

**CHUGACH ELECTRIC ASSOCIATION, INC.**  
**Anchorage, Alaska**

**AUDIT COMMITTEE MEETING**  
**AGENDA ITEM SUMMARY**

**May 12, 2010**

**ACTION REQUIRED**

**AGENDA ITEM NO. VI.**

       Information Only  
  X   Motion  
       Resolution  
       Executive Session  
       Other

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**TOPIC**

Election of Vice Chairman – Audit Committee

**DISCUSSION**

Board Policy 127, Audit Committee Charter, Composition, Section II. states that:

“The Audit Committee shall be comprised of three or more directors as determined by the Board. Unless otherwise determined by the Board, the members of the Board Finance Committee shall be the members of the Audit Committee. Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Association or an outside consultant or other programs. The Committee may also retain the services of a qualified accounting professional with auditing expertise to assist it in the performance of its responsibilities.”

“The Board Chairman shall appoint the Audit Committee chairperson, with the consent of the Board, who need not be the Board Treasurer. The Audit Committee shall elect from its membership a vice chairman, and appoint a recording secretary as needed.”

The vice chairman acts during the absence of the Chairman. The term of the vice chairman is from her or his election by the Committee and until a new Committee is appointed by the Board Chair or unless the vice chairman is otherwise removed. Director PJ Hill, was appointed by the Board Chair as the Chair of the Audit Committee and the other members of the Committee are Directors Susan Reeves, Jim Nordlund, Elizabeth Kennedy, and Rebecca Logan.

**MOTION**

Move that the Audit Committee appoints Director \_\_\_\_\_ as the Vice Chairman of the Audit Committee.

**CHUGACH ELECTRIC ASSOCIATION, INC.**

**BOARD POLICY: 127**

**DATE: July 23, 2009**

**AUDIT COMMITTEE CHARTER**

**I. PURPOSE**

The purpose of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities by reviewing the Association's systems of internal controls regarding finance, accounting, and legal compliance and the Association's auditing, accounting and financial reporting processes. The Audit Committee's responsibilities are to:

Review the Association's financial reporting processes and internal control systems.

Review the performance of the Association's independent registered public accounting firm (hereafter, "independent auditor" or "auditor").

Ensure open communication between the Association's independent auditor, management and the Board of Directors.

The Audit Committee will fulfill these responsibilities as enumerated in Section III of this Policy.

**II. COMPOSITION**

The Audit Committee shall be comprised of three or more directors as determined by the Board. Unless otherwise determined by the Board, the members of the Board Finance Committee shall be the members of the Audit Committee. Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Association or an outside consultant or other programs. The Committee may also retain the services of a qualified accounting professional with auditing expertise to assist it in the performance of its responsibilities.

The Board Chairman shall appoint the Audit Committee chairperson, with the consent of the Board, who need not be the Board Treasurer. The Audit Committee shall elect from its membership a vice chairman, and appoint a recording secretary as needed.

**III. RESPONSIBILITIES**

The responsibilities of the Committee are to:

1. Recommend to the Board of Directors the selection of the independent auditor, it being understood that the Board of Directors has the ultimate authority and responsibility to select, evaluate and, where appropriate, replace the independent auditor.

2. Receive annually a report of, and review and discuss with the independent auditor, all significant relationships they have with the Association, including the fees and other compensation paid to them, to verify their independence.
3. Ensure the receipt of, and evaluate the written disclosures and the letter that the independent auditor submits to the Audit Committee regarding the auditor's independence in accordance with Independence Standards Board Standard No. 1, discuss such reports with the auditor and, if so determined by the Audit Committee in response to such reports, recommend that the Board of Directors take appropriate action to address issues raised by such evaluation.
4. Discuss with the independent auditor the matters required to be discussed by SAS 61, as it may be modified or supplemented.
5. Instruct the independent auditor that the Committee expects to be advised if there are any areas that require special attention.
6. Meet with management and the independent auditor to discuss: (1) the scope of the annual audit and any other significant audit projects (e.g. perform additional due diligence on financial statements), prior to their commencement; (2) the annual financial statements and the report of the independent auditor thereon; (3) significant issues encountered in the course of the audit work, including restrictions on the scope of activities, access to required information and the adequacy of internal financial controls; and (4) any actions required and/or recommendations to the Board.
7. Review the management letter delivered by the independent auditor in connection with the audit.
8. Following such reviews and discussions, if so determined by the Audit Committee, recommend to the Board of Directors that the annual financial statements be included in the Association's annual report.
9. Meet quarterly with management and the independent auditor to review and discuss the quarterly financial statements prior to the filing of the Form 10Q and meet annually with management and the independent auditor to review and discuss the annual financial statements prior to filing of the Form 10K, provided that this responsibility may be delegated to the Chairman of the Audit Committee.
10. Meet with the independent auditor out of the presence of management about internal controls and the fullness and accuracy of the Association's financial statements.
11. When necessary, meet in separate executive sessions with management and the independent auditor to discuss matters the immediate knowledge of which would clearly have an adverse effect on the finances of the cooperative, or when such an executive session would otherwise comply with the open meeting requirements of the Association.

12. Have such meetings with management, the independent auditor and the internal auditor, as the Audit Committee deems appropriate, to discuss significant financial risk exposures facing the Association and steps management has taken to monitor and control such exposures.
13. Review the scope and results of internal audits.
14. Evaluate the performance of the independent auditor and, if so determined by the Audit Committee, recommend to the Board of Directors replacement of the independent auditor.
15. At the request of Association counsel, review with Association counsel legal and regulatory procedures that may have a significant impact on the Association's financial statements, compliance policies or programs.
16. Conduct or authorize such inquiries into matters within the Committee's scope of responsibility as the Committee deems appropriate.
17. Provide minutes of Audit Committee meetings to the Board of Directors, and report to the Board of Directors on any significant matters arising from the Committee's work.
18. Review with the independent auditors and management the extent to which any changes or improvements in financial or accounting practices, as recommended by the independent auditors and approved by the Board, have been implemented.
19. At least annually, review and reassess this charter and, if appropriate, recommend proposed changes to the Board of Directors.

Date Approved: 7/23/09

Attested: Alex Gimarc  
Alex Gimarc  
Secretary of the Board

*In the performance of its responsibilities, the Audit Committee is a representative of the members. However, it is not the responsibility of the Audit Committee to plan or conduct audits, or to determine whether the Association's financial statements are complete and accurate or in accordance with generally accepted accounting principles. It is not the responsibility of the Audit Committee to conduct inquiries, to resolve disagreements, if any, between management and the independent auditor, or to assure compliance with laws, regulations or any company compliance policies or programs.*