



**NY Power  
Authority**

**Canal  
Corporation**

**MINUTES OF THE REGULAR MEETING  
OF THE  
NYPA AND CANAL AUDIT COMMITTEE  
December 10, 2024**

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Minutes of the meeting of the New York Power Authority and Canal Corporation's Audit Committee, held at NYPA's administrative office building, White Plains, New York, at approximately 8:30 a.m.

**The following Members of the Audit Committee were present:**

Dennis G. Trainor – Chair  
John R. Koelmel  
Bethaida Gonzalez  
Cecily Morris  
Michael J. Cusick  
Lewis M. Warren, Jr.  
Laurie Wheelock

Also in attendance were:

|                      |  |
|----------------------|--|
| Justin E. Driscoll   | President and Chief Executive Officer                            |
| Adam Barsky          | Executive Vice President and Chief Financial Officer             |
| Joseph Kessler       | Executive Vice President and Chief Operating Officer             |
| Lori Alesio          | Executive Vice President and General Counsel                     |
| Daniella Piper       | Executive Vice President and Chief Innovation Officer            |
| Yves Noel            | Senior Vice President and Chief Strategy Officer                 |
| Robert Piascik       | Senior Vice President and Chief Information & Technology Officer |
| Alexis Harley        | Senior Vice President and Chief Risk and Resiliency Officer      |
| Angela Gonzalez      | Senior Vice President – Internal Audit                           |
| Karina Saslow        | Senior Vice President – Human Resources                          |
| Charles Imohiosen    | Senior Vice President – Communications and External Affairs      |
| Salman Ali           | Senior Vice President – Internal Audit                           |
| Carley Hume          | Senior Vice President – Policy and Regulatory Affairs            |
| Karen Delince        | Vice President and Corporate Secretary                           |
| Joseph Gryzlo        | Vice President and Chief Ethics & Compliance Officer             |
| Victor Costanza      | Vice President and Chief Information Security Officer            |
| Sundeep Thakur       | Controller   |
| Pooja Nayyar         | Sr. Director – Organizational and Talent Development             |
| Christopher Vitale   | Director of Projects – Business Services                         |
| Ignacio Bullrich     | Director – Internal Audit  |
| Nashita Mody         | Director – Internal Audit  |
| Sheila Quatrocci     | Senior Associate Corporate Secretary                             |
| Michele Stockwell    | Assistant - Corporate Secretary                                  |
| Christopher D'Angelo | KPMG   |
| Christopher D'Avanzo | KPMG   |

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Chairman Dennis Trainor presided over the meeting. Corporate Secretary Delince kept the Minutes.

## **Introduction**

Chairman Dennis Trainor welcomed committee members and senior staff to the meeting. He said that the meeting had been duly noticed as required by the Open Meetings Law and called the meeting to order pursuant to section B(4) of the Audit Committee Charter.

### **1. Adoption of the December 10, 2024 Proposed Meeting Agenda**

On motion made by Member John Koelmel and seconded by Member Lewis Warren, Jr., the agenda for the meeting was unanimously adopted, as amended.

### **2. DISCUSSION AGENDA:**

Chairman Dennis Trainor invited Mr. Salman Ali, Senior Vice President of Internal Audit, to provide an update on the Internal Audit Plan for the Authority and Canal Corporation.

#### **a. New York Power Authority and Canal Corporation Internal Audit Update**

Mr. Ali Salman said that he would be reporting on the 2024 Internal Audit ("IA") Plan, observation trends and the progress on IA's digital audit strategy. In addition, two members of the IA leadership team would provide reports on the Quality Assurance program and results from a recent external assessment. The members would then be requested to approve IA's proposed 2025 budget.

#### **i. 2024 Internal Audit ("IA") Update**

##### **2024 Internal Audit Scorecard**

##### **Audit Execution Scorecard – November 2024**

##### **2024 Audit Plan Completion**

26 reports completed (Audit Plan approximately 55% complete)

##### **2024 Audit Plan Status**

7 audit reports are expected to be completed in December which will result in the Audit Plan being 66% complete. The Audit Plan is on track to meet its year-end target, April 2025.

