

2013 INTERNAL AUDIT PLAN

Exhibit B

	Financial/Operational Audits	Linkage to Strategic Goals	Business Unit	Description
1	Recharge NY Program Management	<ul style="list-style-type: none"> • Economic Development 	Marketing & Economic Development	Confirm the resolution of prior audit recommendations. Review NYPA's governance documents to ensure ongoing compliance with the legislation. Review customer files and verify compliance with policies and procedures. Review program compliance monitoring process and accuracy of program reporting.
2	Energy Efficiency – Statewide Program	<ul style="list-style-type: none"> • Energy Efficiency • Financial Management 	Energy Efficiency	Review controls and procedures over (1) Project Selection and Facility Audits, (2) Construction Authorization, (3) Procurement of Material and Installation Labor, (4) Accounting for Project Costs, (5) Program Recovery and Overhead Costs, and (6) Project Closeout.
3	Emergency Management	<ul style="list-style-type: none"> • Safety Leadership • Environmental Responsibility • Compliance 	Operations	Review NYPA's Emergency Management plans, policies and procedures. Evaluate emergency planning, communication, training and testing processes.
4	Lewiston Pump Generation Plant LEM	<ul style="list-style-type: none"> • Maintain Infrastructure • Financial Management 	Operations	Evaluate the adequacy and effectiveness of project management/administrative controls. Verify the accuracy of project activity reports. Ensure appropriateness of financial management activities including compliance with Procurement and Accounting policies and procedures. Evaluate Project Risk Management, Cost Management and Quality Management processes.
5	Safety Program	<ul style="list-style-type: none"> • Safety Leadership 	Operations	Confirm the resolutions of prior audit issues. Review processes, procedures and controls over the Health and Safety Program. Review process for monitoring of site health and safety activities. Review Health & Safety Program goals and performance metrics.
6	Transmission LEM	<ul style="list-style-type: none"> • Maintain Infrastructure • Financial Management 	Operations	Evaluate the adequacy and effectiveness of project management/ administrative controls. Verify the accuracy of project activity reports. Ensure appropriateness of financial management activities including compliance with procurement, cost estimating, quality assurance plan and Accounting policies and procedures.

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7	Western Region O&M	<ul style="list-style-type: none"> • Maintain Infrastructure • Compliance • Environmental Responsibility 	Operations	Assess the effectiveness of processes, procedures and controls used in the day-to-day monitoring and maintenance of the Niagara Power Project operations. Confirm compliance with selected NERC Reliability Compliance requirements. Test for site's compliance with the Maintenance Resource Management Program. Review established goals and performance metrics.
8	Fuel Operations	<ul style="list-style-type: none"> • Financial Management • Maintain Infrastructure 	Operations/Energy Resource Management	Determine the adequacy and effectiveness of controls over (1) Fuel Operations Scheduling, (2) Fuel Procurement, (3) Monitoring of Natural Gas Deliveries, (4) Gas Transportations and Balancing, and (5) Payments to Suppliers.
9	500 MW O&M	<ul style="list-style-type: none"> • Maintain Infrastructure • Compliance • Environmental Responsibility 	Operations	Review procedures, processes and controls used in the monitoring and maintenance of the 500 MW operations. Ensure controls remain adequate and effective as it relates to plant reliability, efficiency and effectiveness. Evaluate processes and procedures for the planning, monitoring and controlling of operating and maintenance expenses including outside contractors. Confirm compliance with selected NERC Reliability Compliance Requirements. Test for site's compliance with the Maintenance Resource Management Program.
10	Recharge NY Customer Revenues	<ul style="list-style-type: none"> • Financial Management • Economic Development 	Business Services/Marketing & Economic Development	Review procedures, processes and controls related to billings of ReCharge NY customers and cash receipts. Ensure that customers are billed accurately based upon meter data received and at the proper rates. Verify compliance with the terms of customer contracts.
11	Energy Hedging Transactions	<ul style="list-style-type: none"> • Financial Management 	Operations/Energy Resource Management	Review processes and controls associated with Energy Hedging transactions. Verify that information is provided to management in a timely and accurate manner to allow for decision-making. Ensure hedging transactions are authorized through an approved risk management strategy. Confirm that the middle-office is adequately monitoring hedging activities for compliance with internal policies and procedures. Confirm that documentation exists to support adherence to GASB53.

