfactory performance is corrected or permanently if immediate contract termination is required.

If there is any suspected fraud or other wrongdoing by a Contractor (or Employee), an investigation will be immediately initiated. If the potential fraud involves government funding, the Commission will notify the funding organization within five business days of receiving an allegation or suspicion of misrepresentation or fraud. If an investigation results in a recommendation for disciplinary action, the President, and if necessary, outside counsel will determine what action is appropriate up to and including termination of employment or cancelling of a contract.

FOR INTERNATIONAL REPRESENTATIVES

Contracts for International Representatives:

Contracts for in-country representation are not required to be re-competed after the initial award. However, to ensure that the terms of the contract are being met in a satisfactory matter, WAC annually reviews each representative and documents said review using an internal Contracted Representative Evaluation form.

WAC voluntarily conducts an RFQQ (Request for Qualifications and Quotations) for each Country Representative on a rotating bidding schedule (every 3-5 years depending on the market) to make sure that the Commission has the best contractor in place to promote Washington Apples in their respective countries/regions.

WAC also has a Rep Compliance Audit program in place where WAC staff will travel to a Country Representative's office to meet with staff, review their internal procedures and ensure they are in compliance with WAC policies.

Rep Conflict of Interest Policy

A Contracted Representative (REP), his/her company, family or any third party working on behalf of the WAC program, must ensure that they do not have any financial interest in an activity or a vendor hired to conduct WAC activities. (e.g. doing business with yourself). NO expense shall be reimbursed if the party to whom the expense was paid is related to the REP, their company, its owners, officers, directors or employees in any way.

REP may carry out activities alone or in cooperation with contractors, subcontractors, foreign agents or distributors (hereinafter called a "Foreign Third Party"). REPS must disclose to WAC any ownership interest, partnership or other business relationship with any foreign third-party providing goods or services related to invoices submitted.

The REP is not entitled to be reimbursed for expenses that have been reimbursed by any other entity.

Expenses incurred by the Foreign Third Party must be separately identified in invoices submitted by the REP. The REP must assure that such expenses are verifiable and reasonable and provide proof of payment to the Foreign Third Party. If the REP requests that reimbursement be paid directly to the Foreign Third Party, the REP must provide proof that the Foreign Third Party paid its vendors, and the REP must assure that such expenses are verifiable and reasonable.

Even though the Washington Apple Commission may undertake MAP, ATP or any other FAS funded promotional activity through a domestic or foreign subrecipient, WAC shall remain responsible and accountable to CCC of all promotional activities and related expenditures undertaken by such subrecipient and shall be responsible for reimbursing CCC for any funds that CCC determines should be refunded in relation to such subrecipient's promotional activities and expenditures.

CONTRACTING DOCUMENTS

Rep Contracts

The Washington Apple Commission contracts directly with each of the International Representatives in the various markets. Reps are responsible for providing all documentation required for each type of service performed. Required documentation includes quotes for the goods and services provided, a signed letter of agreement (promotional agreement) or vendor contract developed by their company, an invoice from the vendor, and all other documentation detailed in the Rep Manual for each type of activity. For those Reps who front all costs and then seek reimbursement from WAC, proof of payment to the vendor is also required for reimbursement. For those Reps who submit invoices to WAC on behalf of sub-contractors, WAC will pay the vendors directly.

Letter of Agreement / Promotional Agreement

A Letter of Agreement/Promotional Agreement is required for any activity planned with an importer, wholesaler, or retailer. This agreement, signed by both parties, documents the terms of the promotion or activity being planned and the requirements for invoice and payment.

Pre-season Vendor Verification

Before the marketing season begins on July 1 of each year, WAC will be collecting information on all the vendors the Reps plan to use during the upcoming plan year for goods and services. Information will include: Company name, valid Tax ID number, key contacts, company stamp/seal, and anticipated spending.

Vendor Quotes

Three (3) quotes shall be sought for any well-defined goods or services readily available in the marketplace from multiple sources. Examples would include production of consumer / trade gifts or the printing of POS materials. Quotes shall include a price list for all anticipated purchases for the season and remain on file at WAC as part of the required expense documentation. Quotes only need to be sought once at the beginning of each season unless there are significant changes, additions that need to be rebid or if the current quote expires.

Vendor Agreement / Contract

A competitive bid must be conducted when hiring a third-party vendor to provide services that require a higher level of specialization, complexity and expertise. Examples would include merchandising services, trade show / in-store demo management, website development or market research. Three (3) proposals shall be sought and a Contract signed by both the Vendor selected and the Rep detailing the scope of work, deliverables, period of performance and compensation. Contract shall include a price list for all anticipated goods and services to be provided for the season and remain on file at WAC as part of the required expense documentation. Contracts resulting from competitive bids may be valid for up to three (3) years at WAC's discretion. Price list to be updated annually.

Cost Analysis

WAC requires 3 price quotations for most goods or services and will compare quotes between vendors, to prior year costs and between other markets to ensure reasonableness to the procurement at hand. Rep

Contract fee increases may be requested in the year of their re-bid to be approved only after market comparisons and if performance and scope of work warrant the increase.

CONTRACTING RECORDS

Records Maintenance

As outlined in each of the Reps contract with the Commission, the Reps must maintain all records, documents and other evidence including their accounting policies and procedures related to work performed on behalf of the Apple Commission. All such records must be retained for a period of six (6) years following the date of final payment.

Records Inspection

All records and materials shall be subject to inspection, review or audit by the Commission, the Office of the State Auditor, or any other authorized federal or state official.

