

DELAWARE MUNICIPAL ELECTRIC CORPORATION
Regular Audit Committee Meeting
November 14, 2018
Smyrna, Delaware

A meeting of the Audit Committee of the Board of Directors of the Delaware Municipal Electric Corporation was held on November 14, 2018 at the DEMEC offices, Smyrna, Delaware.

The meeting was called to order at 9:02 a.m.

The following roll call was presented:

Committee Present:

Pamela Patone, Chair
MSC of New Castle, 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 21, 2018

Upon motion by Mr. Reynolds and second by Mr. Del Grande, the August 21, 2018 Regular Meeting minutes were approved by the Committee.

FOLLOW UP ON ACTION ITEMS

None.

AUDIT

2018 Financial Statement Audit – Mr. Vitola reported that DEMEC’s independent auditors are in the office today and tomorrow to conduct preliminary fieldwork, which is underway and progressing smoothly. Mr. Vitola advised that the testing should remain similar to previous engagements. Mr. Vitola advised that the auditors were targeting the week of February 18, 2019 for final testing and fieldwork, and that lead audit partner Russ Hissom is planning to attend DEMEC’s regularly scheduled board meeting of April 16, 2019 for the presentation of the 2018 final audited financial statements. The Committee noted and confirmed its intention of meeting with the auditors today, November 14, 2018, 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 2019 before final fieldwork is concluded and once again after the financial statements are produced but before the April 2019 board meeting. This is the same schedule of oversight undertaken by the Committee in 2016-17 and 2017-18 during the 2016 and 2017 audit processes, respectively.

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 Engagement Process – Mr. Vitola recounted the Committee’s direction from the May 15, 2018 and August 21, 2018 meetings and distributed a draft request for proposals (RFP) for audit services, a list of potential invitation candidates, and a revised timeline proposal. The Committee agreed with the timeline and requested that Mr. Vitola create a standard RFP scoring rubric and redistribute the link to the shared RFP materials to the Committee.

ACCOUNTING POLICIES & PROCEDURES

The Committee asked staff whether any progress had been made on the development of a Travel Policy. Mr. Vitola advised that research was undertaken and the policy drafting had begun, adding that a draft will be presented at the next quarterly meeting of the Audit Committee. All Committee members and staff contributed to a discussion related to policy samples, member policies and policy items.

BUSINESS FROM THE FLOOR

None.

EXECUTIVE SESSION

The Audit Committee went into Executive Session at 10:20 am to discuss strategic business planning. The Audit Committee ended the executive session at 11:11 am.

NEXT MEETING DATES

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

- a. Tuesday, February 19, 2019 at 9:00 am (Tentative)
- b. Tuesday, May 21, 2019 at 9:00 am (Tentative)
- c. Tuesday, August 20, 2019 at 9:00 am (Tentative)

ADJOURNMENT

There being no further business, the Audit Committee adjourned at 11:12 am.