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12	NYISO Energy Settlements – Load Serving Entities	<ul style="list-style-type: none"> • Financial Management 	Operations/Energy Resource Management	Review processes and controls associated with Energy Scheduling, Energy Settlements, NYISO Settlement Data and Reconciliation, NYISO Rebills and recording of Energy Settlements in SAP.
13	Flynn/Sound Cable Revenues	<ul style="list-style-type: none"> • Financial Management 	Energy Resource Management/Business Services	Determine the adequacy and effectiveness of procedures and controls over billings to LIPA for the Flynn and Sound Cable Projects.
14	Headquarters Procurement	<ul style="list-style-type: none"> • Financial Management • Maintain Infrastructure 	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.
15	SENY Revenues	<ul style="list-style-type: none"> • Financial Management 	Business Services	Determine the adequacy and effectiveness of controls over SENY Revenues. Review procedures and processes for processing of meter reading data and billings of SENY customers.
16	Budgetary Control – O&M and Capital	<ul style="list-style-type: none"> • Financial Management 	Business Services	Review procedures, processes and controls over the preparation and monitoring of the O&M and Capital Budgets. Verify compliance with established policies and procedures.
17	Transmission O&M Follow-Up	<ul style="list-style-type: none"> • Maintain Infrastructure • Compliance 	Operations	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.

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18	Physical Security Program	<ul style="list-style-type: none"> • Safety Leadership • Compliance • Maintain Infrastructure 	Operations	Review of physical security programs including inspections/ monitoring activities, guard services, capital improvement program, etc. impacting all NYPA locations (generation, transmission including substations, headquarters, etc.). Verify compliance with established NYPA policies and procedures.
19	Energy Efficiency Contractors (SENY Govt. Program)	<ul style="list-style-type: none"> • Energy Efficiency • Financial Management 	Energy Efficiency	For selected Implementation Contractors, verify that contractor charges are supported and in agreement with contract terms and conditions. Review procedures, processes and controls.
20	Facility Management	<ul style="list-style-type: none"> • Financial Management • Compliance 	Enterprise Shared Services	Review processes, procedures and controls over (1) Building Expenditures (Capital and O&M), (2) Budget Monitoring, (3) Use of Outside Services, (4) Credit Card Procurement, (5) Rental Income, and (6) Building Operations and Maintenance activities.
21	Energy Efficiency – Contractors (Statewide Program)	<ul style="list-style-type: none"> • Energy Efficiency • Financial Management 	Energy Efficiency	For selected Implementation Contractors, verify that contractor charges are supported and in agreement with contract terms and conditions. Review procedures, processes and controls.
22	NYISO Ancillary Services/Transmission Charges	<ul style="list-style-type: none"> • Financial Management 	Energy Resource Management	Review processes and controls associated with Ancillary Services and charges billed by the NYISO. Review NYISO Transmission User Charges for congestion and losses. Review Ancillary Services Charges.
23	Headquarters Accounts Payable	<ul style="list-style-type: none"> • Financial Management 	Business Services	Review procedures, processes and controls over the processing of vendor invoices, payment processing, wire transfers and access controls over SAP.

