



***PROPOSED AGENDA***

***JOINT AUTHORITY AND CANAL AUDIT COMMITTEE MEETING***

***July 15, 2025 –8:30 a.m.***

**Members: Chair Dennis Trainor, John Koelmel, Michael Cusick, Lewis Warren, Jr.,  
Laurie Wheelock**

**1. Adoption of the July 15, 2025 Proposed Meeting Agenda**

**2. DISCUSSION AGENDA:**

- a. New York Power Authority and Canal Corporation 2025 Internal Audit Update**
  - i. Internal Audit Update (Salman Ali)**
  - ii. Chief Audit Executive (CAE) Required Communication to the Audit Committee including Global Internal Audit Standards (GIAS) Essential Conditions (Salman Ali)**
  - iii. Artificial Intelligence/Data Analytics Update (Ken Lerman)**

**3. CONSENT AGENDA:**

- a. Approval of the Joint Minutes of the Regular Meeting held on March 25, 2025**

**4. Next Meeting**



# Audit Committee

New York Power Authority and Canal Corporation  
2025 Internal Audit Update

**Salman Ali**  
SVP Internal Audit

July 15, 2025

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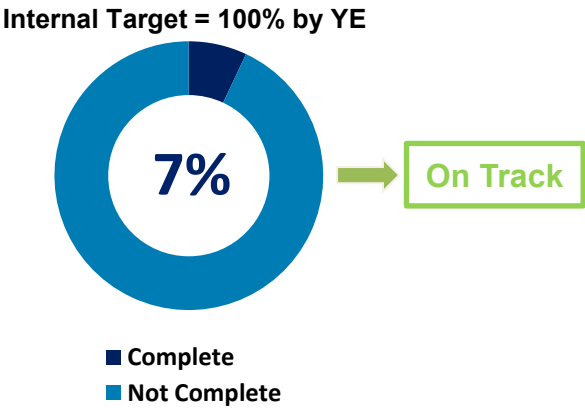
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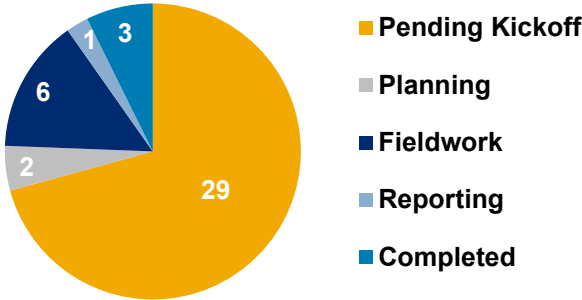
# Executive Summary Internal Audit Update

# Audit Execution Scorecard – As of June 30, 2025

## 2025 Audit Plan Completion %



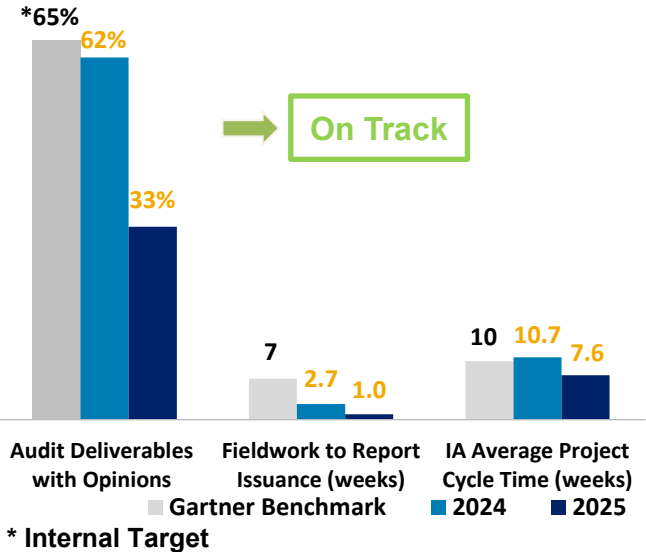
## 2025 Audit Plan Status (as of 6/30/2025) <sup>1</sup>



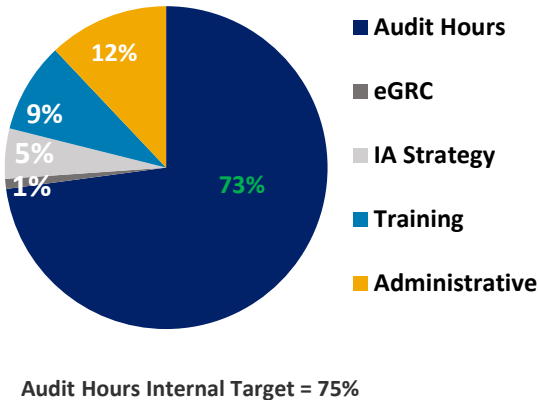
## Key Highlights

- **Audit Plan Status<sup>3</sup>:** On track to complete by March 2026.
- **Deliverables:** 41 planned audits (including 4 EH&S) on the Internal Audit Plan
- **3 deliverables issued** (1 report, 2 memos) totaling 7% of the plan.
- On target to meet auditor **utilization target of 75%.**
- Audit Cycle time continues to be consistent with prior year.
- No high-rated observations identified YTD.
- Audit deliverables with opinions is tracking to **target (65%).**
- **Quality Assurance Improvement Program (QAIP)<sup>2</sup>** action items remain on track.

