

**NEW YORK STATE BRIDGE AUTHORITY  
ANNUAL REPORT PER SECTION 2800 OF PUBLIC AUTHORITIES LAW  
INTERNAL CONTROL STRUCTURE  
YEAR ENDED 12/31/10**

Management continually reviews and updates the Authority's Internal Control Policies and Procedures Manual as well as the Authority's Operating Procedures Manual, which enables it to effectively document the system(s) of internal controls presently in place. Reviews and updates to these manuals are performed as a result of a problem experienced with a particular system/function, as a result of an audit report, or from process reengineering efforts.

The Authority retained its independent auditor to perform full scope operational audits during 2010 on critical and non-critical processes. The Authority is developing solutions to implement the recommendations from the audits. The Authority will continue the evaluation of its systems of internal control utilizing the four-step process for internal control outlined in the Division of Budget's "Guide to Internal Controls." To date, Authority Directors have completed the first and second steps having identified functions in their departments and assessed the vulnerability of those functions not being properly performed. The third step to enhance our audit program will continue with the selection of a new auditor in 2011. The independent firm will perform random audits on less critical business processes in addition to the audits on critical business processes.

During 2010, full scope operational audits were performed in the following areas:

- Toll Revenue
- Payroll
- Purchasing/Cash Disbursements
- Construction Contract Administration
- Business/Travel Expense Reimbursements
- Cash and Investments
- Fixed Equipment Inventory
- Employee Travel and Expense Reimbursement

Each full scope examination was performed in accordance with Generally Accepted Governmental Auditing Standards. The purpose of each full scope examination was to audit the systems of internal control on the system/function surrounding a financial statement balance or on the particular financial statement balance(s) and report the findings to management.

Additionally, in performing their annual audit of financials statements, the Authority's independent auditors consider the Authority's internal control over financial reporting in planning and performing their audit. Though this internal control consideration was for a limited purpose, no significant deficiencies or material weaknesses were identified.

The above serves to provide the Authority with an effective internal control structure.