##### **Operational Excellence**

Key Performance Indicators (KPIs), including the Audit Cycle, Report Issuance and Audit Opinion are tracking well against the established targets. (the deliverables are benchmarked against Gartner)

The Audit Deliverables Opinion is at 57%. The reason for this result is that the Authority had more non-opinion-based reviews focused on strategic initiatives such as the Enterprise Resource Planning and Enterprise Management System implementation. At the end of the year, Opinion-Based results are expected to be 69%.

### **Department Utilization**

Department utilization, which shows how the organization is focused on audit execution efficiency, is above the established thresholds. Overall, IA has strong momentum in completing the Audit Plan.

### **Audit Observation Scorecard - (NYPA and Canals and EH&S)**

In 2023, 90% of observations were closed. The 8 remaining observations are on track to close.

### **2024 Observation Summary Status - (NYPA and Canals and EH&S)**

- All high priority observations are progressing and tracking on time with no overdue item extensions.
- 31 observations were identified; 32% of the observations closed to date.
- The focus remains on closing all items by their deadlines and ensuring that risks are mitigated as planned.
- IA continues to see a decline in the overall observation volume which is an indication of the organization's proactive risk culture.

The team is on track to meet the deliverables by the due dates. No extensions have been requested.

### **2024 Observation Summary Status – Environmental, Health and Safety Compliance**

- 9 observations have been identified for 2024 (4 high and 5 medium)
- All observations are on track to close by their due dates.

### **2023 NYPA and Canals Open Observation Summary Status**

The team tracks “on target,” “at caution,” and “at risk” observations. They also have dialogues with members of the Executive Management Committee on items which are outstanding from the prior year. The team has full confidence that these items will close on time and will continue these observations, going forward.

### **IA Strategy – Digital Internal Audit Update**

Internal Audit is highly focused on using digital analytics to strengthen the way the team performs audits. It will augment the way the team looks at results which would be with more precision as opposed to doing sample-based testing. This is as part of IA's build-out of its digital audit strategy which will continue to deliver value, focus on expanded use cases and modernize IA capabilities. IA will continue to work on platforms which will help the team achieve those capabilities.

Some of the key achievements include:

#### **Expanded Use Cases:**

- IA developed a dashboard for Fleet Operations Analytics and Strategic Supplier Risk Management, improving operational decision-making.
- IA Implemented Access Management and Threat Vulnerability Dashboards to strengthen security posture.

#### **Platform Modernization:**

- IA leveraged Cloud Platform to secure data and enable automated processes in continuous auditing.

#### **Emerging AI Capabilities:**

- IA piloted Generative AI use cases (e.g. reporting, writing audit research) to drive efficiency.

### **Looking ahead**

Internal Audit plans to conduct an overall strategy refresh. The key focus areas will include Artificial Intelligence, audio reporting, integrated assurance, and talent management. These efforts will position the team to deliver deeper insights, faster resolutions and a strong alignment with NYPA's Strategic Priorities. The team recently had discussions with Deloitte in this regard. Additional updates will be provided to the members at the March 2025 Audit Committee meeting.

### **CAE Required Communications to the Audit Committee**

As part of the IA standards, required communications to the Audit Committee include the Audit Charters. Because of new IAA standards, the team will be updating the Charters which will be provided to the members for their review and approval at the March 2025 meeting.

### **2024 IIA Quality Assessment & New IA Standards Update**

Ignacio Bullrich, Director of Internal Audit, provided highlights of the results of IA's External Quality Assessment. This review is part of IA's commitment to excellence and is also a requirement by the Audit Committee Charter and the Institute of Internal Auditors. This is conducted every five years, and it is essential to ensure that the Authority continues to be effective and compliant with the Professional Standards.

Earlier this year, the external assessor interviewed members of the Board, President Justin Driscoll and other senior leaders of the organization. They evaluated the Authority's processes, talent, and how the Authority engages with stakeholders.

### **2024 Quality Assurance Improvement Program – External Assessment**

#### **Assessment Scope and Overall Results**

The Authority's Internal Audit function was rated as "Generally Conforms," the highest rating possible.