## 2025 IA Operational Excellence



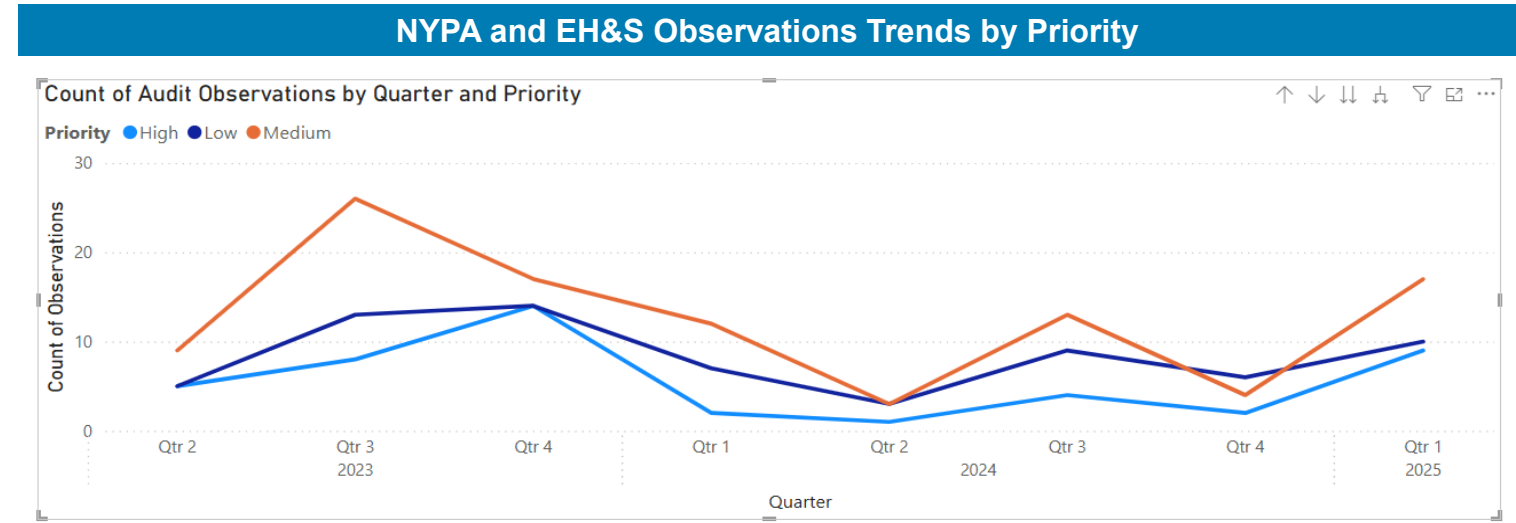
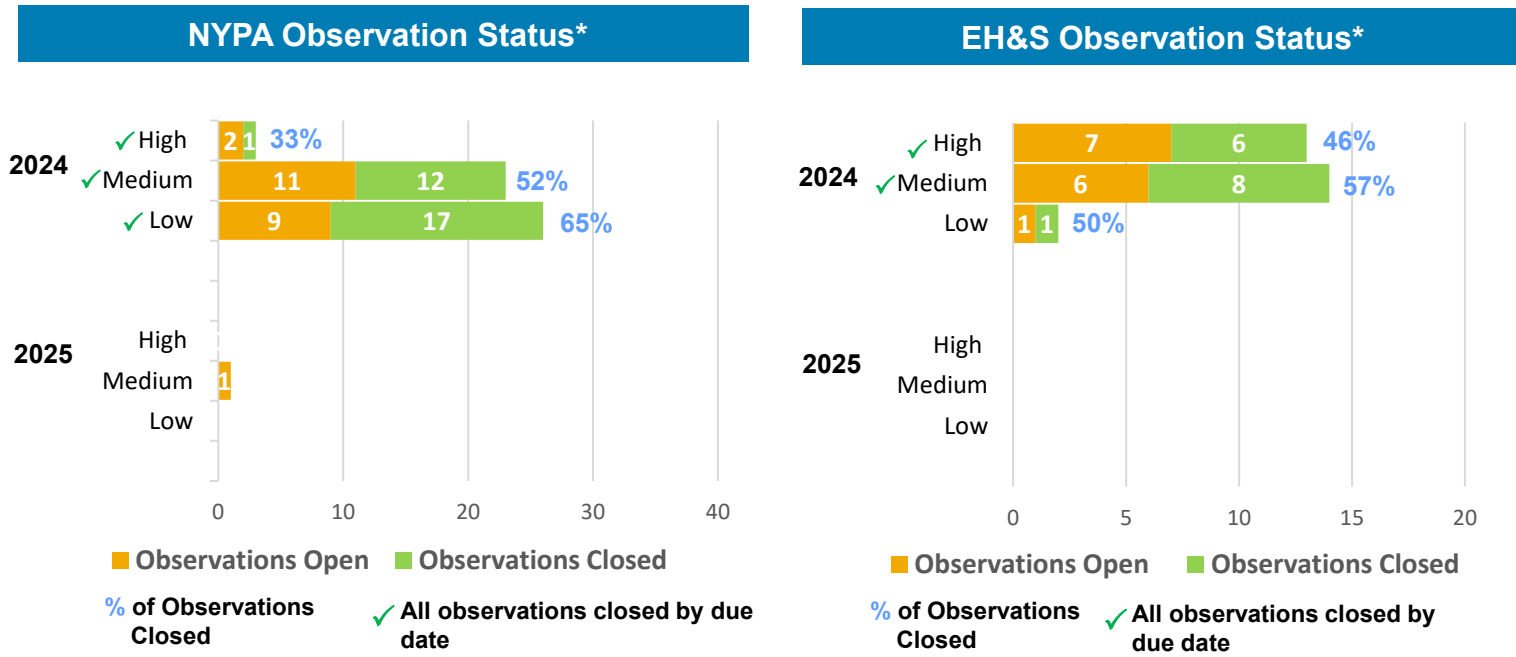
## Department Utilization for All Available Hours



<sup>1</sup> Refer to Appendix A for detailed Internal Audit Plan Status  
<sup>2</sup> Refer to Appendix B for QAIP Action Plan Summary

<sup>3</sup> The audit year follows an April - March schedule, reflecting the timeline established for Internal Audit’s planning and execution cycle.

# Audit Observation Scorecard – As of June 30, 2025



- ### Key Highlights\*
- **Observation closure rates remains strong**, reflecting proactive risk management and effective follow-up.
  - **2025 NYPA**: One medium observation to-date.
  - **2024 NYPA**: 52 identified, 58% closed. All on track, with one extension<sup>1</sup>.
  - **2023 NYPA**: 78 identified, 99% closed. Final observation expected to close by **Q3 2025**<sup>2</sup>.
  - **2024 EH&S**: 29 identified in 2024, 52% closed, all on track with no extensions.
  - **IA-Management Collaboration**: Remains effective in driving timely remediation across all areas.

\*See Appendix C for detailed observation summary  
<sup>1</sup> For details, see Page 7 titled (SOC Report Review Program)  
<sup>2</sup> For details, see Page 6

# Final Open 2023 Observation Summary Status Update

**This is the sole remaining observation from the 2023 audit cycle for NYPA & Canals.**

**Observation Title:** Implementation of Key Capital and Long-Range Planning Process Changes    **Report Issued:** March 12, 2024  
**Due Date:** September 30, 2025    **Rating:** **High**

## Mitigation to date

- ✓ Short-term remediation ~ 85% complete
- ✓ Canals RAMP finalized and approved (100% complete)
- ✓ New governance structure in place to support long-range planning

## Key activities remaining

- Complete coordination on long-range planning with NYPA EPMO
- Finalize the remaining ~ 25% remediation

## Next Steps

- Remediation remains on track
- Continued coordination between Canals, EPMO, and relevant governance bodies



## Observation (Original Date 6/30/2025):

Lack of a formalized Company-Wide SOC report review program

Rating: **High**

**Reason for extension (New Date 12/30/2025):** The original timeline underestimated the effort required for cross-functional coordination,, benchmarking, and policy development. Additional time is needed to finalize and adopt the policy, complete reviews of high-risk SOC reports, and train stakeholders to fully operationalize the enhanced program

### Mitigation to date

- ✓ SOC review policy and framework drafted and under management review
- ✓ SOC I and II inventory created, verified and risk-ranked.

### Key activities remaining

- Finalize and adopt SOC review policy and procedures
- Complete risk-based reviews of critical SOC reports
- Conduct stakeholder training & formalize rollout

