



Town of Provincetown Finance Committee Statement of Roles & Responsibilities

PURPOSE OF THIS STATEMENT

Finance committees throughout Massachusetts increasingly find themselves in conflict with Boards of Selectmen, School Committees and other town officials regarding the committee's role in town government. In this document we lay out the roles and responsibilities of the Provincetown Finance Committee, as defined by state law, the Town Charter, and established precedent. It is our intent to minimize potential conflict while being clear about our role, as we see it.

ORIGIN OF MUNICIPAL FINANCE COMMITTEES IN MASSACHUSETTS

In 1870, a group of Quincy citizens banded together to restore financial order in their municipality, creating the Commonwealth's first finance committee. In 1910, the Massachusetts courts ruled that a municipal finance committee was legal. In that same year, the Massachusetts General Court also acknowledged the need for municipal finance committees statewide, requiring all but the smallest municipalities to establish such committees to assist in dealing with emerging municipal challenges.¹

Although municipal charters vary considerably, the most basic role of a finance committee is to represent the interests of a town's citizens, according to the founding fathers' principle of "separation of powers". In practice, this means that a finance committee should speak out and make recommendations on any issue that may affect the well-being of the town's citizenry.

PURPOSE OF THE FINANCE COMMITTEE

- The Finance Committee represents the legislative branch of town government, Town Meeting, and 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 has other specific legal powers, including the administration of the Town's "reserve fund".

SOURCES OF THE FINANCE COMMITTEE'S AUTHORITY AND RESPONSIBILITIES

- The source of the Finance Committee's specific authorities and responsibilities are defined by Massachusetts general law (MGL), the Town's charter, and the Town's general by-laws (GBL).¹¹
- The Massachusetts Association of Town Finance Committees also recommends best practice in areas that are not specifically covered by law.

MAKEUP OF THE FINANCE COMMITTEE

- The Finance Committee consists of nine regular members and two alternates, for a total of eleven members.^{III}
- Members are appointed by the moderator to three year terms (each year one third of the members are appointed).
- Under certain conditions, the Finance Committee may also appoint its own members.^{IV}
- Members of the Finance Committee are not allowed to be members of any other Town boards.^V
- Members of the Finance Committee are prohibited from receiving any payment from the Town, except reimbursement for vouchered expenses pertaining to town business.^{VI}

ACCOUNTABILITY OF THE FINANCE COMMITTEE

- The Finance Committee is ultimately accountable to Town Meeting which will make its judgments based on the quality of the advice it provides to Town Meeting.
- The Finance Committee, and its individual members, is also accountable to the Town's Charter Enforcement Committee for upholding its commitments under the Town Charter.^{VII}
- Individual members are also accountable to the Moderator and the Finance Committee for upholding their responsibilities.

AUTHORITIES OF THE FINANCE COMMITTEE

- The specific legal powers of the Finance Committee are limited to:
 - The administration of the reserve fund that can be used to pay for urgent and unforeseen expenses, as proscribed by state law^{VIII};
 - The power, jointly with the Board of Selectmen, to transfer money between budget categories at the end of a fiscal year, as proscribed by state law^{IX};
 - The power to approve emergency expenditures, in excess of the budget approved by Town Meeting, for snow and ice removal, as proscribed by state law^X;
 - The power to approve, in the final three months of the fiscal year, expenditures by any department of the town that exceed one-twelfth of its annual appropriation, as proscribed by the Town charter^{XI}; and
 - The power to reallocate budgets as a result of the reorganization of town departments, as proscribed by the Town's general by-laws.^{XII}
- 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 Finance Committee also makes recommendations regarding the Town's financial practices and policies.
- From time-to-time, the Finance Committee may also conduct reviews of the financial practices of individual town departments.

THE BUDGET PROCESS

- Once the budget has been developed by the executive branch (the Town Manager, Board of Selectmen and School Committee), it is presented to the Finance Committee, which represents the legislative branch, the Town Meeting.

- The Finance Committee analyzes them, holds hearings where the department heads and the public can testify and, subsequently, presents recommendations for a balanced budget to Town Meeting.
- In addition to examining direct costs, the Finance Committee must also investigate the financial implications of Town policy decisions.
- After reaching a consensus on the budget, the Finance Committee presents its recommendations to Town Meeting. The 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 PARTS OF TOWN GOVERNMENT

- The Finance Committee has oversight responsibility for all Town financial matters. As the representative of the legislative branch, it acts as a check on the powers of the executive arm of the town government.
- The Town’s general by-laws guarantee that the Finance Committee has access to any Town records that it needs in order to carry out its duties.^{XIII}
- This does not mean the Finance Committee should have an adversarial relationship with the Board of Selectmen, the School Committee, the Town Manager, or other department heads. In fact, the Finance Committee should develop good working relationships with all—by being open to suggestions, alternative opinions, and working out compromises on key issues.

REVIEW AND AMENDMENTS TO THIS DOCUMENT

- The Finance Committee will review this document annually and make amendments as necessary.
- Adoption of amendments to this document will require a majority vote of the Finance Committee.

