

**METROPOLITAN COUNCIL
AUDIT ENTRANCE MEETING
YE 12/31/2008**

Date: Wednesday, September 24, 2008

Time: 1:30 p.m.

Location: Robert Street offices, lower level room A

Present: Met Council - Audit Committee
Katie Shea – Director of Program Evaluation and Audit
OSA - Randy Vogt – Audit Director
Amy Ames – Senior Auditor

Purpose: To provide a two-way means of communication with those charged with governance for matters related to the financial statement audit.

1. Staffing/Administration

- A. Returning staff, new staff, and staff timing.
- B. Audit status meetings.

2. SAS No. 114 – *The Auditor’s Communications With Those Charged With Governance*

SAS No. 114, establishes communication requirements between auditors and those charged with governance. At the Met Council we’ve identified those charged with governance as the members of the Metropolitan Council and the Audit Committee. Specific matters to be communicated with those charged with governance:

- A. Auditor’s responsibilities under generally accepted auditing standards:
 - Forming and expressing opinions on the financial statements.
 - Performing the audit in accordance with generally accepted auditing standards.
 - Considering your internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the internal control over financial reporting.
 - Communicating significant matters related to the financial statement audit.

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B. Client's responsibilities:

- Establishing and maintaining internal controls, including monitoring the ongoing activities.
- The selection and application of accounting principles.
- The fair presentation of the financial statements.
- Designating a qualified management-level individual to be responsible and accountable for overseeing our services.
- Making sure all financial records and related information is accurate, complete, and available for audit.
- Designing and implementing programs and controls to prevent and detect fraud.
- Informing us about all known or suspected fraud or illegal acts.
- Following up and taking corrective action on reported audit findings.
- If necessary, preparing a summary schedule of prior audit findings and a corrective action plan.

C. Overview of the planned scope and timing of the audit:

- We will audit the basic financial statements of the Metropolitan Council for the year ended December 31, 2008.
- Perform a single audit in accordance with the Single Audit Act Amendments of 1996, and Office of Management and Budget (OMB) Circular A-133.
- We will apply procedures to the Financial Data Schedule (FDS) for the year ended December 31, 2008.
- We will apply certain agreed-upon procedures to the data used for the Federal Funding Allocation Statistics forms included in National Transit Database (NTD) reports for Metro Mobility, Metropolitan Transportation Services, and Metro Transit.

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- D. All audit findings will be communicated to management at our bi-weekly status meetings. In mid to late June 2009, we will also communicate any significant audit findings at a final exit meeting with the Audit Committee.
- E. Items to be communicated to those charged with governance in a separate letter at the conclusion of the audit:
- significant accounting policies;
 - sensitive accounting estimates;
 - significant audit adjustments;
 - disagreements with management;
 - difficulties encountered in performing the audit; and
 - other significant issues arising from the audit.
- F. As deemed necessary, in addition to the communication we have with you at the beginning and end of the audit, we will communicate with you during the audit if we encounter any significant difficulties or other matters.

3. Other Items

- A. The engagement letter will be sent out later in the fall.
- B. Update on prior year management letter comment: Audit Adjustments (07-1).
- C. New Accounting and Auditing Pronouncements:
- GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*.
 - Issued November 2006.
 - Effective for periods beginning after December 15, 2007.