



ANDREW M. CUOMO
Governor

JOSEPH RUGGIERO
Executive Director

RICHARD A. GERENTINE
Chairman

Audit Committee

Meeting Agenda

December 20, 2018

Audit Committee Members

Roger Higgins, Chairman
Diane Jablonski
Henry J. Stanton

- I. Adopt the Minutes of the September 20, 2018 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, 2018

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 3:06 p.m. on September 20, 2018 as a committee of the whole.

In addition to Audit Committee members Chairman Roger P. Higgins, and Committee members Diane Jablonski and Henry Stanton, 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 Ms. Jablonski the minutes of the May 17, 2018 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. Dressel, 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 2019 – 2022 to the committees prior to asking for full Board approval at the November 15th 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 20th meeting and/or the Board at its November 15th meeting, the Board will be asked to consider a resolution approving the Budget and Financial Plan 2019-2022 at its November 15th meeting. The Committee approved the 2018 Budget and Financial Plan to be sent to the Board for its approval at its November Meeting. Mr. Bushek also mentioned that though it is not part of the subject plan, he also gave the Committee members the Authority's Business Plan summary through 2036. It reflects projected revenues, expenses, and cumulative fund surpluses supporting the capital program.

Upon a motion made by Mr. Gerentine, seconded by Mr. Stanton, the 2019 Budget and Financial Plan for 2019-2022 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 3:19 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 2018.

Meetings

The Audit Committee conducted meetings on March 15, 2018, May 17, 2018, September 20, 2018, and December 20, 2018. 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 15, 2018 meeting, the committee satisfied the annual requirements of reviewing the outside Auditor's report on the 2017 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 17, 2018 meeting the Committee reviewed the award for the third 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 17, 2018 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 15, 2018 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 17, 2018 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 17, 2018 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 17, 2018 meeting. The audit plan was developed based on a three year cycle to review all major functional Authority process risks during each cycle. This approach was developed when the Internal Audit role was contracted in 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 2018 from the contracted internal auditor (Troconi, Segarra & Associates) after the 2018 Audit report is completed. The committee reviewed the 2017 report during the March 15, 2018 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 2018 Audit Plan at the May 17, 2018 meeting with the approval of the current year engagement. In addition, this review was performed by the committee during the review of the 2017 Annual Report.

8. Obtain and review management reports on internal controls.

The committee reviewed and accepted the 2017 Internal Auditor's Report and the Annual Report during its March 15, 2018 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 2018.

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 2018.

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 2018.

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 2018 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 2018.

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 2018.

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 2018.

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 2018.

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 2018 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 2018.

20. Institute and oversee special investigations as needed.

No special investigations were required or in progress for 2018.

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

No other duties had been identified for 2018.

22. Where necessary, consult with the Finance Committee.

The March 15, 2018 and September 20, 2018 committee meetings were joint meetings with the Finance Committee to review the 2017 Annual Report, Internal Auditor's Report, and 2019-2022 Budget and Financial Plan.



Greensburg Office
Charles A. Deluzio, CPA
Jeffrey P. Anzovino, CPA, MSA
Joseph E. Petrillo, CPA
Stacey A. Sanders, CPA, CSEP
Lisa M. Altschaffl, CPA

Pittsburgh Office
Kay L. Stonemetz, CPA, JD
Daniel W. Wilkins, CPA

Report on the Firm's System of Quality Control

To the Partners of EFPR Group, LLP
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of EFPR Group, LLP (the firm) in effect for the year ended November 30, 2016. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under Single Audit Act, audits of employee benefit plans and an examination of service organizations (Service Organization Control SOC 1) engagement.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of EFPR Group, LLP in effect for the year ended November 30, 2016, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency(ies) or fail. EFPR Group, LLP has received a peer review rating of pass.

Deluzio & Company LLP

Deluzio & Company LLP
May 30, 2017



Internal Control Violation Complaints

Purpose:

To identify the process 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.

Process Owner:

Internal Control Officer

Process:

As identified in the annual memorandum to staff by the Executive Director on internal controls, the Internal Control Officer is responsible for Coordinating the Bridge Authority's efforts in this area. The Internal Control Officer upon receiving a report from any employee will oversee the following actions.

1. Document the instance of the complaint regarding internal controls with all available information that will allow the Audit Committee to determine the appropriate steps to be taken.
2. If the complaint involves the Executive Director, the documentation of the complaint will be initially given to the Audit Committee. When the complaint does not involve the Executive Director, the documentation of the complaint will be initially given to the Executive Director for review prior to providing to the Audit Committee.
3. Upon Receipt by the Audit Committee, the Committee will review all documentation of the complaint, recording it in the meeting minutes.
4. The Committee will determine whether to initiate a review with outside counsel, monitor that review as needed, and subsequently determine whether to refer to the State Inspector General for investigation.
5. The Audit Committee will monitor the progress of all complaints referred to the Inspector General.

