



**The Finance & Audit (F&A) Committee is  
expected to consider  
F&A Committee Agenda Item 3.4:  
*Recommendation Regarding Acceptance of  
Financial Statement Audit Report***

**at its meeting on April 13, 2015.**

**The Board of Directors is expected to hear the  
F&A Committee's recommendation on this matter  
as part of the F&A Committee Report at  
the Board meeting on April 14, 2015.**

**Attached are the Board and Committee materials in  
relation to these agenda items.**



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## **Item 3.4: Recommendation regarding Acceptance of Financial Statement Audit Report**

*Sean Taylor*  
Controller

Finance & Audit Committee Meeting  
ERCOT Public  
April 13, 2015

# Request for Vote

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**ERCOT staff recommends that the ERCOT Finance and Audit Committee recommend that the ERCOT Board of Directors accept the audited financials and Report on Audit of Financial Statements for the Years Ended December 31, 2014 and 2013 as presented by Ernst & Young LLP (EY).**

**<Vote>**





**Date:** April 7, 2015  
**To:** Board of Directors  
**From:** Sean Taylor, Controller  
**Subject:** Acceptance of Financial Statement Audit Report

**Issue for the ERCOT Board of Directors**

**ERCOT Board of Directors Meeting Date:** April 14, 2015

**Item No.:** 8.1

**Issue:**

ERCOT must obtain an annual audit of its financial records pursuant to its Bylaws.

**Background/History:**

Section 10.6 of the ERCOT Bylaws provides that “[a]t least annually, an audit of the financial statements of ERCOT shall be performed by the Auditor approved by the Board.” Ernst & Young LLP (EY) was engaged by ERCOT, subsequent to approval by ERCOT’s Board of Directors (Board) on April 8, 2014, to perform the annual audit of ERCOT’s financial books and records.

On April 13, 2015, it is expected that EY will meet with the ERCOT Finance & Audit (F&A) Committee of the ERCOT Board to discuss the proposed audit report for year 2014 and EY’s assessment of the internal controls, recommendations, and other business items raised by the ERCOT F&A Committee.

The audit opinion is expected to be unqualified or “clean,” and the ERCOT F&A Committee is expected to recommend ERCOT Board acceptance of the audited financial statements as presented by EY during its meeting on April 13, 2015.

**Key Factors Influencing Issue:**

The key factors influencing the decision are:

- ERCOT’s Bylaws requirement;
- A debt covenant requirement that audited financial statements are provided to the lenders by April 30, 2015; and
- The expectation that EY will issue an unqualified opinion in connection with its audit of ERCOT’s 2014 financial statements.

**Conclusion/Recommendation:**

ERCOT staff recommends and the F&A Committee is expected to recommend that the Board accept the audited financials and Report on Audit of Financial Statements for the Years Ended December 31, 2014 and 2013.



**ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.**  
**BOARD OF DIRECTORS RESOLUTION**

WHEREAS, after due consideration of the alternatives, the Board of Directors (Board) of Electric Reliability Council of Texas, Inc. (ERCOT) deems it desirable and in the best interest of ERCOT to accept the ERCOT-audit financial statements and Ernst & Young LLP Report on Audit of Financial Statements for the Years Ended December 31, 2014 and 2013 (Report);

THEREFORE, BE IT RESOLVED, that ERCOT is hereby authorized and approved to accept the ERCOT audited financial statements and Report.

**CORPORATE SECRETARY'S CERTIFICATE**

I, Vickie G. Leady, Assistant Corporate Secretary of ERCOT, do hereby certify that, at its April 14, 2015 meeting, the ERCOT Board passed a motion approving the above Resolution by \_\_\_\_\_.

IN WITNESS WHEREOF, I have hereunto set my hand this \_\_\_\_ day of April, 2015.

\_\_\_\_\_  
Vickie G. Leady  
Assistant Corporate Secretary