

**GENERAL SESSION MINUTES
AUDIT COMMITTEE MEETING
December 13-14, 2017
ISO Headquarters
Folsom, California**

December 14, 2017

The Audit Committee of the ISO Board of Governors convened the general session meeting at approximately 8:45 a.m. and the presence of a quorum was established.

ATTENDANCE

The following members of the Audit Committee were in attendance:

Mark Ferron, Chair
Richard Maullin

Also present: Dave Olsen

The following members of the executive team were present at times throughout the meeting: Steve Berberich, Keith Casey, Eric Schmitt, Tom Doughty, Roger Collanton, Ryan Seghesio and Jodi Ziemathis

GENERAL SESSION

The following agenda items were discussed in general session:

PUBLIC COMMENT

There was no public comment.

DECISION ON GENERAL SESSION MINUTES

Governor Maullin moved for approval of the Audit Committee's general session minutes for the September 19, 2017 meeting. The motion was seconded by Governor Ferron and approved 2-0.

ACCEPTANCE OF OPERATIONS AUDIT

Steve Krump, on behalf of PricewaterhouseCoopers, provided the Audit Committee with an overview of the scope of the operations audit. Mr. Krump described how it was an assessment of a management assertion related to certain elements of ISO transmission outage procedures. He stated that PwC issued an unqualified audit opinion to ISO Management on December 8, 2017 and noted that PwC did not identify any compliance exceptions. Brief discussion followed.

Motion**Governor Maullin:**

Moved, that the Audit Committee of the ISO Board of Governors accepts the audit opinion issued on December 8, 2017 by PricewaterhouseCoopers LLC for the testing of specified operational processes for 2017, as attached to the memorandum dated December 11, 2017.

The motion was seconded by Governor Ferron and approved 2-0.

ACCEPTANCE OF MARKET CONTROLS AUDIT

Jon Lomeli, on behalf of PricewaterhouseCoopers, provided the Committee with an overview of the 2017 market controls audit. Mr. Lomeli stated the purpose of the audit is to report on the ISO's internal controls relating primarily to its market operations and settlements activities. He noted that the report provided assurance to market participants who rely on the ISO's controls related to the ISO's market settlements.

Mr. Lomeli informed the Committee that PwC issued an unqualified audit opinion to ISO Management on December 8, 2017. He stated that the report disclosed a testing exception for one control objective and that PwC concluded that it did not impact the effectiveness of the control and the related control objection was met. He informed the Committee that over 57 different control activities and over 1400 transactions were tested. He provided an overview of the scope of processes covered during the audit and discussed next steps. He stated that PwC and ISO staff have already begun planning for next year's internal controls audit. Mr. Lomeli stated that the ISO continued to demonstrate a high level of ownership for the control environment and the controls report.

Motion**Governor Ferron:**

Moved, that the Audit Committee of the ISO Board of Governors accepts the audit report of the SSAE 18 for the period October 1, 2016 to September 30, 2017 as audited by PricewaterhouseCoopers LLP Certified Public Accountants, as attached to the memorandum dated December 11, 2017.

The motion was seconded by Governor Maullin and approved 2-0.

ADJOURNED

There being no additional general session matters to discuss, the general session was adjourned at approximately 9:00 a.m.