NEW YORK STATE BRIDGE AUTHORITY

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ANDREW M. CUOMO, *Governor* JOSEPH RUGGIERO, *Executive Director*

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Audit Committee Meeting Agenda
April 17, 2014

Committee Members
Roger P. Higgins, Chairman
Joseph Ramaglia
C. Vane Lashua

I. Adopt the Minutes of the March 20, 2014 Meeting

II. Fourth Quarter 2013 – Quarterly Operations Report

III. Review 2013 Implemented Process Improvements from Internal Auditors' Report

IV. Review Tronconi, Segara & Associates Audit Plan 2014

V. Other Business:

VI. Adjourn

New York State Bridge Authority Audit Committee
Meeting Minutes of March 20, 2014

The New York State Bridge Authority's Audit Committee met, in a joint meeting with Finance Committee, at the Authority's Headquarters in Highland, New York, at 3:05 p.m. on March 20, 2014.

In addition to Audit Committee members Roger P. Higgins, C. Vane Lashua, 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. Ramaglia and seconded by Chairman Higgins the minutes of the December 19, 2013 meeting was approved unanimously.

As Committee agendas were the same, the Audit Committee and Finance Committee conducted their meetings in concert.

Mr. Bushek introduced Tim Thomas, partner with firm Toski, Schaeffer and Company, the Authority's independent accountant. Mr. Thomas summarized the Toski & Co. 2013 annual report to the Board and said that their firm had audited the financial statements of New York State Bridge Authority (the Authority) for the year ended December 31, 2013 and communicated the following information related to the audit:

- For year ended December 31, 2013, Toski & Co. evaluated the key factors and assumptions used by management in determining that accounting estimates were reasonable in relation to the financial statements taken as a whole.

- The disclosures in the financial statements are neutral, consistent and clear.

- No difficulties, disagreements with management, no material misstatements, and no deficiencies in internal controls were encountered during the current year audit.

- There were no material misstatements detected as a result of the audit procedure.

Independent Auditor's Report:

- They believe that the audit evidence they have obtained is sufficient and appropriate to provide a basis for the audit opinion.

It is in their unqualified opinion as independent auditor, the financial statements present fairly, in all material respects, the respective financial position of the Authority, as of December 31, 2013 and 2012. The changes in its financial position and its cash flows for the years then ended are in accordance with accounting principles generally accepted in the United States of America.

Upon a motion made by Chairman Higgins, seconded by Mr. Ramaglia, the 2013 Annual Reports from Toski & Co. was accepted unanimously.

Mr. Bushek reviewed the Annual Report per section 2800 Public Authorities law and said it is to be sent to the Governor (Authority Budget Office) and the Comptrollers Office through "PARIS" (Public Authority Reporting Information System) and the ranking majority and minority members of the Senate Finance and Assembly Ways and Means Committees.

Upon a motion made by Chairman Higgins, seconded by Mr. Ramaglia, the Annual Report Per Section 2800 Public Authorities Law was accepted unanimously and will be sent to the full Board with both Committees' recommendation for adoption.

Mr. Bushek reviewed the 2013 Public Authorities Law Annual Investment Report and said it is to be sent to the Governor (Authority Budget Office) and the Comptrollers Office through "PARIS" (Public Authority Reporting Information System) and the ranking majority and minority members of the Senate Finance and Assembly Ways and Means Committees.

Upon a motion made by Chairman Higgins, seconded by Mr. Ramaglia, the 2013 Public Authorities Law Annual Investment Report was accepted unanimously and will be sent to the full Board with both Committees' recommendation for adoption.

Mr. Bushek reviewed the Trononi, Segarra & Associates Internal Auditor Report and stated that the report covers the 2013 portion of the three year audit plan previously submitted to the Audit Committee. The report reflected the findings identified within the overall scope of the 2013 assessment. Specifically reviewed were: Toll Collection & Revenues (TCR), Contract Coordination & Supervision (CCS), Financial Reporting (FR), and Information Technology (IT). Mr. Bushek added that the Authority continues to demonstrate strong controls and is pleased to note that for these four areas the Auditor identified only the IT area with three recommendations to strengthen the Authority's controls and risk exposure. Mr. Bushek noted that this is the first time the Internal Audit function has reviewed the IT function. None of the recommendations were considered "urgent." Due to the nature of the recommendations the implementation of measures to address each of these items has been or will be quickly implemented.

Upon a motion made by Chairman Higgins, seconded by Mr. Lashua, the Trononi, Segarra & Associates Internal Auditor Report was accepted unanimously.

Mr. Bushek made a report regarding the 2014 Internal Auditor Engagement. Mr. Bushek indicated that on September 21, 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 complete an annual assessment of the effectiveness of their internal control structure and procedures within ninety days after the end of its fiscal year. Mr. Bushek explained that 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 2014. The 2014 engagement will continue to execute the program of internal control review with a new 2014 audit program that will be provided in a subsequent meeting. Based on the Authority's satisfaction with the services provided by Tronconi, Segarra, & Associates Mr. Bushek recommended to the Audit Committee and the Board to approve the engagement letter for the additional year extension for 2014 to Tronconi, Segarra & Associates.

Upon a motion made by Chairman Higgins, seconded by Mr. Ramaglia, the 2014 Internal Auditor Engagement was accepted unanimously and will be sent to the full Board with the Committee's recommendation to adopt.

Mr. Bushek made a report regarding the Independent Accountant Services – Audit of Year-End 2014 Financial Statements. Mr. Bushek indicated 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 2014 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 seven years Mr. Bushek recommended the Audit Committee and the Board approve the fourth year of the original contract as the first of two additional years with Toski & Co., P.C.

Upon a motion made by Chairman Higgins, seconded by Mr. Ramaglia, the Independent Accountant Services – Audit of Year-End 2014 Financial Statements was accepted unanimously. This will be sent to the full Board with the Committee's recommendation to adopt.

Having no other business, the meeting adjourned at 3:25 pm.