

METROPOLITAN COUNCIL AUDIT COMMITTEE CHARTER

Mandate

The mandate for the establishment of the Audit Committee was derived from the Bylaws of the Metropolitan Council, Article III, Section D; and the Metropolitan Council's Audit Policy (RF 5-1). Council bylaws state that the Council shall establish an audit committee to oversee the Council's audit function and that the audit committee shall establish and recommend a Charter and any ancillary audit policies to the Council for its consideration. The Audit policy states that the Metropolitan Council will establish and maintain an independent internal audit program to provide independent, objective assurance and advising services with the goal of adding value and improving Council operations. The internal audit program will be implemented by the Program Evaluation and Audit Department. ([Policy RF 5-1](#))

Purpose

The purpose of the Audit Committee is to advise on the Council's governance, risk management, and internal control practices. The Audit Committee assists the Council by providing advice and guidance on the adequacy of the organization's initiatives for:

- Governance
- Enterprise Risk Management
- Values and Ethics
- Internal Controls
- Compliance
- Oversight of Internal Auditing
- Financial Statements and Public Accountability Reporting



Oversight of Internal Audit

To establish, maintain, and ensure that Metropolitan Council's internal audit function has sufficient authority to fulfill its duties, the Audit Committee should:

- Discuss with the chief audit executive and senior management the appropriate authority, role, responsibilities, scope, and services (assurance and/or advisory) of the internal audit function.
- Ensure the chief audit executive has unrestricted access to and communicates and interacts directly with the Council, including in private meetings without senior management present.
- Review the internal audit charter annually with the chief audit executive to consider changes affecting the organization, such as the employment of a new chief audit executive or changes in the type, severity, and interdependencies of risks to the organization; and approve the internal audit charter annually.
- Approve the risk-based internal audit plan.
- Review and advise on the internal audit function's human resources administration, expenses, and budgets.
- Provide advice to the Regional Administrator on the appointment and removal of the chief audit executive, ensuring adequate competencies and qualifications and conformance with the Global Internal Audit Standards.
- Review and advise the chief audit executive's job classification that includes qualifications and competencies required for the role.
- Review the chief audit executive's professional development, education and networking plans and provide input to senior management on the chief audit executive's performance.
- Receive communications from the chief audit executive about the internal audit function including its performance relative to its plan.
- Ensure a quality assurance and improvement program has been established and review the results at least annually.
- Review internal audit products including reports, advisory memos, chief audit executive overall opinions, investigations as appropriate, others. Review management responses and follow up on these products.
- Review results from external assurance providers including external audits, federal oversight reviews, audits, desk reviews and other relevant oversight from external sources.
- To obtain reasonable assurance that management has acted on the observations and recommendations from internal and external audits, the Audit Committee shall review regular reports on the progress of implementing approved management action plans and audit recommendations resulting from completed audits.

- Be informed of all matters that impair the conduct of an audit or review. However, if feasible such matters will be first brought to the attention of the Regional Administrator for resolution, before communicating them to the Audit Committee.
- Inquire of the CAE whether any internal audit engagements or tasks have been carried out that did not result in a report to the committee. If there have been, inquire as to matters of significance, if any, arising from such work.
- Review and provide input on and approve internal audit's strategic plan, program goals, performance measures, and outcomes.

Other Oversight Responsibilities

- Technology and Cyber Security – Periodically review with senior management the Council's technology and Cyber Security posture. Including, but not limited to, the Council's Technology Governance strategy, establishment and adherence to technology standards, and results of Cybersecurity strategies. The Council's Chief Information Officer (CIO) and Chief Information Security Officer (CISO) will be responsible for providing information to the Audit Committee relating to technology and cyber security efforts.
- Enterprise Risk Management – Periodically review with senior management activities related to an ERM framework and related activities. The Council's Chief Risk and Compliance Officer will be responsible for providing information relating to ERM activities.
- Internal Control – Periodically review with senior management activities related to Enterprise Internal Control activities. The Council's Chief Risk and Compliance Officer and Chief Financial Officer will be responsible for providing information related to Enterprise Internal Control activities.

Composition of the Audit Committee

The Audit Committee shall consist of eight (8) members, four (4) of whom shall be members of the Metropolitan Council and four (4) of whom shall be external members of the community. The Council Members on the Committee should help ensure that the audit committee maintains focus on key risks of the Council, while the external members should help ensure that the Audit Committee possesses professional expertise of the auditing profession and other areas of oversight by the Audit Committee. The members should collectively possess sufficient knowledge of audit, finance, IT, risk management, and internal control. Further, members shall collectively have a diversity in qualities such as race and national origin, age, gender, and professional experience. Audit Committee members shall be appointed by the Council Chair and approved by the full Council. As the responsibilities of the Audit Committee evolve in response to regulatory, economic, and reporting developments the overall balance of skills on the committee may be periodically evaluated to respond to emerging needs.