### Conclusion

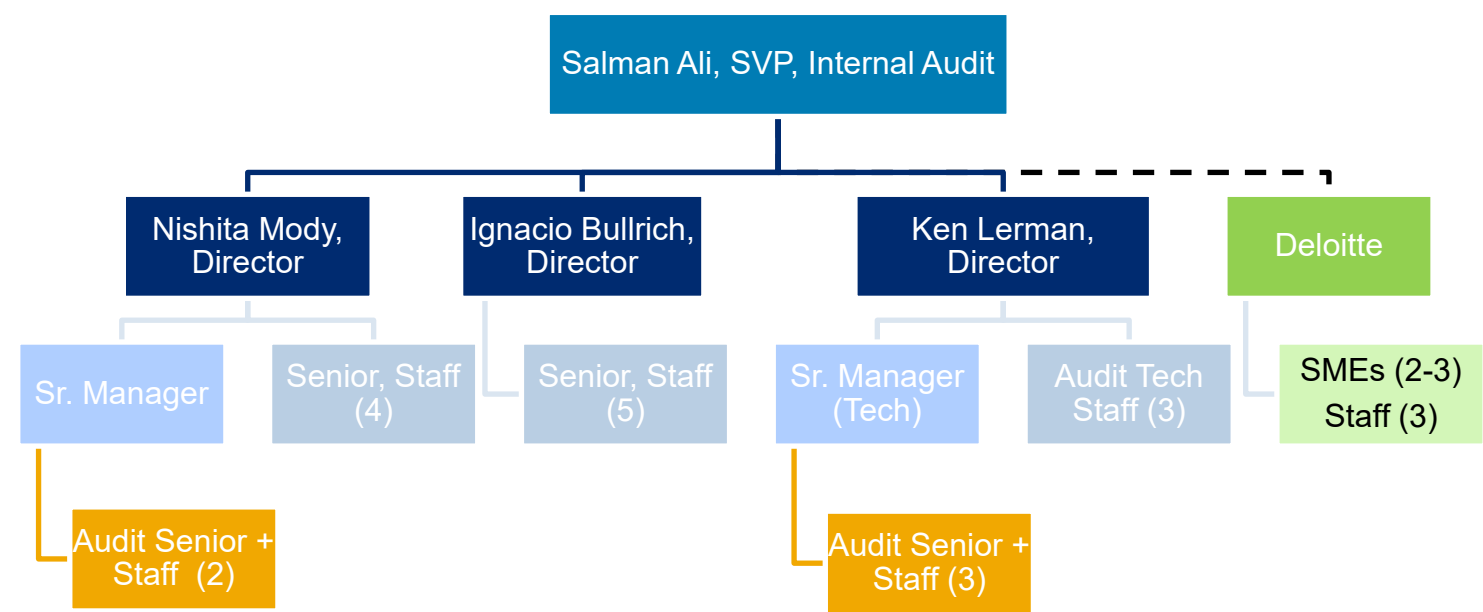
- Foundational risk has been mitigated through verified inventory and draft policy framework
- Finalizing the policy and launching ongoing reviews are essential to sustain progress
- Extension to 12/30/2025 enables full program rollout and long-term program success





# Internal Audit Staffing Update

# Internal Audit Organization Team Structure & Strategic Staffing Update



**Key roles filled:** Successfully filled 4 key vacancies, strengthening internal audit capabilities and reducing dependence on external resources

**Enhanced Team Structure:** Clearly defined management roles to support coaching, performance oversight, and staff development.

**Built for Continuity:** Aligned structure supports leadership development, succession planning, and long-term team continuity.



# APPENDIX A

# Appendix A – 2025 Internal Audit Plan

Ref	Entity	Audit Project Number	Audit	Business Unit	Audit Type	Report Rating	Date Issued/ Comment
<b>Deliverables Issued: 3</b>							
1	NYPA	2025-AU-19	Energy Commodity Risk Management System Pre-implementation	Operations	Audit	N/A	5/12/2025
2	NYPA	2025-AU-05	IT Disaster Recovery Planning	Information Technology & Cyber Security	Audit	Satisfactory	6/4/2025
3	NYPA	2025-AU-08	Project Luminate	Business Services	Audit	N/A	6/26/2025
<b>Reporting in Progress – Fieldwork Complete: 1</b>							
4	NYPA	2025-AU-17	Operating Forecast Development	Business Services	Audit		
<b>Fieldwork in Progress: 6</b>							
5	NYPA	2025-AU-28	Energy Management System Implementation	Operations	Audit		
6	NYPA	2025-AV-13	Western NY and Preservation Power Customer Compliance	Operations	Advisory		
7	NYPA	2025-AU-26	Construction Management – Robert Moses Unit Substation Replacement	Operations	Audit		
8	NYPA	2025-AU-04	Digital Service Delivery	Information Technology & Cyber Security	Audit		
9	Canals	2025-AU-36	Canals Water Monitoring System Implementation	Operations	Audit		
10	Canals	2025-AU-35	NYS Capital Appropriation Compliance	Operations	Audit		
<b>Planning in Progress: 2</b>							
11	NYPA	2025-AS-07	Resource Management	Human Resources	Assessment		
12	NYPA	2025-AS-29	Transmission Operator (TOP) Readiness Review	Operations	Assessment		
<b>Planning Not Started: 29</b>							
13	NYPA	2025-AU-01	Cyber Security Program	Information Technology & Cyber Security	Audit		
14	NYPA	2025-AU-02	Data Management	Information Technology & Cyber Security	Audit		
15	NYPA	2025-AU-03	Artificial Intelligence	Information Technology & Cyber Security	Audit		
16	NYPA	2025-AV-06	IT Disaster Recovery Test	Information Technology & Cyber Security	Advisory		
17	NYPA	2025-AU-09	Strategic Sourcing System Implementation	Business Services	Audit		
18	NYPA	2025-AU-10	Human Capital Management System Implementation	Human Resources	Audit		
19	NYPA	2025-AU-11	Core ERP System Implementation	Business Services	Audit		
20	NYPA	2025-AU-12	Organizational Change Management	Chief Innovation Office	Audit		
21	NYPA	2025-AV-14	ReCharge New York Customer Compliance	Operations	Advisory		
22	NYPA	2025-QIR-15	Site Finance – Cash Forecasting	Business Services	QIR		
23	NYPA	2025-AU-16	Accounts Payable	Business Services	Audit		
24	NYPA	2025-AU-18	Project Hub Implementation	Business Services	Audit		
25	NYPA	2025-AU-20	AGILe Lab	Chief Innovation Office	Audit		
26	NYPA	2025-QIR-21	Ontario Power Generation Contract Compliance	Operations	QIR		

# Appendix A – 2025 Internal Audit Plan

Ref	Entity	Audit Project Number	Audit	Business Unit	Audit Type	Report Rating	Date Issued/ Comment
27	NYPA	2025-AU-22	Hydro Generation Forecast Model	Operations	Audit		
28	NYPA	2025-AU-23	Enterprise Risk Management	Enterprise Risk & Resilience	Audit		
29	NYPA	2025-AU-24	Renewable Operating Model and Renewable Project Portfolio Management	NYPA Development	Audit		
30	NYPA	2025-AU-25	Asset Management Governance	Operations	Audit		
31	NYPA	2025-AU-27	Construction Supplier Contract	Operations	Audit		
32	NYPA	2025-AU-30	Inventory and Critical Spares Management	Operations	Audit		
33	NYPA	2025-AU-31	Site Operations and Maintenance	Operations	Audit		
34	NYPA	2025-QIR-37	Workforce Development Program QIR	Legal Affairs	QIR		
35	NYPA	2025-AU-43	Third Party Service Contract Review	Operations	Audit		
36	Canals	2025-AS-33	Canals Portfolio Management – Canals Asset Divestment Working Group	Operations	Assessment		
37	Canals	2025-AV-34	Canals Asset Management Program – Regional Asset Management Plan Review	Operations	Advisory		
38	EHS	2025-EHS-01	1288 JW Massena Canal Dam	Operations	Audit		
39	EHS	2025-EHS-02	Environmental Program	Operations	Audit		
40	EHS	2025-EHS-03	Health & Safety Program	Operations	Audit		
41	EHS	2025-EHS-04	Canals – Pittsford	Operations	Audit		
<b>Audit Projects Canceled: 1</b>							
1	NYPA	2025-AV-32	Decommissioning and Decarbonization Planning	Operations	Advisory		



