

**MINUTES OF THE MEETING
OF
THE AUDIT COMMITTEE**

January 26, 2010

A meeting of the Audit Committee was held at the Authority's offices at the Clarence D. Rappleyea Building, 123 Main Street, White Plains, New York, at approximately 9:50 a.m.

The following Members of the Audit Committee were present:

Trustee D. Patrick Curley (Chairman)
Trustee Elise M. Cusack
Vice Chairman Jonathan F. Foster

Also in attendance were:

<i>Michael J. Townsend.</i>	<i>Chairman</i>
<i>Eugene L. Nicandri</i>	<i>Trustee</i>
<i>Gil Quiniones</i>	<i>Chief Operating Officer</i>
<i>Terryl Brown</i>	<i>Executive Vice President and General Counsel</i>
<i>Elizabeth McCarthy</i>	<i>Executive Vice President and Chief Financial Officer</i>
<i>Donald Russak</i>	<i>Senior Vice President- Corporate Planning and Finance</i>
<i>Lesly Pardo</i>	<i>Vice President – Internal Audit</i>
<i>Karen Delince</i>	<i>Corporate Secretary</i>
<i>Brian McElroy</i>	<i>Treasurer</i>
<i>Thomas Concadoro</i>	<i>Director - Corporate Accounting</i>
<i>Michael Saltzman</i>	<i>Director – Media Relations</i>
<i>Mary Jean Frank</i>	<i>Associate Corporate Secretary</i>
<i>Lorna Johnson</i>	<i>Assistant Corporate Secretary</i>
<i>Ken Deon</i>	<i>Managing Partner, KPMG</i>
<i>Jamie Cote</i>	<i>Senior Manager, KPMG</i>
<i>Bryan Mahoney</i>	<i>Manager, KPMG</i>

1. **Minutes of the Regular Meeting of July 27, 2009**

The proposed minutes of the Committee's Regular Meeting of July 27, 2009 were adopted as amended

2. **KPMG 2009 Audit Plan**

Mr. Ken Deon of KPMG LLP (“KPMG”) provided an overview of KPMG’s 2009 Audit Plan. He said that the audit team had been assembled consistent with the audit proposal KPMG had submitted to the Authority. According to Mr. Deon:

- Audit risk is defined as the combination of the possibilities that (1) material errors or irregularities may occur in the Authority’s financial records, (2) such errors will not be discovered through the Authority’s own controls and (3) audit procedures performed will fail to uncover them.
- KPMG’s approach to reduce risk to an acceptably low level is to focus on understanding and assessing the Authority’s (1) organization and operational risks, (2) “tone at the top,” control environment and monitoring controls, (3) core business processes and related internal controls and (4) significant accounts and disclosures.
- Detailed procedures at the Authority to mitigate audit risk to an acceptable level include (a) an evaluation and review of entity-level controls and the control environment, including fraud, (b) an evaluation of management’s risk assessment process to assess and test key controls over financial reporting and (3) tests of controls and tests of details over significant Authority risks, accounts and disclosures as identified.

Mr. Jamie Cote of KPMG highlighted the following significant audit risks and related issues:

- Current economic conditions (KPMG will design audit procedures to understand the Authority’s exposure to the current economic environment and perform appropriate procedures to ensure account balances are appropriately stated and proper disclosures are made. The following issues will be addressed: (1) impaired investments, (2) access to credit markets, (3) derivative collateral requirements and (4) accounts receivable aging and the related allowance for doubtful accounts).
- New accounting pronouncements (Application of FAS No. 161 *Disclosures About Derivative Instruments and Hedging Activities*).
- Fuel and purchase power derivatives (fair value accounting of derivatives associated with fuel and purchase power price fluctuations, settlements and mark-to-market accounting).
- Interest rate derivatives (appropriateness of hedge accounting, deferral of gains/losses on existing contracts).
- Revenue recognition (appropriate revenue records as energy is delivered, including unbilled revenue accounting).
- Management judgments and accounting estimates (appropriate methodologies and assumptions in assessing exposures/liabilities: ISO reserves, bad debt reserves, OPEB obligations, self-insured reserves, legal injuries and damage).
- Top-side journal entries throughout the year (appropriate accounting for existence and accuracy of unusual, nonrecurring transactions).
- Debt obligations (compliance with accounting-related covenants).

- Others considerations – Authority’s business risks (transactions with New York State [Power for Jobs, other budget actions; volatility of fuel due to macroeconomic factors regarding oil, natural gas prices and power and its impact on the derivatives or risk management model used by the Authority [i.e., exposure to new risk]).

Substantive audit procedures will cover the following areas:

- Cash and investments: (1) confirm all balances in cash and investment accounts, (2) test investments on a sample basis for compliance with Authority investment guidelines and (3) value investments on a sample basis with KPMG’s pricing department to determine if recorded at fair value.
- Purchase power and fuel expense: (1) review purchase power and oil and natural gas invoices and (2) perform analytical and substantive procedures of account balances from year to year.
- Revenue: (1) review and recalculate bills based on contracts and applicable tariffs, (2) send confirmations for a sample of accounts receivable balances, (3) perform analytical and substantive procedures of account balances from year to year and (4) recalculate and evaluate the allowance for doubtful accounts and management’s methodology.
- Fuel and materials inventory: (1) perform an inventory observation (in conjunction with internal audit) at selected locations (site visits were made to the Clark Energy Center and the St. Lawrence/FDR Power Project) to verify the quantity of inventories held and (2) perform a weighted average cost based on consumption and oil price test work to determine the value of inventory held at year end.
- Derivatives: (1) confirm all derivatives with counterparty, (2) reperform the valuation for a sample of derivative positions, (3) perform process walk-through for a sample of derivatives and engage FRM to review disclosures and valuations.
- Debt: (1) confirm all outstanding debt, (2) review transactions related to debt refunding/refinancing, if any, (3) review debt compliance related to all existing debt and (4) select a sample of interest expense payments and obtain audit evidence to support expenditure.
- Plant and property: (1) select a sample of invoices to ensure proper accounting treatment for additional to Electric Plan in Service and CWIP accounts, (2) select a sample of retirements to ensure proper accounting treatment for retirements and (3) perform analytical procedures of account balances from year to year.
- Journal entries: Obtain audit documentation for a selection of manual journal entries for authorization, appropriateness and compliance with adopted accounting principles.

KPMG’s audit approach is to rely on the Authority’s key entity-level and senior management’s monitoring controls, identified as follows:

- A code of Conduct has been effectively implemented and the control environment has appropriate policies in place.
- A Board of Trustees and Audit Committee exist that are independent of management.

- Management has undertaken a detailed risk assessment and monitoring controls exist to mitigate the risks identified.
- Management has controls in place to ensure effective compliance with laws and regulations, including areas affecting financial reporting.
- Management has information and reporting systems that are responsive to achieving entity-wide and activity-level objectives and produces the necessary information to manage the Authority's operations.
- Results of the Authority's operations are measured against objectives and expectations, including analyzing variances and key performance indicators on a monthly basis.
- Key controls exist for safeguarding the Authority's assets.

Mr. Deon said that the entity-wide and management controls are very important. In response to a question from Ms. Elizabeth McCarthy, Mr. Deon said that much of the work connected with this had been done at the interim testing stage of the audit.

KPMG's approach to mitigating fraud risk includes:

- Conducting management interviews and discussions that include existing management fraud controls (planned interviews include ones with the Audit Committee, the President and Chief Executive Officer, the Chief Operating Officer, the Executive Vice President and Chief Financial Officer, the Executive Vice President and General Counsel, the Senior Vice President – Corporate Planning and Finance and the controller).
- Reviewing journal entries, including large, unusual and non-recurring journal entries.
- Involving a KPMG forensics team to assess potential illegal acts or fraud allegations, when necessary.

