

Finance and Audit Committee Charter

Establishment and Authority

The Finance and Audit Committee (FAC) was established by the Board of Directors (Board).

Purpose and Responsibilities

The purpose of the FAC is to report to and assist the Board by providing oversight of financial management, independent auditors, and financial reporting procedures, as well as such other matters as directed by the Board or this charter.

To carry out its oversight responsibilities, the FAC will perform the following functions.

1. Oversight of WECC's financial reporting

The FAC will review with management and the external auditors:

- The audited financial statements, including the notes to the financial statements.
- Changes in accounting policies and practices, and significant judgments that may affect financial results.
- The nature of any unusual or significant commitments or contingent liabilities, together with the underlying assumptions and estimates of management.
- Any changes of accounting standards that may materially affect financial reporting practices.
- The quality and adequacy of WECC's internal financial controls structure.

2. Oversight of WECC's financial reporting compliance

- a. The FAC will review and monitor:
 - Litigation or other legal matters that could have a significant impact on financial results.
 - Significant findings of any examination by regulatory authorities or agencies, in the areas of securities or accounting.
- b. The FAC will ensure procedures have been established for the receipt, retention, and treatment of complaints from employees on accounting, internal accounting controls, or auditing matters. This includes the confidential, anonymous submissions by employees of concerns regarding questionable accounting or auditing matters. Management will notify the FAC when any such complaints are received and the FAC will review management's recommended resolution of the matter.
- c. The FAC is responsible for overseeing the conduct of management in carrying out its responsibility for preparing financial statements and the independent auditors for auditing these financial statements. Consequently, in carrying out its oversight responsibilities, the FAC is not providing any expert or special assurance about financial statements or any professional certification about the independent auditors' work.

3. Oversight of WECC's independent auditors

- a. The FAC will:
 - Have the ultimate authority and responsibility to appoint, retain, compensate, evaluate, and when appropriate, terminate the business relationship with the external auditors. This responsibility includes resolving disagreements between management and the independent auditors regarding financial reporting. The FAC will oversee the qualifications and independence of the external auditors and perform a triennial review of the independent auditors' performance.
 - Review and approve the scope of the annual independent audit of financial statements and the associated engagement fees, as well as any significant variations in the actual scope of the independent audit and the associated engagement fees.
 - Review with the independent auditors any difficulties the auditors encountered during the audit—including restrictions on the scope of work or access to requested information—and any significant disagreements with management.
 - Ensure the receipt of a formal written statement from the external auditors affirming their independence from WECC.
 - Oversee the expedient implementation of corrective actions resulting from an audit.
- b. Throughout its oversight of the independent auditors as provided under this charter, the FAC will be guided by the premise that the independent auditors are ultimately accountable to the FAC.

4. Oversight of WECC's annual Business Plan and Budget process

- a. The FAC will review and monitor:
 - Performance against the approved budget on a quarterly basis.
 - Management's schedule for the preparation and development of the annual Business Plan and Budget and any supplemental budgets to ensure that the schedule provides sufficient time for the development of the budget, a review by the FAC, input from stakeholders, and approval of the final Business Plan and Budget by the Board.

5. Oversight of WECC Guidelines, Policies, and Processes

- a. The FAC will ensure that:
 - The guidelines, policies, and processes relied on and used by management to assess and manage enterprise risk are discussed by the full Board annually.
 - The Investment Policy Statement is reviewed annually.
 - The Reserve Policy, including the appropriate level of reserves, is reviewed annually.

Committee Composition and Governance

1. Membership

- a. The FAC will comprise no less than four members of the Board, appointed by the chair of the Board, and in consultation with the Board.
- b. The FAC members will serve until a successor is appointed unless the member resigns or is removed by the Board. In the case of a vacancy, the chair of the Board will fill the position.
- c. The FAC members will perform a biennial self-evaluation.

2. Leadership

- a. The chair of the Board, in consultation with the Board, will appoint one of the FAC members to serve as the FAC's chair.
- b. The chair will manage the committee and its meetings.
- c. The chair may appoint a steering committee to address specific assignments as necessary.
- d. The chair will assign the duties of the chair to any member of the FAC in the event of the chair's absence.

3. Meetings

- a. The FAC will meet at least two times per year or as often as required to carry out its responsibilities. Meetings will be held according to the [Meeting Policy](#) and may be in person or by telephone or web conference, as determined by the chair.
- b. A quorum for meetings will be a majority of committee members.
- c. Action taken by the FAC will require a majority vote of the FAC members present. Voting may be by any means the chair determines appropriate. FAC members may not vote by proxy or absentee ballot, but FAC members may participate in meetings, including casting votes, by telephone conference or any other means of communication that enables all members participating in a meeting to simultaneously hear one another.
- d. Email notice of the time and place of all meetings will be provided to each member of the FAC and to the Board no later than three days before the meeting, or upon as much notice as is reasonable under the circumstances as approved by a majority of FAC members. An agenda, including identification of the items for which action may be taken, will be provided with the meeting notice. Notice of meetings and the agenda will also be posted on the WECC website. Approval item documents should also be posted in advance of the meeting, when possible, but documents approved by the FAC may differ from what is posted.
- e. The FAC may meet in closed session to—
 - Consider the employment, evaluation of performance, or dismissal of an employee;
 - Discuss pending or proposed litigation and to receive confidential attorney-client communications from legal counsel; and
 - Receive and discuss any information that is privileged, trade secret, cybersecurity, critical energy infrastructure information (as defined by the Federal Energy Regulatory Commission), protected from public disclosure by law, or that the committee determines should be confidential to protect a legitimate public interest.

The FAC chair will permit any Director to monitor such closed sessions, except those Directors who are conflicted in accordance with section 7.6.1.1 of WECC's Bylaws or where the FAC determines that a Director has a perceived or actual conflict of interest.

Reporting

The FAC will report to the Board on its activities and any recommendations for Board action.

Review and Changes to the Charter

The FAC will review this charter as needed but at least biennially and recommend any changes to the Board for approval.

Approved by the WECC Board of Directors: December 11, 2024