ATTACHMENT B

**From:** Barbara B. Matthews/RKV
**To:** Bridget Newton/RKV@RKV

**Date:** Wednesday, December 05, 2012 03:55PM
**Subject:** Financial Advisory Board

History: This message has been replied to and forwarded.

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Hi, Bridget:

The attached outlines my thoughts as well as Gavin's regarding scope of responsibilities, qualifications for membership, and reporting. I hope you find these suggestions helpful.

In the "Next Steps" notes, you'll see that I'm recommending that the establishment of this Board be formalized in the City Code. As a matter of practice, I believe that any statutory commission should be codified.

I'll be checking my e-mails while I'm away so don't hesitate to send me any questions you have about these suggestions.

Thanks,

Barb
_____ *(See attached file: Financial Advisory Board (Staff Comments).docx)*

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Attachments:

Financial Advisory Board (Staff Comments).docx

# Financial Advisory Board (Board)

**Purpose:**
The Financial Advisory Board reviews current financial policies, procedures, and documents relating to City finances and makes recommendations to the Mayor and Council for improving the City's overall financial condition.

**Membership:**
The Board consists of five members who are appointed by the Mayor and Council. The term of each member once appointed is three years. The Board Chair shall be selected by the Board. Board members must be residents or business owners within the corporate boundaries of Rockville.

**Time Commitment:**
The Board shall meet at least quarterly at City Hall. The Board may meet more frequently as needed by the Mayor and Council for special assignments or projects. Depending on the topic under review, there may be additional sub-committee time commitment necessary.

**Qualifications:**
Due to the technical nature required to advise the Mayor and Council on financial matters, Board members must possess the following qualifications:

1. At least one Board member should be a practicing or retired Certified Public Accountant with governmental experience with jurisdictions of similar size as the City of Rockville.
2. The remaining Board members are to be "financially literate." More specifically, they must have either a bachelor's degree in accounting or business administration; or three to five years financial or accounting experience. Additionally, Board members should be able to read and understand governmental financial statements sufficiently to be able to recognize inconsistencies and report on variances that require explanation and reporting to the Mayor and Council.

**Staffing:**
The Board will be staffed by a member of the City's Finance Department.

**Board Duties and Responsibilities:**

- Based on financial considerations, review and evaluate any program or proposal for long- and short-term financial consequences as requested by the Mayor and Council. The Board will be expected to analyze, research, and assess alternatives and make appropriate recommendations to the Mayor and Council.

- Annually review the City's Comprehensive Annual Financial Report (CAFR), Single Audit Report, and all other reports issued by the auditors. The review should encompass and include a management letter and any audit findings.

- Annually review the City's Financial Management Policies published in the City's budget document to ensure Policy standards are being adhered to and are current and represent best management practices.

- Annually review the City's investment policy to ensure policy standards are being adhered to and are current and represent best management practices.

- On a quarterly basis, review the City's cash and investment report when published to ensure compliance with the City's Investment policy.

- Review the City's quarterly financial reports to ensure spending and revenue collection are tracking with adopted and amended budgets, analyzing variances, and highlighting problem areas, and review the City's debt ratio's to ensure compliance with Mayor and Council policies on debt.

- On an annual basis, report on the City's financial condition and make recommendations for improvement based on research of benchmarks and parameters of jurisdictions similarly situated.

**Communication with Mayor and Council:**
The Board should provide written reports to the Mayor and Council based on its analysis, review, and research after its meetings where specific recommendations are being made for improvements for Mayor and Council consideration. These reports should be timely to assist and inform the Mayor and Council's decision making. Where no specific action items exist, the Board minutes can serve as the report to the Mayor and Council.

NEXT STEPS: M&C to vote and approve the BOARD
Attorney to bring back necessary Code change