



Item 5.3: Policy on Independent Auditor Selection

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Controller

Finance and Audit Committee Meeting

ERCOT Public
February 26, 2024

Overview

- **Purpose**

- Annual review of the Finance and Audit Committee (F&A) Charter requirement that the Committee establish the Company's policies relating to the solicitation and engagement for independent audit services

- **Voting Items / Requests**

- No action is requested of the F&A Committee or Board; for discussion only

- **Key Takeaways**

- The Company's policies relating to the solicitation and engagement for independent audit services are in place and consistent with last year
- The next required request for proposal (RFP) for independent audit services will be in 2026
- The next required financial statements audit partner rotation will be for the 2025 audit

Policies

- **Audit Firm Rotation**: Select audit firms based on competitive solicitation rather than establish a mandatory audit firm rotation cycle
- **Competitive Solicitation**: Solicit audit services at least every six years.
 - In August 2020, ERCOT issued an RFP for independent audit services for the next six-year period
 - In December 2020, based on the RFP results, the Board selected the independent auditors to perform the 401(k) Savings Plan, Financial Statement, and SOC audits
- **Engagement Partner Rotation**: Require engagement partner rotation after no more than five years for the Financial Statement Audit
 - Jeff Gendreau was the previous engagement partner for the 2020 – 2022 Financial Statement Audits and retired at the end of 2023
 - Aaron Worthman, previously the engagement partner for the 2015 – 2019 Financial Statement Audits, is the engagement partner beginning with the 2023 Financial Statement Audit and will finish Jeff Gendreau’s five-year term