



ANDREW M. CUOMO
Governor

JOSEPH RUGGIERO
Executive Director

RICHARD A. GERENTINE
Chairman

Audit Committee

Meeting Agenda
December 21, 2017

Audit Committee Members

Roger Higgins, Chairman
Diane Jablonski
Henry J. Stanton

- I. Adopt the Minutes of the September 20, 2017 Committee of the Whole Meeting
- II. Review Annual Report on Committee Activities
- III. Other Business:
- IV. Adjourn

New York State Bridge Authority Audit Committee Meeting Minutes of September 20, 2017

The New York State Bridge Authority's Audit Committee met, in a joint meeting with the Finance Committee, at the Authority's Headquarters in Highland, New York, at 3:08 p.m. on September 20, 2017 as a committee of the whole.

In addition to Audit Committee members, Diane Jablonski and Henry Stanton, those in attendance included:

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

Roger P. Higgins - Absent

Upon a motion made by Mr. Stanton and seconded by Ms. Jablonski the minutes of the May 18, 2017 meeting was approved unanimously.

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

Mr. Bushek reviewed the Operating Budget and Bridge System Net Revenues indicating as required by §2801 of the Public Authorities Law and §7.13 of the Bond Resolution, the Authority must submit its operating budget and bridge system net revenues to certain government officials and the Trustee for the bondholders, respectively. A summary of the forecast and the explanation of the differences between the Operating Budget and Bridge System Net Revenues were discussed.

Upon a motion made by Mr. Gerentine, seconded by Mr. Stanton, the Operating Budget & Bridge System Net revenues was accepted unanimously and will be sent to the full Board with both Committees' recommendation for adoption.

Mr. Bushek presented the Budget and Financial Plan for 2018 – 2021 to the committees prior to asking for full Board approval at the November 16th meeting. Mr. Bushek stated that the Plan will be available for public inspection and comment at all of our facilities for the thirty days required by the regulation. It will also be made available to the public on the Authority's website. Following discussion and any changes by the committees at the September 15th meeting and/or the Board at its November 16th meeting, the Board will be asked to consider a resolution approving the Budget and Financial Plan 2018-2021 at its November 16th meeting. The Committee approved the 2017 Budget and Financial Plan to be sent to the Board for its approval at its November Meeting.

Upon a motion made by Mr. Gerentine, seconded by Mr. Stanton, the 2017 Budget and Financial Plan for 2018-2021 was accepted unanimously and will be sent to the full Board with both Committees' recommendation for adoption.

Having no other business, the meeting adjourned at 3:24 pm.

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 2017.

Meetings

The Audit Committee conducted meetings on March 16, 2017, May 18, 2017, September 20, 2017, and December 21, 2017. This meets the requirement under the charter to have at least one meeting each quarter.

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 16, 2017 meeting, the committee satisfied the annual requirements of reviewing the outside Auditor's report on the 2016 financial statements with Joseph Klimek of EFPR Group. In addition the committee reviewed the report of the contract Internal Control Auditor, Tronconi, Segarra, and Associates.

During the May 18, 2017 meeting the Committee reviewed the award for the second year of the three year contract awarded in 2016 for the Internal Control Systems Audit to Tronconi, Segarra, and Associates, the incumbent vendor.

During the May 18, 2017 meeting the Committee reviewed the award for the second year of the three year contract awarded in 2016 for the contract for Independent Accountant Services to EFPR Group, formerly Toski & Co., P.C. the incumbent vendor. The Quality Control System Review for EFPR Group was reviewed at that time.

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 16, 2017 meeting with actions taken for any audit recommendation fully implemented. No further actions were required.

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

The full Board reviewed the audit report which produced no audit findings/management letter to be acted upon. The committee reviewed the quality control system peer review report for the auditor EFPR Group as part of the contract review during the May 18, 2017 meeting. Note the peer review occurs once every three years and was performed in 2017. This document is evidence of review.

Oversight of the Authority's Internal Audit Function:

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

During the May 18, 2017 meeting the committee satisfied the annual requirements by approving the Agreed-Upon-Procedures report from our contract internal auditor, 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 through 2015. This contract was bid again in 2016 and finding performance acceptable awarded an additional three year contract with two optional one year extensions at the June 16, 2016 meeting. The internal auditor is the mechanism utilized by the Authority to comply with the requirement to have in place a program of internal control review regarding the adequacy of internal controls. The authority 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 additional 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 one year Internal Audit Plan during the May 18, 2017 meeting. The audit plan was developed as an extension of the three year plan from 2011 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 2017 from the contracted internal auditor (Troconi, Segarra & Associates) after the 2017 Audit report is completed. The committee reviewed the 2016 report during the March 16, 2017 meeting.

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 control officer during its review of the 2017 Audit Plan at

the May 18, 2017 meeting. In addition, this review was performed by the committee during the review of the 2016 Annual Report.

8. Obtain and review management reports on internal controls.

The committee reviewed and accepted the 2016 Internal Auditor's Report and the Annual Report during its March 16, 2017 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 2017.

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 2017.

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 2017.

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 2017 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 2017.

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 (attached) during the December 2010 meeting. The committee has reviewed and recommends no revisions for 2017.

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 2017.

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

No reports of non-compliance with the Authority's policies were received during 2017.

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 (attached) in June 2010 making changes it deemed appropriate. No further revision was determined necessary during 2017 and this document is evidence of annual review.

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 2017.

20. Institute and oversee special investigations as needed.

No special investigations were required or in progress for 2017.

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

No other duties had been identified for 2017.

22. Where necessary, consult with the Finance Committee.

The March 16, 2017 and September 20, 2017 committee meetings were joint meetings with the Finance Committee to review the 2016 Annual Report, Internal Auditor's Report, and 2018-2021 Budget and Financial Plan.