

New Hampshire Electric Cooperative, Inc.

**Minutes of the Meeting of the
Audit Committee**

August 12, 2025 9:00 a.m.

Present: Committee Members: Pat Barbour (Chair), Alana Albee, Bill Darcy, Bob McLeod, Peter Laufenberg, Jeff Morrill, and Harry Viens
NHEC Employees: Michael Jennings, Kristen Taylor, Brittany L'Heureux, Maria Stella, and Edee Murphy (Recording)

Others

Present: NHEC Attorney Susan Lowry

Meeting Called to Order

Chair Barbour called the meeting to order at 9:00 a.m.

Agenda Review

There were no suggested changes to the agenda.

Enterprise Risk Management (ERM) and the Strategic Plan Discussion

Mr. Jennings stated he has spoken with both CFC and Great Coops regarding ERM and strategic planning. Those two names have come up the most in the co-op community as being great assets for both the ERM and strategic plan processes. Great Coops is highly sought after; the downside is they cost money. CFC offers these services cost free. Since Great Coops did the strategic plan for CFC, CFC has been learning from what Great Coops is doing and implementing some of what they did into their own strategic planning process. Mr. Jennings stated we do not yet have a quote from Great Coops to provide these services, but he will keep the board updated. He added that free is a hard thing to beat and he is leaning towards enrolling with CFC to help revise NHEC's ERM and strategic plan process later this year.

Discussion:

- ❖ Mr. Jennings commented that the August 2023 Board/SLT Strategic Planning Retreat was run by Joe Raia of Glimmerglass Consulting & Training.
- ❖ Mr. Jennings mentioned that CFC's ERM plan was influenced by NHEC inputs; if we provide different inputs this year we will get a different output. It would be great if we can complete this by the end of this year, but we need to work with CFC's schedule if that is route we go. In this instance, where we would be using the ERM as an input to the strategic plan, it would be perfectly fitting to have the board involved in the process. This year would be a revision of the current plan and would not require a lengthy process or subcommittee. CFC can work with the President/CEO and a board member to help move the strategic plan forward more rapidly than we did last time around.
- ❖ This agenda item will be going to the September board meeting for board discussion/approval.
- ❖ Chair Darcy agrees with Mr. Jennings' recommendation to hire CFC for the ERM and strategic planning.

Status on NHEC Policies/Procedures Update

Mr. Jennings referred to the policies/procedures list included in the meeting materials and explained its purpose.

Discussion:

- ❖ Ms. Albee requested there be a chart of historical review dates.

- ❖ Mr. Jennings explained that for each policy there is a creation date and revision history, which is contained more locally. He asked Ms. Albee if that was sufficient for what she was looking for. Ms. Albee stated that if it could be charted and uploaded to OnBoard that would be helpful, so that if a policy is coming up for review, board members can quickly see the last review dates and refer to the minutes' discussions, etc.
- ❖ Mr. Jennings pointed out that the next review date is two years from creation or last reviewed date, since we decided to review them every other year, if that is helpful.
- ❖ Ms. Albee commented it is helpful except that some of them say "ongoing" for next review date. Mr. Jennings explained he put the "ongoing" notation on policies/procedures that are actively being discussed and/or edited.
- ❖ Mr. Darcy asked if the policies/procedures on the list are on OnBoard with revision history? Mr. Jennings stated we typically just have them on our intranet, so no.

Independent Financial Controls Review – Update

Chair Barbour referred to the BerryDunn proposal included in the meeting materials which outlines three (3) options:

Option 1: Agreed-Upon Procedures (AUP) Engagement

Under this engagement, we will perform procedures specifically requested and agreed upon by NHEC and BerryDunn in accordance with AICPA's Statements on Standards for Attestation Engagements (SSAE). Our report will describe the procedures performed and the related findings, without providing an opinion or assurance. Pricing estimate: \$20,000 to \$25,000.

Option 2: Consulting Engagement – Internal Controls Review

This engagement involves a broader review of your internal control environment using a structured evaluation matrix developed in collaboration with your team. Our team will assess the design and implementation of controls, identify gaps, and provide actionable recommendations. Pricing Estimate: \$25,000 to \$30,000.

Option 3: Internal Audit Support Services

In this engagement, we will provide external services that simulate the role of an internal audit function. This includes planning and executing audit procedures, reporting findings, and offering recommendations for remediation. Our approach will be risk-based and aligned with internal audit best practices. Pricing Estimate: \$100,000 to \$150,000.

Mr. Jennings stated staff asked BerryDunn for a number of different proposals because we wanted to gauge the Audit Committee's appetite for internal audit moving forward. Currently we have a position posted that pays \$110K-\$127K per year not including benefits which adds an additional 50%. Given the lack of depth of experience for the applicants so far, the folks we would bring in would probably need some assistance from an external firm to get up to speed to ensure they have all the tools necessary.

Discussion:

- ❖ Statements from committee members Laufenberg, MacLeod and Albee were in favor of Option 3.
- ❖ Mr. Darcy asked if this process will address the questions Mr. Mongeon has been raising about internal controls.
- ❖ Ms. Barbour suggested a discussion at the board level to ensure what we are talking to BerryDunn about producing is indeed going to satisfy what the board as a whole is interested in.
- ❖ Mr. Darcy stated he wanted to summarize something Chair Barbour said before the meeting as follows: when auditors perform an internal control review as a part of their engagement, they do not normally state that there is no problem with the internal controls unless there is a problem with internal controls, and that the failure to mention any defect is in effect an endorsement of the internal controls. Chair Barbour agreed with the statement adding it is "negative assurance." Mr. Darcy agreed a board level discussion will be beneficial.

Upon motion by Mr. Darcy, seconded by Ms. Albee, it was

VOTED: That the committee recommends the Board of Directors approve staff's recommendation of Option 3: Internal Audit Support Services as described in the August 7, 2025 letter from BerryDunn.

Vote was unanimous.

External Audit Extension

Ms. Taylor stated that in the April Audit Committee meeting the Audit Committee voted for a two-year extension for McNair, McLemore, Middlebrooks & Co. ("McNair"). Included in the meeting materials is McNair's response to NHEC's Request for Proposal. Ms. Taylor pointed out the total fees have increased by \$3,800.

Upon motion by Mr. Darcy, seconded by Mr. Laufenberg, it was

VOTED: That the committee recommends the Board of Directors approve the proposal from McNair, McLemore, Middlebrooks & Co. as presented.

Vote was unanimous.

Review of Board Policies B-16 – Record Retention and Destruction Policy and B-18 Safeguarding Member Information

NHEC attorney Susan Lowry has been reviewing/rewriting these policies along with NHEC employee Brittany L'Heureux, however, no redline suggestions are available to present for discussion today.

Attorney Lowry stated she wants to make sure Board Policy -16 Record Retention and Destruction Policy aligns with other related organizational policies.

Discussion:

- ❖ Chair Barbour suggested this agenda item be deferred to the October Audit Committee meeting for discussion/action. Committee members and Attorney Lowry agreed.

Adjournment

Upon motion by Mr. Darcy, seconded by Mr. Laufenberg, Chair Barbour adjourned the meeting at 9:37 a.m.