With respect to fraud risk, KPMG has designed audit procedures that focus on the following company-specific risks: (1) internal pressures i.e., financial performance], (2) third-party pressures (i.e., customers, elected officials), (3) revenue recognition, (4) related party transactions, (5) non-automated journal entries, (6) propriety of various accruals (e.g., legal, etc.), (7) new significant customer contracts and/or agreements and (8) business travel expense reporting. In response to a question from Vice Chairman Foster, Mr. Deon said that KPMG would have the option of drilling down to other staff beyond top management.

The timetable for the audit is as follows:

- Planning – October 12, 2009
- Interim/evaluation of controls and interim substantive testing – October 19 through November 13, 2009 and week of December 28, 2009
- Year-end substantive testing – January 18 through February 14, 2010
- Completion – February 7 through February 19, 2010

Key dates include:

- February 16, 2010 – draft financial statements to be provided to members of the Audit Committee (Mr. Leon said that KPMG had looked at last year’s financial statements and suggested changes).
- February 23, 2010 – KPMG’s formal presentation to Audit Committee members.

New accounting matters that will affect the Authority include:

- GASB 53 – Accounting and Financial Reporting for Derivative Instruments (following GASB 133 on derivatives). This is the most significant new standard as far as the Authority is concerned. It addresses the recognition, measurement and disclosure of information regarding derivative instruments for state and local governments and will affect the Authority’s financial statements due to fuel and purchase power contracts and interest rate swaps. It is effective for fiscal years beginning after June 15, 2009 (i.e., for the Authority’s financial statements ending December 31, 2010) and Ms. McCarthy is addressing this now.
- GASB 55 – The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments
- GASB 56 – Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards

Trustee Curley said that he hadn’t realized that GASB 53 was the critical new standard as far as the Authority was concerned. Mr. Deon said that complying with GASB 53 would be more work if it weren’t for the fact that the Authority is already following GASB 133 and GASB 71. Trustee Cusack said that KPMG’s presentation had been very helpful.



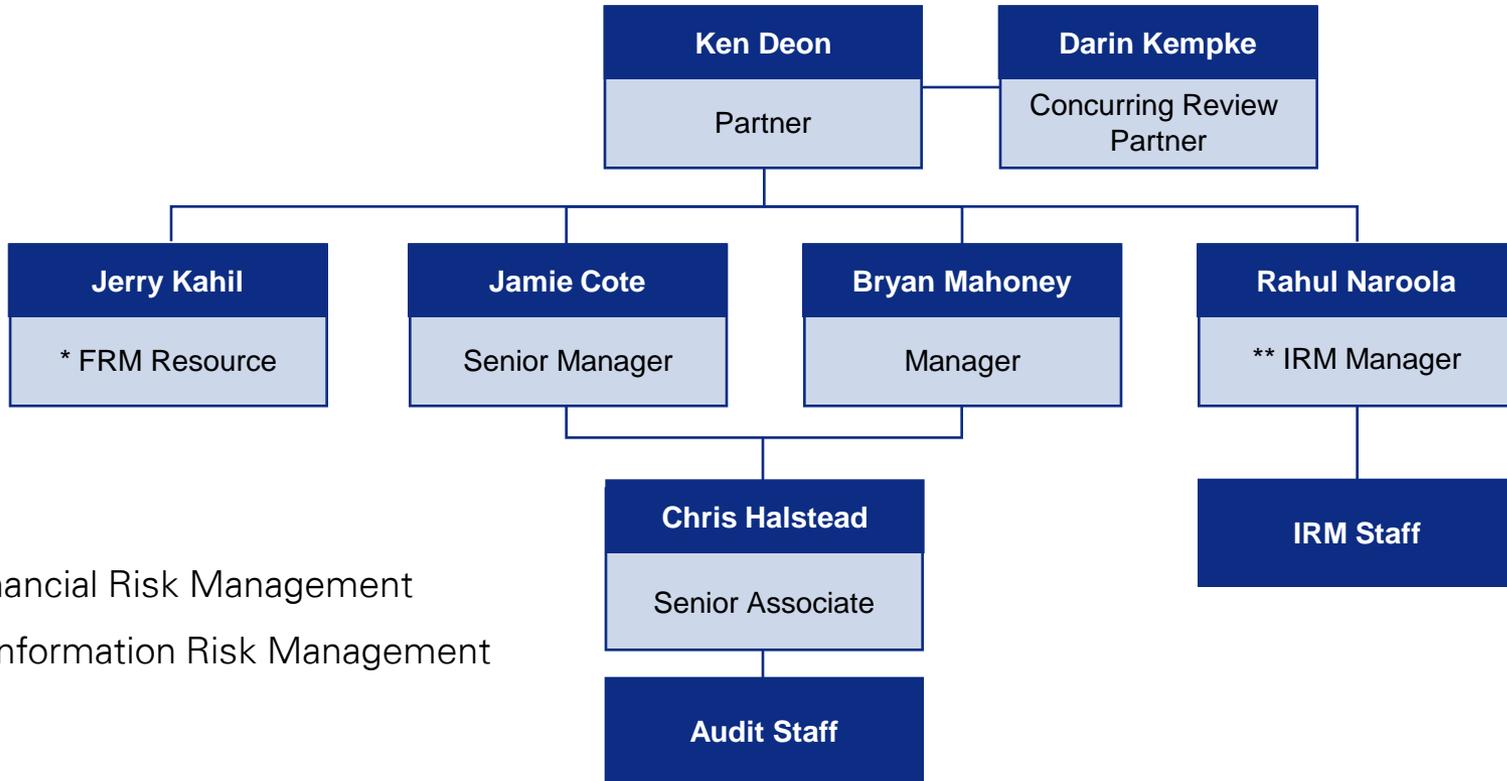
Power Authority for the State of New York

2009 Audit Plan
Meeting with the Audit Committee

January 26, 2010

KPMG LLP

Audit Team



*Financial Risk Management

** Information Risk Management

Audit Risk

Audit risk is defined as the combination of:

- the possibilities that material errors or irregularities may occur in the Authority's financial records
- that such errors will not be discovered through Authority's own controls
- audit procedures performed will fail to uncover them

KPMG's approach to reduce audit risk to an acceptably low level is to focus on understanding and assessing:

- The Authority's organization and operational risks
- The Authority's "tone at the top", control environment and monitoring controls
- The Authority's core business processes and related internal controls
- The Authority's significant accounts and disclosures

Detailed procedures at the Authority to mitigate audit risk to an acceptable level include:

- An evaluation and review of entity level controls and the control environment including fraud
- An evaluation of management's risk assessment process to assess and test key controls over financial reporting
- Tests of controls and tests of details over significant Authority risks, accounts and disclosures as identified

Audit Risks and Issues

The following are considered significant audit risks and issues:

Audit Risks	Issues
Current Economic Conditions	<p>We will design audit procedures to understand the Authority's exposure to the current economic environment and perform appropriate procedures to ensure account balances are appropriately stated and the proper disclosures are made. The following issues will be addressed:</p> <ul style="list-style-type: none"> • Impaired investments • Access to credit markets • Derivative collateral requirements • Accounts receivable aging and the related allowance for doubtful accounts
New Accounting Pronouncements	Application of FAS No. 161 <i>Disclosures About Derivative Instruments and Hedging Activities</i>
Fuel and Purchase Power Derivatives	Fair value accounting of derivatives associated with fuel and purchase power price fluctuations, settlements, and mark-to-mark accounting
Interest Rate Derivatives	Appropriateness of hedge accounting, deferral of gains/losses on existing contracts
Revenue Recognition	Appropriate revenue recorded as energy is delivered, including unbilled revenue accounting
Management Judgments and Accounting Estimates	Appropriate methodologies and assumptions in assessing exposures / liabilities: ISO Reserves, Bad Debt Reserves, OPEB obligations, self insured reserves, legal injuries and damage.
Top side journals entries	Appropriate accounting for existence and accuracy of unusual, nonrecurring transactions
Debt Obligations	Compliance with accounting related covenants
Other Considerations – NYPA's business risks	<p>Transactions with New York State (Power for Jobs, Other Budget Actions)</p> <p>Volatility of fuel due to macro economic factors regarding oil, natural gas prices and power and its impact on the derivatives or risk management model utilized by NYPA (i.e. exposure to new risk)</p>