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24	Headquarters Travel & Living Expenses	<ul style="list-style-type: none"> • Financial Management 	Business Services	Verify compliance with Business Meals and Travel Policies. Review controls, procedures and processes over (1) Travel Reservation Procedures, (2) Processing of Employee Expense Statements, (3) Direct Billed Account for Air/Train Travel, and (4) Access Controls over SAP Travel Module.
25	Purchasing/Warehousing – SENY	<ul style="list-style-type: none"> • Financial Management • Maintain Infrastructure 	Enterprise Shared Services	Review processes and controls associated with purchasing and warehousing activities at the 500 MW project. Verify compliance with established NYPA policies and procedures.
26	SENY Finance & Administration/Human Resources	<ul style="list-style-type: none"> • Financial Management • Workforce Management 	Business Services/Human Resources	Review procedures, processes and controls over budget monitoring, accounts payable, payroll, travel and living expenses, and Human Resources. Verify compliance with established NYPA policies and procedures.
27	CEC Finance & Administration/Human Resources	<ul style="list-style-type: none"> • Financial Management • Workforce Management 	Business Services/Human Resources	Review procedures, processes and controls over budget monitoring, accounts payable, payroll, travel and living expenses, and Human Resources. Verify compliance with established NYPA policies and procedures.
28	St. Lawrence Finance & Administration/Human Resources	<ul style="list-style-type: none"> • Financial Management • Workforce Management 	Business Services/Human Resources	Review procedures, processes and controls over budget monitoring, accounts payable, payroll, travel and living expenses, and Human Resources. Verify compliance with established NYPA policies and procedures.
29	Headquarters Business Expenses	<ul style="list-style-type: none"> • Financial Management 	Various	Review procedures, processes and controls over Headquarters Business Expenses. Verify compliance with established NYPA policies, procedures and guidelines.
30	Assistance to KPMG	<ul style="list-style-type: none"> • Financial Management 	Business Services	Assist KPMG in their annual audit of NYPA’s financial statements.

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31	Vendor Audits	Financial Management	Enterprise Shared Services/Various	For selected procurement contracts, determine that contractor charges are supported and in agreement with contract terms and conditions. Determine that the contractor provided all information and services outlined in the contract and internal controls exist to oversee the contractor's performance.

	Information Technology Audits	Linkage to Strategic Goals	Business Unit	Description
1	NERC – CIP Compliance	• Compliance	Operations	Test and evaluate the NERC-CIP program administration, controls, documentation and procedures in compliance with the requirements set by NERC-CIP standards.
2	IT Disaster Recovery – Niagara	• Maintain Infrastructure	Operations	Evaluate the IT Disaster Recovery Plan (ITDRP) to determine if it is adequate to ensure the recovery of critical systems, applications, data and operations in the Niagara Power Project. Review the training, test plans, test results and the update of ITDRP.
3	IT Disaster Recovery - Energy Control Center	• Maintain Infrastructure	Operations	Evaluate the IT Disaster Recovery Plan (ITDRP) to determine if it is adequate to ensure the recovery of critical systems, applications, data and operations in the Clark Energy Center.
4	SAP Materials Management	• Financial Management	Enterprise Shared Services	Test and evaluate the SAP – Material Management application controls, security, documentation and procedures including the administration of vendor master file, creation and approval of purchase order and its interfaces to other enterprise applications.
5	SAP Accounts Payable	• Financial Management	Enterprise Shared Services	Review, test and evaluate SAP Accounts Payable module to ensure compliance with established policies, procedures. Perform post- implementation review of the electronic invoice imaging project.

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6	Electronic Record Management System (LiveLink)	<ul style="list-style-type: none"> • Compliance 	Enterprise Shared Service	Review, test and evaluate Records Management System application controls, security, documentation and procedures.
7	Time Warner Wide Area Network	<ul style="list-style-type: none"> • Financial Management • Maintain Infrastructure 	Enterprise Shared Services	Test and evaluate the Time Warner Area Network security to determine if it is adequately protected from unauthorized access, use, disclosure or modifications, damage or loss and at par with best security practices.
8	Internet/Intranet Security	<ul style="list-style-type: none"> • Maintain Infrastructure 	Enterprise Shared Services	Test and evaluate the internet/intranet security to determine if it is adequately protected from unauthorized access, use, disclosure or modifications, damage or loss and at par with best security practices.
9	Intrusion Prevention and Monitoring	<ul style="list-style-type: none"> • Maintain Infrastructure 	Enterprise Shared Services	Test and evaluate whether internal controls are adequate within the intrusion prevention and detection activities and ensure compliance with established policies, procedures and security best practices.
10	SAP Project Systems	<ul style="list-style-type: none"> • Financial Management 	Enterprise Shared Services	Review, test and evaluate SAP Project Systems application controls, security, documentation and procedures including the management of energy services projects through the use of Work Breakdown Structures (WBS).