

# Role of the Finance Committee

## **Purpose of the Finance Committee:**

- The finance committee serves as the town's official fiscal watchdog.
- Its primary responsibility is to advise and make recommendations to town meeting on the budget and other areas with financial implications.
- The Finance Committee also administers the town's "reserve fund."

## **Makeup of the Finance Committee**

- The Finance Committee consists of nine members.
- Members are appointed by the moderator to three year terms (each year one third of the members are appointed).

## **Authority of the Finance Committee:**

- The authoritative power Finance Committee is limited to the administration of the reserve fund and a limited power to transfer money between budget categories at the end of a fiscal year.
- The primary responsibility of the Finance Committee is to advise town meeting. Because appropriation authority rests with Town Meeting, the power that the Finance Committee holds is a function of the credibility it has earned with town meeting members.

## **The Budget Process**

- The Finance Committee's receives budgets from the executive branch, analyzes them, holds hearings where the department heads and the public can testify and, subsequently, presents a balanced budget to Town Meeting.
- Finance Committee must not only examine direct costs, it must read between the line items and investigate financial implications of policy decisions.
- The budget presented Town Meeting is the Finance Committee's consensus recommendation. This budget may be amended by town meeting, provided that amendments maintain a balanced budget.
- The Finance Committee should promote a budget process that results in a clear and meaningful budget document with analyses, explanations, and justifications for its recommendations that can present voters with a clear picture of town government: what it is, where it is, and where it is heading.

## **Relationship with other elements of town government**

- The Finance Committee serves in an oversight role. It acts as a check on powers of the executive arm of the town government (including the treasurer, executive administrator, select board, and school department).
- This does not mean the Finance Committee should have an adversarial relationship with the Select Board, administrators, or other departments. In fact, the finance committee should develop a good working relationship with all—by being open to suggestions, alternative opinions, and working out compromises on key issues.