# APPENDIX B

# Quality Assurance Improvement Program (QAIP) Assessment - Remediation Status

## 2024 External Assessment

Standard	Description	Status
1220: Due Professional Care	Update onboarding procedures for new IA hires to demonstrate awareness of due professional care responsibilities.	Completed
1230: Continuing Professional Development	Develop an onboarding checklist and track required actions to consistently and effectively onboard co-sourced staff.	Completed
2060: Reporting to Senior Management and the Board	Update the Required Communications Checklist to ensure that all communication requirements associated with the Global Internal Audit Standards are met and documented timely.	Completed
1000: Purpose Authority & Responsibility	Consider introducing an IA Charter Matrix to monitor IA Charter requirements for reporting to the Audit Committee as part of the 2025 assessment. Revise the IA and Audit Committee charters.	Completed
1311: Internal Assessments	Consider introducing the Principles Effectiveness Framework to demonstrate the effectiveness and maturity of Internal Audit related to Internal Auditing principles, as part of the 2025 assessment.	Completed
2000: Managing the Internal Audit Activity	Review and update the current IA infrastructure and methodology to align with the Global Internal Audit Standards which became effective January 9, 2025.	Completed

## 2023 Internal Assessment

Standard	Description	Status
1100: Independence and Objectivity	Update procedures and documentation to further demonstrate Internal Audit's conformance with the standard.	Completed
2050: Coordination and Reliance	Strategically align enterprise-wide risk and assurance to map and catalog assurance activities and create an assurance map for NYPA. Socialize the map within the organization.	In Progress 10% Target: 6/30/2026

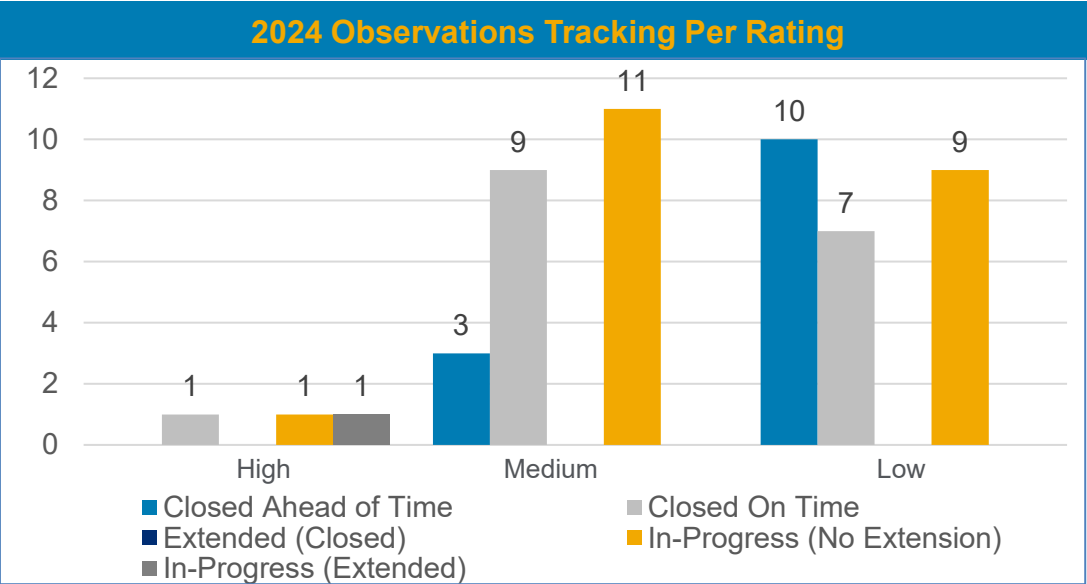


# APPENDIX C



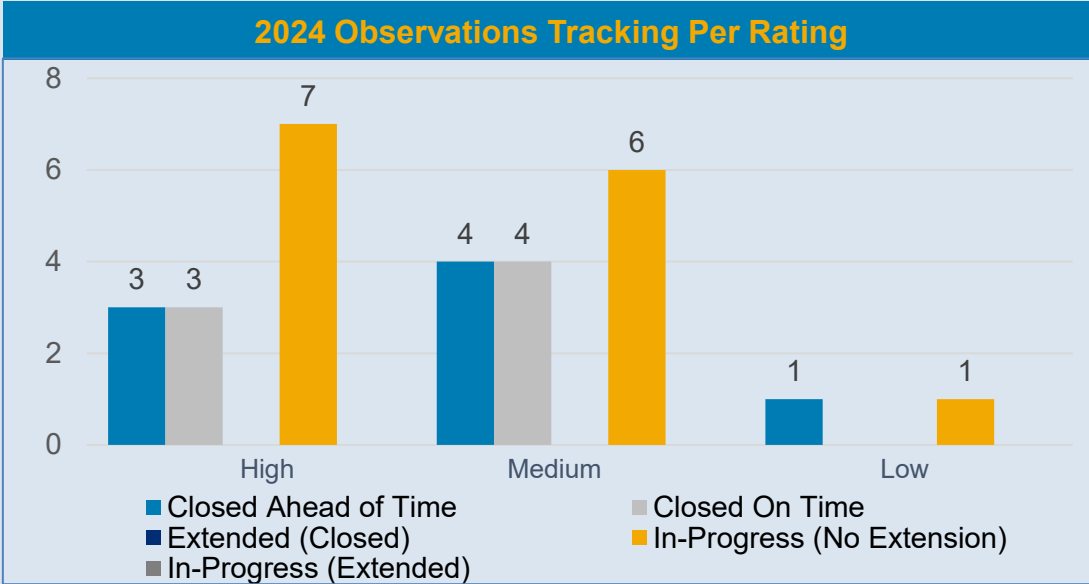
# 2024 Observation Summary Status – NYPA & Canals

- 52 observations were identified for 2024. 30 observations (one high, 12 medium and 17 low) have been closed and 22 2024 observations are open for NYPA and Canals.
- The below bar chart shows 2024 observations tracking by rating. To date, 58% (30 out of 52) of the 2024 open observations have been either closed ahead time or on time indicating management efforts towards risk mitigation, with one extension.
- Open observations and associated recommendations are on track to close within their due dates and no observations are overdue to date.



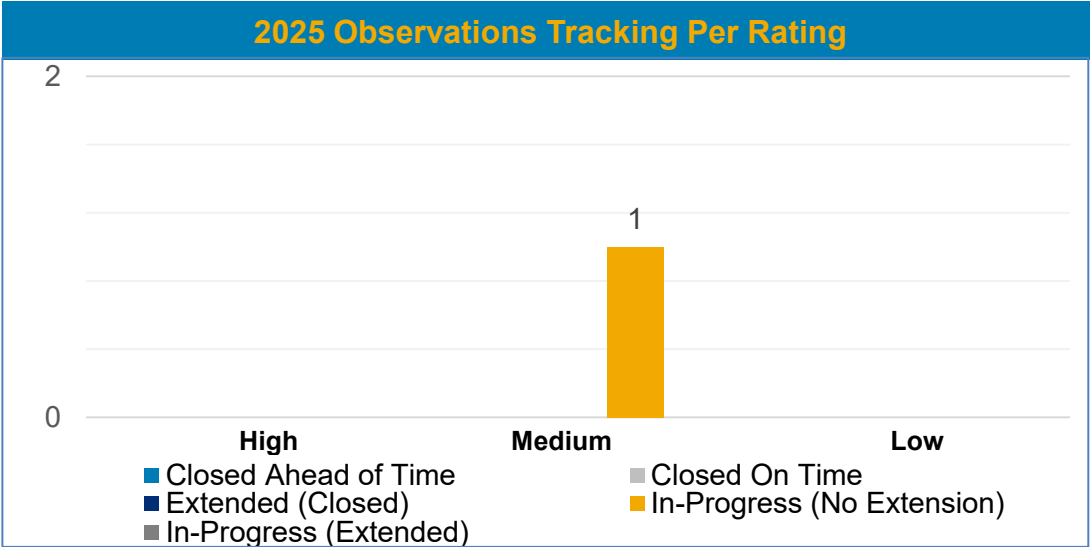
# 2024 Observation Summary Status – Environmental, Health & Safety Compliance

- 29 observations were identified for 2024. 15 observations (six high, eight medium and one low) have been closed and 14 2024 observations are open.
- The below bar chart shows 2024 observations tracking by rating. To date, 52% (15 out of 29) of the 2024 open observations have been either closed ahead time or on time indicating management efforts towards risk mitigation, with no observation extensions.
- The open observations and associated recommendations are on track to close within their due dates.