SECTION V: FINANCIAL / PURCHASING ISSUES

POLICY: STATE AUTHORIZED PURCHASING / TRAVEL CARDS

1. State Purchasing Cards (P-Card):

- a. Cards Issued to: Washington Apple Commission
 - Controller
- b. Authorized Users:
 - All Staff with Cardholder's approval
- c. Authorized Purchases:
 - Office Supplies
 - Facility Supplies
 - Catering
 - Hotel Reservations
 - Trade Show Registrations
 - Country RFQQ Ads
 - Educational Seminars/Training
 - Other Commission expenses that accept company credit cards
- d. Procedure:
 - Receive authorization to use Purchasing card (Verbal authorization is sufficient)
 - Obtain invoice/receipt itemizing purchase and attach to credit card statement
 - Code receipt for credit card backup
 - Controller will review all credit card expenses and approve for payment.
 - Statement paid upon receipt

2. CTA (Corporate Travel Account) Card:

- a. Cards Issued to: Washington Apple Commission
 - Controller
- b. Authorized Users:
 - All Staff with Cardholder's approval
- c. Authorized Purchases:
 - Commission airline travel expenses
- d. Procedure:
 - Receive authorization to use Travel card (Verbal authorization is sufficient)
 - Obtain invoice/receipt from airline or travel agent itemizing purchase and attach to credit card statement
 - Code receipt with account and description for credit card backup
 - Controller will review all Travel card expenses and approve for payment
 - Statement paid upon receipt

SECTION V: FINANCIAL / PURCHASING ISSUES

POLICY: FRAUD PREVENTION POLICY

I. FRAUD POLICY

Fraud is defined as the intentional, false representation, deliberate act or concealment of a material fact in the illegal use of property, funds or other assets for an unauthorized purpose. Fraudulent acts may include deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement or misappropriation.

The Washington Apple Commission anti-fraud policy was established to facilitate the development of controls that will aid in the detection and prevention of fraud against the organization. It is the intent of WAC to promote consistent organizational behavior by providing guidelines and assigning responsibility for the development of the anti-fraud program. This policy applies to any fraud or suspected fraud involving employees, officers, as well as consultants, contractors, funding sources and/or other third parties with a business relationship with the Commission. Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position/title, or relationship with the organization.

Although the policies and procedures for deterring, detecting, investigating and reporting known, alleged or suspected fraud or other illegal acts have been in place at WAC, this policy formalizes the process, and assigns the responsibility of coordinating all efforts of compliance with this policy to the Controller/Controller.

All employees will undergo training in risk management and fraud detection and become familiar with the types of improprieties that might occur within his or her area of responsibility to be alert for any indication of irregularity.

The terms fraud, misappropriation, and other fiscal irregularities refer to, but are not limited to:

1. Any dishonest or fraudulent act.
2. Forgery or alteration of any document.
3. Initiating a false entry in any accounting system or the destruction, concealment of documents with the intent to impede, obstruct or influence any audit or investigation by the WAC or a third party.
4. Misappropriation of funds, equipment, or other assets of WAC.
5. Accepting or seeking anything of material value from contractors, vendors, or persons providing goods or services to WAC. Exception: gifts less than a nominal amount of \$50 without the intent of obtaining an unfair advantage.

Any fraud that is detected or suspected must be reported immediately to either the President or Controller, who will utilize whatever internal and/or external resources considered necessary to initiate an investigation. If the investigation substantiates that inappropriate activities have occurred, management will report such matters to the Board of Directors.

If the suspected fraud or other wrongdoing involves State or Federal funds, WAC will notify the appropriate parties. It is the policy of the Washington Apple Commission to comply with all disclosure requirements and cooperate in any investigation of the suspected fraud as commissioned by a funding organization or other third-party.

As a MAP or any other FAS funded Participant, within five business days of receiving an allegation or information giving rise to a reasonable suspicion of misrepresentation or fraud that could give rise to a claim by CCC, the Washington Apple Commission shall report the allegation or information in writing to the appropriate USDA personnel as specified in WAC's agreement and/or approval letter. WAC shall cooperate fully in any USDA investigation of such allegation or occurrence of misrepresentation or fraud and shall comply with any directives given by CCC or USDA to the Washington Apple Commission for the prompt investigation of such allegation or occurrence.

WAC will treat all information received confidentially. Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. No retaliatory action will be taken against any party who reports potential improprieties or has reasonable suspicion of fraud. Concerns will be immediately acted upon and receive proper attention. WAC will not tolerate threats, harassment, dismissal, demotion, or discrimination against an employee for their adherence to this policy in providing information or assisting an investigation into fraudulent or other dishonest activity.

If an investigation results in a recommendation for disciplinary action, the President and, if necessary, outside counsel will determine what action is appropriate. The resulting decision may recommend disciplinary action up to and including termination of employment or cancelling a contract with an international representative.

II. FRAUD PREVENTION PROCEDURES

A. INTERNAL CONTROLS:

The objectives of a system of internal accounting controls are to provide management with reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management authorization and recorded properly to permit the preparation of financial statements in accordance with Generally Accepted Accounting Principles.

The Washington Apple Commission is a small organization but has an extensive and effective system of internal controls in place. One of the tools WAC uses in our invoice processing is 'segregation of duties'. Most of the grant funds are expended by WAC's international representatives. Each FAS approved country Unified Export Strategy (UES) plan details how grant funding will be used. After the contracted representative submits an invoice to WAC, the Compliance Assistant, Accounting Specialist and International Marketing Specialist review for proper support documentation, to ensure account coding is correct, that the activity is in the UES for the current program year and everything appears to be allowable expenditures per Federal/State & WAC regulations. The International Marketing Director approves the expenses for reimbursement, the Controller approves the total payment to the vendor and finally the Accounting Specialist initiates the wire payment to the vendor in their requested currency.

