



## **Item 4.5: Board Acceptance of Financial Statements Audit Report**

*Sean Taylor*

Vice President and Chief Financial Officer

Urgent Finance & Audit Committee and Board of Directors Meeting

ERCOT Public

July 23, 2021

## Request for Vote

**The ERCOT Finance and Audit Committee recommends that the ERCOT Board of Directors accept the audited financials and Report on Audit of Financial Statements for the Years Ended December 31, 2020 and 2019 as presented by Baker Tilly Virchow Krause, LLP.**

<VOTE>





**Date:** July 16, 2021  
**To:** Board of Directors  
**From:** Nick Fehrenbach, Finance and Audit (F&A) Committee Chair  
**Subject:** Board Acceptance of Financial Statements Audit Report

**Issue for the ERCOT Board of Directors**

**ERCOT Board of Directors Meeting Date:** July 23, 2021

**Item No.:** 4.5

**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.” Baker Tilly Virchow Krause, LLP (Baker Tilly) was engaged by ERCOT, subsequent to approval by ERCOT’s Board of Directors (Board) in August 2020, to perform the annual audit of ERCOT’s financial books and records.

At the July 23, 2021 joint meeting of the ERCOT F&A Committee and the ERCOT Board (Joint Meeting) Baker Tilly will present the proposed audit report for the year ended December 31, 2020 and Baker Tilly’s assessment of internal controls, recommendations and other business items raised by the F&A Committee or Board.

The audit opinion is expected to be unmodified or “clean,” and the ERCOT F&A Committee is expected to recommend ERCOT Board acceptance of the audited financial statements as presented by Baker Tilly during the Joint Meeting on July 23, 2021.

**Key Factors Influencing Issue:**

1. ERCOT’s Bylaws requirement;
2. A debt covenant requirement that audited financial statements be provided to lenders by April 30, 2021, which deadline was extended by agreement until July 31, 2021; and
3. The expectation that Baker Tilly will issue an unmodified opinion in connection with its audit of ERCOT’s financial statements for the year ended December 31, 2020.

**Conclusion/Recommendation:**

ERCOT staff recommends, and the ERCOT F&A Committee is expected to recommend, that the ERCOT Board accept the audited financials and Report on Audit of Financial Statements for the years ended December 31, 2020 and 2019.



**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 audited Financial Statements for the Years Ended December 31, 2020 and 2019 (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 July 23, 2021 urgent meeting by teleconference, the ERCOT Board passed a motion approving the above Resolution by \_\_\_\_\_.

IN WITNESS WHEREOF, I have hereunto set my hand this \_\_\_\_ day of July, 2021.

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