# 2025 Observation Summary Status – NYPA & Canals

- One observation has been identified to date for 2025.
- The below bar chart shows 2025 observations tracking by rating.
- The open observation and associated recommendations are on track to close within their due dates.





**NY Power  
Authority**

**Canal  
Corporation**



# Audit Committee

New York Power Authority and Canal Corporation  
Chief Audit Executive (CAE) Required Communication to the Audit Committee  
including Global Internal Audit Standards (GIAS) Essential Conditions

**Salman Ali**  
SVP Internal Audit

July 15, 2025

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- CAE Required Communications to the Audit Committee including GIAS Essential Conditions

## Appendix

- Appendix A
  - IIA Global Internal Audit Standards (GIAS) – Essential Conditions



# CAE Required Communication to the Audit Committee

# CAE Required Communications to the Audit Committee

## Internal Audit – NYPA and Canal Corporation

Communication Requirement	Form	Audit Communication
<b>Standard 2.3 – Disclosing Impairments to Objectivity:</b> The CAE must discuss with the board and/or senior management impairments affecting an internal auditor's ability to perform duties objectively, impairments affecting the reliability/ perceived reliability of engagement findings recommendations and conclusions discovered after an engagement is completed, impairments of the objectivity of the CAE in fact or appearance.	Audit Committee Meetings and Private Sessions  Internal Audit Charter	As the CAE, I confirm that there were no impairments to objectivity affecting an auditor's ability to perform duties, the reliability of engagement findings recommendations or conclusions, or the objectivity of the CAE in fact or appearance.
<b>Domain III – Meeting with the Board &amp; Senior Management:</b> The CAE must discuss Domain III with the board and senior management including: The Purpose of Internal Auditing as articulated in Domain I: Purpose of Internal Auditing, The essential conditions outlined under each of the standards in Domain III: Governing the Internal Audit Function, and the potential impact on the effectiveness of the internal audit function if the board or senior management does not provide the support outlined in the essential conditions. (The discussions are needed to inform the board and senior management about the importance of the essential conditions and to gain alignment among their respective responsibilities.) Disagreements: If either the board or senior management disagrees with one or more of these essential conditions, the chief audit executive must emphasize – with examples – how absence of the condition(s) may affect the internal audit function's ability to fulfill its purpose or conform with specific standards.	Audit Committee Meetings and Private Sessions	Discussions were held at the July 15, 2025 Audit Committee Meeting related to the governance of the IA function related to Domain III of the Standards. We discussed the purpose of Internal Auditing, the essential conditions outlined in the standards, the importance of the essential conditions and the impact on the effectiveness of IA if the board or senior management does not provide the support outlined in the essential conditions. There were no disagreements noted from the board or senior management regarding any of the essential conditions they will perform.
<b>Standard 11.3 – Communicating Results:</b> The chief audit executive must communicate the results of internal audit services to the board and senior management periodically and for each engagement as appropriate. The chief audit executive must understand the expectations of the board and senior management regarding the nature and timing of communications. The results of internal audit services can include: -Engagement conclusions. -Themes such as effective practices or root causes. -Conclusions at the level of the business unit or organization.	Director's Desk  Monthly Activity Report	Results of each internal audit engagement were communicated to the board and senior management upon completion, including engagement conclusions and root causes.  Summary engagement results were reported to the Audit Committee monthly.
<b>Standard 12.1 – Internal Quality Assessment:</b> The chief audit executive must establish a methodology for internal assessments, as described in Standard 8.3 Quality, that includes: ·Ongoing monitoring of the internal audit function's conformance with the Standards and progress toward performance objectives.	Audit Committee Meetings & Private Sessions  Monthly Activity Report	Results of ongoing monitoring of performance were reported to the Audit Committee as a component of the monthly internal activity reports.

## Essential Conditions

Per the GIAS, [Domain III Governing the IA Function](#) outlines the requirements for the CAE to work closely with the Board to establish IA, position it independently and oversee its performance.

Certain activities of the Board and Senior Management are deemed essential to IA's ability to fulfill the purpose of Internal Auditing and are identified in each standard as “[essential conditions](#).”








The CAE must have discussions with the Board and Senior Management regarding; the purpose of Internal Auditing, the essential conditions and the impact on IA's effectiveness if the Board or Senior Management do not provide the support outlined in the essential conditions. These discussions highlight the importance of the essential conditions and help the Board and Senior Management to gain alignment among their respective governance responsibilities.

Further discussions, specific actions and documentation are needed if the Board or Senior Management disagrees with one or more of the essential conditions.



# IIA GIAS – Essential Conditions

The following table lists Essential Conditions for the Board that are further outlined in **APPENDIX A** <sup>1</sup>

Essential Condition	Board Actions (summary)	Status
6.1 & 6.2 IA Mandate and Charter	Discuss with the CAE and senior management the authority, role and responsibilities of internal audit and approve and discuss the IA Charter.	
6.3 Board & Senior Management Support	Champion IA to fulfill the purpose of internal auditing. Support the CAE through regular communications.	
7.1 Organizational Independence & 7.2 CAE Qualifications	Establish direct reporting relationship with the CAE and authorize appointment and approval. Allow time to privately discuss significant and sensitive matters with the CAE only. Approve CAE roles and responsibilities and appoint a qualified CAE to manage effectively and ensure quality performance.	
8.1 Board Interaction	Communicate to understand how IA is fulfilling its mandate, and how NYPA's strategies, objectives and risks assist the CAE to determine IA priorities. Discuss disagreements and provide support for the CAE to perform responsibilities.	
8.2 Resources	Collaborate to provide IA with resources sufficient to achieve the IA mandate and plan.	
8.3 Quality	Discuss the Quality Assurance Improvement Program with the CAE, approve IA's performance objectives, assess IA's effectiveness and efficiency.	
8.4 External Quality Assessments	Discuss external assessment plans, require results directly from the assessor, review CAE's action plans to address deficiencies and opportunities for improvement.	

<sup>1</sup>Refer to Appendix A for detailed excerpt of GIAS Essential Conditions



Fully Performed



# APPENDIX A

# Global Internal Audit Standards

## Domain III: Governing the Internal Audit Function for Chief Audit Executives (Full Overview)



The Institute of  
Internal Auditors

# Standard 6.1 – Internal Audit Mandate

- CAE must provide information to establish the internal audit mandate.
- CAE must coordinate with other assurance providers to understand everyone's roles and responsibilities.
- CAE must document or reference the mandate in the internal audit charter.
- CAE must assess whether significant changes justify discussions about potential changes to the internal audit mandate.

# Standard 6.1 – Essential Conditions

## Board

- Discuss with CAE and senior management the appropriate authority, role, and responsibilities of internal audit.
- Approve the internal audit charter.

## Senior Management

- Discuss with the board and CAE; provide input on internal audit expectations for board consideration when establishing the internal audit mandate.
- Support the internal audit mandate and promote authority granted to internal audit.



