

**New Hampshire Electric Cooperative, Inc.**  
**Minutes of the Meeting of the**  
**Audit Committee**  
**Special/Virtual Meeting**  
**September 9, 2024 8:30 a.m.**

**Present:** Committee members: Alana Albee (Chair), Bill Darcy, Pat Barbour, Carolyn Kedersha, Peter Laufenberg, Tom Mongeon, and Harry Viens  
Other Board Members: Jerry Stringham  
NHEC Employees: Alyssa Clemens Roberts, Karen Hanks, Kristen Taylor, Michael Jennings, Josh Mazzei, Carla Munoz, and Edee Murphy (Recording)  
Others Present: Paul Phillips-NHEC Counsel

**Meeting Called to Order**

Chair Albee called the meeting to order at 8:29 a.m. and explained this is a special meeting focused on internal audit. She introduced the new committee members for the year.

**Agenda Review**

There were no suggested changes made to the agenda. The agenda was unanimously approved.

**Non-financial Internal Controls Audit – Suggested Adjustments to Schedule**

Chair Albee opened by explaining the need to clarify the internal audit reporting schedule in October 2024, and explained the Audit Charter designates this committee as overseeing internal controls and internal audits. She further explained that this is the last year of a 3-year cycle of reporting, and that the request to the Committee from the internal auditor is to postpone reporting on several areas.

Ms. Hanks stated there are some procedures that have not been reviewed since 2018/2019; she is therefore requesting to defer audit of the following items due to outdated procedures that have not yet been reviewed.

- Procedure audits
  - 632.00 – Records Retention
  - 290.00 – Inspection & Patrol of Overhead, Underground Facilities, and Underwater Cables
  - 794.00 & 794.50 – DOT: Drug & Alcohol Testing
  - 200.00 & 260.10 – Pole Testing
- Program audit
  - Hazardous Material Management

Ms. Hanks added that NHEC procedures are scheduled to be updated by June 2025. At that time, she would integrate these audit procedures into future audits. Ms. Hanks explained it is difficult to perform an audit using outdated procedures. In addition, Ms. Hanks mentioned the needed deferral of the Hazardous Materials Program, which she was not aware of at the time of her original deferral request to the Chair (October 2024).

Ms. Hanks shared a Revised Schedule list of areas she will be auditing and reporting compliance on in October 2024 as follows:

- 480.00 – Incident Reporting & Recordkeeping
- DIGSafe: 800 Rules

- ISO New England
- Safety Management Plan

All of the above are first-time audits.

Discussion:

- ❖ Ms. Kedersha voiced concern over the delay of the Hazardous Material audit in case something were to happen. Ms. Hanks explained there is a program in place so there is no exposure.
- ❖ In response to a question from Chair Albee about the earlier request to postpone reporting on Easements and Liens. Ms. Hanks explained that after discussions with the Plant Supervisor, this can be completed as scheduled. Ms. Hanks clarified it is the compliance testing she is asking to be delayed.
- ❖ Chair Albee requested that Ms. Hanks' report-out in October include all scheduled audit areas in terms of compliance including those delayed and including expected audit dates. Chair Albee clarified the desire to have a complete report on all areas, whether audited or not (with dates of upcoming audits).
- ❖ Mr. Darcy asked an overall question on what happened that has caused almost half of the compliance audits not to be able to be performed as scheduled. Ms. Hanks explained she discovered procedures were not up to date and procedures are a prerequisite for determining compliance.
- ❖ As part of MAPs all procedures are to be updated by June 2025, and some have not been updated by other staff in the organization. Chair Albee sought confirmation about the June 2025 deadline and was told that in consultation with the CFO, staff is on schedule for having all procedures updated by June 2025.
- ❖ In response to discussion regarding procedures review, Ms. Taylor explained that SLT has been identifying all the procedures up for review and delegating within their appropriate departments. Departments will be identifying responsible owners, standardizing formats, and bringing the procedures up to date with a June 2025 target date. Ms. Taylor stated to the Chair that everything, in terms of procedures, will be updated by June 2025.
- ❖ Mr. Laufenberg asked if the compliance audits would be completed by June; Ms. Hanks confirmed compliance auditing would run past June and is unlikely to all be in 2025 because of the large number of areas to be audited. Nonetheless, a schedule for all compliance audits will be provided to the Committee in October 2024. Ms. Hanks confirmed that those areas of highest risk would be given priority.
- ❖ Ms. Taylor shared the NHEC Non-Financial Internal Audit Plan for the directors who were not at the April 2024 report-out meeting, explaining that the currently deferred procedures will be integrated into the future audit schedule in a risk priority designation. She mentioned the audit plan materials are in OnBoard from the April 2024 Audit Committee meeting. Chair Albee requested the Audit Plan document, specifically, be pulled from the April 2024 Audit Committee meeting materials and placed in the Presentations and Materials folder in OnBoard for ease of access.
- ❖ Mr. Mongeon had a question about the materiality of the changes needed to the procedures. Ms. Clemens Roberts stated that most policies and procedures are out of date and have been for some time. She explained that some policies should be procedures, and vice versa. She explained staff has identified and made sure we define what a policy is, what a procedure is, and what a plan is; then we regrouped those documents and assigned to appropriate staff. Some documents are immaterial and are going away, some have significant updates that are going to be made. We were working piecemeal on this but are now looking holistically. In this way, what we set in place will be valid and useful for quite a while at NHEC.
- ❖ Mr. Darcy asked what types of things are requiring updates to the procedures and reasons for them being outdated. Ms. Clemens Roberts stated that many procedures have not been updated due to the mass amount of turnover; some of the updates are due to NHEC staff titles listed as the responsible party on procedures are no longer relevant or pertinent; and other updates are to ensure NHEC is in compliance with local and state regulations.
- ❖ Chair Albee requested that in monitoring reporting, Ms. Hanks indicate when the procedures were initially stated to be updated because some of them, like Record Retention, was presented in 2022 as a

high priority for updating, as was the case for updating of Cables and Overheads, etc. Ms. Clemens Roberts pointed out the shortage of SLT staff for most of 2022 and that she put procedures review on hold until a full executive team was put place.

- ❖ In answer to a comment by Chair Albee regarding a three-year audit cycle, Ms. Hanks clarified the audit cycle is a three- to five-year audit cycle. We are in year 3 of cycle 1.
- ❖ The Chair asked about other areas to be reported on. Ms. Hanks explained all are on the chart presented.

Chair Albee made the following **motion**:

That the committee approves the postponement of the audit of the areas of Record Retention, Inspection & Patrol of Overhead, Underground Facilities, and Underwater Cables, DOT Drug & Alcohol Testing, Pole Testing, and Hazardous Material Management, and will be informed of the audit schedule for those areas when reporting in October; the October report will be in full, but compliance testing is what is being postponed.

Discussion on motion:

- ❖ Ms. Hanks pointed out that she would not be ready with the dates of the audit for the postponed audit areas until June 2025 when she sees the updated procedures.

Chair Albee **amended** her motion saying that in October the committee will be informed of the full schedule but the audit dates for the postponed areas will be communicated in June 2025.

Mr. Darcy seconded the motion as amended and the motion passed unanimously.

It was agreed the full Audit Schedule for the next year will be shared by the CFO.

### **Adjournment**

Upon motion by Chair Albee, seconded by Mr. Darcy, the meeting adjourned at 8:52 a.m.