

Finance Advisory Committee Meeting Minutes: December 19, 2022

Present were:

Mitch Gluck, FAC
Dennis Howe, FAC
Joe Woodworth, FAC

Discussions: Quarterly Budget Reviews

Purpose

The FAC has mentioned the benefits of Quarterly Budget Reviews (QBRs) throughout the 2023 budget cycle. These include tracking of expenditures, early identification of deviations both above and below the approved budget, and overall predictability of the Town budget. Effective QBRs allow the Board of Selectmen and Department Heads to act and avoid any last-minute crisis.

Expense Categorization

There are three types of expenses we need to track:

1. One-off expenses. Examples are purchases made once per year such as replacement computers, annual dues and software licenses, and the purchase of vote counting equipment.
2. Seasonal expenses. Examples of seasonal expenses are fuels for heat, road salt, and swimming pool chemicals.
3. Fixed expenses. Fixed expenses are typically constant and reoccurring on a monthly basis. Examples are salaries, monthly service charges, general supplies, etc.

FAC Recommendation

FAC recommends the BOS adopt a process for QBRs. Due to the complexity of these reviews, the FAC recommends a phase-in approach where initially the FAC will lead (Phase 1) and drive the QBR, and gradually transfer responsibility to the Town employees (Phase 2).

The FAC recognizes that initial process will need to be adjusted / refined throughout the 2023. It is anticipated that the Department Heads will be positioned to drive the QBR process in late 2023 and in future years.

QBRs should occur three times per year for Q1, Q2 and Q3. QBRs are not required during the budget development cycle occurring throughout Q4 to avoid redundancy of efforts.

Initial recommended process

Activity	Responsibility	Due Date
Data Capture	Accountant	One week after the end of the quarter: <ul style="list-style-type: none">- April 7, 2023- July 7, 2023, and- October 6, 2023.
Excel conversion, Mapping of actual expenses to budget expenses, and highlight of any deviations and anomalies (if any), and Share Excel mapping with Department Heads	Phase 1: FAC Phase 2: Accountant	Mid-month: <ul style="list-style-type: none">- April 15, 2023- July 15, 2023, and- October 15, 2023.
Prepare summary for the BOS; share informally with BOS	Phase 1: FAC & Dept Heads Phase 2: Dept Heads	End of each month: <ul style="list-style-type: none">- April 28, 2023,- July 31, 2023, and- October 31, 2023.
In-person review with BOS (if required). Public Meeting.	Phase 1: FAC & Dept Heads Phase 2: Dept Heads	First Tuesday the following month: <ul style="list-style-type: none">- May 2, 2023- August 1, 2023- November 7, 2023

Next steps

Initially the FAC recommends getting buy-in / agreement from both the Board of Selectmen and the Department Heads.

Once the general process (as outlined above) is agreed upon, the FAC will introduce the process to the Department Heads and the Accountant (and Town Administrator) for their support.

The FAC will initiate the effort and refine the process throughout the calendar year.

It is anticipated that the Department Heads will be able to drive this effort after one or two QBRs but will be required to drive the effort once the BMSI system has been introduced and implemented.

Meeting Adjourned