

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

OPERATIONS COMMITTEE MEETING
AGENDA ITEM SUMMARY

July 8, 2009

ACTION REQUIRED

AGENDA ITEM NO. XI.

- Information Only
 - Motion
 - Resolution
 - Executive Session
 - Other
-

TOPIC

Proposed Revisions to Board Policy 129 – Employee Complaint and Anti-Retaliation Policy to be Re-titled Reporting Audit and Accounting Concerns

DISCUSSION

The Association's Standard Operating Procedure 063 calls for periodic review of board policies to determine if any revisions are necessary. Board counsel and staff have undertaken the review. They recommend that Board Policy 129 be revised to better fit the whistleblower requirements of the federal Sarbanes-Oxley Act. These changes have been reviewed by, and are acceptable to KPMG. The proposed revisions are shown in the attached document.

MOTION

Move that the Operations Committee recommend the Board of Directors approve the revisions to Board Policy 129, Employee Complaint and Anti-Retaliation Policy to be re-titled Reporting Audit and Accounting Concerns.

CHUGACH ELECTRIC ASSOCIATION, INC.

BOARD POLICY: 129

DATE:

REPORTING AUDIT AND ACCOUNTING CONCERNS

I. PURPOSE

To provide a policy and procedure for the receipt and prompt resolution of complaints pertaining to accounting, internal accounting controls, and auditing matters (“Accounting Concerns”) by Association employees, including the confidential, anonymous submission of concerns about questionable accounting or auditing practices. Employees who in good faith report an Accounting Concern shall be protected against disciplinary or retaliatory action for such reporting and for participating in any investigation of an Accounting Concern.

II. CONTENT

The Association is committed to high ethical standards and compliance with the law in all of its operations. Consistent with this commitment and the Association’s commitment to open communication, this Policy is intended to provide avenues for employees to raise Accounting Concerns and reassurance that they will be protected from retaliation for reporting those Accounting Concerns in good faith. This Policy is intended to cover serious Accounting Concerns that could have a significant impact on the Association such as actions that may lead to incorrect financial reporting; are unlawful; are inconsistent with Board Policies and Association Policies and Procedures; and/or otherwise involve serious improper conduct.

An employee who reasonably believes that conduct has occurred, is occurring or is likely to occur that constitutes (i) an intentional error or fraud in the preparation, review or audit of any Association financial statement; (ii) a violation, or a potential violation of applicable accounting, internal controls or audit standards (“Accounting/Audit Standards”); (iii) a violation or a potential violation of Federal, State or local laws or regulations related to accounting, internal accounting controls and auditing matters (“Accounting Laws”); or (iv) Association Board Policies, Operating Policies or Standard Operating Procedures (“Policies or Procedures”) related to accounting, internal accounting controls and auditing matters is encouraged to report that Accounting Concern to: 1) her or his immediate supervisor; 2) the Vice President, Human Resources; 3) the Chief Executive Officer; 4) the Association’s Audit Committee; or 5) the designated independent company engaged by the Association to administer reported Accounting Concerns as described above through a toll-free hotline. Employees may choose to raise their concerns confidentially or anonymously using the EthicsPoint Reporting System.

To the extent they are not already covered by existing Policies and Procedures or collective bargaining agreements, procedures will be developed to provide for the reporting and handling of Accounting Concerns, including those reported to and handled by an independent company.

The designated independent company will notify the Chief Executive Officer and the Board Chair of the Accounting Concern(s) according to the procedures employed by the independent company. If the Accounting Concern involves the Chief Executive Officer, the independent company or others to whom the Accounting Concern is reported shall report it to the Chairman of the Board, who shall inform the full Board. Any subsequent action taken, including any investigation, will depend on the nature of the Accounting Concern, and, if it is reported to an independent company, the procedures utilized by the independent company. The Board shall determine who shall investigate Concerns involving the Chief Executive Officer.

The employee reporting the Accounting Concern, if it was not anonymous, shall be periodically apprised of the status of the investigation and shall be provided with a summary of the disposition of the Accounting Concern. The Association will endeavor to protect the confidentiality of the reporting employee's identity to the extent possible, consistent with the Association's need to fully investigate the Accounting Concern. All employees shall cooperate fully, promptly and truthfully in the investigation of an Accounting Concern, which may include the review of documents as well as personal interviews. Employees participating in any investigation of an Accounting Concern are expected to respect the confidentiality of the process and to avoid discussing the investigation with anyone other than the person assigned to conduct the investigation.

Nothing in this Policy as set forth above is intended nor shall it supersede or replace the rights or obligations of employees under any existing Board or Operating Policies or Standard Operating Procedures, collective bargaining agreements, or applicable Laws. Employment-related concerns which are not Accounting Concerns should continue to be reported as provided in the existing policies and procedures.

The Association, and any of its officers, directors, or employees, will not discharge, demote, suspend, threaten, harass, or in any other manner retaliate against any Association employee with regard to the terms and conditions of their employment because of any Accounting Concern reported in good faith by the employee regarding conduct which the employee reasonably believes constitutes an existing or potential violation of applicable Accounting Laws, Association Policies or Procedures, or Accounting/Audit Standards. No retaliation is permitted against an employee who assists or otherwise participates in the investigation or resolution of an Accounting Concern. However, making knowingly false or malicious reports will subject the Association employee to appropriate disciplinary action, which may include discharge, as well as other legal action as appropriate. Nothing in this paragraph shall be deemed to diminish the rights, privileges or remedies of any Association employee under any Federal or State law, or under any collective bargaining agreement.

III. RESPONSIBILITIES

The Chief Executive Officer, the Chairman of the Board and the Board, as appropriate, are responsible for ensuring that this Policy is carried out.

Date Approved: _____

Attested: _____
Secretary of the Board

CHUGACH ELECTRIC ASSOCIATION, INC.

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BOARD POLICY: 129

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REPORTING AUDIT AND ACCOUNTING CONCERNS

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To provide a policy and procedure for the receipt and prompt resolution of complaints pertaining to accounting, internal accounting controls, and auditing matters (“Accounting Concerns”) by Association employees, including the confidential, anonymous submission of concerns about questionable accounting or auditing practices. Employees who in good faith report an Accounting Concern shall be protected against disciplinary or retaliatory action for such reporting and for participating in any investigation of an Accounting Concern.

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An employee who reasonably believes that conduct has occurred, is occurring or is likely to occur that constitutes (i) an intentional error or fraud in the preparation, review or audit of any Association financial statement; (ii) a violation, or a potential violation, of applicable accounting, internal controls or audit standards (“Accounting/Audit Standards”); (iii) a violation or a potential violation of Federal, State or local laws or regulations related to accounting, internal accounting controls and auditing matters (“Accounting Laws”); or (iv) Association Board Policies, Operating Policies or Standard Operating Procedures (“Policies or Procedures”) related to accounting, internal accounting controls and auditing matters is encouraged to report that Accounting Concern to: 1) her or his immediate supervisor; 2) the Vice President, Human Resources; 3) the Chief Executive Officer; 4) the Association’s Audit Committee; or 5) the designated independent company engaged by the Association to administer reported Accounting Concerns as described above through a toll-free hotline. Employees may choose to raise their concerns confidentially or anonymously using the EthicsPoint Reporting System.

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Nothing in this Policy as set forth above is intended nor shall it supersede or replace the rights or obligations of employees under any existing Board or Operating Policies or Standard Operating Procedures, collective bargaining agreements, or applicable Laws. Employment-related concerns which are not Accounting Concerns should continue to be reported as provided in the existing policies and procedures.

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Secretary of the Board

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