

# PEC Audit Committee



## Committee Meeting

### ~ Minutes ~

PO Box 1  
Johnson City, TX 78636  
[www.pec.coop](http://www.pec.coop)

Call PEC Toll Free  
1-888- 554-4732

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Thursday, October 13, 2016

11:00 AM

PEC Headquarters Auditorium  
201 South Avenue F  
Johnson City, TX 78636

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Open Session of this Committee was held in the PEC Auditorium and was audio recorded in accordance with the Board Meetings Policy.

#### 1. Call to Order

11:00 AM Meeting was called to order on October 13, 2016 at PEC Headquarters Auditorium, 201 South Avenue F, Johnson City, TX.

Attendee Name	Title	Status	Arrived
Kathryn Scanlon	Committee Chairperson	Remote	11:00 AM
Cristi Clement	Committee Member	Remote	11:00 AM
Paul Graf	Committee Member	Remote	11:00 AM

#### 2. Review and Approve Minutes

##### A. Monday, August 15, 2016 Audit Committee Minutes

To allow additional time for minutes review, Chairperson Kathy Scanlon stated that the August 15th minutes would be approved at the next Audit Committee meeting.

#### 3. Member Comments (3 minute limitation or as otherwise directed by Committee)

There were no members present wishing to address the committee. At 11:01 am Chairperson Kathy Scanlon provided an overview of the types of items to be discussed in Executive Session and stated that the committee would go into Executive Session.

#### 4. Executive Session

##### A. Contract and Competitive Matters

1. (Resolution (ID # 3771)) Recommend Ratification of Fraud Risk Assessment - Work Plan and Schedule – K Scanlon

#### 5. Reconvene to Open Session at 12:03 pm

#### 6. Items from Executive Session

- A. (Resolution (ID # 3771)) Recommend Ratification of Fraud Risk Assessment - Work Plan and Schedule – K Scanlon

The committee agreed and recommended that Resolution #3771 be approved and ratified at the November Regular Board meeting.

<b>RESULT:</b>	<b>RECOMMENDED</b>
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**7. Adjourn**

There being no further business to come before the Audit Committee, the meeting was adjourned at 12:04 pm.

APPROVED:

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Kathy Scanlon, Audit Chairperson

**Board of Directors**

PO Box 1  
Johnson City, TX 78636

Meeting: 10/13/16 11:00 AM

**RESOLUTION (ID # 3771)**

DOC ID: 3771

**Subject:** Recommend Ratification of Fraud Risk Assessment - Work Plan and Schedule – K Scanlon

**Submitted By:** Tracy Golden

**Department:** Financial Services

**Background:**

Under PEC's current Strategic Plan, Goal #5 is to "Ensure the implementation and execution of the necessary policies and practices that effectively deter, detect, prevent, and manage risks originating from within and outside the Cooperative." The Plan also seeks to "Develop and implement an Internal Control Plan to identify any weaknesses within the Cooperative's system of internal controls and the execution of those controls. Address any identified weaknesses, as appropriate. Evaluate the Cooperative's current policies and practices to protect against the risk of potential fraud that could originate from within the Cooperative or from sources outside the Cooperative. Develop and implement a fraud prevention plan to improve and maintain these systems."

In order to implement these ongoing efforts at the Cooperative, the Audit Committee may now consider recommending outside engagement in a fraud risk assessment and its associated work plan and schedule.

**Financial Impact and Cost/Benefit Considerations:**

As discussed in Executive Session.

**Pedernales Electric Cooperative, Inc.  
Committee Meeting  
October 13, 2016**

**RESOLUTION (ID # 3771)**

**Recommend Ratification of Fraud Risk Assessment - Work Plan and Schedule – K Scanlon**

**BE IT RESOLVED BY THE AUDIT COMMITTEE OF BOARD OF DIRECTORS OF THE COOPERATIVE**, that the Audit Committee recommends to the Board the ratification of the Fraud Risk Assessment - Work Plan and Schedule as presented and discussed this day in Executive Session; and

**BE IT FURTHER RESOLVED** that the Chief Executive Officer or his designee is authorized to take such actions as needed to implement this resolution.

<b>RESULT:</b>	<b>RECOMMENDED</b>
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