

DELAWARE MUNICIPAL ELECTRIC CORPORATION
Regular Audit Committee Meeting
August 10, 2017
Smyrna, Delaware

A meeting of the Audit Committee of the Board of Directors of the Delaware Municipal Electric Corporation was held on August 10, 2017 at the DEMEC offices, Smyrna, Delaware.

The meeting was called to order at 2:33 pm.

The following roll call was presented:

Committee Present:

Pamela Patone, Chair
New Castle MSC, General Manager/Secretary
Tyler Reynolds
Town of Middletown, Finance Manager

DEMEC Staff Attending:

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

Special Guests: none

APPROVAL OF MINUTES – February 9, 2017

By motion and second by Mr. Reynolds, the February 9, 2017 minutes were approved by Committee.

By motion and second by Mr. Reynolds, the February 9, 2017 Executive Session minutes were approved by Committee.

FOLLOW UP ON ACTION ITEMS

Mr. Vitola presented the highlights of the memo circulated to the Committee on the topic of general practices and procedures of the Finance and Audit Subcommittee of the Board. Mr. Vitola concluded that the current form of the Audit Committee Charter is largely consistent with the Government Finance Officers Association (GFOA) Recommendation on Audit Committees as well as elements from the presentation produced by independent auditors Baker Tilly entitled *Current Issues in Board Governance*, which was reviewed at the November 10, 2016 meeting of the Audit Committee. The Committee came to a consensus that the Committee members may work together to draft any recommended changes to the Audit Committee Charter for review and consideration by the full board at a later time. Ms. Patone reminded the Committee that Audit Committee Charter was originally reviewed in an effort to improve communication between staff and the Committee. Chairperson Patone indicated she felt communication had improved, and therefore, the need for additional language in the Charter was not warranted at this time.

The Audit Committee is an advisory-only committee of the DEMEC Board of Directors and has no power to finally approve or order any action. The power to act rests exclusively with the DEMEC Board of Directors.

AUDIT

Mr. Vitola reported that DEMEC's independent auditors were considering a late October site visit to conduct preliminary fieldwork, which is earlier than usual due to the scheduling needs of the firm. As a result, the preliminary fieldwork may cover only the first eight (8) periods of the fiscal year versus the typical three (3) quarters. The quality and scope of the preliminary fieldwork is otherwise expected to remain the same.

ACCOUNTING POLICIES & PROCEDURES

Mr. Vitola circulated a draft of the Disbursements Policy for review by the Committee. One minor edit was discussed, and the Committee recommended that staff brief DEMEC's independent auditors on the draft policy to solicit feedback before recirculating it to the Audit Committee later in the fall. Staff agreed and will undertake efforts to circulate a final draft before the end of fiscal year 2017.

BUSINESS FROM THE FLOOR

None.

EXECUTIVE SESSION

The Audit Committee went into Executive Session at 3:53 pm to discuss strategic business planning.

The Audit Committee ended the executive session at 4:09 pm.

NEXT MEETING DATES

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

- a. Thursday, October 26, 2017 at 9:00am or Thursday, November 2, 2017 at 11:00am
- b. Thursday, February 1, 2018 at 2:00pm
- c. Thursday, May 3, 2018 at 2:00pm

ADJOURNMENT

There being no further business, the Audit Committee adjourned at 4:13 pm.