B. EXPORT COMPLIANCE PROGRAM:

Over the past several years, WAC has developed an extensive Compliance Program to strengthen our current policies and procedures required for all contracted representatives.

Each year, WAC presents these protocols to our contracted representatives and has them sign an Acknowledgement form stating that they have read and will comply with the policies detailed in the attached International Rep Manual / Compliance Program. (Exhibit A)

Some of the more significant enhancements WAC has made to the compliance program include the following:

- Additional staff dedicated to review Rep invoices and all required support documentation.

- For each individual expense submitted for reimbursement, the Rep is required to submit all three (3) of the following: Invoice, Proof of Payment and Proof of Activity.
 - 1) INVOICE: The Compliance Rep Manual lists all the information required to be included on the vendor invoice.
 - ✓ All invoices must be submitted within 60 days of the end of an activity.
 - ✓ Original invoices and corresponding receipts must be submitted.
 - ✓ If a Third-Party Vendor conducts activity – original invoices and receipts are also required from the vendor
 - 2) PROOF OF PAYMENT is required for all expenses which may include copies of checks, or wires issued to vendors; copies of Rep credit card or bank statement listing payment for activity; or signed receipt from vendor that invoice has been paid in full.
 - 3) PROOF OF ACTIVITY: The Compliance Rep Manual contains a specific checklist for each activity listing all required support documentation needed as proof that the activity took place.
- Reps must complete a Vendor Information Form for each Third-Party vendor that they intend to use for the season. Vendor Quotes and Agreements are required to be on file at WAC before payment is made.
- WAC has increased direct payments to vetted Third-Party vendors.
- WAC will periodically request invoices directly from the vendors to ensure that our Rep is submitting original invoices for reimbursement.
- There is a detailed deliverable list of requirements that must be completed by Rep before paying their monthly retainer fee.
- Reps are required to sign a Certification Statement as part of their Contract that states that they will personally examine all documents submitted for reimbursement and to the best of their knowledge confirm they are complete, accurate, true and available for inspection.
- All Rep contracts will continue to be bid out every 3-5 years.
- Reps must keep all records related to their contract with WAC for six (6) years. All records are subject to audit or inspection if requested.
- Compliance Rep Manual discusses many other important reimbursement guidelines including required photo documentation.

C. INTERNATIONAL COMPLIANCE AUDITS:

To ensure that both Federal/State and WAC funding are being spent efficiently and to monitor the work performed by our International Representative team, a member of WAC Staff will periodically visit the Rep's office in country to conduct a compliance audit. This is also an effective means to investigate a suspicion of fraud.

The following checklist / questions will be addressed during each compliance visit:

REPRESENTATIVE QUESTIONS

1. Meet with Owners, Staff, Merchandisers
 - a. Request Rep's Organizational Chart – discuss in detail what each employee does for the company and what role they play in working for the Apple Commission.
 - b. How long has Rep's company been in business, and what is the average longevity of employees?
 - c. Does the Rep work for any other cooperators? Does this conflict with time spent on WAC representation?
 - d. Meet with individual staff members to describe various work processes:
 - Who handles the promotions / marketing?
 - How does the Accounting paperwork flow through the system? Describe process.

- Purchasing / Receiving / Invoicing / Vendor management / Payment process / Shipping Processes?
 - Budgeting – after WAC office determines budget for marketing year, who manages and updates throughout the season?
 - Which vendors does Rep have agreements with for services?
- e. How does Rep determine which vendors to solicit quotes from?
 - f. How does Rep decide which vendors to use? What factors are taken into consideration besides price? (Quality, timeliness, ease of working relationship, other?)
 - g. How are costs for routine activities vetted? Whether using a third-party vendor, hiring direct or using staff on hand, how does the Rep know they are paying market wages for labor? How often does Rep get new quotes to make sure labor is competitively priced?

VENDOR-RELATED QUESTIONS

2. Meet with selection of third-party vendors
 - a. Request Organizational Chart of vendor’s employees that work on WAC account.
 - b. Discuss in detail what role each of the vendor’s employees play in working for WAC?
 - c. How long has Vendor’s company been in business, and what is the average longevity of employees?
 - d. Does the vendor’s company operate under any other business names? If so, does Rep do business with them under any of these other names?
 - e. Has Rep completed Vendor Information Form for each vendor?
 - f. Verify vendor Tax ID #.
 - g. How long are Rep’s vendor agreements for?
 - i. For Goods: Does vendor provide new quotes each time something is produced, or do they provide one quote that is valid for the entire season?
 - ii. For Services: Are these quotes valid for one or multiple seasons? How often does the vendor shop around to make sure they are not overpaying for services such as demo people, merchandisers, or other services that are used year after year?
 - h. How long has Rep been working with the vendor? Is there any conflict of interest?
 - i. Have any of the Rep’s vendors been recommended by the ATO/FAS office or other US Cooperators?
 - j. Does Rep use any of the same vendors to provide goods or services for any other US Cooperators besides WAC?

REQUIRED DOCUMENTATION

3. Discuss individual budget line items specific to Rep’s market & confirm required documentation for each:
 - a. Travel – who travels on behalf of the Commission and for what purpose?
 - Expense reports / Merchandising reports detailing who traveled, the purpose of the visit, what was accomplished.
 - Include itemized receipts for all expenses, Boarding passes for all air travel
 - How and when is travel schedule determined for all non-Rep employees? (Merchandisers, staff attending trade shows etc.)
 - b. Promotional Hosting – list industry members hosted, reason for hosting expense and detailed receipt (Use WAC Promotional Hosting Form – sign)
 - i. How/when does Rep determine if there will be a season kick-off event? Does it vary year to year?
 - ii. How does Rep determine who to host? Does Rep generally take same industry members out each year? How often is Rep making sure to include companies/importers new to the market?

