

SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT MEETING NOTICE AND AGENDA

AUDIT COMMITTEE

Thursday, January 16, 2020, No Sooner Than 10:10 AM

SRP Administration Building
1500 N. Mill Avenue, Tempe, AZ 85281

Committee Members: Stephen Williams, Chairman; Mario Herrera, Vice Chairman; and Robert Arnett, Corey Hawkey, Kevin Johnson, Mark Pace, Larry Rovey, and Paul Rovey

Call to Order
Roll Call

1. **CONSENT AGENDA:** The following agenda item(s) will be considered as a group by the Committee and will be enacted with one motion. There will be no separate discussion of these item(s) unless a Committee Member requests, in which event the agenda item(s) will be removed from the Consent Agenda and considered as a separate item CHAIRMAN STEPHEN WILLIAMS
 - Request for approval of the minutes for the meeting of December 10, 2019
2. Report on Current Events by the General Manager and Chief Executive Officer or Designees..... MIKE HUMMEL
3. Future Agenda Topics..... CHAIRMAN STEPHEN WILLIAMS

The Committee may vote during the meeting to go into Executive Session, pursuant to A.R.S. §38-431.03 (A)(3), for the purpose of discussion or consultation for legal advice with legal counsel to the Committee on any of the matters listed on the agenda.

The Committee may go into Closed Session, pursuant to A.R.S. §30-808, for records and proceedings relating to competitive activity, including trade secrets or privileged or confidential commercial or financial information.

Visitors: All property in your possession, including purses, briefcases, packages or containers, will be subject to inspection.



THE NEXT AUDIT COMMITTEE MEETING IS SCHEDULED
THURSDAY, FEBRUARY 13, 2020

01/09/2020

MINUTES
AUDIT COMMITTEE

DRAFT

December 10, 2019

A meeting of the Audit Committee of the Salt River Project Agricultural Improvement and Power District (the District) and the Salt River Valley Water Users' Association (the Association), collectively SRP, convened at 10:37 a.m. on Tuesday, December 10, 2019, in the Geronimo Conference Room at the SRP Administration Building at 1500 North Mill Avenue, Tempe, Arizona.

Committee Members present at roll call were S.H. Williams, Chairman; and C.J. Hawkey, K.J. Johnson, M.V. Pace, and P.E. Rovey.

Committee Members absent at roll call were M.J. Herrera, Vice Chairman; and R.C. Arnett and L.D. Rovey.

Also present were President D. Rousseau; Vice President J.R. Hoopes; Board Members D.S. Hendrickson, J.M. White Jr., and K.B. Woods; Council Chairman M.L. Farmer; Council Vice Chairman J.R. Shelton; Council Liaison D.B. Lamoreaux; Council Member W.P. Schrader III; Mmes. E.M. Arredondo, K.J. Barr, L.F. Hobaica, A.E. Martinez, and S.A. Perkinson; Messrs. J.D. Coggins, M. Feder, J.M. Felty, T.G. Hull, M. Hummel, T.L. Johnson, R.T. Judd, A.J. McSheffrey, M.J. O'Connor, J.M. Pratt, and J.A. Wright; and Dan McGill and Ashley Townbridge of PricewaterhouseCoopers (PwC).

In compliance with A.R.S. §38-431.02, Anaveli H. Sierras of the Corporate Secretary's Office had posted a notice and agenda of the Audit Committee meeting at the SRP Administration Building, 1500 North Mill Avenue, Tempe, Arizona, at 9:00 a.m. on Friday, December 6, 2019.

Chairman S.H. Williams called the meeting to order.

Consent Agenda

Chairman S.H. Williams requested a motion for Committee approval of the Consent Agenda, in its entirety.

