



Date: April 21, 2022
To: Board of Directors
From: Bill Flores, Finance and Audit (F&A) Committee Chair
Subject: Acceptance of Financial Statements Audit Report

Issue for the ERCOT Board of Directors

ERCOT Board of Directors Meeting Date: April 28, 2022

Item No.: 15.3

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 April 27, 2022 meeting of the ERCOT F&A Committee, Baker Tilly will present the proposed audit report for the year ended December 31, 2021 and Baker Tilly’s assessment of internal controls, recommendations and other business items raised by the F&A Committee.

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 Meeting on April 27, 2022.

Key Factors Influencing Issue:

1. ERCOT’s Bylaws requirement;
2. A debt covenant requirement that audited financial statements are provided to lenders by April 30, 2022; 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, 2021.

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, 2021 and 2020.



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, 2021 and 2020 (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, Jonathan M. Levine, Assistant Corporate Secretary of ERCOT, do hereby certify that, at its April 28, 2022 meeting, the Board passed a motion approving the above Resolution by _____.

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of April, 2022.

Jonathan M. Levine
Assistant Corporate Secretary