- c. POS Materials / Consumer Giveaways – discuss the Rep’s purchasing / distribution process
 - How does Rep determine what quantity to order, what specific retailers get materials and how much each receives?
 - Does Rep order once for entire season or do multiple reprints and why?
 - 3 vendor quotes required. How is the winning bid determined?
 - Meet with a selection of third-party vendors when visiting the market.
 - POS Storage: Does Rep rent a warehouse or store POS on-site? What is the process for shipping items? List items in storage on invoice with photo documentation. Visit storage locations when visiting the market.
 - Provide two samples to WAC for documentation (photo of larger items is acceptable).
 - Provide photo of entire order of POS/giveaway items purchased.
- d. POS Distribution & Installation – Merchandisers deliver to importers in wholesale market, retailers, individual street vendors.
 - i. What is the timing for merchandising? Schedule with dates and locations?
 - Provide merchandising report with dates, places visited and photos of POS installation.
- e. Merchandising Supplies – (i.e. WAC collared shirts/caps/aprons) How are they inventoried and distributed?
- f. Merchandising Staff – Is this an employee or contracted vendor or combination of both? Meet with them if possible.
 - i. Does Rep use same people to do merchandising visits every time? Do merchandisers report back with changes noted in the market or strictly collecting prices, inventory, movements, etc. Are merchandisers taking and providing the photos?
- g. Consumer Promotions / Demos – Who manages, determines which stores participate, timing?
 - Contract with vendor / Promotional agreement in place?
 - Vendor rate sheet available?
 - How are promotions monitored/confirmed that they take place when requested? Who reports on apple presentation, retail cooperation etc.?
 - If use outside vendors to manage the demos, who confirms that the demos take place? (Rep, Merchandisers, secret shopper?)
 - Provide one photo per week from each store. Who is taking photos of demos? Have they been trained on photo requirements?
 - Visit retail store where demo is taking place, if applicable.
- h. Radio / TV / Print Advertising – who negotiates agreement with media group detailing number of episodes, length of spot? Copy of ad required after production.
- i. Billboards – Are they located in high visibility areas? Contract and pictures of actual billboard in place required.
 - Visit locations with billboards in place when visiting market.
- j. Care & Handling Training – who conducts training, who receives training? List of attendees, location and copy of training material required.

ADMINISTRATIVE ISSUES

4. Address any Administrative issues with Representative as needed. These may include:
 - a. Budgeting Process, projections, budget transfer requests, timing of invoice submittals, proper invoice documentation, contracting.
 - b. Any Vendor conflict of interest?
 - c. How does Rep pay vendors? (Cash, check, wire transfer) Provide proof of payment with invoice. Explain in detail how vendor payment process works in office. Review copies of checks, bank statements, wire transmittals, etc.
 - d. Compare vendor invoice with Rep invoice to WAC
 - e. Monthly reports – who writes them, quality, timeliness, content?

- f. How does Rep feel their working relationship is with WAC?
- g. Is there anything Rep or WAC can improve upon?
- h. Quality of Communication between Rep & WAC
- i. Is Rep retaining all documents for 6 years as required?
- j. Is Rep reviewing all invoices before they are submitted to WAC for payment? How are invoices processed when Rep is traveling or out of the office?

D. ACCOUNTING CONTROL/PROCESSES

1. Period-End Financial Statement Preparation:

The Controller is responsible for posting most financial related transactions. Controller processes payroll and is an approved signer on the checking accounts. Oversight is conducted by the President and the WAC Board of Directors.

Financial reports are run from the Sage Accounting system by the Controller each month and emailed to the Board, President and Staff. Reports include: Statement of Net Position, Income Statement, Budget Variance Report, Check Register, General Ledger Detail of monthly expenses, and Cash Investment Summary (Funds available) report. The President reviews and signs off on monthly journal entries posted to the accounting system by the Controller. The financial reports are approved by the Board of Directors at their regularly scheduled meeting.

At the end of the fiscal year, a general ledger trial balance report is printed from the system and used for the preparation of the Commission's financial statements. The Controller prepares the required financial reports, MD&A and Notes. The monthly financial reports previously ran serve the basis for the finished year-end financial statements.

2. Revenues:

Assessment Revenue: Assessment revenue is a significant revenue stream for the Commission. By law, the Washington Apple Commission is mandated to collect assessments on the net weight of all Washington apples shipped at 8.75 cents per hundredweight (100 pounds of apples). Invoices are processed by the Accounting Specialist through the Sage Accounting system every two weeks and calculated for each shipping agency in the state. Aging reports are printed and reviewed at the end of each month.

To ensure sufficient segregation of duties when money is received, the Compliance Assistant logs the checks and inputs them into a spreadsheet for Accounting Specialist. The spreadsheet identifies if the check is for assessment revenue, or from online sales. The log, along with the backup documentation, is given to Accounting Specialist, to record into the Sage Accounting system and post to customer accounts. Deposits are made by once per week depending on the volume. A copy of the deposit information and log is given to Controller for review. Controller is responsible for balancing the accounts and reconciling monthly bank statements.

FAS Reimbursement: Twice a month, after Contractor payments are complete, documentation is prepared to submit a claim to FAS for reimbursement of eligible MAP and any other FAS funded program expense. Accounting Specialist prepares the reimbursement claim and Controller reviews, approves and then submits online to FAS for reimbursement. FAS reimbursements are deposited via ACH transfer to WAC checking account within an average of 10-14 days after submittal.