On a motion duly made by Board Member M.V. Pace and seconded by Board Member P.E. Rovey, the Committee unanimously approved and adopted the following item on the Consent Agenda:

- Minutes of the Audit Committee meeting on November 19, 2019, as presented

The vote was recorded as follows:

YES: Board Members S.H. Williams, Chairman; and C.J. Hawkey, (5)
K.J. Johnson, M.V. Pace, and P.E. Rovey

NO:	None	(0)
ABSTAINED:	None	(0)
ABSENT:	Board Members M.J. Herrera, Vice Chairman; and R.C. Arnett and L.D. Rovey	(3)

Engagement of PricewaterhouseCoopers (PwC)
for Fiscal Year 2020 (FY20) Audit

External Audit Process

Sue Ann Perkinson, SRP Controller and Senior Director of Corporate Accounting Services, introduced Dan McGill of PwC. Using a PowerPoint presentation, Mr. D. McGill summarized the external audit process including auditors and management responsibilities, procedures, and testing examples.

Audit Plan

Using a PowerPoint presentation, Mr. D. McGill, summarized the audit plan and explained the audit strategy and approach for the audits in Fiscal Year 2020 (FY20).

Recommendation

Using a PowerPoint presentation, Ms. S.A. Perkinson requested approval for PwC to serve as an independent public accountant for audits conducted for FY20.

On a motion duly made by Board Member M.V. Pace, seconded by Board Member P.E. Rovey and carried, the Committee agreed to recommend Board approval.

The vote was recorded as follows:

YES:	Board Members S.H. Williams, Chairman; and C.J. Hawkey, K.J. Johnson, M.V. Pace, and P.E. Rovey	(5)
NO:	None	(0)
ABSTAINED:	None	(0)
ABSENT:	Board Members M.J. Herrera, Vice Chairman; and R.C. Arnett and L.D. Rovey	(3)

Copies of the PowerPoint slides used in this presentation are on file in the Corporate Secretary's Office and, by reference, made a part of these minutes.

Board Member K.B. Woods left the meeting during the presentation. Dan McGill and Ashley Townbridge of PwC left the meeting.

Review of Audit Activity for Three Months
Ended October 31, 2019

Using a PowerPoint presentation, Reuben T. Judd, SRP Corporate Auditor, stated that the purpose of the presentation was to review the audit reports and activity for three months ended October 31, 2019. He provided an overview of the new members in Corporate Audit Services, reviewed the audit reports, including Fiscal Year 2020 (FY20) audit plan status as of October 31, 2019, audit reports for second quarter FY20, and key audits in progress. Mr. R.T. Judd notified the Committee of the upcoming Work Study Session highlighting the topic of Audit Committee Leading Practices scheduled for January 30, 2020.

Mr. R.T. Judd responded to questions from the Committee.

Copies of the PowerPoint slides used in this presentation are on file in the Corporate Secretary's Office and, by reference, made a part of these minutes.

Mmes. E.M. Arredondo, A.E. Martinez, and S.A. Perkinson; and Messrs. T.G. Hull, T.L. Johnson, and J.A. Wright left the meeting. Ms. J.G. Keenan; and Messrs. M.B. Fish, B.J. Koch, K.E. Lewis, D.R. Politi, J.I. Riggs, and J.A. Spradling entered the meeting during the presentation.

Review of Paid Vouchers for Fiscal Year Quarter Ended
October 31, 2018, for the District and Association

Dale R. Politi, SRP Assistant Treasurer of Cash Management, presented the paid vouchers for the fiscal year quarter ending October 31, 2019. He responded to questions from the Committee.

Executive Session

Chairman S.H. Williams requested a motion to enter into executive session, pursuant to A.R.S. §38-431.03(A)(2), to discuss certain matters included in the Paid Vouchers Report that are exempt by law from public inspection.

On a motion duly made by Board Member M.V. Pace, seconded by Board Member P.E. Rovey and carried, the Audit Committee convened into executive session at 11:15 a.m.