# Standard 6.2 – Internal Audit Charter

- CAE must develop and maintain an internal audit charter that specifies internal audit's:
  - Purpose of Internal Auditing.
  - Commitment to adhering to the Global Internal Audit Standards.
  - Mandate and the board's responsibilities and expectations regarding management's support of internal audit.
  - Organizational position and reporting relationships.
- CAE must discuss the charter to confirm it accurately reflects the understanding and expectations of internal audit.

# Standard 6.2 – Essential Conditions

## Board

- Discuss with CAE and senior management topics to include in the internal audit charter.
- Approve the charter.
- Review charter with CAE when significant organizational changes arise.

## Senior Management

- Communicate with the board and CAE about management's expectations for inclusion in the charter.

# Standard 6.3 – Board and Senior Management Support

- CAE must provide information to support and promote recognition of the internal audit function throughout the organization.
- CAE must coordinate internal audit's board communications with senior management to support the board's ability to fulfill its requirements.



# Standard 6.3 – Essential Conditions

## Board

- Champion internal audit to enable fulfillment the Purpose of Internal Auditing.
- Work with senior management to enable unrestricted access to all information necessary to fulfill internal audit mandate.
- Support the CAE through regular, direct communications.
- Demonstrate support by:
  - Specifying that CAE reports to a level that allows internal audit to fulfill its mandate.
  - Approving the charter, plan, budget, and resource plan.
  - Making inquiries to determine restrictions that limit they to ability to carry out its responsibilities.
  - Meeting with CAE alone.

# Standard 6.3 – Essential Conditions

## Senior Management

- Support recognition of internal audit throughout the organization.
- Work with board and organizational management to enable internal audit's unrestricted access to information necessary to fulfill its mandate.

# ■ **Standard 7.1 – Organizational Independence**

- CAE must confirm internal audit's organizational independence at
  - least annually.
- CAE must document the reporting relationships and organizational
  - positioning of internal audit.
- CAE must discuss current or proposed roles and responsibilities that
  - have the potential to impair internal audit's independence. CAE
  - must advise regarding the safeguards to manage impairments.

# Standard 7.1 – Organizational Independence

- Specifics of CAE's roles outside internal auditing must be documented in the charter. If areas of responsibility are subject to internal auditing, alternative processes to obtain assurance must be established.
- When CAE's nonaudit responsibilities are temporary, assurance must be provided by a third party during the assignment and subsequent 12 months. CAE must establish a plan to transition those responsibilities to management.
- If governing structure does not support organizational independence, CAE must document the characteristics of the structure limiting independence and any safeguards that may be employed.



# Standard 7.1 – Essential Conditions

## Board

- Establish direct reporting relationship with CAE to enable fulfillment of its mandate.
- Authorize appointment and removal of CAE.
- Provide input to support CAE performance evaluation and remuneration.
- Allow time to discuss significant and sensitive matters without senior management present.
- Require CAE to be positioned at a level that enables performance of responsibilities without management interference.
- Acknowledge impairments to internal audit's independence when approving CAE roles or responsibilities beyond internal auditing.
- Help establish appropriate safeguards if CAE roles and responsibilities impair internal audit's independence.
- Help ensure that internal audit is free from interference.

# Standard 7.1 – Essential Conditions

## Senior Management

- Position internal audit within the organization to enable its performance without interference.
- Recognize CAE's reporting relationship with the board.
- Understand potential impairments to internal audit's independence caused by nonaudit roles and support the implementation of safeguards to manage impairments.
- Provide input to the board on the appointment and removal of CAE.
- Solicit board input on CAE's performance evaluation and remuneration.

# Standard 7.2 – CAE Qualifications

- CAE must help board understand the qualifications and competencies necessary to manage internal audit.
- CAE must maintain and enhance the qualifications and competencies necessary to fulfill the roles and responsibilities expected by the board.

# Standard 7.2 – Essential Conditions

## Board

- Review requirements for CAE to manage internal audit.
- Approve CAE's roles and responsibilities and identify criteria necessary to carry them out.
- Engage to appoint qualified CAE to manage internal audit effectively and ensure quality performance.

## Senior Management

- Engage to determine CAE's qualifications, experience, and competencies.
- Enable CAE's appointment, development, and remuneration through human resources.



# Standard 8.1 – Board Interaction

- CAE must provide information for board to conduct its oversight responsibilities.
- CAE must report to the board and senior management:
  - Internal audit's plan and budget and subsequent revisions.
  - Changes affecting the mandate or charter.
  - Potential impairments to independence.
  - Results of internal audit services.
  - Results from the QAIP.
- Disagreements: CAE must provide information allowing the board to consider whether it should intervene.

# Standard 8.1 – Essential Conditions

## Board

- Communicate to understand how internal audit is fulfilling its mandate.
- Communicate on the organization's strategies, objectives, and risks to assist CAE in determining internal audit priorities.
- Set expectations with CAE for:
  - Frequency of communications.
  - Criteria for determining escalation processes.
  - The process for escalating matters to the board.
- Understand the effectiveness of governance, risk management, and control processes based on audit results.
- Discuss disagreements and provide support enabling the CAE to perform responsibilities.

# Standard 8.1 – Essential Conditions

## Senior Management

- Communicate senior management's perspective on strategies, objectives, and risks to assist in determining internal audit priorities.
- Assist in understanding the effectiveness of governance, risk management, and control processes.
- Work with the board and the CAE on escalation process.

# Standard 8.2 – Resources

- CAE must evaluate whether resources are sufficient to fulfill the internal audit mandate and achieve the internal audit plan.

# Standard 8.2 – Essential Conditions

## Board

- Collaborate to provide internal audit with resources sufficient to fulfill the internal audit mandate and achieve the internal audit plan.
- Discuss the sufficiency of internal audit resources to fulfill the mandate and achieve the internal audit plan.
- Consider the impact of insufficient resources.
- Engage to resolve insufficient resources.

## Senior Management

- Engage with the board to provide internal audit with sufficient resources to fulfill the internal audit mandate and achieve the

internal audit plan.

- Engage to resolve insufficient resources.

## ■ Standard 8.3 – Quality

- CAE must develop, implement, and maintain a QAIP that covers all
  - aspects of internal audit with external and internal assessments.
- CAE must communicate internal quality assessment results. External
  - quality assessments must also be reported. Communications should
  - include:
    - – Internal audit's conformance with the Standards and achievement of performance objectives.
    - – Compliance with relevant laws and/or regulations.
    - – Plans to address deficiencies and opportunities for improvement.

# Standard 8.3 – Essential Conditions

## Board

- Discuss QAIP with the CAE.
- Approve internal audit's performance objectives
- Assess internal audit's effectiveness and efficiency:
  - Review internal audit's performance objectives; conformance with the Standards and relevant laws/regulations; ability to meet their mandate; and progress on internal audit plan completion.
  - QAIP results.
  - Extent to which performance objectives are being met.

## Senior Management

- Provide input on internal audit's performance objectives.
- Participate in an assessment of the CAE and internal audit.

# ■ Standard 8.4 – External Quality Assessments

- CAE must develop a plan for an EQA and discuss it with the board.
  - Must be performed at least once every five years.
  - Requirement may also be met through a SAIV.
- CAE must ensure assessor/assessment team member holds an active
  - CIA® designation.



# Standard 8.4 – Essential Conditions

## Board

- Discuss EQA plans.
- Collaborate to determine the scope and frequency of the EQA.
- Consider CAE's and internal audit's responsibilities and regulatory requirements in the EQA scope.
- Review and approve CAE's EQA plan:
  - Scope and frequency.
  - Competencies and independence of the assessor/assessment team.
  - The rationale for choosing a SAIV over an EQA.
- Require EQA or SAIV results directly from assessor.
- Review and approve CAE's action plans to address deficiencies and opportunities for improvement.
- Approve a timeline to complete action plans and monitor progress.

