

POLICY RELATING TO BUDGET/FINANCE

AUDIT ADVISORY BOARD

The School Committee will create an Audit Advisory Board consisting 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, except for the initial term which should be staggered into 1, 2 and 3 year terms at the discretion of the School Committee Chair. All appointees, including Member Town appointees, shall be subject to the sole determination and approval of the sitting School Committee Chair. The District's administration (Superintendent and Business Manager) 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 sole responsibility shall be to review the District's financial reporting process and annual audit(s), both financial and compliance. The Board, through majority vote, will:

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AUDIT ADVISORY BOARD (continued)

- Establish an understanding of the District's financial reporting system through meetings and interviews with the District's Treasurer, Superintendent and Business Manager.
- Have the authority to request financial reports from the Treasurer, Superintendent or Business Manager 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.
- Recommend to the School Committee an independent professional auditing firm to audit the financial affairs of the District, and the amount of the contract required for auditing activities. The audit firm shall not serve for more than five (5) consecutive years.
- Annually meet with the District's independent professional audit firm to plan and define the scope of the annual audit and the End of Year Report Audit, and recommend the plan to the full Committee.
- Meet with the District's independent professional audit firm during the auditing process to review and discuss drafts of the Annual Audit Report and the End of Year Report Audit. Receive final written reports prepared by the District's independent professional audit firm.
- 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 recommend any changes/improvements in procedures, practices or auditing policies deemed necessary.
- Report to the full School Committee within thirty (30) days after receiving the End of Year Report Audit from the auditors on the adequacy of the financial management and reporting system, and recommend any changes/improvements in procedures, practices or auditing policies deemed necessary.
- 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.

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AUDIT ADVISORY BOARD (continued)

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Second Reading: 03/01/06

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