

## **New York State Bridge Authority Audit Committee Meeting Minutes of December 20, 2012**

The New York State Bridge Authority's Audit Committee met at the Authority's Headquarters in Highland, New York, at 3:05 p.m. on December 20, 2012.

In addition to Audit Committee Committee members C. Vane Lashua and Roger P. Higgins and with the absence of Francis Vecellio, those in attendance included:

Roderick O. Dressel  
Richard Gerentine  
Joseph Ruggiero  
Brian Bushek  
Carl G. Whitbeck, Jr., Esq.

Upon a motion made by Mr. Higgins and seconded by Mr. Lashua the minutes of the November 15, 2012 meeting was approved unanimously.

Mr. Higgins reported that the Audit Committee reviewed the Independent Account Services for the Audit of Year-End 2012 Financial Statements. Upon a motion made by Mr. Higgins and seconded by Mr. Lashua the Independent Account Services for the Audit of Year-End 2012 Financial Statements was accepted and will be sent to the full Board with the committee's recommendation for adoption.

Mr. Higgins noted the Audit Committee materially complied with all requirements of the Charter. The Audit Committee members reviewed the Annual Report on Committee activities. Upon a motion made by Mr. Higgins, seconded by Mr. Lashua the the Annual Report of the Audit Committee was approved unanimously and will be sent to the full Board with the committee's recommendation for adoption.

### **ANNUAL REPORT OF THE AUDIT COMMITTEE TO THE BOARD OF THE NEW YORK STATE BRIDGE AUTHORITY**

#### **Overview**

Below is an outline of the Audit Committee charter requirements and the activities performed to meet those requirements. This summary will serve as the Audit Committees review of its own activity for the year 2012.

#### **Meetings**

The current Audit Committee conducted meetings on March 15, 2012, June 21, 2012, September 20, 2012, November 15, 2012, and December 20, 2012. This exceeds the requirement under the charter to have at least one meeting each quarter or four during 2012.

#### **Responsibilities**

1. Review and evaluate the independence, qualifications, and performance of the outside auditors and accountants, including (a) discussing with the outside auditors and accountants any disclosed relationships or services that may impact their objectivity and independence, (b) reviewing, at least annually, the outside audit and accounting quality control procedures; and (c) recommending retention of accountants and outside auditors.

**During the March 15, 2012 meeting, the committee satisfied the annual requirements of reviewing the outside Auditor's report on the 2011 financial statements with Joseph Klimek of Toski & Co., P.C. In addition the committee reviewed the findings from the report of the contract Internal Auditor, Tronconi, Segarra, and Associates.**

2. Review and recommend to the Board the results of such evaluation of accountants and outside auditors and take any action the Committee deems appropriate based on the evaluation.

**Audit findings were reviewed during the March 15, 2012 meeting with actions taken for each audit recommendation fully implemented. All actions were confirmed implemented at the June 20, 2012 meeting.**

3. Review and act upon the scope of accountants' and outside auditors' reports.

**The full Board reviewed the audit which produced no audit findings to be acted upon. The committee reviewed the quality control system review report for Toski & Co., P.C. in 2010, the quality control system review takes place once every three years.**

Oversight of the Authority's Internal Audit Function:

4. Oversee the Authority's internal controls and compliance systems.

**During the March 15, 2012 meeting the committee satisfied the annual requirements by approving the Agreed-Upon-Procedures report from Tronconi, Segarra, & Associates.**

5. Review the adequacy and direction of the Authority's internal audit function, including whether there are the necessary segregation of duties and clear chain of command procedures in place to maintain proper checks and balances.

**The committee contracted with Tronconi, Segarra & Associates to be the Internal Auditor during 2011 and finding 2011 performance acceptable awarded the second year of the three year contract at the November 15, 2012 meeting. The internal auditor is the mechanism by which the committee evaluates internal controls within the authority and acts upon the internal auditors findings. Segregation of duties**

**requirements are satisfied through contracting the internal audit function as opposed to utilizing a staff position that contained operational job responsibilities.**

6. Approve the Authority's annual internal audit work plan and direct the activities of the internal control officer and internal auditor.

