

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

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

The meeting was called to order at 9:06 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 Present:

Stephanie Dove, Manager of Accounting and Settlements

Special Guests: None.

APPROVAL OF MINUTES – August 20, 2019; Executive Session June 17, 2019; Executive Session August 20, 2019

Upon motion by Mr. DelGrande and second by Mr. Reynolds, the August 20, 2019 Regular Committee meeting minutes and the Executive Session meeting minutes of June 17, 2019 and August 20, 2019 were approved by the Committee.

FOLLOW UP ON ACTION ITEMS

The Committee reviewed and commented on the new *Finance Committee Scope* document. Mr. Reynolds felt the scope was high level and thorough. The Committee made suggestions on language changes that will be updated by staff and sent back to the committee for comment/review. The scope includes budget oversight and Ms. Patone asked for a budget calendar for the committee during the 2021 budget in order to have a review schedule. Mr. Reynolds stated that the *Finance Committee Scope* will be a living document and may change after the committee begins its duties. Ms. Dove added that the document should also change as the needs/growth of the company changes. Staff will amend the document with the changes discussed and provide to the Committee for review.

AUDIT

Ms. Patone added Auditor RFP to the Agenda during the meeting. The Committee found it appropriate to send out another RFP for audit services and will be inviting two firms to bid. Staff will review/update the RFP sent in the beginning of 2019 and send a timeline to the committee all for cursory review.

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 COMMITTEE LEADERSHIP

This topic was added to the agenda by Ms. Patone during the meeting. The committee discussed the rotation of the chair position. Mr. Reynolds felt that having the current chair, Ms. Patone, on the executive committee and the audit committee could be beneficial to audit committee review. The change from Audit to Finance Committee may be taking place prior to the next scheduled meeting and this change could impact the decisions made by the committee. Ms. Patone requested this be added to the February meeting agenda for further discussions.

ACCOUNTING POLICIES & PROCEDURES

None.

BUSINESS FROM THE FLOOR

September 30, 2019 financial statements were reviewed. Ms. Patone inquired about the credit balance in the Ancillary Services category for September. Ms. Dove explained this was an unusual occurrence and was a result of multiple monthly credits for overpayments on the PJM invoice.

EXECUTIVE SESSION

The Committee did not adjourn to executive session.

NEXT MEETING DATES

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

- a. Tuesday, February 18, 2020 at 9:00am
- b. Tuesday, May 19, 2020 at 9:00am
- c. Tuesday, August 18, 2020 at 9:00am

ADJOURNMENT

The Audit Committee adjourned at 9:57 am.