

**MINUTES OF THE  
JOINT AUDIT COMMITTEE MEETING OF THE  
BOARDS OF DIRECTORS OF  
CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE and  
CONNECTICUT TRANSMISSION MUNICIPAL ELECTRIC ENERGY COOPERATIVE**

**March 15, 2019**

The Joint Audit Committee of the Boards of Directors of Connecticut Municipal Electric Energy Cooperative (“CMEEC”) and Connecticut Transmission Municipal Electric Energy Cooperative (“CTMEEC”) met at the CMEEC offices on Friday, March 15, 2019.

Michael Lane, Interim Chief Executive Officer, called the meeting to order at 10:10 a.m.

**The following Committee Members participated:**

Groton Utilities – Mark Oefinger  
Norwich Public Utilities – Stewart Peil  
East Norwalk – Kevin Barber  
Jewett City Department of Public Utilities – Kenneth Sullivan  
South Norwalk – Dawn DelGreco (via telephone)

**The following individuals from CMEEC Management participated:**

Michael Lane, CMEEC Interim Chief Executive Officer  
Robin Kipnis, CMEEC General Counsel (via telephone)  
Joanne Menard, CMEEC Controller  
Linda Timman, CMEEC Principal Accountant  
Margaret Job, CMEEC Administrative Staff

**Invited participants:**

Jonathan Fink, Blum Shapiro  
Matthew Coit, Blum Shapiro

**Other participants:**

William Kowalski, Municipal Electric Consumer Advocate (via telephone)

Ms. Job recorded.

## **Specific Action Items**

### **1) Introductions**

Interim CEO Lane introduced participants in attendance so that everyone would know who was at the meeting in person and on the telephone.

### **2) Selection of Joint Audit Committee Chair**

Mr. Lane explained that a chair of the Joint Audit Committee needed to be elected and opened the floor for nominations. Committee Member Kenneth Sullivan made a **Motion** to nominate Committee Member Kevin Barber, which motion was **Seconded** by Committee Member Mark Oefinger. As no other nominations were brought forth, the nomination of Committee Member Kevin Barber was put to the Committee. Motion passed unanimously.

Mr. Lane turned the meeting over to newly-elected Chair Barber.

### **3) Review of Joint Audit Committee Charter**

Chair Barber introduced the draft Joint Audit Committee Charter and deferred to Mr. Lane to begin discussion.

Mr. Lane briefly discussed the edits made to the Charter. He highlighted the removal of Paragraphs 3 and 5 under Section III and the edits made to Paragraph 10 in Section IV as well as the removal of paragraph 11 in Section IV.

In response to Chair Barber's inquiry, Mr. Lane confirmed that Paragraph 5 under Section III was removed because the responsibilities of that paragraph fall under the authority of the Board of Directors.

Mr. Lane explained since CMEEC has a whistleblower policy contained in its employee handbook, Paragraph 11 of Section IV was removed.

Municipal Electric Consumer Advocate, William Kowalski, inquired what the meaning of "audit committee financial expert" was as it appears in Paragraph 2 of Section II. He suggested a definition of the term be added to the policy. He added that the removal of Paragraph 3 in Section III was a good step in CMEEC transparency efforts.

In response to Mr. Kowalski inquiry about language in Paragraph 1 of Section IV regarding the Committee's exclusive authority to compensate an independent accounting firm asking if it had authority to put a cap on fees without Board oversight, Mr. Lane stated that the intent is that the Audit Committee can approve the engagement letter which describes the audit process and fees.

In response to a question from Mr. Kowalski with respect to Paragraph 10 of the Charter, Ms. Kipnis clarified that the intent of this section was to address complaints related to

accounting issues and that it was intended to be separate from ethics issues. Mr. Kowalski offered that the first sentence in Paragraph 10 might benefit from review and revision.

Chair Barber stated the Charter would be reviewed for modifications and be brought back before this Committee at a later date.

4) **Audit Results**

Jonathan Fink, Blum Shapiro, explained the financial audit was wrapping up and stated that today's discussion will be to provide the Committee members a chance to ask any questions it has related to the draft audited financials that will be discussed during Executive Session. He added that an unmodified opinion is expected. He stated that the audit did not reveal anything within the context of CMEEC or Transco that was materially misstated in the financial statements. An evaluation of internal controls was conducted revealing no material weakness or significant deficiencies. He added that he was not aware of any other consultations by CMEEC with other outside consultant accounting firm.

Upon Committee Member Mark Oefinger's inquiry related to the number of years covered in this financial audit, Mr. Fink explained that Blum Shapiro is engaged each year to complete a single year audit. Although it is not a requirement from a GAAP perspective, he stated that they present previous year's audit with current year's audit for comparison purposes.

Mr. Lane explained that over the history of CMEEC through the year 2015, the financial statements were presented in FASB format versus GASB format. In the 2016 audit year CMEEC voluntarily moved to GASB format which, in the opinion of the auditors, would better reflect accounting practices applicable to CMEEC. In addition, he pointed out that CMEEC Members are subject to GASB as governmental entities which provided good synergy for CMEEC to change to GASB.

On Committee Member Oefinger's inquiry, Mr. Fink explained that fraud interviews took place and are standard practice each year.

Mr. Fink further explained that as part of the audit process each year an unpredictability procedure is conducted to rule out fraud resulting from familiarity of the audit process by long term personnel in management. He added that part of this procedure includes reviewing cash reconciliations and expense approvals.

Discussion followed with respect to proposed legislation requiring oversight by the State Office of Public Accounts and the potential duplicative nature of these audits

**Executive Session**

- 5) Chair Barber stated the reason for entering Executive Session is to review the 2018 Draft of the Audited Financial Statements.

**A motion was made by Committee Member Kenneth Sullivan, seconded by Committee Member Peil to enter Executive Session. Committee Member Oefinger opposing.**

**Motion passed.**

The basis for entering Executive Session is in accordance with Connecticut General Statutes Sections 1-200(6)(E) and 1-210(b)(1). Members of the Joint Audit Committee, as well as Mr. Lane, Ms. Kipnis, Ms. Menard, Ms. Timman, Mr. Fink and Mr. Coit, remained.

The Joint Audit Committee entered Executive Session at 10:54 a.m. with instruction to return to Public Session at the completion of the Committee's discussion in Executive Session.

The Joint Audit Committee re-entered Public Session at 12:00.

**A motion was made by Committee Member Oefinger, seconded by Committee Member Peil to accept the Draft Audited Financials as presented and discussed at this meeting and to recommend their approval at the Board of Directors' meeting scheduled to be held on Thursday, March 28, 2019.**

**Motion passed unanimously.**

There being no further business to come before this Committee, Chair Barber entertained a motion to adjourn.

**A motion was made by Committee Member Peil, seconded by Committee Member Oefinger to adjourn the meeting.**

**Motion passed unanimously.**

The meeting was adjourned at 12:12 p.m.