# Standard 8.4 – Essential Conditions

## Senior Management

- Collaborate to determine the scope and frequency of EQA.
- Review EQA results, collaborate on action plans that address identified deficiencies and opportunities for improvement, and agree on a timeline for action plan completion.



**NY Power  
Authority**

**Canal  
Corporation**



# Audit Committee

Artificial Intelligence/Data Analytics Update

**Ken Lerman**

Director Internal Audit – Technology

July 15, 2025

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- Artificial Intelligence/Data Analytics Update
  - Executive Summary
  - Strategy Pillars
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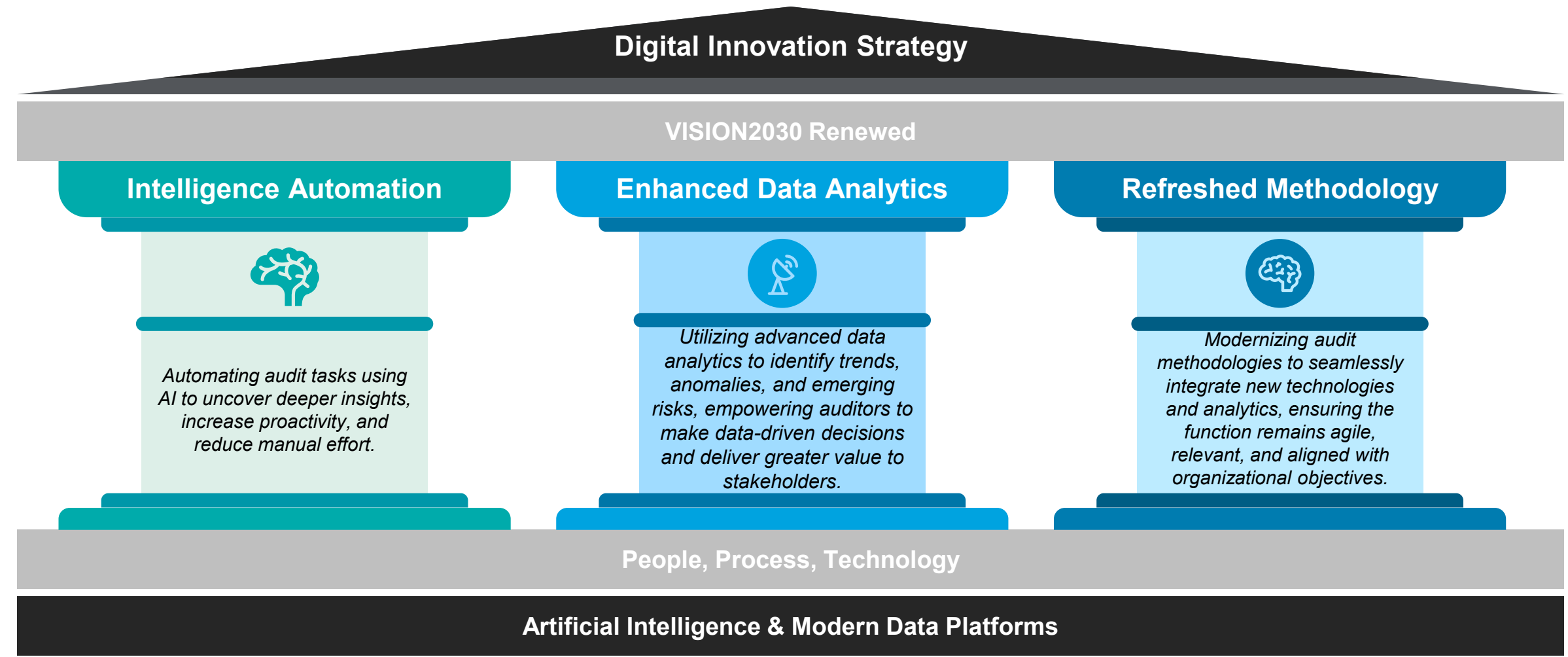


# Artificial Intelligence/ Data Analytics Update

# Executive Summary

## Enhancing Audit Efficiency: Developing Internal Audit's Innovation Strategy

To modernize the audit function by integrating cutting-edge artificial intelligence (AI) and innovative data analytics, aligning with NYPA's core framework of People, Process, and Technology, to achieve unparalleled efficiency, accuracy, and strategic insight to data trends.



## Strategic Enablers



**Prompt Library:** Reusable AI prompt catalog aligned to audit tasks (e.g., observation drafting, narratives)



**Upskilling & Training:** AI literacy and prompt engineering workshops



**Insights:** more detailed and comprehensive audit insights and better understanding of audit data

## Execution Pillars

### 1. Hackathons:

- Apply LLM tools to real-world audit scenarios
- Rapidly prototype prompt library and integration concepts
- Capture auditor feedback to shape tool design

### 2. Technology Assessment:

- Evaluate AI and assess data readiness
- Shortlist platforms that meet audit priorities
- Prioritize integration points with GRC systems



# Enhanced Data Analytics

Empowering auditors to uncover insights and drive smarter, faster decision making

## Strategic Enablers



**Modern Data Platform (MDP):** Central hub for dashboarding and real-time analytics



**Analytics Retooling:** Equipping auditors to cutting edge analytics tools (PowerBI, Alteryx)



**Continuous Auditing:** Enables ongoing analytics and risk signal detection across critical areas

## Execution Pillars

### 1. Thematic Risk Analytics:

- Identify trends and anomalies (e.g., vendor payment spikes, control failures)
- Detect emerging risks across business units, functions
- Integrate automated dashboard that incorporates into audit reporting

### 2. Prioritized Scoping & Planning

- Pinpoint highest-risk areas based on deep data analysis
- Align audit planning more tightly with business and risk trends
- Use dashboard to refine timing, depth, and scope of engagements

# Refreshed Methodology

Updating audit framework to stay aligned with continuous risk insights and digital needs

## Strategic Enablers



**Future Skills & Competency:** Clearly defined capabilities for a digitally fluent audit team



**Methodology Updates:** Updated procedures for audit intake, planning, execution



**Continuous Learning Culture:** Embedded training and knowledge-sharing forums to stay ahead

## Execution Pillars

### 1. Capability Framework & Upskilling

- Defined required skills across DA, tech literacy and critical thinking
- Piloted and refines competency model in AI and modern tools

### 2. Methodology Refresh

- Incorporated analytics-driven intake and planning into audit lifecycle
- Enhanced ability to pivot based on data, risk, or strategic priorities

# Measurable Outcomes

## Building a Future-Ready, Highly Efficient Internal Audit Team Delivering Deeper Insights



**Increased Efficiency:** Achieve 30-50% time savings on audit documents



**Enhanced Risk Detection:** AI-surfaced anomalies, and emerging risks



**Strategic Alignment:** Directly supports VISION2030 Renewed objectives



**Smarter Scoping:** Audit plans driven by analytics, aligned to top risk exposures



**Deeper Risk Insights:** Early warning of patterns, outliers, and systemic issues



**Integrated Reporting:** Dashboards enhance alignment and better clarity and measure on insights



**Modern Delivery Models:** Methods to accelerate execution and reduce friction



**Future-Ready Team:** Skills aligned to future audit needs (AI, data, risk strategy)



**NY Power  
Authority**

**Canal  
Corporation**

MINUTES OF THE  
JOINT AUTHORITY AND CANAL AUDIT COMMITTEE MEETING

March 25, 2025

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Minutes of the Joint Authority and Canal Audit Committee Meeting held on March 25, 2025, at approximately 8:30 a.m.