3. Cash and Investments: The Commission maintains its bank accounts and investments only with financial institutions in Washington State pre-approved by the Public Deposit Protection Commission. This list of banks is then approved annually by the Washington Apple Commission Board of Directors.

All investments consist of Certificate of Deposits (CD) and interest-bearing savings accounts. Once a month, the Controller reconciles these accounts since the Accountant processes the expenditures for those checking accounts. A monthly Cash/Investment Summary report is sent to each board member for review showing the Commission's available cash and investment balance.

4. General Expenses:

Invoices are received in the mail and given to department managers for coding and review, making sure proper supporting documentation is attached. Invoices are then returned to Accounting Specialist. Once a week, the Controller reviews and approves invoices that are due for payment. The Accounting Specialist enters each invoice into the system by vendor, invoice #, date, amount, account and department code. Checks are generated and signed by two of the three authorized check signers. The Controller also performs a monthly bank reconciliation that would catch checks that were written but not included in the general ledger.

5. Payroll:

Upon hiring, an employment agreement is approved by the President, signed by the employee and serves as the support document for information entered into the payroll system. The Commission uses the Sage Accounting system to process the semi-monthly payroll on the 15th and last working day of the month. All checks are paid via direct deposit to the Employee. Timesheets are prepared for hourly and temporary employees. Salaried, non-exempt employees turn in exceptions to the normal work week (Leave Slips, or Overtime Forms). Timesheets, leave taken and overtime reports are reviewed by Controller, and President. Vacation and Sick paid time off is allowed for employees based on the number of years/hours worked. The President approves all payroll transactions monthly.

6. Controlling Blank Checks:

Blank checks are always kept in a locked file cabinet in the Accounting Specialist's office.

7. State & Federal Audits:

The Washington Apple Commission is audited every year by the Washington State Auditor's Office. They perform the following three audits: Financial Statement Audit, Accountability Audit and Federal Single Audit (2CFR-200). The Commission is also audited periodically by the Foreign Agricultural Service Compliance team. This audit ensures that WAC is adhering to Federal grant regulations and maintains proper documentation for the use of federal funding.

E. SUMMARY

By strictly following the processes herein, The Washington Apple Commission should be able to deter most instances of fraud and be able to investigate suspicions of fraudulent activities by conducting periodic audits both from the WAC Office and In-country. These procedures and controls will be reviewed annually in conjunction with our fiscal year-end processes to ensure that there are no material weaknesses that would increase our risk of fraud.

WAC will cooperate fully in any USDA, WSDA or State Auditor's Office investigation of alleged fraud or non-compliance should this ever come about. WAC home office and International Representatives maintain all public records in accordance with our Records Retention policy that would be made available for inspection if requested.

The Commission has developed an extensive International Rep Manual / Compliance Program that is an integral part of the Fraud Prevention Plan.

SECTION V: FINANCIAL / PURCHASING ISSUES

POLICY: ENTERPRISE RISK MANAGEMENT POLICY

Purpose

This policy explains the Washington Apple Commission's approach to managing risk in a Lean culture that focuses on providing customer value, respecting people and continuously improving. It is the policy of the Washington Apple Commission (WAC) to proactively assess and respond to any risks that may affect the achievement of WAC's strategic and performance based objectives and their intended outcomes. This policy will be implemented through WAC's Enterprise Risk Management Program (ERM).

Enterprise Risk Management

Enterprise Risk Management is an approach to risk management. Enterprise Risk Management proactively identifies risks and opportunities across all agency programs, departments or divisions. The impact of the risks or opportunities are considered not in isolation, but rather, in relation to all other agency programs and risks. This avoids departmental "silos." To achieve a mature Enterprise Risk Management program, WAC will support and implement through its managers, supervisors and employees, coordinated Enterprise Risk Management guidelines, standards, and procedures which include, but are not limited to, the following elements:

- Including risk consideration as an integral part of the decision-making process.
- Analysis of the likelihood (frequency) and impact (severity) of risks.
- Identification and prioritization of risk on an agency-wide basis.
- Identification and implementation of possible risk mitigation strategies in a risk register or risk mitigation plan.

Role of Management

Leaders have a significant role to play in the management of risk. That role is to set the tone and influence the culture of risk management within the agency. This includes:

- Determining risk tolerance, that is whether the agency is 'risk taking' or 'risk averse' as a whole or on any relevant individual issue;
- Determining which risks are acceptable and which are not;
- Setting the standards and expectations of staff with respect to conduct and risk inquiry;
- Monitoring the management of mission-critical risks;
- Satisfying itself that the less mission-critical risks are also being actively managed by staff who are risk owners and that there are appropriate and effective controls in place; and
- Reviewing annually the agency's risk register and approach to risk management and approving changes or improvements to key elements of risk assessment processes and procedures.

Employees' Involvement

By this policy, Washington Apple Commission employees are encouraged to support the organization's efforts to identify, eliminate or manage risk and opportunities across all divisions, offices and functions. Offices must work together across boundaries to share internal control methods and procedures that implement a comprehensive and coordinated set of processes and approaches to Enterprise Risk Management.

The primary roles and responsibilities of Enterprise Risk Management are:

Management: Apply Enterprise Risk Management in all aspects of operations and actions.

Employee: Understand Enterprise Risk Management and report to management any step or function that you see as exposing WAC to risk.

Risk Manager: Conduct reviews, training, and develop staff Enterprise Risk Management awareness.

