



# Memorandum

**To:** Audit Committee of the ISO Board of Governors

**From:** Roger Collanton, Vice President, General Counsel & Chief Compliance Officer

**Date:** March 14, 2018

**Re:** **Acceptance of Code of Conduct Certification Process Report for 2017**

---

***This memorandum requires Committee action.***

PricewaterhouseCoopers LLP completed its review of the California ISO's code of conduct certification procedures for 2017, for ISO employees, substantially full-time contractors, members of the Board of Governors and members of the EIM Governing Body, finding no exceptions. PwC issued its report on December 22, 2017.

The tariff requires that an independent accounting firm conduct an annual review of the code of conduct certification process. Over the years, the ISO has implemented enhanced controls within this review to monitor potential conflicts of interest, including improved disclosure forms, procedures for spot-checking for potential conflicts of interest, and more effective internal auditing of the conflicts of interest process. The current 2017 review continues that effort.

The scope of the attached Code of Conduct Certification Process Report for 2017, issued by PwC, satisfies the tariff requirement. In particular, the scope of the 2017 review included the following:

- Reviewed each employee's responses on the "Conflicts of Interest Disclosure & Analysis" forms for electronic completion of the conflicts of interest disclosure form;
- Performed independent confirmation of a sample group of employees' responses to conflict of interest form to determine if any exceptions were noted by the employee;
- Confirmed each employee's status of electronically completing the all employee required training on the Code of Conduct; and
- Confirmed that the Legal department conducted an assessment of all disclosed conflicts, including any prohibited investments in employees' ISO

retirement accounts with Charles Schwab disclosed on the Schwab quarterly prohibited investment reports.

PwC performed these procedures and found no exceptions.

Therefore, Management proposes the following motion:

***Moved, that the Audit Committee of the ISO Board of Governors accepts the Code of Conduct Certification Process Report issued on December 22, 2017 by PricewaterhouseCoopers LLP for the testing of the ISO's code of conduct certification procedures for 2017.***

Management appreciates the efforts and collaboration provided by PwC during this review process.