

## **AUDIT AND ETHICS COMMITTEE MEETING MINUTES APRIL 23, 2025**

The Audit and Ethics Committee meeting was held on Wednesday, April 23, 2025.

Committee Members Present: Committee Chair Rob McCabe, Michael Vandenberg, and Anne Davis; Members Casey Santos and Clifton Harris attended virtually

Officers Present: Teresa Broyles-Aplin, Laura Smith, Dr. Trish Holliday, Brent Baker and Recording Secretary David Frankenberg

Committee Chair Rob McCabe called the meeting to order at 8:00 a.m.

### **SAFETY TIP**

Jack Baxter presented a safety tip on flood safety.

### **MINUTES**

Upon motion by Member Vandenberg and seconded by Member Davis, the Committee approved the minutes from the Audit and Ethics Committee meeting held March 26, 2025, with five ayes and zero nays.

### **CONTROLS AND COMPLIANCE INTEGRITY LINE UPDATE**

Sandra Chapman reviewed the Integrity Line reports received from the independent reporting service. The update highlighted the status of six cases for the reporting period. She stated that each case has been investigated and all have been properly resolved.

Chair McCabe asked if the integrity line process is working to management and employee's satisfaction. Ms. Chapman responded yes. He commented that the cases have been resolved and asked if it was due to corrective actions or unsubstantiated allegations. Ms. Chapman replied resolutions were due to both.

Chair McCabe asked if employees believe that management is taking the allegations seriously and that they are taking action. Ms. Chapman answered yes.

Teresa Broyles-Aplin commented that most of the cases are anonymous; therefore, there is not sufficient ability to follow-up with the individual to ensure they are satisfied with the outcome. In some cases, if there is disciplinary action or anything that results from the investigation, we are not positioned to share that publicly.

### **KRAFT INTERNAL AUDIT REPORTS**

Scott Nalley presented the Audit and Ethics Committee Calendar and stated that today the Committee will receive four audit reports. He reviewed the Internal Audit Status Report and reported that everything is on schedule.

### **Infrastructure Design and Construction**

Mr. Nalley presented the results of the Infrastructure Design and Construction internal audit and stated that during the course of their work, no reportable findings were identified. He stated that there were several observations that they shared with management throughout the audit and said those details were provided in the board materials.

### **FY25 Board, Executive and Employee Accounts**

Mr. Nalley shared the results of the annual FY25 Board, Executive and Employee Accounts internal audit which ensures no one on the Board or an employee of the organization is receiving any preferential treatment in terms of delivery of electric service to their homes or businesses. He stated that no significant findings were noted, nor any recommendations necessary during the audit.

Member Vandenberg commented that this is a good governance system that has been put in place that people would not otherwise know about. He said it is important to emphasize that we have those systems in place.

### **Contract Administration – PATH Company**

An internal audit was completed for Contract Administration–Path Company in which no evidence of any abnormal findings was determined. Mr. Nalley noted that Path Company provides services for the Metro LED streetlight conversion project. He stated that a project plan was identified, contracts were complete and accurate, and operating effectiveness of controls evaluated during the audit appear reasonable.

### **Contract Administration – BG Staffing**

Mr. Nalley reported that BG Staffing provides a substantial amount of information technology staffing services to NES. He provided the scope of the audit and stated that it revealed no deficiencies. Recommendations were provided for management’s consideration.

Member McCabe asked how BG Staffing is involved with the Encompass project. Brent Baker responded that an abundance of the IT resources for the project were provided by BG Staffing.

Member Santos asked if the BG staffing team will be performing maintenance support moving forward. Mr. Baker replied yes, as the hypercare support staff is being developed, a lot of the resources will come from BG Staffing.

David Frankenberg added that there will be additional outside firms that will be used, along with BG Staffing, to fill these positions.

## **EXECUTIVE SESSION**

The Committee did not go into Executive Session.

## **MISCELLANEOUS**

There were no miscellaneous items to present.

## ADJOURNMENT

The meeting adjourned at 8:10 a.m.

**APPROVED:**  Signed by:  
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**Committee Chair Rob McCabe**