References: RCW 43.19.760, 763 – Risk Management – Principles, Definitions
Governor’s Executive Order 16-06 State Agency Enterprise Risk Management
SAAM 20.20 Risk Assessment

SECTION VI: PRESIDENTIAL POWERS

POLICY: AUTHORITY TO EXECUTE LEGAL DOCUMENTS

The Washington Apple Commission, pursuant to its authority set forth in RCW 15.24.070, hereby appoints the current President, in his/her capacity as Secretary of the Washington Apple Commission, as its Officer and Representative in the protection, registration, and enforcement of all trademarks in both domestic and foreign jurisdictions. President is authorized and empowered as a representative, agent, and officer of the Washington Apple Commission to execute any legal document, Power of Attorney, and other documents deemed necessary and appropriate to the prosecution and protection of trademarks, and the enforcement and registration of trademarks owned by the Washington Apple Commission, in all jurisdictions, both foreign and domestic.

When it is deemed necessary for a document to be signed and the President is out of the office, the Controller or Board Chairman shall have the authority to sign a contract on behalf of the Washington Apple Commission.

SECTION VII: PUBLIC RECORDS MANAGEMENT

POLICY: PRESERVATION AND DESTRUCTION OF PUBLIC RECORDS

Public records are documents that provide evidence to support actions and decisions made during the course of conducting government business. Public records include any and all records that are characterized by two key criteria: (1) they are created or received by any agency of the state (2) in connection with the transaction of public business. Public records include not only paper records, but also such digital and electronic records as DVDs, email, databases, PDFs, phone logs, and websites. Public records are the property of the state of Washington and they must be preserved, stored, transferred, destroyed or otherwise managed in accordance to agency policy. The Washington Apple Commission follows the State Government General Records Retention Schedule (SGGRRS) approved by Washington State Archives in accordance with RCW 40.14; Preservation and Destruction of Public Records.

Highlighted below is an abbreviated summary of Commodity Commission records prepared by WSDA. For a complete list of records and records retention information, please reference the SGGRRS at: <http://www.sos.wa.gov/archives/RecordsManagement/RecordsRetentionSchedulesforStateGovernmentAgencies.aspx>

Type of Record	Retention and Disposition Action	Disposition Authority No. (DAN)	Retention Schedule Page No.
AGENCY ADMINISTRATION AND MANAGEMENT			
AUDITING			
Corrective Actions - Audits	Retain for 6 years after matter resolved then destroy .	GS 04007	6
External Audits/Reviews of Agency - Final Reports	Retain for 6 years after audit report date then destroy .	GS 04006	7
External Audits/Reviews of the Agency - Interactions	Retain until conclusion of audit then destroy .	GS 04009	8
CALENDARS			
Calendars - Elected Officials and Agency Heads	Retain for 4 years after end of calendar year then transfer to Washington State Archives.	GS 10008 Archival	11
COMMUNITY AND EXTERNAL RELATIONS			
Advertising and Promotion	Retain until no longer needed for agency business then transfer to Washington State Archives.	GS 05006 Archival	12
Media Releases and Coverage	Retain for 2 years after end of calendar year then transfer to Washington State Archives.	GS 05003 Archival	17
LEGAL AFFAIRS			
Litigation Case Files - Routine	Retain for 6 years after resolution of case (including appeals) then destroy .	GS 18004	21
Legal Advice and Issues	Retain for 6 years after issue resolved and until advice no longer needed for agency business then destroy .	GS 18003 Essential	20
LEGISLATION AND RULE MAKING			
Legislation - Development and Analysis	Retain for 2 years after end of legislative session then transfer to Washington State Archives.	GS 19001 Archival	23

Legislation/Regulations/Rules - Monitoring/Tracking	Retain for 2 years after end of legislative session then destroy .	GS 19002	23
Rule Making (Washington Administrative Code - WAC)	Retain until rule superseded/not proceeded with then transfer to Washington State Archives.	GS 10009 Archival	24
MEETINGS AND BOARD/COMMITTEE SUPPORT			
Advisory Body Records	Retain for 6 years after end of calendar year then transfer to Washington State Archives.	GS 10015 Archival	25
Governing/Executive/Policy-Setting Body Records	Retain for 6 years after end of calendar year then transfer to Washington State Archives.	GS 10004 Archival/Essential	26
Meetings - Staff and Internal Committees	Retain for 2 years after end of calendar year and until no longer needed for agency business then destroy .	GS 09009	29
PLANNING			
Establishment/Development History of Agency/Programs	Retain for 6 years after end of calendar year then transfer to Washington State Archives	GS 10013 Archival	31
Strategic Plans - Final (Unpublished)	Retain until no longer needed for agency business then transfer to Washington State Archives.	GS 10001 Archival/Essential	31
POLICIES AND PROCEDURES			
Policies and Procedures - Administrative Functions	Retain for 6 years after superseded then transfer to Washington State Archives.	GS 09028 Essential	32
Policies and Procedures - Agency Core Mission	Retain for 6 years after superseded then transfer to Washington State Archives.	GS 10002 Archival/Essential	33
REPORTING AND STUDIES			
Reporting to External Agencies (Mandatory)	Retain for 6 years after submitted then destroy .	GS 19004	36
ASSET MANAGEMENT			
ACQUISITION AND DISPOSAL			
Acquisition and Disposal - Assets (Other than Real Property)	Retain for 6 years after disposal of asset then destroy .	GS 21001	45
Inventories - Supplies, Commodities and Parts	Retain for 6 years after date of document then destroy .	GS 16004	56
MAINTENANCE, INSPECTION AND MONITORING			
Building and Equipment - Major and/or Regulated	Retain for 6 years after disposal of asset then destroy .	GS 21008 Essential	58
Maintenance - Minor Non-Regulated	Retain for 6 years after completion of work then destroy .	GS 20112	59
FINANCIAL MANAGEMENT			
ACCOUNTING AND FISCAL			
Banking - Accounts and Transactions	Retain for 6 years after end of fiscal year then destroy .	GS 01013	65
Banking - Deposited Items	Retain for 14 days after date of deposit then destroy .	GS 01068	66
Financial Disputes and Collections	Retain for 6 years after matter resolved then destroy .	GS 01003	66
Financial Transactions - General	Retain for 6 years after end of fiscal year then destroy .	GS 01001	67
BUDGETING			

