

**Town of Pomfret
5218 Pomfret Road
North Pomfret, VT 05053**

Financial Management Committee Charge
Adopted April 18, 2019

The purpose of the Pomfret Financial Management Committee is to explore, research and develop financial management policies and procedures that will help the Town of Pomfret establish more consistent and disciplined practices around financial management and reporting, safeguard the town's resources, educate and guide public officials to make more informed decisions. Establishing routine policies & procedures will allow the Town to establish greater predictability and public confidence in the Town's financial operations.

Among the areas for improvement are:

- More consistent and intuitive year-over-year annual financial reporting in the Town Report (challenges tracing numbers back through the reports);
- Greater consistency in the way certain numbers are reported in the consolidated annual financial report (CAFR);
- More rapid ability for the Selectboard to understand the Town's cash position relative to the budget at any point in time during the fiscal year;
- Resolving confusion between different roles and responsibilities, particularly between the Treasurer's role (an independently elected office) and the Town's bookkeeper (accountable directly to the Selectboard);
- Clarifying policy treatment of Town & Highway surpluses in the Town Report, including when surpluses are appropriated to reserve funds;
- Finding efficiencies and simplification in the structure of the Town's Chart of Accounts (COA);
- Establishing a policy to maintain the appropriate levels of "rainy day" reserves for both the General and Highway "rainy day" funds;
- Establishing policies that reduce the Town's financial risk by improving the Internal Control Environment, e.g.:
 - A policy for when the Town will seek an outside independent audit;
 - Spending controls, including spending authority and limits;
 - Debt management policy for instances where the Town may need to borrow or otherwise incur debt;
 - Investment policy and parameters for reserve funds controlled by the Selectboard;
 - Fraud prevention policy as a means to handle irregularities in financial reporting;
 - Fund balance reserve policy;
 - Balanced budget policy and practices to manage the budget;
 - Capital program and budget policy;
 - Accounting, Auditing, and Financial Reporting Policy; and
 - Cash receipts, petty cash, credit card, refund check policy.