

**RULES OF THE
AUDIT COMMITTEE**

(Adopted by the Audit Committee 10/19/2010)

RULE 1. PURPOSE

The Audit Committee, created pursuant to Minneapolis Code of Ordinances Title 2, Chapter 17, exists as an independent unit within the structure of the organization of the City Government, and is charged with the oversight of the City's internal audit function, financial reporting practices, internal controls, compliance with applicable laws and regulations relating to financial controls, and other related matters. Without limiting the generality of the foregoing, the Audit Committee shall perform the following functions:

- A. Appoint, supervise, and remove the internal auditor;
- B. Review and approve the internal auditor's annual audit plan;
- C. Review the audit reports directed to it and make recommendations to the City Council on the appropriate course of action on any such audit reports;
- D. Monitor the internal auditor's results and follow-up activity; and
- E. Review reports of the state auditor prepared for any of the city's departments, boards, and commissions.

RULE 2. MEMBERS

Membership of the Audit Committee shall be as provided in Section 17.90 of the Minneapolis Code of Ordinances.

RULE 3. OFFICERS

The President of the City Council shall designate the Chair of the Audit Committee from the two members of the City Council who are appointed by the Council President. The Chair of the Audit Committee shall preside at all Committee meetings and shall perform other duties normally incidental to the office of Chair of the Audit Committee or as further prescribed or assigned from time to time by the Audit Committee.

The Chair of the Audit Committee shall nominate one member of the Audit Committee to serve as Vice Chair, which shall be subject to the approval of the Audit Committee. The term of the office of Vice Chair shall be for a two-year period running concurrent with the term of office for the Chair of the Audit Committee. The Vice Chair shall be responsible for presiding over the proceedings of the Audit Committee in the absence or temporary disability of the Chair and to perform such other duties as may from time to time be prescribed by the Audit Committee or as delegated by the Chair.

RULE 4. MEETINGS; QUORUM

Pursuant to the provisions of Minneapolis Code of Ordinances, Section 17.90, the Audit Committee shall meet no less than four times per year, and such regular meetings shall generally be conducted once each quarter within a year. Regular meetings shall be conducted in City Council Chambers on such dates and times as may be established by the Committee or, as delegated, by its Chair.

Special meetings of the Audit Committee may be called by the Chair or upon the written request of four members of the Committee. All special meetings will be noticed in accordance with the Minnesota Open Meeting Law.

Except as permitted by law, all meetings of the Audit Committee shall be open to the public.

Four members of the Audit Committee shall constitute a quorum.

Agendas and other materials shall be available to the Committee members prior to any regular or special meeting. The City Clerk's Office shall maintain a schedule of the Audit Committee's meetings.

RULE 5. MOTIONS; VOTING

Motions do not have to be seconded. The "yeas" and "nays" shall be called on any question if demanded by any member; otherwise, voice votes are permitted. Members who are present but decline to vote may request to have the record reflect that fact. Every member who is absent shall be recorded as "absent." Four affirmative votes are required for Committee action.

RULE 6. ORDER OF BUSINESS

The following order of business shall be observed for regular meetings of the Audit Committee:

1. Adoption of agenda
2. Acceptance of minutes
3. Unfinished Business
4. New Business
5. Report of Internal Auditor
6. Announcements
7. Adjournment

In order to expedite the transaction of business, the Chair or presiding officer may deviate from the established order of business in order to accommodate the needs of the Committee, the Internal Auditor or staff, or otherwise, or the Committee may vote to deviate from the established order of business as necessary.

The order of business for special meetings and all other forms of proceedings shall have and follow an order of business determined by the Chair, or as stipulated by applicable law or regulation; and such order shall be reflected in the agenda prepared and published for those meetings or proceedings.

RULE 7. DEBATE

Generally, there shall be no limitation on the number of times a member may speak on a question before the Committee. However, to facilitate meaningful debate and to expedite the timely conduct of business, members shall refrain from extraneous or repetitive dialogue and the Chair shall be empowered to signal to any member so that he or she may bring his or her comments to a conclusion and the Committee may proceed to its business.

RULE 8. COMMITTEE PROCEDURE

The Committee shall undertake only the matters relevant to its purpose as set forth in Minneapolis Code of Ordinances Title 2, Chapter 17.

All items requiring formal action of the Committee shall be resolved by motion. All substantive motions and amendments must be offered in writing, unless a motion to suspend this rule is approved. Those items not requiring formal action shall be received and filed. Any Committee member may request the Clerk to prepare a separate report, a "minority report", outlining the concerns or objections of that Committee member, or Committee members, which differs from or opposes the action adopted by the majority of the Committee. A majority vote is required to receive any such minority report; and on the consideration of such minority report, the question is not debatable.

The action of the Committee for such items requiring either a referral or a report to the City Council shall be forwarded to the City Clerk, along with relevant documentation, for inclusion on the agenda of the next regular meeting of the City Council.

Items not requiring either a referral or a report to the City Council, but which the Committee may desire to submit to the City Council, may upon motion be forwarded to the City Clerk, along with relevant documentation, for inclusion on the agenda for the next regular meeting of the City Council.

For those matters arising from or which are connected to the jurisdiction and responsibilities of the Audit Committee, but which would necessitate formal action by the City Council, the Committee may by motion direct its Chair to introduce policy issues for consideration by City Council. The Chair shall act at the next regular meeting of the City Council.

Items referred by City Council to the Committee for advice shall be considered at the next scheduled meeting. The report of the Committee, along with any relevant documentation, shall be forwarded to the City Clerk for inclusion on the agenda for the next regular meeting of the City Council.

Requests for the conduct of special reviews and programmatic reviews pursuant to Minneapolis Code of Ordinances section 17.110(b)(1) shall be considered at the next scheduled meeting. Decisions to authorize or deny the requests shall be made by motion. In the event the requester is the City Council, the decision shall be forwarded for inclusion as a report of the Audit Committee on the City Council Agenda.

RULE 9. PROCEEDINGS

The City Clerk's Office shall record and prepare minutes of all proceedings of the Audit Committee. Minutes shall be defined as being a concise summary of actions taken and decisions made by the Committee, consistent with the provisions of *Robert's Rules of Order*.

RULE 10. STAFF

The Internal Auditor shall attend and provide staff support to the Audit Committee and perform such other service as directed by the Committee, and the Internal Auditor shall be provided the opportunity to report to the Audit Committee at each regular meeting.

The City Clerk's Office shall provide administrative and technical assistance to the Audit Committee, which includes but is not limited to the publication of notices and meeting agendas and the maintenance of records of the proceedings of the Audit Committee.

RULE 11. PARLIAMENTARY AUTHORITY

The rules contained in the current edition of *Robert's Rules of Order Newly Revised* shall govern the Audit Committee in all cases to which they are applicable and are not inconsistent with these rules.

RULE 12. SUSPENSION OF THE RULES

Any rule of the Audit Committee may be suspended by a vote of four members.

RULE 13. AMENDMENT OF RULES

The Audit Committee's Rules may be amended at any regular meeting of the Audit Committee by an affirmative vote of four members; provided, the proposed amendment has been submitted in writing at the previous regular meeting.