Allotment Management and Budget Development	Retain for 6 years after end of biennium then destroy .	GS 01040	72
CONTRACTS AND PURCHASING			
Bids and Proposals - Successful	Retain for 6 years after completion of purchase or fulfillment of contract then destroy .	GS 06004	73
Bids and Proposals, Unsuccessful	Retain for 3 years after bid award or cancellation date then destroy .	GS 06007	74
Contracts and Agreements	Retain for 6 years after termination or expiration of instrument then destroy .	GS 01050 Essential	75
Purchase Authority	Retain for 6 years after superseded then destroy .	GS 06002	76
Supply and Equipment Requests	Retain for 30 days after date of receipt then destroy .	GS 06001	76
GRANTS MANAGEMENT			
Grants Issued by Agency- Applications (Denied)	Retain for 1 year after grant application denied then destroy .	GS 23002	77
Grants Issued by Agency - Applications (Successful)	Retain for 6 years after end of funding period/grant cycle and completions of all grant requirements for that cycle then destroy .	GS 23001	77
Grants Issued by Agency - Program Administration	Retain for 6 years after end of funding period/grant cycle then destroy .	GS 23003	78
Grants Received by the State	Retain for 6 years after end of funding period/grant cycle and completions of all grant requirements for that cycle (such as federal retention requirements, submission of financial status report, etc. then destroy .	GS 23004	79
TRAVEL			
Travel	Retain for 6 years after end of fiscal year then destroy .	GS 07001	80
HUMAN RESOURCE MANAGEMENT			
Attendance and Leave Records	Retain for 6 years after end of fiscal year then destroy .	GS 03030	81
BENEFITS			
Benefits Enrollment and Participation	Retain for 6 years after date of separation from agency or 6 years after withdrawal from participation, whichever is sooner, then destroy .	GS 03048	83
Retirement Verification	Retain for 60 years after date of separation from agency then destroy .	GS 03032 Essential	85
PAYROLL			
Payroll Files - Employee Pay History	Retain for 6 years after date of separation from agency then destroy .	GS 03031 Essential	94
Payroll Register	Retain for 60 years after date certified then destroy .	GS 01060 Essential	96
PERSONNEL HISTORY			
Personnel - Employment History Files	Retain for 6 years after date of separation from agency then destroy .	GS 03042 Essential	99
RECRUITMENT/HIRING			

Recruitment - Employee	Retain for 3 years after position filled then destroy .	GS 03012	104
STAFF DEVELOPMENT			
Training Files - Employees	Retain for 6 years after separation from agency then destroy .	GS 22003	107
INFORMATION MANAGEMENT			
PUBLIC DISCLOSURE/RECORDS REQUESTS			
Public Disclosure/Records Requests	Retain for 2 years after public records request fulfilled then destroy .	GS 05001	113
PUBLISHING			
State Publications	Upon publication, transfer copies of printed format publications and/or one copy of electronic format publications to Washington State Library.	GS 15008 Archival	115
State Publications - Transfers to Library (Agency Compliance Records)	Retain for 6 years after end of calendar year then destroy .	GS 15011	115
RECORDS MANAGEMENT			
Destruction of Public Records	Retain for the life of the agency.	GS 11005	118
Records Control	Retain until no longer needed for agency business then destroy .	GS 11009	119
Transfer of Legal Custody	Retain for the life of the agency.	GS 11001	122
RECORDS WITH MINIMAL RETENTION VALUE (TRANSITORY RECORDS)			
Brainstorming and Collaborating	Retain until no longer needed for agency business then destroy .	GS 50006	123
Contact Information	Retain until no longer needed for agency business then destroy .	GS 50007	124
Drafting and Editing	Retain until no longer needed for agency business then destroy .	GS 50008	125
Informational Notifications/Communications	Retain until no longer needed for agency business then destroy .	GS 50001	127

SECTION VII: PUBLIC RECORDS MANAGEMENT

POLICY: PUBLIC RECORDS REQUESTS

Purpose

The purpose of this chapter, WAC 24-20, is to ensure compliance by the Washington Apple Commission with the provisions of the Public Records Act, chapter 42.56 RCW. These rules provide information to persons requesting access to the Commission's public records and establish procedures for both requestors and Commission staff.

Public Record

A public record includes any writing containing information relating to the conduct of government or the performance of any governmental or proprietary function prepared, owned, used, or retained by the Commission regardless of physical form or characteristics.

Public Records Officer

1. The Commission's public records shall be in the charge of the public records officer designated by the Commission.
2. The name of the Commission's current public records officer is on file with the office of the code reviser in accordance with RCW 42.56.580 and is published in the *Washington State Register*.
3. The Commission or its President may appoint a temporary public records officer to serve during the absence of the designated records officer. The public records officer shall be responsible for implementing the Commission's rules regarding disclosure of public records, coordination of staff regarding disclosure of public records, and generally insuring compliance by staff with public records disclosure requirements.

