

**DELAWARE MUNICIPAL ELECTRIC CORPORATION**  
**Regular Audit Committee Meeting**  
June 16, 2020  
Smyrna, Delaware

A meeting of the Audit Committee of the Board of Directors of the Delaware Municipal Electric Corporation was held on June 16, 2020 via Zoom.

The meeting was called to order at 9:05 p.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, Director of Accounting and Settlements  
Jennifer Coulbourne, IT System Administrator

Special Guests: None.

APPROVAL OF MINUTES – February 11, 2020

Upon motion by Mr. DelGrande and second by Mr. Reynolds, the February 11, 2020 Regular Audit Committee meeting minutes were approved by the Committee.

FOLLOW UP ON ACTION ITEMS

Finance Committee Scope

The Finance Committee Scope document is on the agenda to be presented to the board by the Committee at the June 22, 2020 board meeting.

Investment Services RFP

Ms. Dove indicated that the Investment Policy should be written prior to any RFP and will work on such a policy to bring to the Committee. The item will stay on the agenda for future discussion.

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

### Auditor Selection

The committee had a working group in March to review two audit proposals. The Committee reached out to Baker Tilly to inquire about training offerings to the entire DEMEC membership. Baker Tilly agreed to add DEMEC member training to the proposal. Upon motion by Mr. Reynolds and second by Mr. DelGrande, Baker Tilly was selected for an additional three-year term with the added training. Ms. Patone will reach out to Baker Tilly to advise.

## AUDIT COMMITTEE LEADERSHIP

### Rotation of Chair

This section will be discussed in the August meeting for rotation in September.

## ACCOUNTING POLICIES & PROCEDURES

### Inventory Policy

Staff sent the policy to Baker Tilly at the Committee's request and the policy was approved by Baker Tilly. The document could be updated as inventory values increase. Staff will add the Fuel Oil Inventory Policy to the document and bring back to the Committee for review at the next meeting.

### Purchasing Policy

No update.

### Investment Policy

DEMEC staff has Newark's investment policy and a sample GFAO policy template. Staff will bring a policy to the Committee once it is drafted.

## REVIEW OF FINANCIAL REPORTS

### 1Q 2020

Financial Reports were reviewed in Executive Session due to strategic generation and operation discussions.

## BUSINESS FROM THE FLOOR

None.

## EXECUTIVE SESSION

Motion was made by Mr. Reynolds and seconded by Mr. Del Grande to go into Executive Session at 9:25 am to discuss strategic business planning. The Audit Committee ended the executive session at 10:28 am.

Audit Committee Meeting (continued)  
June 16, 2020

No recommendations for board approval were proposed in executive session.

#### NEXT MEETING DATES

DEMEC staff will distribute calendar invites to the committee members for the upcoming meetings set for:

- a. Tuesday, August 18, 2020 at 9:00am
- b. Tuesday, November 17, 2020 at 9:00am
- c. Tuesday, February 16, 2021 at 9:00am

#### ADJOURNMENT

The Audit Committee adjourned at 10:29 am.