

DELAWARE MUNICIPAL ELECTRIC CORPORATION
Regular Audit Committee Meeting
February 19, 2019
Smyrna, Delaware

A meeting of the Audit Committee of the Board of Directors of the Delaware Municipal Electric Corporation was held on February 19, 2019 at the DEMEC offices, Smyrna, Delaware.

The meeting was called to order at 9:08 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 – November 14, 2018

Upon motion by Mr. Reynolds and second by Mr. Del Grande, the November 14, 2018 Regular Meeting minutes were approved by the Committee.

FOLLOW UP ON ACTION ITEMS

Mr. Vitola provided an update on the progress of the request for proposals (RFPs) for audit services, noting that sixteen RFPs were released via USPS mail on January 9, 2019, ahead of the January 14, 2019 target date. Four responsive proposals were received before the submission deadline of 3:00pm EST on February 15, 2019; none were received late. Of the 12 that did not respond, two sent “no bid” letters to DEMEC, which were shared with the Committee. Mr. Vitola distributed hard copies of the four proposals to the Committee, noting that soft copies were sent under separate cover via email. Mr. Vitola reminded the Committee that the scoring would be due to Committee Chair Pamela Patone by March 22, 2019 to keep on schedule and distributed hard copies of the scoring rubric and blank scoring sheets to assist with the standardized review process developed by the Committee.

AUDIT

2018 Financial Statement Audit – Mr. Vitola reported that DEMEC’s independent auditors are in the office this week to conduct final fieldwork, which is underway and progressing smoothly. Mr. Vitola advised that the testing should remain similar to previous engagements. Mr. Vitola confirmed that lead audit partner Russ Hissom is planning to attend DEMEC’s regularly scheduled board meeting of April 16, 2019 for the

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.

presentation of the 2018 final audited financial statements, adding that this would be Mr. Hissom's final client engagement with DEMEC due to his June 2019 retirement plans. If Baker Tilly is retained by DEMEC to serve on future financial statement audits, Ms. Bethany Ryers would serve as lead audit partner. The Committee noted and confirmed its intention of meeting with the auditors today, February 19, 2019, following the regularly scheduled meeting of the DEMEC Board of Directors. In addition, the Committee intends on meeting (via conference) with the auditors early in March 2019 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.

ACCOUNTING POLICIES & PROCEDURES

Mr. Vitola noted an update made to the table of contents of the draft Travel and Expense Guidelines previously distributed to the Committee via email before presenting hard copies of the final draft. The Committee members and staff contributed to a discussion related to the individual items within the guidelines document before considering that it be moved forward to the full Board of Directors. Upon motion by Mr. Del Grande to recommend that the DEMEC Board of Directors approve the DEMEC Travel and Expense Guidelines as written, and second by Mr. Reynolds, the Committee unanimously agreed to recommend approval to the Board.

BUSINESS FROM THE FLOOR

None.

EXECUTIVE SESSION

The Audit Committee went into Executive Session at 9:49 am to discuss strategic business planning. The Audit Committee ended the executive session at 10:02 am.

NEXT MEETING DATES

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

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

ADJOURNMENT

The Audit Committee adjourned at 10:03 am.