

Finance, Administration, & Audit Committee Charter

Committee Purpose:

- This committee deals with all administrative and financial matters including, but not limited to, the budget, monthly financial statements, and determination of fiscal impact of all Board actions.
- The committee's audit function is to oversee all audit-related activities designed to evaluate the quality and integrity of the District's accounting, financial reporting, and internal controls. The Audit Manager has a dotted line reporting structure to the Board and receives input for the manager's annual evaluation from this committee.
- This committee encapsulates the work from the Fiscal Sustainability Task Force, which provided recommendations on fiscal policy, revenue enhancement, and expense reduction. Progress and status updates on these recommendations will be provided on a quarterly basis reporting through the Finance, Administration, & Audit Committee (1/16/14).

Operating Procedures:

- By close of business on Wednesday of the week preceding the committee meeting, the Finance, Administration, & Audit group will submit an agenda to the Board Office with the appropriate Board reports, updates, or other documentation. The agenda will normally follow the order: Recommended action, updates, other matters, and next meeting date. The Committee Chair has the discretion to change the order as needed. See Bylaws (11/29/16) Art. VI, p. 15.
- This agenda and backup will be included in the Board packets sent to each Director on the Thursday preceding the committee meeting.
- During the committee meeting, staff will review or present the agenda items as appropriate and discuss any items of concern.
- The Committee Chair should call for a motion on an action item, following Robert's Rules (the Board's established parliamentary authority) in the discussion of the item.
- Items that are moved forward by a motion and properly discussed will be voted on via voice vote or show of hands. A majority vote is required to move an action forward to the full Board for approval.

The currently adopted Board of Directors Operating Guidelines are to be followed at all meetings.

Authorization:

- CRS sections 32-9-109.5 and 32-9-114 of the RTD Act describe the administrative powers and authority given to the RTD Board of Directors. The Board Bylaws provide further descriptions of standing committees. A standing committee can take a vote

on an action to move it forward to the full Board at a regular Board meeting, but the action is not an official action of the District unless approved at a formal Board meeting.

Membership and Leadership Composition:

- Each year the newly elected Chair of the Board will appoint the Chair and Vice-Chair of the Finance, Administration, & Audit Committee.
- The Finance, Administration, & Audit Committee is a standing committee of the whole.
- As a body of elected officials, the standing committee of the whole allows maximum participation and representation of the respective districts in the decision making process.
- All Board members are participating and voting members of this committee.
- A quorum is reached with five members participating.

Roles and Responsibilities:

- **Chair of the Committee:**
 - Works with the Finance, Administration, & Audit staff to develop and approve agenda and backup materials for the monthly meetings.
 - Meets with the Internal Audit Manager on an as-needed basis to discuss any matters of relevant concern or importance, particularly when the Auditor reasonably believes that a matter would impact the health, safety, and welfare of RTD, its riders, or its employees or would otherwise constitute an emergency in the mind of a reasonable person.
 - Chairs/facilitates committee meetings following established Board protocols and parliamentary procedures.
 - Discusses items on the committee agenda and calls for a vote on recommended action items to move before the full Board at the formal Board meeting.
 - Follows established order for the agenda as approved in the Board Bylaws but maintains flexibility to change when appropriate.
 - Maintains the proper communications flow and order for involvement and balanced participation of Board members.
 - Can make the decision to invite public comment or speakers if appropriate.
 - Appoints working groups or sub-committees as needed on specific issues.
 - Can request an Executive Session on items that are allowed per Colorado Open Meetings Law. Appropriate statutory language must be properly quoted and posted prior to the Executive Session.
 - Coordinates with General Manager Oversight and Performance Management Committee to ensure that the strategic goals set for the General Manager integrated into the annual budget.

- **Vice-Chair of the Committee:**
 - Performs all Committee Chair responsibilities in the absence of the Committee Chair.
 - Meets with the Chair and the Internal Audit Manager on an as-needed basis to discuss any matters of relevant concern or importance.

- **Committee Members:**
 - Preview presentations/materials provided by staff before the meeting and come prepared to discuss or take appropriate action on items brought before the committee.
 - Attend meetings regularly.
 - Review committee minutes.
 - Suggest items for audit by internal auditor.
 - Monitor audit activities, evaluate audit reports, and track close-out of audit findings.
 - Serve as participating members in the initial committee review and approval of the agency annual budget (operational and FasTracks).
 - Can call for external/independent audits as appropriate.