Substantive Audit Procedures

Cash and Investments

- Confirm all balances in cash and investment accounts
- Test investments on a sample basis for compliance with Authority investment guidelines
- Value investments on a sample basis with KPMG's pricing department to determine if recorded at fair value

Purchase Power and Fuel Expense

- Purchase power invoices are reviewed
- Oil and natural gas invoices are reviewed
- Analytical and substantive procedures of account balances from year to year are performed

Revenue

- Review and recalculate bills based on contracts and applicable tariffs
- Send confirmations for a sample of accounts receivable balances
- Perform analytical and substantive procedures of account balances from year to year
- Recalculate and evaluate the allowance for doubtful accounts and management's methodology

Fuel and Materials Inventory

- Perform an inventory observation (in conjunction with internal audit) at selected locations to verify the quantity of inventories held
- Perform a weighted average cost based on consumption and oil price test work to determine the value of inventory held at year end



Substantive Audit Procedures, *continued*

Derivatives

- Confirm all derivatives with counterparty
- Re-perform the valuation for a sample of derivative positions
- Perform process walk through for a sample of derivatives
- Engage FRM to review disclosures and valuations

Debt

- Confirm all outstanding debt
- Review transactions related to debt refunding/refinancing, if any
- Review debt compliance related to all existing debt
- Select a sample of interest expense payments and obtain audit evidence to support expenditure

Plant and Property

- Select a sample of invoices to ensure proper accounting treatment for additions to Electric Plant in Service and CWIP accounts
- Select a sample of retirements to ensure proper accounting treatment for retirements
- Perform analytical procedures of account balances from year to year

Journal Entries

- Obtain audit documentation for a selection of manual journal entries for authorization, appropriateness, and if in accordance with adopted accounting principles

Entity-wide and Monitoring Controls

Our audit approach is to rely on the Authority's key entity-level and senior management's monitoring controls, identified as follows:

- A Code of Conduct has been effectively implemented and the control environment has appropriate policies in place
- A Board of Trustees and an Audit Committee exist that is independent of management
- Management has undertaken a detailed risk assessment and monitoring controls exist to mitigate the risks identified
- Management has controls in place to ensure effective compliance with laws and regulations including areas impacting financial reporting
- Management has information and reporting systems that are responsive to achieving entity-wide and activity level objectives and produces the necessary information to manage the Authority's operations
- Results of the Authority's operations are measured against objectives and expectations including analyzing variances and key performance indicators on a monthly basis
- Key controls exist over the safeguarding of the Authority's assets

Scope for 2009 assumes reliance on entity level controls to ensure a top down approach

Fraud Approach

Our approach to mitigate fraud risk includes:

- Management interviews and discussions including existing management fraud controls
- Review of journal entries, including large, unusual and non-recurring journal entries
- Involvement of a KPMG forensics team to assess potential illegal acts or fraud allegations, when necessary.

Planned Management Interviews	
<ul style="list-style-type: none">• Audit Committee• President and Chief Executive Officer – Richard Kessel• EVP and Chief Financial Officer – Joe Del Sindaco / Libby McCarthy	<ul style="list-style-type: none">• General Counsel – Terryl Brown• Chief Operating Officer – Gil Quiniones• SVP – Corporate Planning and Finance – Donald A. Russak• Controller – Arnold Bellis
Design Audit Procedures that Focus on the Following Company Specific Risks	
<ul style="list-style-type: none">• Internal pressures (i.e., financial performance)• Third-party pressures (i.e., customers, elected officials)• Revenue recognition• Related party transactions	<ul style="list-style-type: none">• Non-automated journal entries• Propriety of various accruals (e.g. legal, etc.)• New significant customer contracts and/or agreements• Business travel expense reporting

KPMG Timetable

Planning

- October 12, 2009
 - Performed risk assessment procedures and identified risks
 - Determined audit strategy and identified critical accounting matters
 - Finalized planned audit approach
 - Met with executive management for feedback, discussion, and time table of deliverable

Interim / Evaluation of controls

- Weeks of October 19 through November 13, 2009
 - Performed walkthroughs of NYPA processes
 - Tested NYPA's entity-wide and monitoring controls
 - Evaluated design of selected controls at NYPA
 - Tested NYPA's IT general controls
 - Reviewed accounting and reporting activities at NYPA including key performance indicators
 - Tested operating effectiveness of selected key controls at NYPA
 - KPMG FRM professional to evaluated NYPA's Risk Management Process
 - Site visits (Marcy ECC and St. Lawrence - FDR Project) – reviewed internal controls and existence of capital assets and inventories

KPMG Timetable, *continued*

Interim Substantive Testing

- Weeks of October 19 through November 13, 2009
 - Performed bill recalculations and revenue testing through September 30, 2009
 - Sampled Operating Expenses through September 30, 2009
 - Journal Entries tested through September 30, 2009
 - Sampled CWIP and EPIS transactions through September 30, 2009
- Week of December 28, 2009
 - Fuel inventory observations performed. NYPA Internal Audit will attend the inventory observations as performed by a contractor.

Year-End Substantive Testing

- Week of January 18 through February 14, 2010
 - Perform remaining substantive procedures and tests of detail
 - Consider if audit evidence is sufficient and appropriate
 - Conclude on critical accounting matters and issues

Financials statements expected to be issued upon approval of the Board

KPMG Timetable, *continued*

Completion

- Week of February 7 through February 19, 2010
 - Perform completion procedures
 - Perform overall evaluation of the financial statements and disclosures
 - Form audit opinion on financial statements
 - Finalize Deliverables:
 - Audit Opinion on NYPA's Basic Financial Statements as of and for the year ended December 31, 2009
 - Investment Guidelines Compliance Report
 - Report on Internal Control over Financial Reporting and Compliance on Other Matters
 - Required Communications to the Finance and Audit Committee
 - Key Dates:
 - February 16, 2010 – Draft Financial Statements to be provided to members of the Audit Committee
 - February 23, 2010 – KPMG's formal presentation to Audit Committee members

New Accounting Matters

GASB 53 – Accounting and Financial Reporting for Derivative Instruments

- Addresses the recognition, measurement and disclosure of information regarding derivative instruments for state and local governments.
- Will impact the Authority's financial statements due to fuel and purchase power contracts and interest rate swaps.
- Effective for fiscal years beginning after June 15, 2009 (Authority's financial statements ending December 31, 2010).

GASB 54 – Fund Balance Reporting and Governmental Fund Type Definitions

- Establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the resources reported in governmental funds. Also, the definitions of general fund, special revenue fund type, capital projects fund type and permanent fund are clarified.
- This standard is not applicable to the Authority.

GASB 55 – The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments

- The objective of this Statement is to identify the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements of state and local governmental entities that are presented in conformity with generally accepted accounting principles.

GASB 56 – Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards

- The objective of this Statement is to incorporate into the Governmental Accounting Standards Board's (GASB) authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards. This Statement addresses three issues not included in the authoritative literature that establishes accounting principles—related party transactions, going concern considerations, and subsequent events.