Revision History	
Date Adopted	Summary of Changes
September 21, 2011	Incorporation of references to specific Massachusetts general laws, the town charter, and town by-laws. Finance Committee vote: 5-0-0
December 15, 2010	Initial version. Finance Committee vote: 6-0-0

End Notes

- ^I **MGL C.39, §16 – Appropriation, advisory or finance committees; appointment; tenure; powers and duties.** “Every town whose valuation for the purpose of apportioning the state tax exceeds one million dollars shall, and any other town may, by by-law provide for the election or the appointment and duties of appropriation, advisory or finance committees, who shall consider any or all municipal questions for the purpose of making reports or recommendations to the town; and such by-laws may provide that committees so appointed or elected may continue in office for terms not exceeding three years from the date of appointment or election.”
- ^{II} **Charter C.6 §7-2 – The Finance Committee.** “The finance committee shall exercise the powers and duties prescribed by the Massachusetts General Laws, the Provincetown General By-Laws, and this charter.”
- ^{III} **Charter C.6 §7-1 – The Finance Committee.** “There shall be a finance committee as provided by G.L. c. 39 s 16, consisting of nine regular members and two alternate members appointed by the moderator for three-year overlapping terms so arranged that the terms of at least three regular members shall expire each year.”
- ^{IV} **Charter C.3 §1-2 – Membership on Town Boards.** “The chairman of any town board shall notify the appointing authority in writing when a vacancy occurs on the town board. The appointing authority shall fill the vacancy within sixty days of the receipt of the notice of vacancy. In the event of the failure of the appointing authority to fill the vacancy within the allowed time, the moderator shall then be charged with filling the vacancy within sixty days. In the event of the failure of the moderator to fill the vacancy within the allowed time, the town board shall fill the vacancy. In the event of the failure of the town board to fill the vacancy within sixty days for the sole reason that the board lacks a quorum to act, the appointing authority shall thereafter fill the vacancy and the appointment process set forth in this section shall be repeated until such time as the vacancy is filled.”
- ^V **Charter C.6 §7-3 – The Finance Committee.** “A member of the finance committee shall not be a member of any other town board.”
- ^{VI} **Charter C.3 §4-7 – Prohibited Activities.** “A member of the board of assessors, the finance committee, the personnel board, or the school committee shall not receive any payment from the town except reimbursement for vouchered expenses pertaining to town business.”
- ^{VII} **Charter C.5 §2-3 – Charter Enforcement Commission.** “The commission shall take action only after receiving a written petition filed by a voter or voters alleging a violation of this charter by reason of an act or failure to act of the town manager, the acting town manager, the moderator, the board of selectmen, the school committee, or the finance committee, or members of those committees.”
- ^{VIII} **MGL C.40, § 6 – Reserve Fund.** “To provide for extraordinary or unforeseen expenditures, a town may at an annual or special town meeting appropriate or transfer a sum or sums not exceeding in the aggregate five per cent of the levy of the fiscal year preceding the fiscal year for which the fund, to be known as the reserve fund, is established. No direct drafts against this fund shall be made, but transfers from the fund may from time to time be voted by the finance . . . committee of the town, in towns having such a committee . . . ”
- ^{IX} **MGL C.44, § 33B – Transfer of appropriations; restrictions.** “(b) A town may, by majority vote at any meeting duly held, transfer any amount previously appropriated to any other use authorized by law. Alternatively, the selectmen, with the concurrence of the finance committee . . . , may transfer within the last 2 months of any fiscal year, or during the first 15 days of the new fiscal year to apply to the previous fiscal year, any amount appropriated for the use of any department other than a municipal light department or a school department to the appropriation for any other department or within a department, but the amount transferred from 1 department to another or within a department may not exceed, in the aggregate, 3 per cent of the annual budget of the department from or within which the transfer is made or \$5,000, whichever is greater. (c) No approval other than that expressly provided in this section shall be required for any transfer under this section.”

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- ^x **MGL C.44, § 31D – Snow and ice removal; emergency expenditures; reporting requirements.** “Any city or town may incur liability and make expenditures in any fiscal year in excess of available appropriations for snow and ice removal, provided that such expenditures are approved by the town manager and the finance ... committee in a town having a town manager ...; provided, however, that the appropriation for such purposes in said fiscal year equaled or exceeded the appropriation for said purposes in the prior fiscal year.”
- ^{xⁱ} **Charter C.9, § 5-2 – Lapse of Appropriations.** “In the final three months of any fiscal year, no division, department, commission, office or agency may expend, except for amounts previously encumbered, more than one-twelfth of its annual appropriation in each of those three months, except with the approval of the finance committee.”
- ^{xⁱⁱ} **GBL C.7 §, 2-3 – Powers and Duties.** “The town manager, with the approval of the board of selectmen, may transfer the powers and duties from one department or office to another and, with the approval of the finance committee, may transfer the appropriation of one such department or office to another.”
- ^{xⁱⁱⁱ} **GBL C.5 §2-3 – Access to financial records.** “The Finance Committee shall have access to all records needed for the discharge of its duties. Such records shall include all books in which Town accounts are kept and all bills and vouchers upon which money has been, or may be, paid from the town treasury. Upon request from the Finance Committee, every person responsible for the keeping of town records and accounts shall provide such facts, figures and records as the Committee may require.”