

HOUSE No. 4123

The Commonwealth of Massachusetts

PRESENTED BY:

Dylan A. Fernandes and Julian Cyr

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act relative to the Nantucket Audit Committee.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	DATE ADDED:
<i>Dylan A. Fernandes</i>	<i>Barnstable, Dukes and Nantucket</i>	<i>9/9/2021</i>
<i>Julian Cyr</i>	<i>Cape and Islands</i>	<i>9/9/2021</i>

HOUSE No. 4123

By Representative Fernandes of Falmouth and Senator Cyr, a joint petition (accompanied by bill, House, No. 4123) of Dylan A. Fernandes and Julian Cyr (by vote of the town) relative to the audit committee of the town of Nantucket. Municipalities and Regional Government. [Local Approval Received.]

The Commonwealth of Massachusetts

In the One Hundred and Ninety-Second General Court
(2021-2022)

An Act relative to the Nantucket Audit Committee.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Subsection (c) of section 3.5 of article III of the charter of the town of
2 Nantucket, as established by chapter 289 of the acts of 1996, as amended, which is on file in the
3 office of the archivist of the commonwealth, as provided in section 12 of chapter 43B of the
4 General Laws, is hereby amended by striking out the words “further, to establish and shall so
5 establish as a permanent standing committee of the town a three member audit committee whose
6 duties shall include appointment of an outside audit firm, review of the annual audit results and
7 evaluation of the internal accounting procedures and controls. The audit committee shall be
8 composed of three members each serving a term of one year. The committee will consist of the
9 Chairman of the Select Board, the Chairman of the Finance Committee and one member of the
10 Select Board appointed by the Select Board.”

11 SECTION 2. Said article III of said charter is hereby further amended by inserting after
12 said section 3.5 the following new section:

13 Section 3.6. Audit Committee

14 (a) Members. In accordance with this charter, the Select Board shall establish a five-
15 member Audit Committee consisting of the Chairman of the Select Board, the Chairman of the
16 Finance Committee, one appointed member from the Select Board, and two members of the
17 Nantucket community. The public members will be appointed by the Select Board. Each member
18 shall be a voting member and be appointed for 1-year terms.

19 (b) Purposes, Duties, and Responsibilities of the Audit Committee. The Audit Committee
20 shall represent the Select Board in discharging its responsibility relating to the accounting,
21 reporting, and financial practices of the Town, and shall have general responsibility for
22 surveillance of internal controls and accounting and audit activities of the Town. Specifically, the
23 Audit Committee shall:

24 (1) Evaluate and recommend to the Select Board a firm of independent certified public
25 accountants as auditors of the Town.

26 (2) Review with the independent auditors their audit procedures, including the scope, fees
27 and timing of the audit, and the results of the annual audit examination and any accompanying
28 management letters.

29 (3) Review the written statement from the outside auditor of the Town concerning any
30 relationships between the auditor and the Town or any other relationships that may adversely
31 affect the independence of the auditor and assess the independence of the outside auditor.

32 (4) Review and discuss with the Finance Director and the independent auditors the
33 Town's annual audited consolidated financial statements, including an analysis of the auditors'
34 judgment as to the quality of the Town's accounting principles.

35 (5) Review the adequacy of the Town's internal controls.

36 (6) Review significant changes in the accounting policies of the Town and accounting
37 and financial reporting rule change that may have a significant impact on the Town's financial
38 reports.

39 (7) Review material pending legal proceedings involving the Town and other contingent
40 liabilities.

41 (8) Review the adequacy of the Audit Committee Charter on an annual basis.

42 (c) Meetings. The Audit Committee shall meet as often as may be deemed necessary. The
43 Audit Committee shall meet in executive session (without the presence of staff) with the
44 independent auditors at least annually. The Audit Committee shall report to the full Select Board
45 with respect to its meetings. The majority of the members of the Audit Committee shall
46 constitute a quorum.

47 SECTION 3. This act shall take effect upon its passage.