**The committee approved the three year Internal Audit Plan during the November 17, 2011 meeting. The audit plan was developed based upon a risk assessment prepared by the internal auditor in conjunction with the internal control officer.**

**The committee will review the final audit report for 2012 from the contracted internal auditor (Troconi, Segarra & Associates) after the 2012 Audit Plan test work is performed.**

7. Review the adequacy and direction of the internal controls of the Authority in consultation with the outside auditors and the internal auditor.

**The committee reviewed the adequacy and direction of the Authority's internal controls with the internal auditor during its review of the three year Audit Plan at the November 17, 2011 meeting and the results of 2011 control testing during the March 15, 2012 meeting. In addition, this review was performed by the committee during the review of the 2011 Annual Report.**

8. Obtain and review management reports on internal controls.

**The committee reviewed and accepted the 2011 Internal Auditor's Report and the Annual Report during its March 15, 2012 meeting.**

Financial Statements and Disclosure Matters:

9. In conjunction with the Finance Committee, discuss with the Authority Board and appropriate Executives and Senior Staff of the Authority any significant financial reporting, accounting, and audit issues and judgments pertinent to the preparation and approval of the Authority's Financial Statements.

**No issue of significant financial reporting, accounting, and audit issues and judgments pertinent to the preparation and approval of the Authority's Financial Statements arose during 2012.**

10. In conjunction with the Finance Committee, consider major changes and other major questions of choice respecting the appropriate auditing and accounting principles and practices to be used in preparing the Financial Statements.

**No significant issues related to major changes and other major questions of choice respecting the appropriate auditing and accounting principles and practices pertinent to the preparation and approval of the Authority's Financial Statements have been identified for 2012.**

Compliance Oversight Responsibilities:

11. Resolve disagreements with respect to, and oversee compliance with, accounting policies and principles.

**No disagreements with respect to accounting policies and principles have been identified in 2012.**

12. Serve as a channel of communication among the internal auditor, accountants, outside auditors, the Finance Committee and the members of the Authority Board.

**The audit committee serves as the channel of communications for relevant parties where appropriate.**

13. Report regularly to the Authority Board on the Committee's deliberations and recommend to the Board any action the Committee deems appropriate with respect to any issues that arise concerning compliance with legal or regulatory requirements, performance and independence of the outside auditors, or performance of the internal auditors and, in conjunction with the Finance Committee report on the quality or integrity of the Financial Statements.

**No issues arose of this nature during 2012 that required deliberations.**

14. Review all reports and draft reports delivered by the Office of the State Comptroller to the Authority, and recommend to the Authority Board any action the Committee deems appropriate based on the scope of such reports.

**No reports or draft reports by the Office of the State Comptroller were received in 2012.**

15. Establish procedures for the receipt, retention, investigation, and/or referral to the New York State Inspector General of complaints received by the Authority regarding accounting, internal controls, and auditing.

**The Audit Committee approved the procedure on Internal Control Violation Complaints during the December 2010 meeting.**

16. Review all reports and draft reports delivered by the State Inspector General to the Authority, and serve as a point of contact with such Inspector General.

**No reports or draft reports by the State Inspector General were received during 2012.**

17. Investigate compliance with the Authority's policies and/or referring instances of non-compliance to the State Inspector General for investigation.

**A report of non-compliance was made during 2011 that was immediately referred to the State Inspector General's office, the final outcome is pending.**

Other Responsibilities:

18. Review and reassess annually the adequacy of this charter and request Board approval for proposed changes.

**The Audit Committee adopted its current amended charter in June 2010 making changes it deemed appropriate. The Committee has not required any changes to the charter since adoption.**

19. Confirm annually that all responsibilities outlined in this charter have been carried out.

**This outline will serve as the confirmation that responsibilities outlined in the charter have been carried out for 2012.**

20. Institute and oversee special investigations as needed.

**No special investigations were required or in progress for 2012.**

21. Perform such other duties as the Committee considers appropriate.

**No other duties had been identified for 2012.**

22. Where necessary, consult with the Finance Committee.

**The March 15, 2012 committee meeting was a joint meeting with the Finance Committee to review the 2011 Annual Report and Internal Auditor's Report. The September 20, 2012 meeting was a joint meeting with the Finance Committee to review the Budget and Financial Plan for 2013-2016.**

Having no other business, the meeting adjourned at 3:07 pm.