

FINANCIAL AUDIT ADVISORY COMMITTEE

The Financial Audit Advisory Committee is established to assist the Select Board, Town and Concord Public School /Concord-Carlisle Regional School District financial management officials in the organization, implementation and review of the annual examination of financial reporting and control procedures and in the continuous review and improvement of fiscal accountability matters. Financial management operations for the Concord Public Schools (CPS) and the Concord-Carlisle Regional School District (CCRSD) are fully integrated under the direction of a joint superintendent. For financial reporting purposes, CPS is a department of the Town while CCRSD is a separate political subdivision of the Commonwealth. All CPS transactions are processed through the Concord town treasury and are recorded in summary on the books of the Concord Town Accountant.

SCOPE

Separate audit examinations of the financial statements of the Town of Concord (which includes the Concord Public Schools) and of the Concord-Carlisle Regional School District are 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. Upon completion of the annual audit, the financial statements of the Town and the CCRSD are published and available for public review and use.

The audit 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 and of the CCRSD 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 Town's audit and the Superintendent of Schools is responsible for engaging a professional external auditor or audit firm to conduct the CCRSD audit. For the Town of Concord, The Select Board, 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. For the CCRSD, the Regional School Committee is the elected executive body for such purposes.

The Concord Municipal Light Plant (CMLP), a department of the town organized under the Town Manager, also issues separate audited annual financial statements on a calendar year basis 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. The Town Manager is responsible for engaging a professional external auditor or audit firm to conduct the CMLP audit.

Currently, the Town of Concord, CCRSD and CMLP audit examination is carried out by a single external auditor. It is the objective of the Town and CCRSD that this level of coordination be maintained. Whenever it is determined by the Financial Audit Advisory Committee that it is in the best interest of the Town and CCRSD to initiate a selection process for the engagement of an external auditor or audit firm to conduct the annual audits of the Town, CCRSD and CMLP, the Committee shall be responsible for carrying out such selection process with the assistance of the Town Finance Director and the CPS/CCRSD Deputy Superintendent. The Committee shall make its recommendation for appointment of the auditor to the Town Manager and Superintendent of Schools.

MEMBERSHIP

The Financial Audit Advisory Committee shall consist of seven members appointed by the Select Board, as follows:

1. A current member of the Select Board, named annually by the Chair of the Select Board and effective as of June 1 for a one-year term ending the following May 31;
2. A current member of the Concord Public School Committee, named annually by the Chair of the Select Board as submitted by the Chair of the CPS Committee and effective as of June 1 for a one-year term ending the following May 31;
3. A current member of the Concord-Carlisle Regional School Committee, named annually by the Chair of the Select Board as submitted by the Chair of the CCRSD Committee, and effective as of June 1 for a one-year term ending the following May 31.
4. A current member of the Concord Light Board, named annually by the Chair of the Select Board as submitted by the Chair of the Light Board, and effective as of June 1 for a one-year term ending the following May 31;
5. 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 Select Board, 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. Thereafter, citizen appointees shall serve a maximum of two full three-year terms plus the completion of any unexpired term to which the citizen was initially appointed.

The Select Board may fill vacancies as they occur. At any time, the Select Board may set an initial original or partial term of less than three years for a new citizen appointee if it becomes necessary to do so in order to maintain the staggered schedule of terms for citizen members.

MEETINGS

The Financial Audit Advisory Committee shall be chaired by the select board member. The committee shall meet at least three times a year – at the initiation of the annual Town of Concord and CCRSD 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 Town Finance Director and the Deputy Superintendent of CPS/CCRSD, or their designee, shall staff the Financial Audit Advisory Committee. For any meeting covering CMLP matters, the CMLP director or designee shall attend. 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 and Superintendent of Schools the selection of the independent external auditor;
- Review the arrangements for and the scope and progress of the annual audits;
- 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 Select Board and the CCRSD School Committee respectively;
- Prepare such reports and recommendations to the Select Board and Regional School Committee from time to time, within its assigned scope, as it may deem to be in the best interest of the Town and the District.

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 annual financial statements and/or that addresses internal financial controls, policies and practices. Such matters shall be limited to those assigned to it by the Select Board 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.

Michael Lawson, Chair