3. 2009 Internal Audit Activity Report

Mr. Pardo presented an overview of Internal Audit's ("IA") activity through December 31, 2009. He said that as of the end of the year, 34 audits had been completed, including 23 financial/operational, 5 information technology and 6 special projects. Two audits in progress as of December 31 had been completed in January 2010. All audits in the 2009 plan have been completed or are in progress. Mr. Pardo said that 26 audit reports containing 60 recommendations had been issued and that 3 reports were under review as of December 31. All of the recommendations in the audit reports had been accepted by management. By December 31, 55% of the recommendations had been implemented and are being actively tracked, with the rest scheduled to be implemented in 2010. To ensure that issues raised in the audit are properly addressed, implementation of critical recommendations is being verified by observation and testing rather than reliance on verbal confirmation. Mr. Pardo also said that IA had received full cooperation and support from management. Implemented in 2009, the Special Investigations audit function will primarily perform fraud investigations and work with management to enhance the Authority's entity-wide fraud controls. The Special Investigations unit is working closely with the Authority's Ethics Office and they are currently collaborating on a fraud case. In response to a question from Vice Chairman Foster, Mr. Pardo said that the Special Investigations unit consists of one newly hired manager and other existing staff from Internal Audit.

Mr. Pardo said that three audits (New York City Energy Billings, SAP – CATS and WPO Data Center) had been added to the 2009 plan and four had been postponed to 2010 (NYISO Settlements, Corporate Compliance, NERC CIP Reliability Standards and Network Security). Also, special projects not included in the plan were Stimulus Audit & Reporting Project, Navigant Internal Audit Transformation Project, Recovery Act Reporting (report to New York State), Assistant to KPMG for Interim Work on the 2009 Audit of the Authority's Financial Statements, Internal Audit/Special Investigation Activities and Economic Development Customer Job Commitment Audits (an outside firm is auditing 100 customers).

In response to a question from Vice Chairman Foster, Mr. Pardo said that the Succession Planning audit report had identified quite a few gaps in the Authority's succession planning efforts. He said that within the next five years, 40% of the Authority's workforce (including 70% of its executives) would be eligible to retire. Responding to a question from Trustee Cusack, Mr. Pardo said that the Authority's internal controls had significantly improved between 2008 and 2009. Vice Chairman Foster requested that the audit reports be included as electronic attachments to the Audit Committee meeting materials in order to save paper.

Audit Committee

Internal Audit Activity Report
December 31, 2009

2009 INTERNAL AUDIT PLAN
ACTIVITY REPORT
12/31/09
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2009 INTERNAL AUDIT PLAN
ACTIVITY REPORT
12/31/09
SUMMARY

- Completed 34 audits and projects including 23 financial/operational and five (5) information technology audits and six (6) special projects.
- Two (2) audits in progress as of 12/31/09.
- All audits in the revised Audit Plan are completed or in progress.
- Issued 26 audit reports. Three (3) reports under review as of 12/31/09.
- Sixty (60) recommendations were made to improve internal controls/operational efficiency.
- All recommendations have been accepted by management. Accepted recommendations are being actively tracked and critical recommendations implemented are being verified.
- Implemented the Special Investigations function which will be primarily performing fraud investigations as well as working with management to enhance NYPA's entity-wide fraud controls.
- We are receiving management's full cooperation and support.

2009 INTERNAL AUDIT PLAN ACTIVITY REPORT

12/31/09

LIST OF AUDITS COMPLETED/IN-PROGRESS

Audit Areas

Financial/Operational

1. Energy Hedging
2. Succession Planning
3. Enterprise Risk
4. Fuels Operations/Fuel Hedging Transactions
5. Global Physical Security Programs
6. Power Systems Operations/EMS
7. Long-Term Debt/Interest Rate Risk Management
8. B-G Operations & Maintenance
9. 500 MW Operations & Maintenance
10. Capital Planning/Budgeting
11. Energy Services Programs
12. Monthly Internal Management Reporting
13. Health and Safety Programs
14. Ethics and Employee Awareness
15. Power for Jobs Rebates
16. Blenheim-Gilboa Life Extension and Modernization Project
17. Real Estate Management
18. Niagara Power Project Finance
19. Clark Energy Center Finance & Administration
20. Headquarters Accounts Payable

Status

Completed
Completed
Completed
Completed
Completed (1)
Completed (1)
Completed
Completed

(1) Draft reports under review with management.

2009 INTERNAL AUDIT PLAN ACTIVITY REPORT 12/31/09

LIST OF AUDITS COMPLETED/IN-PROGRESS (Continued)

Audit Areas

Financial/Operational

21. AECOM USA Inc. (Contract)
22. Clark Energy Center Purchasing & Warehousing
23. Niagara Purchasing & Warehousing
24. New York City Energy Billings (Added)
25. Counterparty Credit
26. NYISO Settlements
27. Corporate Compliance

Status

- Completed
Completed
Completed
In-Progress (5)
In-Progress
Postponed to 2010 (4)
Postponed to 2010 (3)

Information Technology

1. IT Legal/Regulatory Compliance
2. NERC-CIP Poletti, Flynn, 500 MW
3. Change Control – SAP
4. SAP – CATS (Added)
5. WPO Data Center – (Added)
6. NERC – CIP
7. Network Security

- Completed
Completed
Completed
Completed (5)
Completed (1) (5)
Postponed to 2010 (2)
Postponed to 2010 (2)

- (1) Draft reports under review with management.
- (2) Audits were postponed to allow staff to implement new NERC Critical Infrastructure Protection standards.
- (3) Audit was deferred to 2010 to allow the full implementation of the Corporate Compliance Program.
- (4) Audit was deferred to 2010 and New York City Energy Billing was added to follow-up on certain billing issues.
- (5) New audits added to the Plan.

2009 INTERNAL AUDIT PLAN
ACTIVITY REPORT
12/31/09
LIST OF OTHER PROJECTS

Audit Areas

Other Projects

	<u>Status</u>
1. Stimulus Audit & Reporting Project	Completed
2. Navigant Internal Audit Transformation Project	Completed
3. Recovery Act Reporting	Completed
4. Assistance to KPMG for Interim Work on the 2009 Audit of NYPA's Financial Statements	Completed
5. Internal Audit/Special Investigation Activities	On-Going
6. Economic Development Customer Job Commitment Audits	On-Going

2009 INTERNAL AUDIT PLAN
ACTIVITY REPORT
12/31/09
REPORT RECAP*

Report Name	High-Level Audit Objectives	Observations/Findings/ Recommendations
Energy Hedging Transactions	<ul style="list-style-type: none"> -Assess the adequacy of the power hedging and trading policy in the establishment of acceptable levels of energy pricing risk. - Evaluate the effectiveness of control procedures and processes over energy hedging activities. 	<ul style="list-style-type: none"> -Update the Governing Policies including clarifying roles and responsibilities. -Establish risk tolerances/thresholds. -Expand written procedures to provide guidance to front offices. -Enhance reporting to Executive Management and Trustees.
Succession Planning	<ul style="list-style-type: none"> -Assess the completeness and adequacy of NYPA's succession planning process including the identification of critical positions, critical skills/knowledge and individuals to fill key positions. 	<ul style="list-style-type: none"> -Formalize a written action/mitigation plan to resolve the gaps in succession planning program. -Expand the planning process to those below Grade 6. -Align the succession planning performance measure with the current succession planning process.
Enterprise Risk Management	<ul style="list-style-type: none"> -Evaluate NYPA's progress in implementing the Enterprise Risk Management Program and assess the effectiveness of the program's timely identification of business objectives and corresponding risks. 	<ul style="list-style-type: none"> -Program is being built based on best practices and COSO Enterprise Risk Model. -NYPA has identified its top 9 most critical risks and mitigation plans are in the process of being created. -Executive support is critical to ensure the full benefit of the program.

*Includes audit report issued since last Audit Committee meeting on July 27, 2009.