The vote was recorded as follows:

YES:	Board Members S.H. Williams, Chairman; and C.J. Hawkey, K.J. Johnson, M.V. Pace, and P.E. Rovey	(5)
NO:	None	(0)
ABSTAINED:	None	(0)
ABSENT:	Board Members M.J. Herrera, Vice Chairman; and R.C. Arnett and L.D. Rovey	(3)

The Committee reconvened into open session at 11:17 a.m. with the following members and others present: President D. Rousseau; Vice President J.R. Hoopes; Board Members C.J. Hawkey, D.S. Hendrickson, K.J. Johnson, M.V. Pace, P.E. Rovey, J.M. White Jr., and S.H. Williams; Council Chairman M.L. Farmer; Council Vice Chairman J.R. Shelton; Council Liaison D.B. Lamoreaux; Council Member W.P. Schrader III; Mmes. K.J. Barr, L.F. Hobaica, and J.G. Keenan; and Messrs. J.D. Coggins, M. Feder, J.M. Felty, M.B. Fish, M. Hummel, R.T. Judd, B.J. Koch, K.E. Lewis, A.J. McSheffrey, M.J. O'Connor, D.R. Polilti, J.M. Pratt, J.I. Riggs, and J.A. Spradling.

Copies of the Paid Vouchers Report used in this presentation are on file in the Corporate Secretary's Office and, by reference, made a part of these minutes.

Review of Purchase Orders, Contracts, and Revisions over \$1,000,000

Jacque G. Keenan, SRP Director of Supply Chain, reviewed the Report of Purchase Orders and Revisions Over \$1,000,000 issued for the period May 1, 2019 through October 31, 2019 under authority granted by the Board on September 9, 2019.

Ms. J.G. Keenan responded to questions from the Committee.

Copies of the handouts distributed are on file in the Corporate Secretary's Office and, by reference, made a part of these minutes.

Messrs. B.J. Koch, D.R. Politi, and J.I. Riggs left the meeting during the presentation.

Executive Session: Cyber Security

Chairman S.H. Williams requested a motion to enter into executive session, pursuant to A.R.S. §38-431.03(A)(2), for presentation and discussion of records exempt by law from public inspection concerning the status of measures being taken in response to confidential cyber security assessments.

On a motion duly made by Board Member M.V. Pace, seconded by Board Member P.E. Rovey and carried, the Audit Committee convened into executive session at 11:19 a.m.

The vote was recorded as follows:

YES:	Board Members S.H. Williams, Chairman; and C.J. Hawkey, K.J. Johnson, M.V. Pace, and P.E. Rovey	(5)
NO:	None	(0)
ABSTAINED:	None	(0)
ABSENT:	Board Members M.J. Herrera, Vice Chairman; and R.C. Arnett and L.D. Rovey	(3)

The Committee reconvened into open session at 11:30 a.m. with the following members and others present: President D. Rousseau; Vice President J.R. Hoopes; Board Members C.J. Hawkey, D.S. Hendrickson, K.J. Johnson, M.V. Pace, P.E. Rovey, J.M. White Jr., and S.H. Williams; Council Chairman M.L. Farmer; Council Vice Chairman J.R. Shelton; Council Liaison D.B. Lamoreaux; Council Member W.P. Schrader III; Mmes. K.J. Barr, L.F. Hobaica, and J.G. Keenan; and Messrs. J.D. Coggins, M. Feder, J.M. Felty, M.B. Fish, M. Hummel, R.T. Judd, K.E. Lewis, A.J. McSheffrey, M.J. O'Connor, J.M. Pratt, and J.A. Spradling.

Report on Current Events by the General Manager and
Chief Executive Officer or Designees

There was no report on current events by Mike Hummel, SRP General Manager and Chief Executive Officer.

Future Agenda Topics

Chairman S.H. Williams asked the Committee if there were any future agenda topics. None were requested.

There being no further business to come before the Audit Committee, the meeting adjourned at 11:32 a.m.

Lora F. Hobaica
Assistant Corporate Secretary