Draft April 7, 2010

**NEW YORK STATE BRIDGE AUTHORITY
AUDIT COMMITTEE CHARTER**

PREAMBLE

Pursuant to Section 528 of the Public Authorities Law, the Board known as the “New York State Bridge Authority” (hereinafter “the Authority”), is a body corporate and politic, that consists of seven (7) members who are appointed by the Governor by and with the advice and consent of the Senate.

Pursuant to Section 2824(4) of the Public Authorities Law, the Authority has established an audit committee to assist the Authority in the oversight of both the internal and external audit functions.

PURPOSE

The purpose of Audit Committee is to advise and assist the governing Board of the Authority in fulfilling its obligations of overseeing the Authority’s system of internal control.

AUTHORITY

The Authority’s Audit Committee (“the Committee”) has the authority to oversee the various operations and systems of control within the Authority that have been instituted to determine adherence to the Authority’s policies and procedures; compliance with applicable laws, rules and regulations; efficient use of resources; and accomplishment of planned missions and objectives. Pursuant to Section 2824(4) of the Public Authorities Law, the Committee shall be empowered to:

- Recommend to the Authority Board the hiring of a certified independent accounting firm to prepare an annual independent audit report; to establish the compensation to be paid to the accounting firm; and to provide direct oversight of the performance of the independent audit performed by the accounting firm hired for such purpose.

- Recommend to the full Board appointment, replacement and compensation of all other public accounting firms, including outside auditors (outside consultants). The Committee shall oversee the work of all outside auditors and all outside auditors shall report directly to the Committee.

Draft April 7, 2010

- Obtain advice or assistance from outside consultants, as the Committee deems necessary or appropriate, with full Authority Board approval.
- Seek any information it requires from Authority officers or employees, all of whom are directed to fully cooperate with all Committee requests, as well as external parties.

The Authority Board shall ensure that the Committee has access to sufficient resources to carry out its responsibilities as hereinafter defined.

COMPOSITION

The Audit Committee shall be comprised of not less than three (3) independent members, who shall constitute a majority on the Committee, and who shall possess the necessary skills to understand the duties and functions of the Audit Committee. In the event that the Audit Committee has less than three (3) independent members, the Authority Board may appoint non-independent members to the Committee, provided that the independent members must constitute a majority of the members of the Audit Committee.

Members of the Audit Committee shall be familiar with corporate financial and accounting practices. In compliance with the guidelines set forth in Section 2825 of the Public Authorities Law, a member shall be deemed "independent" if he or she: (a) is not, and in the past two years has not been, employed by the Bridge Authority or an affiliate in an executive capacity; (b) is not, and in the past two years has not been, employed by an entity that received remuneration valued at more than fifteen thousand dollars for goods and services provided to the Bridge Authority or received any other form of financial assistance valued at more than fifteen thousand dollars from the Bridge Authority; (c) is not a relative of an executive officer or employee in an executive position of the Bridge Authority or an affiliate; and (d) is not, and in the past two years has not been, a lobbyist registered under a state or local law and paid by a client to influence the management decisions, contract awards, rate determinations or any other similar actions of the Bridge Authority or an affiliate.

MEETINGS

The Committee shall meet at least quarterly or more frequently, as necessary. The Committee shall fix its own time and place of meetings and shall prescribe its own rules of procedure. All Committee members are expected to attend each meeting. The Committee will invite Board officers, employees, independent counsel, auditors, accountants, consultants and/or others to attend meetings and provide pertinent information, as necessary. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes of all meetings will be prepared.

RESPONSIBILITIES

The Committee will carry out the following responsibilities:

Oversight of the Authority's Public Accounting Firms:

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

Oversight of the Authority's Internal Audit Function:

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

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

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

8. Obtain and review management reports on internal controls.

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.

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.

Compliance Oversight Responsibilities:

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

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

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.

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.

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.

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.

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

Other Responsibilities:

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

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

20. Institute and oversee special investigations as needed.

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

22. Where necessary, consult with the Finance Committee.

LIMITATION OF COMMITTEE'S ROLE

The Committee is responsible for the duties and functions set forth in this charter, but the Committee's role is oversight and therefore it is not responsible for either the preparation of the Authority's Financial Statements or the auditing of the Authority's Financial Statements. The members of the Committee are not employees of the Authority and are not accountants or auditors by profession. The Executives and Senior Staff of the Authority have the responsibility of preparing the Financial Statements and implementing internal controls, and the outside auditor has the responsibility of auditing the Financial Statements and monitoring the effectiveness of the internal controls, subject, in each case, to the oversight of the Committee described in this charter. The review of the Financial Statements by the Committee is not of the character or quality as the audit performed by the outside auditor. The oversight exercised by the Committee is not a guarantee that the Financial Statements will be free from mistake or fraud. In carrying out its responsibilities, the Committee believes its policies and procedures should remain flexible in order to best react to a changing environment.