

Approved 5/30/2023

New Hampshire Electric Cooperative, Inc.
Minutes of the Meeting of the Audit Committee
Remote Zoom Meeting
April 21, 2023

Present: Committee members: Alana Albee (Chair), Sharon Davis, Ed French, Madeline McElaney, and Jeff Morrill

Other Directors: Bill Darcy, Carolyn Kedersha, Tom Mongeon, and Harry Viens

NHEC Employees: Alyssa Clemens Roberts, Carla Munoz, Kristen Taylor, Jeremy Clark, Karen Hanks, Autumn Doan, Kelley Achenbach, and Sharon Yeaton (recording)

Others: Paul Phillips, NHEC General Counsel

Chair Albee called the meeting to order at 10:00 a.m.

Agenda Review and Approval of Minutes

Chair Albee recommended adjusting the agenda to address the Audit Committee policies prior to the Internal Controls Audit, noting that the committee could then go into executive session for the Internal Controls Audit and Enterprise Risk Management (ERM) discussions. The committee agreed with the recommendation.

Chair Albee drew attention to the draft minutes from the March 27, 2023, Audit Committee meeting. Upon motion of Mr. French, seconded by Ms. Davis, it was

VOTED: To approve the minutes of the March 27, 2023, Audit Committee meeting public and executive sessions, as presented in the meeting packet.

Vote for the motion was unanimous.

Form 990

Ms. Achenbach drew attention to the IRS Form 990 included in the meeting packet, noting that she worked closely with our audit firm McNair, McLemore, Middlebrooks Co., LLC, who prepared the Form 990 this year. She advised that overall, there are no significant changes to the format from last year. She highlighted some reclassifications that were determined through discussion with our auditor and mentioned an additional footnote added due to the payout of some deferred compensation to a director.

Addressing questions, Ms. Achenbach stated that the \$15M BEA grant is reflected as part of the \$17,883,390 on line 11b of page 5, explained that the loss of \$1,471,801 reflected on page 1 is the broadband entity loss, and confirmed that if there had been no broadband loss that line would be zero.

Upon motion of Mr. French, seconded by Ms. Davis, it was

VOTED: That the Audit Committee recommends the Board of Directors accept NHEC's 2022 IRS Form 990 as presented.

Vote for the motion was unanimous.

In response to a comment to ensure directors have what they need to feel comfortable voting to move forward with this at the board meeting, Ms. Clemens Roberts stated that the Form 990 has been posted in the OnBoard board packet and that should alleviate questions.

Charter and Policies Review

Chair Albee commented that the Audit Charter and policies are reviewed annually and noted that last year the committee took a very deep dive on these policies so there may not be many changes this year. She drew attention to the Audit Charter and each of the policies and asked for any changes to the redlined copies included in the meeting packet.

Audit Charter – no additional changes.

Board Policy B- 2, G - Audit Committee¹ – it was agreed that “familial status” would be included in addition to “marital status.” In response to a question, Attorney Phillips noted that both marital and familial status are set forth in the various protected classes in the NH State law against discrimination and gender identity was added to that same law in 2019.

Board Policy B-28 – Audit Policy – no additional changes.

Board Policy B-29 - Ethics Policy – it was agreed that in addition to marital status, “familial status” would also be included.

Board Policy B-34 - Record Retention and Destruction Policy – no additional changes.

Board Policy B-37 - Safeguarding Member Information – no additional changes.

Board Policy B-42 – Whistleblower Protection – it was noted that “moral” was misspelled as “immoral.”²

Chair Albee proposed that the Audit Committee recommend board approval of all policies with the amendments discussed. Upon motion of Mr. French, seconded by Ms. McElaney, it was

VOTED: That the Audit Committee recommends the Board of Directors approves the Audit Committee Charter and Board Policies B-2, Attachment G – Audit Committee, B-28 Audit Policy, B-29 – Statement on Ethics Policy, B-34 – Record Retention and Destruction, B-37 – Safeguarding Member Information, and B-42 Whistleblower Protection, with the amendments discussed.

¹ After the meeting, it was identified that this change is related to Board Policy B-29 - Ethics Policy and not B-2, G - Audit Committee.

² After the meeting, it was identified that “moral” was spelled correctly.

Vote for the motion was unanimous.

Executive Session

Upon motion of Ms. McElaney, seconded by Ms. Davis, it was

VOTED: That the Audit Committee move into executive session for confidential discussion of internal financial matters and risk management.

Vote for the motion was unanimous and the committee moved into executive session at 10:19 a.m.

The committee moved out of executive session at 11:30 a.m.

Attorney Phillips suggested the committee memorialize its recommendation related to the Internal Audit work discussed in executive session.

Upon motion of Mr. French, seconded by Ms. Davis, it was

VOTED: That the Audit Committee recommends the Board of Directors accepts the internal financial and non-financial audit plan proposed changes to 1) consolidate the following control areas in the financial audit plan: accounts payable, purchase cards, accounts receivable, miscellaneous receipts, and funds disbursement; 2) transition liens and easements, pole attachments, work orders, contracts/RFPs, and meters from the financial audit plan to the non-financial audit plan; 3) align both the financial and non-financial audit plans to a three to five year cycle, changing the 2-year cycle to a 3-year cycle and changing some 5-year cycles to 4-year cycles; and 3) removing petty cash, construction deposits, NHEC Foundation, and signatory authority from the audit plan.

Vote for the motion was unanimous.

Adjournment

Upon motion of Mr. French, seconded by Ms. Davis, it was unanimously voted to adjourn the meeting. Chair Albee adjourned the meeting at 11:04 a.m.