2009 INTERNAL AUDIT PLAN
ACTIVITY REPORT
12/31/09
REPORT RECAP*

Report Name	High-Level Audit Objectives	Observations/Findings/Recommendations
Energy Services Programs	<ul style="list-style-type: none"> -Evaluate the adequacy of control procedures and processes over project cost, NYPA's recovery of project costs and contract administration. - Evaluate actual to expected energy savings/benefits and NYPA's processes for monitoring results. 	<ul style="list-style-type: none"> -Control over subcontractors bidding procedures should be enhanced. -Controls over releases against Outline Agreements require improvement.
Fuel Operations/Fuel Hedging Transactions	<ul style="list-style-type: none"> -Evaluate the adequacy and effectiveness of control procedures and processes used to make fuel purchasing and hedging decisions. -Verify compliance with established policies and procedures. 	<ul style="list-style-type: none"> -Update Fuel procurement policies and procedures. -Trader authorizations need to be re-authorized annually. -Establish formal guidelines for spark spread transactions. -Require supervisory approval of broker statements.
Health & Safety Program	<ul style="list-style-type: none"> -Confirm that program goals and objectives exist and are being monitored. -Verify compliance with established policies, procedures, laws and regulations. 	<ul style="list-style-type: none"> -Program is achieving desired results. -Update Corporate Policy and related governance documents. -Complete the hazard assessment on an entity-wide basis.

*Includes audit report issued since last Audit Committee meeting on July 27, 2009.

2009 INTERNAL AUDIT PLAN
ACTIVITY REPORT
12/31/09
REPORT RECAP*

Report Name	High-Level Audit Objectives	Observations/Findings/Recommendations
500 MW Operations & Maintenance	-Assess the effectiveness of the procedures and processes used in the day-to-day monitoring and maintenance of the 500 MW operations.	-Fully implement the Maintenance Resource Management program. -Finalize and issue plant operating procedures for critical operations such as starting and stopping equipment.
B-G Operations & Maintenance	-Assess the effectiveness of the procedures and processes used in the day-to-day monitoring and maintenance of the B-G operations.	-Critical spare parts should be identified, inventoried and monitored. -Work orders should be reviewed and monitored on a regular basis.
Ethics and Employee Awareness	-Ensure that ethical practices and policies have been institutionalized and confirm adherence to statutory and internal NYPA ethics requirements.	-Update NYPA's Code of Conduct and require personnel to certify their review. -Develop an Ethics Charter to define the overall scope and authority of the ethics program.
Monthly Internal Management Reporting	-Review and determine the adequacy, timeliness, completeness and accuracy of NYPA's monthly internal financial reporting.	-Controls over the monthly internal financial reporting process were properly designed and operating effectively.

*Includes audit report issued since last Audit Committee meeting on July 27, 2009.

2009 INTERNAL AUDIT PLAN
ACTIVITY REPORT
12/31/09
REPORT RECAP*

Report Name	High-Level Audit Objectives	Observations/Findings/ Recommendations
Power for Jobs Rebates	-Evaluate the effectiveness of control procedures and processes over the Power for Jobs Rebates Program.	-Implement procedures to review reasonableness of customer's energy consumption used in computing rebates. -Coordinate efforts with host utilities to receive notification when the PFJ customer ceases operation.
SAP – CATS (Time Entry System)	-Evaluate the effectiveness of control procedures, processes and security access controls over the SAP-CATS Time Entry System.	-Controls over the SAP Time Entry System were found to be adequate and working effectively.

*Includes audit report issued since last Audit Committee meeting on July 27, 2009.

4. 2010 Internal Audit Plan

Mr. Pardo said that the 2010 Internal Audit Plan is based on the results of a risk assessment survey and management input provided in November and December. The process begins with an examination of the Authority's Strategic Plan, business activities and related control systems to determine auditable entities (the audit universe). Managers were interviewed to obtain feedback on critical business objectives and risks. A risk assessment was performed on all auditable entities based on the following risk factors: (1) profit/loss impact of the business function (bottom line), (2) perception/reputational risk, (3) changes in operations or systems/known control issues, (4) customer impact from process disruption/failure, (5) business model complexity/organizational size, (6) legal/regulatory compliance, (7) level of impact on financial reporting and (8) strategic alignment. Audits are ranked from high to low in terms of the relative risk they represent.

A total of 35 audits are scheduled, including 25 financial/operational and 10 Information Technology audits covering all Authority business units. Seven of the audits will be conducted at the Authority's facilities. Key audits scheduled include Generation Resource Management, SENY Long-Term Agreement, NERC Reliability Compliance and follow-up reviews of Energy Hedging and Succession Planning. Other projects include Special Investigation activities, work on economic development job commitment audits and the usual support of KPMG and Ethics Office activities.

The performance goals for 2010 audits are as follows:

- Completion of high-risk audit areas – goal of 100%
- Completion of the Audit Plan – goal of more than 90%

In response to a question from Vice Chairman Foster, Mr. Pardo said that he plans to fill the two empty positions in Internal Audit by the end of the first quarter of 2010.

AUDIT COMMITTEE

2010 INTERNAL AUDIT PLAN

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2010 AUDIT PLAN SUMMARY

- 2010 Plan is based on the results of the risk assessment survey and management input.
- Focus on the high risk areas as identified by our risk assessment.
- Thirty-five (35) audits are scheduled including 25 financial/operational and 10 information technology audits covering all Business Units.
- Seven (7) financial/operational and/or information technology audits will be conducted at the facilities.
- Key audits scheduled include Generation Resource Management, SENY Long-Term Agreement, NERC Reliability Compliance, and follow-up reviews of Energy Hedging and Succession Planning.
- Other projects include Special Investigation activities, work on Economic Development Job Commitment audits, and the usual support to KPMG and Ethics activities.
- 2010 Plan will provide comprehensive audit coverage, deploying Internal Audit resources in an effective and efficient manner.
- Performance Goals
 - Completion of high risk audit areas – goal of 100%.
 - Completion of the Audit Plan – goal \geq 90%.

2010 AUDIT PLAN

RISK ASSESSMENT METHODOLOGY

- NYPA's Strategic Plan, business activities and related control systems are examined to determine auditable entities (Audit Universe).
- Meetings and Interviews with each business owners were conducted to obtain feedback on critical business objectives and risks.
- A risk assessment is performed on all auditable entities based upon the following risk factors (see Exhibit A for definition of risk factors on Page 11):
 - Profit and Loss Impact of the Business Function
 - Perception/Reputational Risk
 - Changes in Operations or Systems/Known Control Issues
 - Customer Impact from Process Disruption/Failure
 - Business Model Complexity/Organizational Size
 - Legal/Regulatory Compliance
 - Level of Impact on Financial Reporting
 - Strategic Alignment
- Audits are ranked from high to low in terms of the relative risk they represented based on the risk assessment performed by Internal Audit.
- Audit Plan is developed based on the results of the risk assessment and management input.
- Proposed Audit Plan is presented to Executive Management for discussion and feedback.