Some of the notable key highlights from the Assessor include:

- The Strategic Plan is very closely aligned with the Authority's VISION2030 Plan and is evolving with NYPA's priorities.
- The dynamic risk assessment process integrates stakeholder input so that the Audit Plan can remain relevant.
- The Authority needs to adjust some of its current practices to align with the Global Internal Audit Standards.

#### **Opportunities and Next Steps**

The new standard seeks to strengthen the role of Internal Audits. There is a strong emphasis on making sure that Audit Departments are aligned with the strategic objectives of their organizations, risk-based and value-focused auditing, and increasing stakeholder engagement. The Authority is more than 80% in alignment with the new standard. The Audit Department will be updating and seeking approval of its Internal Audit Charter. They are also updating the Quality Assurance and Improvement Program ("QAIP") methodology and increasing their alignment with second-line functions.

The review underscored the Authority's commitment to the highest standards. The Audit Department is well-positioned to provide the Audit Committee, Board members and senior leadership with the assurance they need that the team will achieve the VISION2030 Strategic Initiative.

### **2024 Quality Assurance Improvement Program – Internal Assessment**

Nishida Mody, Director of Internal Audit, provided highlights of the 2024 Quality Assurance Improvement ("QAIP") Program to the members. She said that the QAIP program is foundational to ensure that the team maintains a high quality of function. The annual review program helps ensure that the team is

continually providing ongoing assurance to the Audit Committee and Senior Management on the quality and credibility of the Audit Department's practices. Internal reviews also help to support the successful outcomes of the external assessments.

The QAIP program was established in 2019. Since that time, the QAIP team has been performing annual reviews, diligently following IIA's methodology. The reviews, over the last five years, have consistently been rated "generally conforms," the highest of the three possible ratings established by IIA's Quality Assurance framework and reflects the excellence and maturity of the Internal Audit function.

The Quality Assurance team completed a review for 2024 which reconfirmed the full alignment and conformance to IIA's professional practices standards as well as to the Code of Ethics. It also corroborated with the high quality of Internal Audit's governance and audit practices.

Key strengths highlighted from the Internal Audit review included the proficiency of Internal Audit's leadership and staff as highly qualified, credentialed and experienced to better understand and meet the needs of the business anchored by strong governance from the Audit Committee and Senior Management. Another key strength is Internal Audit's active and appropriate role in affecting good governance practices across the organization.

The review also identified Internal Audit's dynamic internal processes. Being agile, the team was able to adapt to the changing risk profiles within the organization; build stronger relationships with stakeholders as well as approach the business dynamically so that it can continue to align with NYPA's strategic objectives.

These core strengths enabled IA to achieve the highest ratings for both internal and external assessments.

She said that this review not only supports and validates the work the team does but also helps them to enhance and build on what they already have achieved. She added that, for continued excellence, the review identified four areas of improvement which would further benefit the program with minimal effort, namely:

1. Implement an Assurance Map
2. Align with GIAS Standards
3. Enhance Professional Care Documentation; and
4. Streamline Co-Source Onboarding

Two of the four opportunities, "*Enhance Professional Care Documentation*" and "*Streamline Co-Source Onboarding*," have been completed and have enhanced the overall governance of the Internal Audit function.

Of the remaining two efforts, "*Implement an Assurance Map*" should help align the assurance functions and optimize assurance activities across the organization as well as help identify gaps in coverage. This is expected to be completed by the second quarter of 2025. Although this is not a compliance requirement, it is a standard best practice that will elevate assurance across the organization.

The second, "*Align with Global Internal Standards (GIAS)*," is Internal Audit's alignment to the updated global Internal Audit Standards which the team is currently working on. Completion is expected by the first quarter of 2025.

Internal Audit is confident that the team will be able to implement all of the enhancement activities to support NYPA towards meeting its VISION2030 Strategic goals.

**ii. 2025 Internal Audit Budget**

Mr. Ali Salman, Senior Vice President of Internal Audit provided highlights of the report to the members. He said that Internal Audit's ("IA") audit approach reflects a balance between building expertise, new technology, and institutional knowledge.

**2024 Internal Audit Budget vs Actual**

As of November, IA is on track with the 2024 budget, 82%. Key variances are related to:

- Software Maintenance which budgeted amount was \$800,000; to date it is under budget.
- Audit Consulting due in part to contingencies for EH&S compliance; and
- Overall Performance.