The Chair of the Audit Committee

The Chair shall designate a chair and a vice chair for the Audit Committee.

Terms of Office

The term of office for an Audit Committee member is a term of four (4) years. To ensure continuity within the Audit Committee, the appointment of external members is staggered.

Operational Principles of the Audit Committee

Audit Committee Values. The Audit Committee will generally conduct itself in accordance with the Code of Ethics for Metropolitan Council Members. However, community members of the Audit Committee may be eligible for Council employment based on consideration of the Chair of the Council in consultation with the general counsel.

Communications. The Audit Committee expects that all communication with management and staff of the organization as well as with any external assurance providers will be direct, open, and complete.

Work Plan. The Audit Committee Chair, in coordination with senior management and the Chief Audit Executive (CAE), may establish a work plan to ensure that the responsibilities of the Audit Committee are scheduled and will be carried out.

Meeting Agenda. The Audit Committee Chair shall establish meeting agendas in consultation with Audit Committee members, senior management, and the CAE.

Information Requirements. The Audit Committee shall establish and communicate its information requirements. This shall include the nature, extent, and timing of such information requirements. Information will be provided to the Audit Committee at least three full business days prior to the meeting.

Executive Sessions. At the discretion of the Audit Committee Chair, the Audit Committee shall hold a private session with the Regional Administrator (RA), the Deputy Regional Administrator (DRA), the Chief Financial Officer (CFO), the Chief Risk and Compliance Officer (CRCO), the CAE, external assurance providers, and with any other officials that the Audit Committee may deem appropriate. The CAE may meet with the Audit Committee without other members of senior management present.

Preparation and Attendance. Audit Committee members have an obligation to prepare for and participate in committee meetings.

Conflict(s) of Interest. It is the responsibility of an Audit Committee member to disclose a conflict of interest or the appearance of a conflict of interest to the Committee. If there is any question as to whether Audit Committee member(s) should recuse themselves from a vote, the committee should vote to determine whether the member should recuse himself or herself.

Orientation and Training. Audit Committee members should receive formal orientation training on the purpose and mandate of the committee and on the organization's objectives. A process of continuing education should be established.

Operational Procedures

Meetings. The Audit Committee shall meet at least four times annually or more frequently as the committee, in consultations with senior management or the CAE, deems necessary.

Rules. Audit Committee meetings shall be regulated by Robert's Rules of Order.

Quorum. The quorum for the Audit Committee shall be a majority of members.

Voting. A motion of the Audit Committee shall be considered passed when a majority of members present vote in the affirmative.

Minutes. Minutes shall be prepared by the Audit Coordinator in accordance with applicable law, regulation, policy or procedure, bylaw, or whatever is applicable.

Access to Officials. The Audit Committee shall have unrestricted access to officials of the organization as may be required to discharge their duties.

Required Attendance. The CAE, the CRCO and the CFO (or DCFO, or designee) are required to attend all Audit Committee meetings. Other key executives, including the Chief Information Officer, and others responsible for areas advised by the Audit Committee should generally be in attendance depending on the planned agenda.

Secretariat Services. The Audit Coordinator shall facilitate and coordinate meetings as well as provide ancillary support to the Committee, as time and resources permit.

Remuneration of Committee Members. Committee members may be reimbursed for travel and committee-related expenses. Payment rates and allowances for committee members' time or services are established formally in the Travel and Meeting Reimbursement Policy (13-2). Professional indemnity insurance arrangements are to be established that are suitable to both the member and the organization.

Financial Statements and Public Accountability Reporting. The Audit Committee is responsible for oversight of the independent audit of the government entity's financial statements, including but not limited to overseeing the resolution of audit findings in areas such as internal control, legal, regulatory compliance, and ethics.

Other Responsibilities. In addition, the Audit Committee shall:

- Perform other activities related to this charter as requested by the Council.
- Institute and oversee special investigations as needed.

Reporting on Audit Committee Performance. The Audit Committee shall:

- Summarize key committee activities with the full Council, as needed, following audit committee meetings.
- Make an annual report to the Council summarizing the committee's activities and recommendations.
- The report should include:
 - A summary of the work the committee performed to fully discharge its responsibilities during the preceding year.
 - A summary of management units' progress in addressing corrective actions on the findings and recommendations made in internal and external audit reports.

- Details of meetings, including the number of meetings held during the relevant period and the number of meetings each member attended.
- The Audit Committee may, at any time, report to the Council any other matter it deems of sufficient importance.

By: _____ Matthew LaTour	By: _____ Chai Lee
Its: Chief Audit Executive	Its: Audit Committee Chair
Date: _____	Date: _____

By: _____ Ryan O'Connor	By: _____ Robin Hutcheson
Its: Regional Administrator	Its: Met Council Chair
Date: _____	Date : _____