2010 Audit Plan

	Financial/Operational Audits	Business Unit	Description
1	Energy Hedging – Follow-up Review	Business Services	Review the status of prior internal audit recommendations. Confirm that hedging strategies are formalized, are consistent with NYPA’s agreed upon risk tolerance and are being executed in accordance with ERM or other appropriate approval. Review management reporting process to confirm timeliness and accuracy of reported information.
2	SENY Long-Term Agreement	Energy Marketing & Business Development/Business Services	Review processes and controls in the development of Annual Cost of Service and the reliability of financial and operating information used in connection with LTA. Review process for billing of costs. Verify compliance with the various terms and conditions of LTA. Review management reporting process for timeliness and accuracy.
3	Power Resource Planning & Acquisition	Energy Marketing & Business Development	Review processes and controls over PRPA activities. Review the status of power supply related initiatives. Confirm compliance with NYPA’s policies and procedures for the issuance of RFPs and approval of projects/transactions. Review management reporting processes for timeliness and accuracy.
4	Generation Resource Management	Business Services	Review processes and controls over the bidding of NYPA generation resources in the NYISO markets. Verify compliance with established policies and procedures. Assess the effectiveness of management’s monitoring and reporting process.
5	Enterprise Risk – Follow-up Review	Business Services	Review the status of program implementation efforts. Assess the effectiveness of the risk management process; the completeness of the risk assessment activities; effectiveness of management’s reporting/monitoring process; and degree in which identified risks are being mitigated.
6	NERC Reliability Compliance	Power Supply	Conduct co-sourced audit of NYPA’s Reliability Compliance efforts to confirm level of compliance and program sustainability. Evaluate overall processes and controls implemented by NYPA which ensure compliance with NERC Reliability standards. Confirm NYPA’s compliance with reporting requirements.

2010 Audit Plan

	Financial/Operational Audits	Business Unit	Description
7	Economic Development Programs	Energy Marketing & Business Development	Review EDP program management activities including the ongoing assessment of costs versus benefits of programs. Verify compliance with the various EDP terms and conditions. Confirm that power allocations are made in accordance with the programs. Confirm accuracy and completeness of information provided to management and Trustees.
8	Counterparty Credit Follow-up Review	Business Services	Review the status of implementing enhanced counterparty credit initiatives. Ensure that ERM is aware of the status and any associated residual risk. Confirm that operating procedures are sufficient to monitor credit enhancements and that appropriate action (e.g. margin calls as appropriate) have been made in a timely manner.
9	Succession Planning – Follow-up Review	Human Resources	Review the status of rolling out the enhanced Succession Planning program and implementing prior Internal Audit recommendations.
10	Project Management Operations & Cost Estimation	Power Supply	Review processes and controls associated with estimating and monitoring costs for major construction activities. Verify compliance with established NYPA policies and procedures. Review the adequacy and effectiveness of reporting activities. Review project management principles and disciplines to best practices.
11	Financial Planning/Operating Forecast Development	Business Services	Review the adequacy and effectiveness of operating controls associated with the long range financial plan and ongoing operating forecasts. Review data quality control procedures and confirm the disclosure of assumptions used. For a sample of financial plans and forecasts, confirm data accuracy and timeliness of issuance. Review ongoing monitoring of actual performance to forecasts.
12	Corporate Compliance	Law Department	Review the status of program implementation efforts. Review processes to (1) identify compliance requirements; (2) develop applicable policies and procedures to ensure compliance; (3) assess and monitor compliance; and (4) filing of required reports.

2010 Audit Plan

	Financial/Operational Audits	Business Unit	Description
13	Headquarters Procurement	Enterprise Shared Services	Determine the extent of compliance with required procurement policies and procedures. Assess the adequacy and effectiveness of controls over (1) Requisition processing; (2) Bid Solicitation/Evaluation; (3) Contract Awards; (4) Change Order Procedures; (5) Release of Funds Against Outline Agreements; and (6) Vendor File Maintenance.
14	PAAA Compliance	Law Department/Enterprise Shared Services	Evaluate the overall processes/controls implemented by NYPA to ensure compliance with PAAA requirements. Confirm that NYPA is complying with the reporting, governance and administrative requirements of the PAAA.
15	Stimulus Projects	Energy Marketing & Business Development	Confirm NYPA's compliance with the Recovery Act terms and conditions for ARRA funded projects. Conduct assessments in accordance with New York State expectations. Review the adequacy and effectiveness of controls to minimize the risk of fraud, waste and abuse.
16	NYISO – Energy Settlements (Load Serving Transactions)	Power Supply/Business Services	Review processes and controls associated with Energy Scheduling, Energy Settlements, NYISO Settlement Data and Reconciliation, NYISO Re-bills and recording of Energy Settlement in SAP.
17	Transmission O&M	Power Supply	Confirm implementation of action agreed to by management during prior audit. Evaluate processes and procedures for the planning, monitoring and controlling of transmission maintenance costs including outside contractor costs. Review transmission availability reporting to confirm that overall performance remains consistent with NYPA's expectations.
18	Western Region O&M	Power Supply	Assess the effectiveness of processes and procedures used in the day-to-day monitoring and maintenance of the Niagara Power Project operations. Confirm compliance with NERC dam safety requirements.