Requests for Public Records

1. All requests for disclosure of public records must be submitted in writing directly to the Commission's public records officer by mail at: Washington Apple Commission 2900 Euclid Avenue, Wenatchee, WA 98801 or by e-mail at: publicrecords@waapple.org. The written request should include:
 - (a) The name of the person requesting the record and their contact information;
 - (b) The calendar date on which the request is made;
 - (c) Sufficient information to readily identify the records being requested.
2. Any person wishing to inspect the Commission's public records may make an appointment with the public records officer to inspect the records at the Commission office during regular business hours. In order to adequately protect the Commission's public records, the following will apply:
 - (a) Public records made available for inspection may not be removed from the area the Commission makes available for inspection.
 - (b) Inspection of any public record will be conducted in the presence of the public records officer or designee.
 - (c) Public records may not be marked or altered in any manner during inspection.
 - (d) The Commission has the discretion to designate the means and the location for the inspection of records. The viewing of those records that require specialized equipment shall be limited to

the availability of that equipment located at the Commission office and the availability of authorized staff to operate that equipment.

Response to Public Records Request

1. The public records officer shall respond to public records requests within five business days by:
 - (a) Providing the record;
 - (b) Providing a link or address for a record available on the internet under RCW 42.56.520;
 - (c) Acknowledging receipt of the request and providing a reasonable estimate of the time the Commission will require to respond to the request; or
 - (d) Denying the public record request. Responses refusing in whole or in part the inspection of a public record shall include a statement of the specific exemption authorizing the withholding of the record (or any part) and a brief explanation of how the exemption applies to the record(s) withheld or to any redactions in records produced.
2. Additional time to respond to the request may be based upon the need to:
 - (a) Clarify the intent of the request;
 - (b) Locate and assemble the information requested;
 - (c) Notify third persons or agencies affected by the request; or
 - (d) Determine whether any of the information requested is exempt and that a denial should be made as to all or part of the request.
3. In acknowledging receipt of a public record request that is unclear, the public records officer may ask the requestor to clarify what records the requestor is seeking. The public records officer is not obligated to provide further response if the requestor fails to clarify the request.

Costs of Disclosure

1. No fee shall be charged for the inspection of public records.
2. Pursuant to RCW 42.56.120 (2), the Commission declares for the following reasons that it would be unduly burdensome for it to calculate the actual costs it charges for providing copies of public records:
 - (a) Funds were not allocated for performing a study to calculate such actual costs and the agency lacks the necessary funds to perform a study and calculations;
 - (b) Staff resources are insufficient to perform a study and to calculate such actual costs; and
 - (c) A study would interfere with and disrupt other essential agency functions.
3. The Commission may charge fees for production of copies of public records consistent with the fee schedule established in RCW 42.56.120.
4. The Public Records Officer may waive the fee when the expenses of processing payment exceed the cost of providing copies.

Exemptions

The Commission's public records are available for disclosure except as otherwise provided under chapter 42.56 RCW or any other law. Requestors should be aware of the following exemptions to public disclosure specific to Commission records. This list is not exhaustive and other exemptions may apply:

1. Production or sales records required to determine assessment levels and actual assessment payments the Commission under chapter 15.24 RCW (reference RCW 42.56.380(3)).

2. Financial and commercial information and records supplied by persons:
 - (a) To the Commission for the purpose of conducting a referendum for the establishment of the Commission; or
 - (b) To the Commission under chapter 15.24 RCW, with respect to domestic or export marketing activities or individual producer's production information (reference RCW 42.56.380(5)).
3. Lists of individuals requested for commercial purposes (reference RCW 42.56.070(9)).
4. Records which are relevant to a controversy to which the Commission is a party but which records would not be available to another party under the rules of pretrial discovery for causes pending in the superior courts, including records involving attorney-client communications between the Commission and the office of the attorney general privileged under RCW 5.60.060(2).
5. Personal information in any files maintained for employees, appointees, or elected officials of any public agency to the extent that disclosure would violate their right to privacy (reference RCW 42.56.230(3)).
6. Residential addresses, residential telephone numbers, personal wireless telephone numbers, personal electronic mail addresses, dates of birth, Social Security numbers and emergency contact information of employees, dependents of employees, or volunteers of a public agency that are held by any agency in personnel records, public employment related records, or volunteer rosters, or are included in any mailing list of employees or volunteers of any public agency (reference RCW 42.56.250(3)).

Review of Denials of Public Records Requests

1. Any person who objects to the denial of a request to copy or inspect public records may petition the Commission for review of such decision by submitting a written request to the Commission. The request shall specifically refer to the statement which constituted or accompanied the denial.
2. The Commission's President or designee shall immediately consider the matter and either affirm or reverse such denial. In any case, the request shall be returned with a final decision, within ten business days following receipt of the written request for review of the original denial.
3. Under RCW 42.56.530, if the Commission denies a requestor access to public records because it claims the record is exempt in whole or in part from disclosure, the requestor may request the attorney general's office to review the matter.
4. Any person may obtain court review of a denial of a public records request under RCW 42.56.550.

Records index

The Commission shall establish a records index, which shall be made available for public review. The records index may be accessed on the Commission's website at www.bestapples.com.

The index includes the following records:

1. Washington Apple Commission Statute Chapter 15.24 RCW
2. Washington Apple Commission Rules Title 24 WAC
3. Commission policy and procedure manuals.

Exhibit A
International Rep Manual / Compliance Program

The accompanying Manual is an integral part of the Fraud Prevention Plan and will be included as a separate document.

Exhibit B
Chapter 15.24 RCW – Washington Apple Commission

<https://app.leg.wa.gov/rcw/default.aspx?cite=15.24>

Exhibit C
Title 24 WAC – Washington Apple Commission

<https://apps.leg.wa.gov/wac/default.aspx?cite=24>