

**GENERAL SESSION MINUTES
AUDIT COMMITTEE MEETING
May 1 - 2, 2017
ISO Headquarters
Folsom, California**

May 1, 2017

The Audit Committee of the ISO Board of Governors convened the general session meeting at approximately 2:10 p.m. and the presence of a quorum was established.

ATTENDANCE

The following members of the Audit Committee were in attendance:

Ash Bhagwat
Mark Ferron, Acting Chair

The following members of the executive team were also present: Steve Berberich, Keith Casey, Mark Rothleder, Eric Schmitt, Petar Ristanovic, Roger Collanton, Stacey Crowley, Tom Doughty, Ryan Seghesio and Jodi Ziemathis

GENERAL SESSION

The following agenda items were discussed in general session:

PUBLIC COMMENT

There was no public comment offered at this time.

DECISION ON GENERAL SESSION MINUTES

Governor Bhagwat moved for approval of the Audit Committee's general session minutes for the December 14, 2016 meeting. The motion was seconded by Governor Ferron and approved 2-0.

ACCEPTANCE OF CODE OF CONDUCT CERTIFICATION PROCESS REPORT FOR 2016

Sara Ward, on behalf of PricewaterhouseCoopers, provided an overview of the code of conduct compliance review and noted that the ISO tariff requires an independent review of the ISO's code of conduct compliance. Ms. Ward stated that the review was complete with no exceptions and the report was issued on February 10,

2017. She noted appreciation to ISO staff for their high level of commitment and cooperation throughout the process.

Motion

Governor Ferron:

Moved, that the Audit Committee of the ISO Board of Governors accepts the Code of Conduct Certification Process Report issued on February 10, 2017 by PricewaterhouseCoopers LLP for the testing of the ISO's code of conduct certification procedures for 2016.

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

ACCEPTANCE OF FINANCIAL STATEMENTS AND FERC FORM 1 AUDIT REPORTS

Ryan Seghesio, Chief Financial Officer and Treasurer, informed the Audit Committee that Management had completed the annual financial statement process. Mr. Seghesio provided highlights of the 2016 financial statements including highlights of the statements of revenues, expenses and changes in net position.

Sara Ward, on behalf of PricewaterhouseCoopers, provided the Audit Committee with an overview of the results of the audit and stated the audit opinions were standard and unqualified. Ms. Ward reviewed the components of corporate financial statements and FERC Form No. 1 financial statements. She reviewed the difference between accounting required for the FERC Form No. 1, and the GASB reporting required for the ISO's annual financial statements, and provided an overview of the key audit areas.

Ms. Ward concluded her presentation by reviewing external auditor required communications to the Audit Committee. She noted appreciation for the high level of commitment and cooperation of ISO staff throughout the process. Brief discussion followed.

Motion

Governor Ferron:

Moved, that the Audit Committee of the ISO Board of Governors accepts the audited financial statements issued on April 7, 2017 by PricewaterhouseCoopers, as attached to the memorandum dated April 24, 2017; and

Moved, that the Audit Committee of the ISO Board of Governors accepts the FERC Form No. 1 audit report, issued on April 12, 2017 by PricewaterhouseCoopers, as attached to the memorandum dated April 24, 2017.

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

BRIEFING ON SCOPE OF OPERATIONS AUDIT

Nancy Traweek, Executive Director – System Operations, provided an overview of the proposed scope of the 2017 operations audit: Review and approval process for outage requests as related to Transmission Outage Procedure 3210, section 3.3. She stated the scope would include planned and approved outages in the ISO area and noted that potential additional scope could include review of real time outage processing. Ms. Traweek described how a new approach was being taken with this audit, as it would include review of audit data and subject matter expert interviews, but there would be no live observations. She noted the audit period was May 1 – July 31, with the completed audit report to be finalized in December 2017.

ADJOURNED

There being no additional general session matters to discuss, the general session was adjourned at approximately 2:30 p.m.