

POLICY RELATING TO BUDGET/FINANCE

AUDIT ADVISORY BOARD

The Audit Advisory Board consists of seven (7) voting members: one (1) from each Member Town and two (2) members appointed by the School Committee Chair from members of the School Committee, who shall serve as Chair and Vice-chair. Each member shall serve for three (3) years. All appointees, including Member Town appointees, shall be subject to the sole determination and approval of the sitting School Committee Chair. The District's Director of Business and Finance will act as staff to the Audit Advisory Board.

Each member must be independent of the financial management and reporting system of the District and should possess a reasonable level of financial literacy. The School Committee Chair will ensure that the Audit Advisory Board has at least one member who is qualified in accounting or financial management.

Acceptable membership qualifications shall be at the sole determination of the School Committee Chair. Members should possess skills or experience in one or more of the following:

1. Business management experience in the public or private sector.
2. An understanding of generally accepted accounting principles and financial statements.
3. The ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves.
4. Experience preparing, auditing, analyzing or evaluating financial statements comparable to those encountered within the Wachusett Regional School District.
5. An understanding of internal controls and procedures for financial reporting.
6. An understanding of the Audit Advisory Board responsibilities and functions.

The Audit Advisory Board's major responsibility shall be to review the District's financial reporting process and annual audit(s), both financial and compliance.

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AUDIT ADVISORY BOARD (continued)

The Board, through majority vote, will:

1. Establish an understanding of the District's financial reporting system through review of Business/Finance Subcommittee meeting minutes and meeting with the District's Treasurer, Superintendent and Director of Business and Finance.
2. Have the authority to request financial reports from the Treasurer, Superintendent or Director of Business and Finance, documenting detailed financial transactions, such as actual expenditures against budgets, summaries of Grants, Revolving and Special Revenue accounts, liabilities incurred or anticipated, and balances of bank accounts, and/or bank statements if deemed necessary.
3. Recommend to the School Committee the selection of an independent professional auditing firm to audit the financial affairs of the District, the amount of the contract required for auditing activities, and the terms of the contract. After three years, the Audit Advisory Board will review the performance of the District auditing firm
4. Receive timely information about the timeline for the annual audit and determine when to meet with the auditor and District administration.
5. Prior to the commencement of the annual audit, meet with the District's independent professional audit firm to plan and define the scope of the annual audit, to include recommendations of the Business/Finance Subcommittee.
6. Participate in the exit interviews with the audit firm and District administration to provide input prior to the development of the draft Management Letter.
7. Meet with the District's independent professional audit firm to review and discuss drafts of the Annual Audit Report. Receive final written reports prepared by the District's independent professional audit firm that are provided to the District at a later date.
8. Report to the full School Committee within thirty (30) days after receiving the Annual Audit Report from the auditors on the adequacy of the financial management and reporting system; and summarize any changes/improvements in procedures, practices, or auditing policies deemed necessary.
9. Receive and review copies of the End-of-Year Report Audit.

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AUDIT ADVISORY BOARD (continued)

10. Meet with the Director of Business and Finance at least quarterly to receive updates on progress towards implementing the audit recommendations (per the Management Letter) and report the status to the School Committee.
11. Report to the Business/Finance Subcommittee at other times it may deem appropriate on the adequacy of the financial management and reporting system, and recommend any changes/improvements in procedures, practices or auditing policies deemed necessary.
12. Liaison with the Business/Finance Subcommittee by receiving copies of their monthly minutes via email.

First Reading: 01/24/06
Second Reading: 03/01/06

Amendment First Reading: 08/14/06
Amendment Second Reading: 09/11/06

Re-Amendment First Reading: 03/11/08
Re-Amendment Second Reading: 03/24/08

Re-Amendment First Reading: 11/28/11
Re-Amendment Second Reading: 12/13/11

Re-Amendment First Reading: 11/12/13
Re-Amendment Second Reading: 01/13/14

Re-Amendment First Reading: 02/23/15
Re-Amendment Second Reading: 03/16/15