**Proposed 2025 Internal Audit Budget**

- The 2025 budget reflects a 7.43% reduction as compared to the 2024 budget. This saving is due mainly to a reduction in software maintenance as they transition to the new GRC platform.
- Hiring efforts are underway for 3 full-time positions. The criteria have been broadened to include risk management in addition to audit experience. This significantly improved the candidate pool. Currently, there are 11 candidates in the pipeline, and IA is in the final stages of making potential job offers. The hiring of the 3 FTEs is projected to result in \$550k in savings for audit consulting costs.

Mr. Salman ended that the team is confident that they will be able to execute the Budget Plan as outlined in the report.

On motion made by member John Koelmel and seconded by Lewis Warren, Jr., the 2025 Internal Audit Budget Plan was unanimously approved.

**b. New York Power Authority**

**i. Audit Plan and Strategy Update – Year-end December 21, 2024**

Chair of the Audit Committee, Dennis Trainor, invited Christopher D'Angelo, Partner at KPMG, and Christopher D'Avanzo to provide KPMG's update.

**New York Power Authority – Discussion with those charged with Governance**

Mr. D'Angelo said that KPMG signed a new five-year contract with the Power Authority as the Authority's external Auditors that will end in 2029. He continued that he has been working with KPMG for more than 20 years and has experience working in power utilities, government-owned and independent power producers, regulated and unregulated industries. He spent time in New York, Philadelphia, and Houston for the various clients he has been assigned to work with. KPMG has a great relationship with Adam Barsky, Sundeep Thakur and the Authority's personnel team. He said that KPMG has a wealth of resources including Tax Advisory. Part of his objective is to continue to enhance the relationships with the Power Authority and explore how the firm can bring even more added value to the Authority.

Mr. D'Angelo further continued that the team's focus will be to continue accelerating the work as much as possible to make sure that the financial statements of the Power Authority are issued on the 31st. From a Technology perspective, KPMG is heavily leaning into Data and Analytics and Artificial Intelligence. They also use ChatGPT, which is a part of its audit software tools. These tools will make the team more efficient for the audit for the Power Authority.

Mr. D'Avanzo provided a report on the required Audit Plan as follows:

**Deliverables:**

The Engagement Team will be issuing the following deliverables:

- Auditor report on the consolidated financial statements of the business-type activities and the aggregate fiduciary fund information of the Authority as of and for the year ended December 31, 2024.
- Report on Internal Control Over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in accordance with Government Auditing Standards as of December 31, 2024.
- Report on the Authority's Investment Compliance as of December 31, 2024; and, if applicable
- A Report on Compliance with Requirements that could have a direct and material effect on each major Program and on Internal Control over Compliance in Accordance with Uniform Guidance.

**Engagement Management**

**Accelerating work and Aligning on Key Expectations:**

KPMG has increased acceleration of the audit work to reduce compression at the year's end. This includes a technology tool for Revenues. Progress is tracked based on KPMG's audit documentation. Other areas that KPMG have accelerated, consistent with prior years, are procedures over OPEB, pensions, and investments.

As it relates to KPMG's relationship with management, KPMG meets regularly with NYPA management to coordinate efforts on the progress of the audit.

**3. CONSENT AGENDA**

On motion made by member Laurie Wheelock., and seconded by member John Koelmel, the Consent Agenda was unanimously adopted.

**a. Approval of the Joint Minutes of the Regular Meeting held on March 26, 2024**

On motion made by member Laurie Wheelock and seconded by member John Koelmel, the minutes of the meeting held on March 26, 2024 were unanimously adopted.

**4. Next Meeting**

Chairman Dennis Trainor said that the next regular meeting of the Audit Committee will be held on Tuesday, March 25, 2025 unless otherwise designated by the Chair with the concurrence of the members.



**Closing**

On motion made by member Laurie Wheelock and seconded by member Lewis Warren, Jr., the meeting was adjourned at approximately 9:32 a.m.

A handwritten signature in cursive script that reads "Karen Delince".

Karen Delince  
Corporate Secretary