

Exhibit to Agenda Item #4

Board Monitoring: **Governance Process GP-11, Board Review of Internal Records; Governance Process GP-14, External Auditor Relationship; and Board-Staff Linkage BL-5, Unity of Control.**

Board Policy Committee and Special SMUD Board of Directors Meeting
Wednesday, May 8, 2024, scheduled to begin at 6:00 p.m.

SMUD Headquarters Building, Auditorium

GP-11, Board Review of Internal Records

Board members may review any record of SMUD at any time, so long as confidentiality requirements are followed.

Specifically:

- a) Board member requests to inspect SMUD records shall be forwarded to the CEO, who will provide the requested files for review on SMUD premises.
- b) No confidential or original documents shall be taken from SMUD premises except with the authorization of the CEO.

GP-11, Board Review of Internal Records (cont.)

- c) Board members shall follow the same confidentiality requirements applicable to SMUD employees dealing with such files. SMUD employee personnel files will not be subject to Board review except as permitted by law.
- d) The Board Office shall maintain a log of all copies of documents requested by Board members. The log will be available for inspection by members of the public during working hours.

Comments:

- Do we do this? I don't know. Who has the log?

GP-11, Board Review of Internal Records (cont.)

Compliance Scores:

High 5

Med

Low

GP-14, External Auditor Relationship

The Board is responsible for hiring SMUD's external auditor to perform the annual independent audit.

Specifically:

- a) The Board will make the choice of external auditor, based on input from staff and others it deems necessary to exercise prudent, independent judgment.
- b) After consulting with Board members, the Chair of the Finance and Audit Committee shall meet with the external auditor after the audit is complete. The meeting will be independent of staff. The Board member(s) will report their findings to the Board on a timely basis.

GP-14, External Auditor Relationship (cont.)

Comments:

- I would like to see more detailed audit report meetings. – BR

Compliance Scores:

High 5

Med

Low

BL-5, Unity of Control

Only decisions of the Board acting as a body are binding on the Chief Executive Officer and General Manager (CEO), the Chief Legal Officer and General Counsel, and the Internal Auditor.

Specifically, in or out of the Board meeting:

- a) Decisions or instructions of individual Board members, officers, or committees are not binding on the CEO, Chief Legal Officer and General Counsel or Internal Auditor except in instances when the Board has specifically authorized such exercise of authority.

Compliance Scores:

High 5

Med

Low

BL-5, Unity of Control (cont.)

- b) In the case of Board members or committees requesting information or assistance without Board authorization, the CEO, Chief Legal Officer and General Counsel or Internal Auditor must refuse such requests that require, in their opinion, a material amount of staff time, or funds, or are disruptive.

Compliance Scores:

High 4

Med 1

Low

BL-5, Unity of Control (cont.)

Comments:

- We should clarify this: “material amount of staff time”.
- Didn't we change the language on this with Eric Douglas in our last retreat? I liked the changes we suggested then and maybe we just need to approve now?
- I remain somewhat uncomfortable with the definitive nature of the word “must” paired with the ambiguity of “in their opinion” and “material.” Given today's staff and Board, it's not an issue, and if it became one in the future, the individual Board member would just have to get three colleagues to agree with the request.....

BL-5, Unity of Control (cont.)

- c) Board members may communicate directly with SMUD employees or contractors. However, the Board as a body and the Board members will never give direction to persons who report directly or indirectly to the CEO, with the exception of the Chief Legal Officer and General Counsel, Internal Auditor and Special Assistant. If individual Board members are dissatisfied with the response they receive, they may seek a resolution by the Board.

Compliance Scores:

High 4

Med 1

Low

BL-5, Unity of Control (cont.)

- d) Board Members will refrain from evaluating, either formally or informally, any staff. The Board as a body will refrain from evaluating, either formally or informally, any staff other than the CEO, the Chief Legal Officer and General Counsel, the Internal Auditor, and the Special Assistant.

Comments:

- Board member gratefulness shouldn't be construed as evaluation!

Compliance Scores:

High 4

Med 1

Low