

**New Hampshire Electric Cooperative, Inc.**  
**Minutes of the Meeting of the**  
**Audit Committee**  
**Zoom Meeting**  
**October 21, 2022 10:00 – 11:15 a.m.**

**Present:** Committee members: Alana Albee (Chair), Madeline McElaney, Ed French, Sharon Davis  
Other Board Members: Jeff Morrill, Tom Mongeon, Bill Darcy, Brenda Boisvert, Carolyn Kedersha, Harry Viens  
NHEC Employees: Alyssa Clemens Roberts, Jim Bakas, Drew Dunagin, Mike Jennings, Geoff Ziminsky, Autumn Doan, Kelley Achenbach, Jeremy Clark, Derick Royer, Karen Hanks, and Edee Murphy (Recording)  
Others Present: Paul Phillips-NHEC Counsel, John Woods-RCS Secure MSSP

**Meeting Called to Order**

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

**Agenda Review/Minutes Approval**

Chair Albee added an agenda item of “External Audit Update for 2022.”

Upon motion by Mr. French, seconded by Ms. McElaney, it was

**VOTED:** That the committee approves 8/22/2022 and 8/23/2022 meeting minutes, both public and executive sessions.

The vote was unanimous.

**External Audit Update – 2022**

Mr. Dunagin reported that the engagement letter was signed with the new audit firm (McNair, McLemore, Middlebrooks & Co., LLC). They have begun the audit and were in the NHEC offices this week. All other non-winning RFP submitters were notified.

**Non-financial Compliance and Controls Audit Presentation; Management Action Plan Update**

Ms. Hanks reviewed a Non-Financial Internal Audit Report FY2022 presentation that stated the following objectives:

- Complete a comprehensive review of NHEC’s adherence and external regulatory guidelines.
- Evaluate mechanisms, rules, and procedures that help examine non-financial business transactions.

Various NHEC procedures were audited as well as the Pole Testing, Safety Management and Vegetation Management Programs.

Conclusions were stated as follows:

Based on the review, we believe management could enhance the efficient and control environment by addressing the following concerns:

- Improve the procedure review process.
- Update procedures for process efficiencies and control effectiveness.
- Define whom, when, and how vegetation maintenance and pole inspection and maintenance should be managed.
- Finalize plan outlining employer/employee responsibilities for safety, health, and environmental performance.

Non-Financial Control Areas for the 2023 Audit are as follows:

- Procedures – Test of Controls
- Licenses – Design Programs
- Certifications – Design Programs
- Vendor Management – Test of Controls
- External Reporting – Design Programs

Ms. Hanks provided an update for Internal Management Action Plan Status (MAPS) including the number of open and closed corrective actions.

2022 Financial Audit Control Areas (Audit Plan Fiscal Year 2023):

- Cash Disbursements (Wire Transfers, ACH Payments) – Test of Controls
- Cash Receipts (Miscellaneous ACH, Incoming Wires) – Test of Controls
- Purchasing (Requisitions/PO Process) – Test of Controls
- Commitments (Construction & Member Deposits, Products/Services: Member Rebates, Loans) – Test of Controls

Ms. Hanks thanked staff for their assistance during this first-time internal non-financial audit.

Discussion:

- ❖ In answer to a comment, Mr. Jennings clarified that NHEC has procedures and standards it follows for pole testing, but they are not in one consolidated document. It is the same for the vegetation management procedures.
- ❖ Chair Albee highlighted the importance of having consolidated procedures.
- ❖ Mr. Darcy pointed out there is a consultant report on vegetation management which contains good detail that has been the basis for the budget recommendation and the plan going forward. Mr. Bakas concurred and mentioned information needs to be pulled together and formalized.

Chair Albee commended Ms. Hanks and staff for the audit report.

At 10:37 a.m., Mr. French moved to go into executive session for the purpose of discussing confidential matters related to corporate risk and cyber security, seconded by Ms. McElaney. Vote was unanimous.

Upon motion by Ms. Davis, seconded by Ms. McElaney, Chair Albee adjourned the meeting at 11:17 a.m.