

FINANCIAL AUDIT ADVISORY COMMITTEE

The Financial Audit Advisory Committee is established to assist the Board of Selectmen and town and Concord Public School financial management officials in the organization, implementation and review of the annual examination of the town's financial reporting and control procedures and in the continuous review and improvement of fiscal accountability matters.

SCOPE

An audit examination of the Town of Concord's financial statements is carried out annually as of each June 30 in conformance with provisions of the Massachusetts General Laws and consistent with voluntary standards set forth by the Governmental Accounting Standards Board. This examination includes sampling of financial transactions and examination of financial control procedures in order to render an opinion that the financial statements of the town fairly represent the result of operations for the year. For this purpose, the Town Manager is responsible for engaging a professional external auditor or audit firm to conduct the audit. The Board of Selectmen, as the Town's elected executive body, receives reviews and accepts the annual report of the auditor and any accompanying management letter addressing any improvements needed with respect to internal financial controls.

The annual audit of the Town of Concord includes the Concord Public Schools (CPS) operated under the direction of the Superintendent of Schools. For the purposes of the financial statements of the Town, CPS is a department of the town.

CPS operates under a Joint Superintendency together with the Concord-Carlisle Regional School District (CCRSD) which is a separate political subdivision of the Commonwealth. CCRSD issues its own separate audited annual financial statements. CPS/CCRSD operates under its own financial administration. However, all CPS transactions are processed through the Concord town treasury and are recorded in summary on the books of the Concord Town Accountant.

The Concord Municipal Light Plant (CMLP), a department of the town organized under the Town Manager, also issues separate audited annual financial statements as of each December 31 in accordance with requirements of the Commonwealth of Massachusetts established for the operation of municipal light plants. The audited financial statements of CMLP are incorporated into the audited financial statements of the Town of Concord.

Currently, the Town of Concord, CCRSD and CMLP audit examination is carried out by a single external auditor.

MEMBERSHIP

The Financial Audit Advisory Committee shall consist of six members appointed by the Chair of the Board of Selectmen, as follows:

1. A current member of the Board of Selectmen, for a one-year term effective as of June 1 and ending the following May 31;

2. A current member of the Concord Public School Committee, upon the recommendation of the Chair of the CPS Committee, for a one-year term effective as of June 1 and ending the following May 31;
3. A current member of the Concord Light Board, upon the recommendation of the Chair of the Light Board, for a one-year term effective as of June 1 and ending the following May 31;
4. Three citizens, each determined to have basic familiarity with Massachusetts local government financial management either through past town service or professional expertise, and at least one of whom shall have direct experience in financial operations, internal financial controls and/or the preparation and analysis of financial statements, preferably in the public sector, for a three-year term, with initial appointments staggered as follow:
 - Initial term ending May 31, 2016
 - Initial term ending May 31, 2017
 - Initial term ending May 31, 2018

The Selectmen, School Committee and Light Board members may be initially appointed prior to June 1, 2015 for a term ending May 31, 2016. The citizen members may be initially appointed prior to June 1, 2015 for terms stipulated in clause 4 above.

The Selectmen, School Committee and Light Board members may be reappointed for two additional years so long as they remain in their elected or appointed office. The citizen appointees may serve a maximum of two additional three-year terms beyond the initial appointment term stipulated in clause 4 above.

The Chair of the Board of Selectmen may fill vacancies as they occur. A partial term filling a vacancy shall not be counted toward the three-year term limit for a selectmen member, a school committee member or a Light Board member; a partial term will not be counted against the six-year term limit for a citizen member. At any time, the Selectmen may set an initial original or partial term of less than three years for a new citizen appointee in order to maintain the staggered schedule of terms for citizen members.

MEETINGS

The Financial Audit Advisory Committee shall be chaired by the selectman member. The committee shall meet at least three times a year – at the initiation of the annual Town of Concord audit examination, during the audit examination, and at the conclusion of the audit examination to review draft financial statements and management letter comments with the external auditor. The Committee may set additional meetings as necessary.

As the CMLP audit is conducted on a different schedule from the Town Audit, the committee shall meet at least once annually on the CMLP audit, separately or in combination with another meeting agenda, at the conclusion of the CMLP audit to review draft financial statements and management letter comments.

The Financial Audit Advisory Committee shall be staffed by the Town Finance Director, the Deputy Superintendent of CPS/CCRSD, and, for any meeting covering CMLP matters, the CMLP director or his/her designee. Those individuals may invite other town and school staff members to meetings as necessary.

DUTIES

The Financial Audit Advisory Committee shall:

- Recommend to the Town Manager the selection of the independent external auditor;
- Review the arrangements for and the scope and progress of the annual audit;
- Review the draft audited financial statements and consider the management letter recommendations and management's response;
- Review internal accounting and control procedures as necessary;
- Participate in presentation of the annual audited financial statements by the external auditor at a public meeting of the Board of Selectmen.
- Prepare such reports and recommendations to the Board of Selectmen from time to time, within its assigned scope, as it may deem to be in the best interest of the Town

For the sole purpose of advising the Town Manager and Superintendent of Schools regarding areas of financial administration under their responsibility, the Financial Audit Advisory Committee may take up any other matter or study any issue or concern that relates to the presentation and improvement of public understanding of the town's financial statements and/or that addresses internal financial controls, policies and practices. Such matters shall be limited to those assigned to it by the Board of Selectmen or that arise within the Committee through its own deliberations and review.

COMMITTEE OPERATION

The Committee shall operate in all respects in conformance with the Open Meeting Law. Administration of the Committee is assigned to the Town Finance Director's office.