

MINUTES OF THE
REGULAR MEETING OF THE

JOINT AUDIT COMMITTEE
OF THE
BOARDS OF DIRECTORS OF
CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE
AND
CONNECTICUT TRANSMISSION MUNICIPAL ELECTRIC ENERGY COOPERATIVE

May 7, 2020

A Regular Meeting of the Joint Audit Committee of the Boards of Directors of Connecticut Municipal Electric Energy Cooperative (“CMEEC”) and Connecticut Transmission Municipal Electric Energy Cooperative (“Transco”) was held telephonically on Thursday, May 7, 2020 at 1:00 p.m.

The meeting was legally noticed in compliance with Connecticut General Statutes and all proceedings and all actions hereafter recorded occurred during the publicly open portions of the meeting.

The following Committee Members Participated telephonically:

Bozrah Light & Power: Scott Barber
Groton Municipal Representative: Mark Oefinger
Jewett City Department of Public Utilities: Kenneth Sullivan
Norwich Public Utilities: Stewart Peil, Robert Staley
East Norwalk, Third Taxing District: Kevin Barber
South Norwalk Electric & Water Municipal Representative: Dawn DelGreco

The following Non-Voting Member also participated via telephone:

Norwich Public Utilities: Christopher LaRose

The following CMEEC Staff participated via telephone:

Dave Meisinger, CMEEC CEO
Robin Kipnis, Esquire, CMEEC General Counsel
Michael Lane, CMEEC CFO
Joanne Menard, CMEEC Controller
Leslie Williams, CMEEC Principal Billing & Rate Analyst
Margaret Job, CMEEC Executive Assistant and Paralegal

The following other participants participated via telephone:

David Silverstone, Esquire, Municipal Electric Consumer Advocate

Ms. Job recorded.

Committee Chair Stewart Peil called the meeting to order at 1:02 p.m. noting for the record that the meeting was being held telephonically. Chair Peil conducted roll call and confirmed a quorum was present and that all participants were able to be heard and could hear each other.

Specific Agenda Item

A Public Comment

No public comment was made.

B Approve the Minutes of the March 12, 2020 Regular Meeting of the Joint Audit Committee

A motion was made by Committee Member Mark Oefinger, seconded by Committee Member Scott Barber to approve the Minutes of the March 12, 2020 Regular Meeting of the Joint Audit Committee.

Motion passed unanimously.

C External Audit Plan Discussion

Michael Lane, CMEEC CFO, explained that the Audit Committee Charter states that the Audit Committee will ensure that a Request for Proposal (RFP) for audit services will be performed no less frequently than once every five years. He explained that the last RFP for audit services was performed in 2014.

Mr. Lane then walked the Committee through the draft RFP that was appended to today's meeting packet and provided to the Committee in advance of today's meeting. He explained that the RFP was not being brought before this Committee for approval, rather to determine what, if any, additional services this Committee would like covered by the RFP and to go over next steps. He explained that CMEEC would issue the RFP to a list of audit firms in Connecticut, with some having both regional and national reach. He further explained that once responses are received, CMEEC will summarize those responses and bring the information before this Committee at a future meeting. He stated that CMEEC management would make a recommendation to this Committee, with the ultimate decision of which firm to choose being made by this Committee.

Upon inquiry by Committee Member Robert Staley, Mr. Lane explained that CMEEC has the right to request a rotation of partner or principal currently assigned to a CMEEC audit project, and should determine whether this would impact the price quoted for the project.

Discussion followed with respect to how and when a request for change in principal would be addressed, and whether an RFP was the appropriate vehicle versus a Request for Quote (RFQ) to attract responses from firms to conduct the audit services.

D Internal Audit Mechanism Discussion

- Choose CMEEC Policy/Focus Area to Conduct Internal Audit

Mr. Lane walked the Committee through the list of potential focus areas on which to conduct an internal audit that was also appended to today's meeting packet and provided to this Committee in advance of today's meeting. He stated that the goal today is to engage in discussion with respect to which area to choose for internal audit and next steps in connection with the creation of an RFP.

Lengthy discussion followed regarding which of the potential focus areas listed should be the subject for an internal audit (Payroll, Human Resources, Cyber Security, Operations of Specific Department, IT / Technology Policy, Safety Policy, Billing, Banking, Expense/Travel Policies, Purchasing – Renewable Energy Credit, or Risk Policy – Hedging). It was also noted that the list was not exhaustive, and the Committee could propose alternative subjects for an internal audit.

After discussion, Chair Peil took Committee consensus as to which focus area should be marked for internal audit. The Committee agreed unanimously that Cyber Security would be the appropriate area for this year's internal audit, especially since most employees are working from home.

Discussion followed regarding the types of firms that are appropriate to engage to conduct a Cyber Security internal audit. Mr. Meisinger stated that CMEEC will conduct due diligence to determine which firms have this expertise, and he further noted that in addition in an inquiry into whether existing policies are being followed, he expects the chosen firm to also be able to provide insight and counsel into best practices and policies that CMEEC should consider adopting with respect to Cyber Security.

E Discussion: Whether, and to what extent, Draft Audited Financial Statements should be reviewed by Audit Committee in Executive Session

Chair Peil explained that at its meeting on March 12, 2020, the question came up as to when it was appropriate to discuss audited financial statements in in executive session.

Attorney Silverstone opined that the appropriate course would be to hold public discussion of the public portions of the draft audited financial statements while holding discussions between the auditors and the Committee in executive session where the Committee is provided the opportunity to ask questions related to findings, the conduct of the audit, etc.

After lengthy discussion, the Committee agreed that in future meetings the Committee would not waive its right to enter executive session to discuss specific confidential matters as they may arise on a case by case basis.

F New Business

There was no new business for discussion.

There being no new business to come before this Committee, Chair Peil entertained a motion to adjourn.

A motion was made by Committee Member Sullivan, seconded by Committee Member Kevin Barber to adjourn the meeting.

Motion passed unanimously.

The meeting was adjourned at 2:02 p.m.