

**METROPOLITAN COUNCIL
AUDIT ENTRANCE MEETING
YE 12/31/2010**

Date: Wednesday, February 9, 2011

Time: 12:00 p.m.

Location: Robert Street offices

Present: Met Council - Audit Committee
Mary Bogie – Deputy Chief Financial Officer
OSA - Randy Vogt – Audit Director
Amy Ames – Staff Specialist

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 include:

- A. Auditor's responsibilities under generally accepted auditing standards:
 - 1) Forming and expressing opinions on the financial statements.
 - 2) Performing the audit in accordance with generally accepted auditing standards and other standards.
 - 3) Considering your internal controls over financial reporting and major federal programs, but not for the purpose of expressing opinions on the effectiveness of the internal control.
 - 4) Communicating significant matters related to the audit.

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

B. Client’s responsibilities:

- Establishing and maintaining internal controls, including evaluating and monitoring the ongoing activities.
- The selection and application of accounting principles.
- The fair presentation of the financial statements.
- Compliance with applicable laws and regulations and the provisions of contracts and grant agreements.
- Identifying government award programs, and understanding and complying with the compliance requirements.
- Preparing the Scheduled of Expenditures of Federal Awards (SEFA).
- Identifying significant vendor relationships in which the vendor has responsibility for program compliance and for the accuracy and completeness of that information.
- Making all management decisions and performing all management functions relative to the financial statements, the SEFA, and related notes, and accepting full responsibility for them.
- 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.

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(Continued)**

- D. All audit findings will be communicated to management at our bi-weekly status meetings. We will also communicate any significant audit findings to the Audit Committee at the Committee’s June meeting.
- 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.

3. Single Audit – Federal Programs to be Tested for 2010

- A. Programs receiving significant amounts of American Recovery and Reinvestment Act (ARRA, or stimulus) funding:
 - PFA Loan Program
 - Federal Transit Capital Investment and Formula Grants
 - Rail and Transit Security Grant Program
- B. Programs that have not been tested in the previous two years:
 - Section 8 Housing Choice Vouchers

4. Other Items

- Prior year management letter comment titled “Audit Adjustments” (#07-1).
- Questions, comments, or concerns?