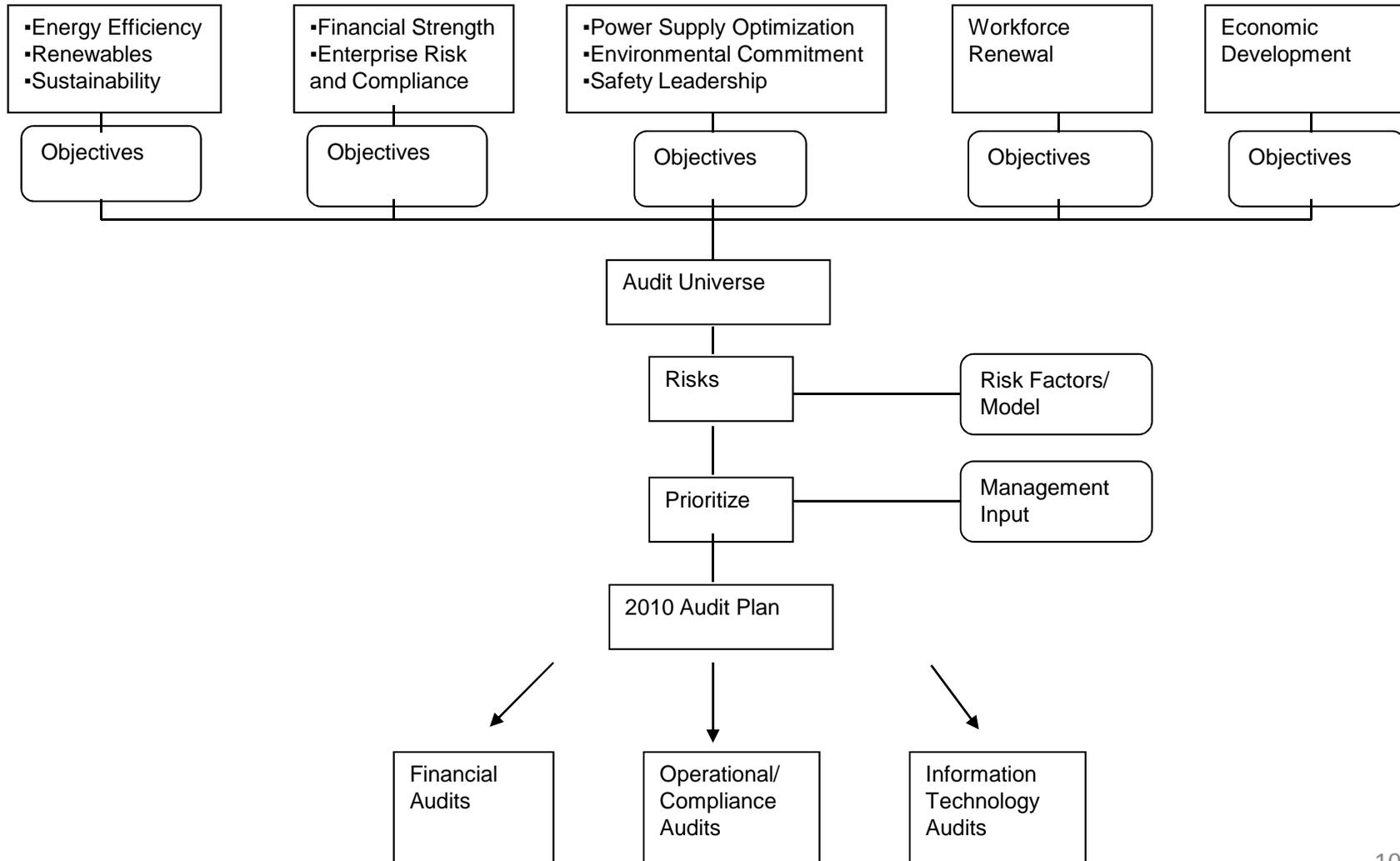
2010 Audit Plan

	Financial/Operational Audits	Business Unit	Description
19	Hydro Revenues	Business Services/Power Supply	Determine adequacy and effectiveness of controls over Niagara/St. Lawrence revenues. Review procedures for billings of Municipal customers, Expansion and Replacement customers and Direct Service Industrial customers. Review processes related to Energy Accounting and Hydro Curtailments.
20	Transmission Revenues/NTAC	Energy Marketing & Business Development/Business Services	Review processes and controls over Transmission Revenues. Review processes for calculating and billing NYPA Transmission Adjustment Charge (NTAC) to the NYISO.
21	Wheeling Expenses	Business Services	Determine the adequacy and effectiveness of controls over Wheeling Expenses. Verify compliance with wheeling agreements. Review processes associated with the reconciliation of wheeling expenses to wheeling billed to customers.
22	Fleet Operations	Enterprise Shared Services	Review processes associated with the management of NYPA's fleet vehicles and other related fleet equipment, including NYPA needs assessment, usage control, fleet maintenance, budgeting, capital acquisitions and asset disposal. Confirm implementation of prior audit recommendations.
23	Purchasing/Warehousing – St. Lawrence	Enterprise Shared Services	Review processes and controls associated with purchasing and warehousing activities at the St. Lawrence project. Verify compliance with established NYPA policies and procedures.
24	Purchasing/Warehousing – 500 MW/Flynn	Enterprise Shared Services	Review processes and controls associated with purchasing and warehousing activities at the 500 MW and Flynn projects. Verify compliance with established NYPA policies and procedures.
25	Headquarters ProCard Usage & Controls	Enterprise Shared Services	Verify compliance with Procurement Credit Card Policy and review processes and controls over (1) ProCard purchases; (2) Approval of ProCard purchases; (3) Monitoring of ProCard purchases, and (4) Records Retention.

2010 Audit Plan

	Information Technology Audits	Business Unit	Description
1	NERC – CIP	Enterprise Shared Services/Power Supply	Test and evaluate the procedures, controls and documentation implemented to meet the requirements of NERC-CIP.
2	NYPAs Network Security	Enterprise Shared Services	Test and evaluate the NYPA Network to determine if it is adequately protected from unauthorized access, use, disclosure or modifications, damage or loss using best security practices.
3	MAXIMO System	Enterprise Shared Services/ Power Supply	Review, test and evaluate Maximo application controls, documentation and procedures.
4	Change Control – Network	Enterprise Shared Services	Review, test and evaluate the controls and control procedures over the changes to network software and their testing and approval by users prior to their placement in production.
5	SAP Billing	Enterprise Shared Services/ Business Services	Review, test and evaluate SAP-Billing application controls, documentation and procedures.
6	EMS Group	Power Supply	Test and evaluate the Energy Management change controls, operation, backup and recovery, disaster recovery, information security, documentation and procedures.
7	SAP – Materials Management	Enterprise Shared Services	Review, test and evaluate SAP – Materials Management (MM) application controls, documentation and procedures.
8	Telecommunications	Enterprise Shared Services	Determine whether internal controls and procedures are adequate and effective for Telecommunication operations, backup and recovery, physical security, environmental controls (temperature/humidity, electrical and water) and Fire Protection.
9	Network Penetration	Enterprise Shared Services	Review, test and evaluate the effectiveness of security and control over the NYPA Network and monitoring of the NYPA Network resources and applications by Symantec using network penetration tests (hacking).
10	IT Disaster Recovery (Hot Site)	Enterprise Shared Services/ Power Supply	Evaluate and assess the IT disaster Recovery Plan to determine if it is adequate and allows NYPA to recover its critical network, applications and operations in the event of a disaster in the WPO Data Center. Evaluate and observe testing at the hot site.

2010 Audit Plan Planning Process Strategic Result Areas



Annual Audit Planning Tool: Risk Rating Factors (Utilize in the ranking & prioritization of potential audits) Appendix A

These eight factors are utilized in the ranking & prioritization of potential audits. The highest combined score warrants the area to be on the current year's audit plan.

1. P&L Impact of the Business Function:

- 4 Low P&L Impact or Capital Allocation (< 1% income)
- 8 Moderate P&L Impact or Capital Allocation (>1%, <5% income)
- 12 High P&L Impact or Capital Allocation (>5% income)

2. Changes in Operations or Systems / Known Control Issues:

- 2 Minor Business Changes or Reported Control Issues
- 4 Moderate Changes (Business Restructuring; Major System Release; High/Key Turnover) or Reported Control Issues
- 6 Significant Changes (New Mission-Critical Systems; In/Out-Sourcing of Process) or Reported Control Issues

3. Customer Impact from Process Disruption/Failure:

- 4 Minor – Slight Delays or disruption in delivery services to customers
- 8 Moderate – Significant Delays or short term Inability to delivery services to customers
- 12 Significant – Broken Promises or Inability to Meet Customer Commitments

4. Business Model Complexity/Organizational Size:

- 2 Low – Limited 3rd Party or Cross-Functional Dependency (<25%) / Low Transaction Volume
- 4 Moderate – Some 3rd Party or Cross-Functional Dependency (>25% and <50%) / Moderate Transaction Volume
- 6 Significant – Significant 3rd Party or Cross-Functional Dependency (>50%) / High Transaction Volume

5. Legal/Regulatory Compliance:

- 2 Minimal Risk of Litigation or government actions / Minimal Compliance Effort Required
- 4 Moderate Risk of Litigation or government actions / Moderate Compliance Effort Required
- 6 Significant Risk of Litigation or government actions / Significant Compliance Effort Required

6. Level of Impact on Financial Reporting (PAAA) Controls:

- 2 Low – Area impacts operational issues and is not an input or output to financial reporting data
- 4 Moderate – Area has indirect or some factors in the input or output to financial reporting data
- 6 High – Area has direct effect on the input or output of financial reporting data

