

DELAWARE MUNICIPAL ELECTRIC CORPORATION
Regular Audit Committee Meeting
October 26, 2017
Smyrna, Delaware

A meeting of the Audit Committee of the Board of Directors of the Delaware Municipal Electric Corporation was held on October 26, 2017 at the DEMEC offices, Smyrna, Delaware.

The meeting was called to order at 10:00 am.

The following roll call was presented:

Committee Present:

Pamela Patone, Chair
New Castle MSC, General Manager/Secretary
Tyler Reynolds
Town of Middletown, Finance Manager
David Del Grande
City of Newark, Finance Director

DEMEC Staff Attending:

Louis Vitola, VP – Finance
Stephanie Dove, Manager of Accounting and Settlements

Special Guests: none

APPROVAL OF MINUTES – August 10, 2017

Upon motion by Mr. Reynolds and second by Mr. Del Grande, the August 10, 2017 minutes were approved by Committee.

Upon motion by Mr. Reynolds and second by Mr. Del Grande, the August 10, 2017 Executive Session minutes were approved by Committee.

FOLLOW UP ON ACTION ITEMS

None.

AUDIT

Mr. Vitola reported that DEMEC's independent auditors arrived yesterday, October 25, 2017 to conduct preliminary fieldwork, which is underway and progressing smoothly. Mr. Vitola advised that the addition of several new positions will result in an expansion of payroll testing procedures for final fieldwork, but otherwise, the testing should remain similar to previous engagements. Mr. Vitola advised that the auditors

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Audit Committee Meeting (continued)
October 26, 2017

were targeting the week of February 19, 2018 for final testing and fieldwork, and that lead audit partner Russ Hissom is planning to attend DEMEC's regularly scheduled board meeting of April 17, 2018 for the presentation of the 2017 final audited financial statements. The Committee noted and confirmed its intention of meeting with the auditors today, October 26, 2017, immediately following the meeting of the Audit Committee. In addition, the Committee intends on meeting (in person or via conference) with the auditors early in 2018 before final fieldwork is concluded and once again after the financial statements are produced but before the April 2018 board meeting. This is the same schedule of oversight undertaken by the Committee in 2016-17 during the 2016 audit process.

ACCOUNTING POLICIES & PROCEDURES

Mr. Vitola circulated the final draft of the Disbursements Policy for review by the Committee following the incorporation of edits proposed by DEMEC staff, DEMEC's independent auditors and the Committee. Upon motion made by Mr. Reynolds, seconded by Mr. Del Grande, the Committee unanimously made a recommendation to the DEMEC Board of Directors to approve the Disbursements Policy.

BUSINESS FROM THE FLOOR

None.

EXECUTIVE SESSION

The Audit Committee went into Executive Session at 10:13 am to discuss strategic business planning.

The Audit Committee ended the executive session at 10:51 am.

NEXT MEETING DATES

The chair will send out calendar invites to the committee members for the upcoming meetings set for:

- a. Tuesday, February 20, 2018 at 9:00 am
- b. Tuesday, May 15, 2018 at 9:00 am
- c. Tuesday, August 21, 2018 at 9:00 am

ADJOURNMENT

There being no further business, the Audit Committee adjourned at 10:52 am.

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