

New York State Bridge Authority Audit Committee Meeting Minutes of April 16, 2015

The New York State Bridge Authority's Audit Committee met at the Authority's Headquarters in Highland, New York, at 3:38 p.m. on April 16, 2015.

In addition to Audit Committee members C. Vane Lashua and Roger P. Higgins, and Joseph Ramaglia, 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 March 19, 2015 meeting were approved unanimously.

Mr. Bushek reported on the Operations Report for the fourth quarter of 2014 reviewing traffic, toll revenue, operating expenses and capital improvements.

Upon a motion made by Chairman Dressel, seconded by Mr. Gerentine, the Operations Report Q4 2014 was accepted unanimously and will be sent to the full Board for informational purposes.

Mr. Bushek reported that in July 2011, the Authority advertised a Request for Proposal (RFP) for the subject services and in September 2011 awarded three one year contracts to Toski, Schaefer, & Co. who subsequently changed its name to Toski & Co., P.C. In the original RFP the Authority provided for two additional one year extensions provided the terms remained materially the same. In the engagement letter for the audit of the year-end 2015 financial statements Toski & Co., P.C. proposes the same \$16,900 fee from the original proposal in 2011. Based on our satisfaction with the Authority's prior audits and the cost which has remained the same for the last eight years Mr. Bushek recommended the Audit Committee and the Board approve the fifth and final year of the original contract with Toski & Co., P.C.

Upon a motion made by Mr. Higgins, seconded by Mr. Lashua, the Independent Account Services – Audit of Year-End 2015 financial Statements was accepted unanimously and will be sent to the full Board with recommendation for adoption.

Mr. Bushek reviewed the 2015 Internal Auditor Engagement. Mr. Bushek indicated that on September 2011, the Authority advertised in the NYS Contract Reporter and our website for a contract internal auditor to assist in compliance with the Public Authorities Accountability Act of 2005 as amended by the Public Authorities Reform Act of 2009. In addition to other requirements, these Acts require all public authorities to have in place a program to assess the effectiveness of their internal control structure and procedures within ninety days after the end of

its fiscal year. The role of the internal auditor is to assist the Authority in completing its annual assessment of the effectiveness of its internal control structure and policies, and to assist the Authority in maintaining a program of internal control review.

The Authority structured the request for proposal to require three one year contracts with the option to extend the contract for two additional years provided the terms and conditions remain materially the same. In November 2011, the Authority awarded three one year contracts to the lowest responsible bidder, Tronconi, Segarra, & Associates. The engagement letter which must be signed, references the 2013 pricing as indicated in the original proposal of \$21,100 and extends this pricing to 2015. The 2015 engagement will continue to execute the program of internal control review with a new 2015 audit program. Based on the Authority's satisfaction with the services provided by Tronconi, Segarra, & Associates Mr. Bushek recommended to the Audit Committee to approve the engagement letter for the additional and final year extension for 2015 to Tronconi, Segarra & Associates.

Upon a motion made by Chairman Higgins, seconded by Mr. Ramaglia, the 2015 Internal Auditor Engagement was accepted unanimously and will be sent to the full Board with the Committee's recommendation to adopt.

Mr. Bushek reported on the Tronconi, Segara & Associates Audit Plan 2015. Based on achieving the objectives identified within the engagement letter to support the Authorities program to evaluate the effectiveness of internal controls, the Internal Auditor has developed the Audit Plan. The audit plan builds upon the two previously provided audit plans given to the Audit Committee at the beginning of the three year contract and extends the plan one additional year consistent with our contract extension. The plan outlines the major Authority functions, assesses the risk associated with each function, and provides an outline for the 2015 testing. The purpose of the audit is not to detect fraud, though any fraud indicated will be brought to the attention of the Audit Committee. The objective is to review each area and determine whether controls adequately mitigate risk to the Authority. For 2015, the Internal Auditor will perform Audit work on the following Cash Management, Investments, Procurement, Accounts Payable, Employee Travel, Toll Collection, Revenues, Fixed Asset Acquisition, Inventory, and Disposal. Mr. Bushek noted that Procurement, Accounts Payable, and Employee Travel along with Toll Collection & Revenues are considered high risk for the Authority.

Upon a motion made by Mr. Higgins, seconded by Mr. Lashua, the Tronconi, Segara & Associates Audit Plan 2015 was accepted and will be sent to the full Board with recommendation for adoption.

Having no other business, the meeting adjourned at 3:40 pm.