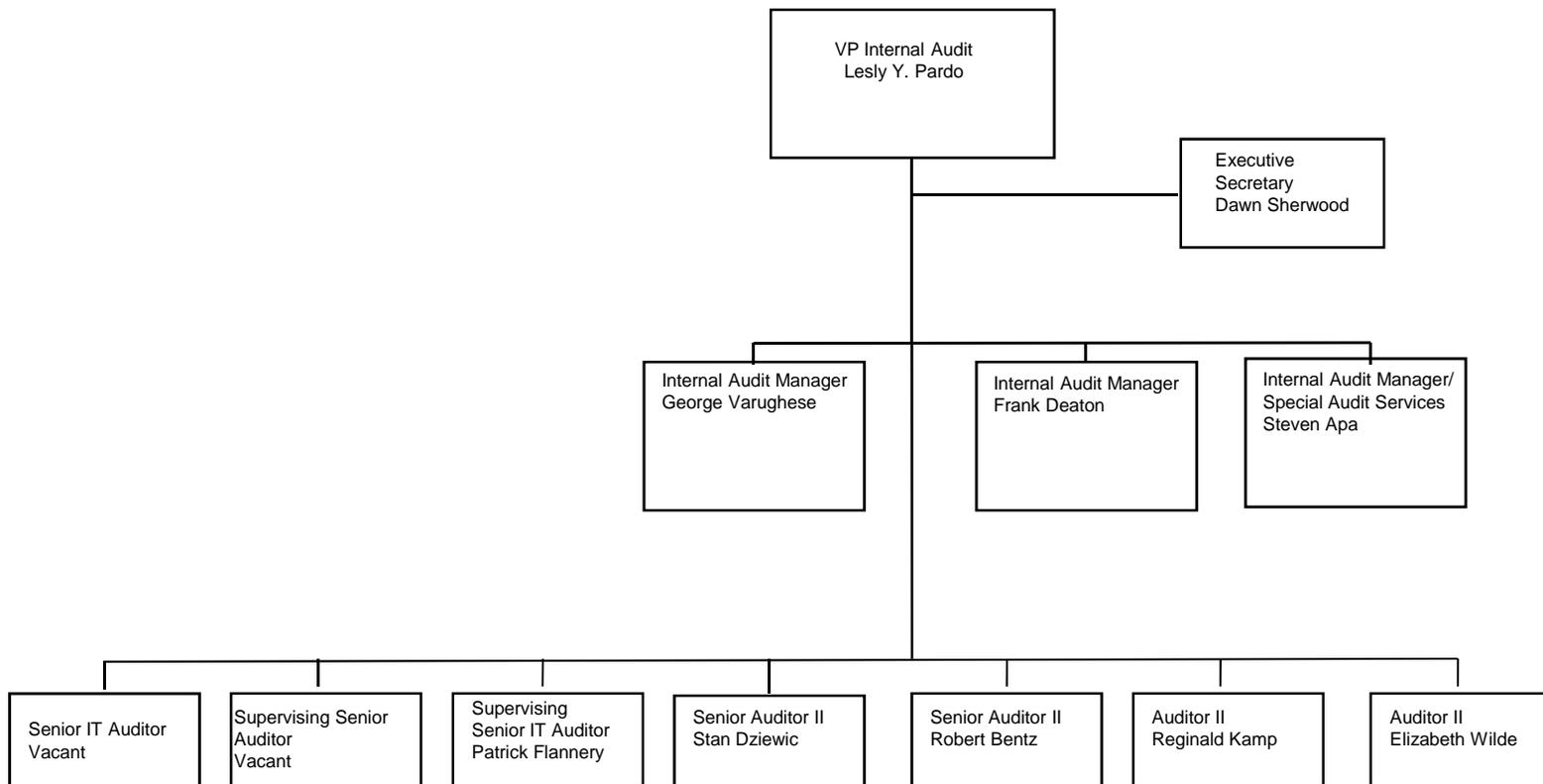
7. Strategic Alignment:

- 2 Low – Audit has Indirect Impact on Corporate Initiatives
- 4 Moderate – Audit has Direct Impact on a Minor Corporate Initiative
- 6 High – Audit has Direct Impact on a Major Corporate Initiative

8. Perception / Reputational Risk

- 4 Low likelihood & impact of reputational and political / public opinion
- 8 Medium likelihood & impact of reputational and political / public opinion
- 12 High likelihood & impact of reputational and political / public opinion

2010 Audit Plan Internal Audit



2010 Audit Plan

Internal Audit Staff

Educational Background and Experience

Lesly Pardo

Vice President – Internal Audit

Education: BBA – Baruch College

MBA – St. John's University

Certifications: Certified Public Accountant, Certified Internal Auditor, Certified Information Systems Auditor, Certified Fraud Examiner, Certified Management Accountant

Experience: over 30 years of experience including 5 years in Public Accounting (3 years Arthur Anderson & Co.) and 25 years in Internal Auditing

Steven Apa

Manager – Special Audit Services/Fraud Investigations

Education: BSBA – Northeastern University

Certifications: Certified Public Accountant, Certified Fraud Examiner, Certified Financial Forensic

Experience: Over 26 years of experience; 8 years private industry; 18 years Public Accounting & Consulting

Frank Deaton

Manager – Operational Audit

Education: BS Accounting – SUNY Albany

Certifications: Certified Bank Auditor, Certified Internal Auditor Candidate

Experience: Over 20 years of experience primarily in the financial services industry. 13 years of Internal Auditing experience – joined NYPA in April 2007

George Varughese

Manager – Internal Audit

Education: BS Accounting – CUNY, NY

MS Information Systems Auditing – New York University Wagner School

Certifications: Certified Public Accountant

Experience: Over 27 years of diversified accounting/auditing experience

Patrick Flannery

Supervising Senior Auditor

Education: BS Accounting – Fordham University

Certifications: Certified Information Systems Auditor, Certified Computing Professional

Experience: Over 23 years of experience in Internal Audit – 11 years NYPA Internal Audit – 1 year consulting.

2010 Audit Plan

Internal Audit Staff

Educational Background and Experience

Robert Bentz

Sr. Auditor II

Education: BS - Accounting – St. Vincent College

Post-Baccalaureate Certificate, Computer Information Systems – Robert Morris University

Certifications: Certified Public Accountant (Pennsylvania), Certified Information Systems Auditor

Experience: over 26 years experience in Internal Audit - 8 years NYPA Internal Audit

Stan Dziewic

Sr. Auditor II

Education: BA – Accounting – William Paterson College

BA – Psychology – University of Nevada – Las Vegas

Certifications: None

Experience: Over 12 years of experience in Internal Audit - 7 years NYPA Internal Audit. 10 years Fuel Buyer

Elizabeth Wilde

Auditor II

Education: Master's Degree – Information Systems – Pace University

Bachelor's – Accounting – Mercy College

Certifications: None

Experience: Over 8 years Internal Audit experience (NYPA); 8 years Accounting Manager; 4 years Sr. Accountant

Reginald Kamp

Auditor

Education: BS Accounting – Fordham University

MPBA Finance – Southeastern University (Washington DC)

Certifications: Certified Public Accountant (Maryland)

Experience: Over 24 years Internal Audit experience - 8 years NYPA Internal Audit

5. Office of the State Comptroller Audit

Mr. Thomas Concadoro provided an overview of the audit of Authority 2007-09 overtime costs being conducted by the Office of the State Comptroller (“OSC”). In addition to the Power Authority, OSC is auditing the Metropolitan Transportation Authority and some smaller authorities. The opening conference for the audit was held last week and the auditors are currently on site looking at overtime authorizations and cost-monitoring efforts. Ms. McCarthy said that overtime costs, particularly as they affect retirees’ pension calculations, are a hot issue right now. Mr. Concadoro said that the Authority averages about \$10 million in overtime costs per year, or 7% of its total payroll. In response to a question from Chairman Michael Townsend, Mr. Concadoro said that he doesn’t know how these numbers compare with other authorities’ overtime expenditures. Mr. Deon said that the 7% figure seems reasonable to him and Mr. Mahoney said that these things are hard to benchmark. Ms. McCarthy said that the audit itself would take approximately four to six weeks, after which a draft report would be issued. In response to a question from Trustee Nicandri, Mr. Concadoro said that emergency vs. planned overtime is not differentiated at high levels, although such information should be in the MRM system. Ms. McCarthy said that the Authority has a strong overtime reporting system and controls. Mr. Concadoro said that the auditors will also be visiting the Authority’s facilities.

6. Committee 2010 Calendar

On motion made and seconded, the following schedule of regular Audit Committee meetings was adopted by the Committee:

<u>Date</u>	<u>Time</u>	<u>Topic</u>
February 23, 2010	9:30 a.m.	Results of 2009 Independent Audit
July 27, 2010	10:00 a.m.	Interim Results for Six Months Ended June 30, 2010
October 26, 2010	10:00 a.m.	KPMG 2010 Audit Plan

7. Next Meeting

The next regular meeting of the Audit Committee will be held on Tuesday, February 23, 2010, to commence at approximately 9:30 a.m. at a location to be determined.

Upon motion duly made and seconded, the meeting was adjourned at approximately 10:35 a.m.