Reporting Requirements:

- All committee meetings are noticed and recorded per open meetings/open records requirements.
- Meetings with three or more Board members present are considered open meetings and must be noticed and posted at least 24 hours before the meeting.
- All meetings must have an approved agenda.
- Minutes of each meeting are taken and included in the monthly Board agenda for the formal Board meeting.
- The minutes are a record of the proceedings of the Board and primarily consist of the meeting attendance, recommended actions and updates, motions, vote records, and essential ministerial information.
- Minutes are reviewed by the Committee Chair of the Finance, Administration, & Audit Committee prior to review by the full Board during the monthly Board meetings.
- Minutes from the committee meetings are permanent records and retained in the Board Office via the Laserfiche document management system or per the document management or record storage system that is used by the agency at that time.
- The minutes of each meeting, along with the meeting's video recording and full-text transcript, are made available to the public via the Meeting Portal within a reasonable time after the meeting.

Staffing Requirements:

- Board members rely on the CFO, Audit Managers, and Administration staff for preparation of presentations, Board reports, and other materials used in the committee meetings, except when the committee members may, in appropriate circumstances, seek the assistance of outside resources.
- The CFO, Audit Managers, and Administration staff participate in meetings, are available to address questions or concerns raised by Board members on a particular item, as are other outside resources that the committee requests, and submits any reports specified by the Board.
- Finance, Administration, & Audit staff performs analysis and provide follow-up to Board members on requested items, except when the committee members seek the assistance of outside resources.
- Staff meets with Board members in one-on-one sessions or as requested to brief Board members on a particular issue.
- Staff arranges one or more budget workshops to identify strategic issues and set financial parameters for the budget.
- The CFO, Audit Managers, Senior Administrative staff, as necessary, review the agenda with the Committee Chair prior to the committee meeting.
- The Internal Audit Manager schedules an annual meeting with the full Board through the Finance, Administration, & Audit Committee to present and discuss the draft proposed Audit Plan for the following year.
- The Internal Audit Manager will schedule two or more meetings, based on the circumstances and perceived need, with the Finance, Administration, & Audit Committee to provide updates regarding pending audits as may be reasonably appropriate, which meetings may require convening an Executive Session due to the privileged or confidential or other protected nature of such discussions.

Meeting Schedule and Process:

- The Finance, Administration, & Audit Committee meets usually on the 2nd Tuesday of the month at 5:30 p.m. or at such other time as is decided upon by the full Board members.
- The order of the Finance, Administration, & Audit Committee and Operations & Customer Service Committee meetings alternates on a monthly basis.
- Special committee meetings may be called at the discretion of the Committee Chair and with consent from the Chair of the Board.
- The Committee Chair and Vice-Chair may jointly agree to cancel or postpone a scheduled committee meeting.
- Prior to the meeting, the Committee Chair and Vice-Chair meet with the staff to discuss or review the agenda and any items of concern.

- The Chair has the flexibility to change the order of the agenda when deemed appropriate but should keep in mind that the purpose for doing recommended action items first is to ensure a quorum is still present for voting the motion forward.

Approval Process:

- Provided that there is a quorum of at least five Board members, a majority committee vote can advance an item forward.
- After a recommended action has been approved by the committee, the recommended action may be approved for final action during an official Board meeting either by:
 - An affirmative vote of at least eight Directors present and voting (CRS section 32-9-116(3)); or
- In the case of action relating to the authorization of the construction of a regional fixed guideway mass transit system in any corridor, an affirmative vote of a two-thirds majority of the board membership (i.e., at least 10 Directors) (CRS section 32-9-107.7(1)). Action items are placed on the Board agenda, either under unanimous consent or recommended action, according to whether the committee passed the item forward unanimously or with any opposing votes.
- An action item passed by committee does not become an official action of the District unless approved in the formal Board meeting
- A new item may be discussed for recommended action if brought forth by three or more committee members and provided to the Executive Manager of the Board Office by Wednesday of the week preceding the committee meeting. This item must include all required elements of a recommended action, including any corresponding General Manager goals and financial impact.