**Members present were:**

Dennis Trainor – Chair  
John R. Koelmel  
Michael Cusick  
Lewis M. Warren Jr. - videoconference  
Laurie Wheelock

**Non-Members' present were:**

Bethaida Gonzalez  
Cecily Morris

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**Also, in attendance were:**

Justin E. Driscoll	President and Chief Executive Officer
Joseph Kessler	Executive Vice President and Chief Operating Officer
Adam Barsky	Executive Vice President and Chief Financial Officer
Lori Alesio	Executive Vice President and General Counsel
Karina Saslow	Senior Vice President - Human Resources
Daniella Piper	Executive Vice President and Chief Innovation Officer
Robert Piascik	Senior Vice President and Chief Information and Technology Officer
Alexis Harley	Senior Vice President and Chief Risk and Resiliency Officer
Charles Imohiosen	Senior Vice President - Communications and External Affairs
Salman Ali	Senior Vice President - Internal Audit
John Canale	Senior Vice President Strategic Supply Management
Maribel Cruz Brown	Senior Vice President - Internal Affairs
Patricia Lombardi	Senior Vice President - Project Delivery
Christopher Hutson	Senior Vice President NYPA Development
Karen Delince	Vice President and Corporate Secretary
Kaela Mainsah	Vice President Environmental Justice
Lindsay Kryzak	Vice President Corporate Communications
Mario Roefaro	Vice President Community and Government Relations
Victor Costanza	Vice President Chief Information Security Officer
Steven Damsky	Senior Director - Supplier Relationship Management
Kandapa Jinvit	Senior Director Internal Business Controls
Rebecca Hughes	Deputy Executive Director Canals - Canals Public Engagement
Brian Stratton	Director, New York State Canal Corporation
Christopher Vitale	Director - Projects
Ignacio Bullrich	Director Internal Audit
Joseph Flick	Director Crisis Management
Nishita Mody	Director Internal Audit
Sandra Bleckman	Workforce Development Project Director
David Mellen	Regional Manager and Senior Vice President, Site Administration - Canals

Sundeep Thakur	Controller
Chris L. D'Angelo	KPMG - Partner
Ryan Gibbons	KPMG – Senior Manager
Sheila Quatrocci	Senior Associate Corporate Secretary
Michele Stockwell	Senior Assistant Corporate Secretary
Fiona Khan	Senior Assistant Corporate Secretary

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Chair Trainor presided over the meeting. Vice President and Corporate Secretary Delince kept the Minutes.

## **Introduction**

Chair Trainor welcomed the Committee members and NYPA and Canal staff members who were present at the meeting. He advised 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 March 25, 2025 Proposed Meeting Agenda**

*On motion by member Koelmel and seconded by member Wheelock, the agenda for the meeting was adopted.*

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

Chair Trainor introduced Salman Ali, Senior Vice President of Internal Audit, to present the Internal Audit Plan Update for the Authority and Canal Corporation.

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

##### **i. 2024 Internal Audit Update**

Salman Ali, Senior Vice President of Internal presented the 2024 Audit Update results: The audit is on target and 98 percent complete as of the slide publication date March 13<sup>th</sup>; full completion is expected by March 31<sup>st</sup>.

- **Key Highlights**

- Utilization stands well above target at 79 percent with continued efficiency in executing the plan in terms of operational excellence and meeting targets. There were three high-rated observations issued this year, and only 5 percent of opinions indicated the need for considerable improvement; this percentage decreased 10 percent from 2023, indicating a strong risk management culture.
- The team is making strong progress in risk management and our Quality Assurance Improvement Program (“QAIP”). The external assessment shared at the December meeting highlighted a few items that required execution. NYPA is making progress and anticipates wrapping up the action from that assessment by June 2025.
- There has been a downward trend in terms of the overall number of observations. The Authority has been able to close a number of the issues by demonstrating good management processes and discussions. There are no past dues issues, which is a testament to the collaboration with management to have these close on time.

- **2024 Thematic Observations Update**

Nishita Mody, Director of Internal Audit, presented common threads and highlighted two key themes.

- *Environmental Health and Safety (“EH&S”)*: Since assuming the responsibility of the EH&S Compliance Audit Program in 2021, the team’s main objective has been to evaluate compliance across all departments, recommend improvements, promote environmental stewardship and strengthen the organization’s health and safety culture.
  - In 2024, four EH&S audits were performed with generally positive results. No significant activities were found that potentially pose substantial EH&S risks to the organization. However, two areas of improvement were highlighted: operational management and EH&S training.



- Emphasis was placed on the importance of safety in compliance with environmental standards through strengthening inspection protocols, enforcing those inspection protocols and improving materials management activity, resulting in improved and enhanced asset maintenance and regulatory compliance.
- Bolstering training program to include increasing awareness of regulatory requirements and compliance best practices.
- *Third-party Service Providers:* Ignacio Bullrich, Director of Internal Audit, highlighted the key improvements planned for strengthening the Authority's oversight of Third Parties. Third Party risk represents a key enterprise risk for NYPA, and a substantial portion of the audit plan evaluation of risk management. The majority of the below actions are expected to be completed by end of this year, with full formalization by Q1 of 2026. The key improvements include:
  - Enhancing the organization's oversight of third-party service providers by having the Authority strengthen and redefine any undefined and unclear roles and responsibilities while reinforcing the agreed-upon contract terms.
  - Developing a robust onboarding process, thorough evaluation of the cyber risk of our bulk electric system suppliers, and a diverse supplier base.
  - Streamlining some of the processes related to the Service Organization Control Review Program, which will help in understanding the control environment at NYPA's third parties.
  - Enhancing the use of advanced data tools and software to improve transparency and monitoring capabilities, which includes ensuring that current data is managed at the appropriate levels to better assess supplier performance in operating stability, standardizing documentation and improving review requirements to ensure that the reporting received remains relevant and useful.

Ali noted that because of the assessment recommendation, the charter was updated to align with new standards.

## **ii. 2025 Internal Audit Plan and Strategy**

Ali presented the 2025 Internal Audit Plan and Strategy and advised that the team went through a rigorous process that began in October, speaking with individuals in the organization, 90 plus stakeholders, senior members of staff and Executive Management Committee ("EMC"). The "Proposed" 2025 Audit Plan delivers risk-based, comprehensive coverage, aligned with strategic priorities while remaining flexibility to address emerging risks and evolving business needs. The Audit Universe includes 56 entities, including NYPA, Canals, and EH&S, with 41 audits prioritized based on risk, prior coverage, and strategic initiatives. The plan, which was developed in collaboration with executives and stakeholders for alignment with enterprise priorities, supports NYPA and the Canal Corporation's Strategic Priorities and Top Enterprise Risks, focuses on continuous improvement through data-driven insights, automation, and innovation and is designed for ongoing adaptability, ensuring timely updates to address emerging risks and dynamic business needs.

### **▪ Risk Assessment and Audit Plan Approach**

The risk assessment process entails looking at various risk factors, including financial risk, legal, compliance, operational and cyber. Elements of the approach include:

- A risk adjustment for new entities, organization changes and strategic priorities, and current utility industry landscape.

- Audit projects included in each year's plan will continue to focus on the high-rated and medium-rated audit entities with the Audit Universe.
- The audit coverage period follows a five-year cycle for NYPA and Canals as six-year cycle for EH & S and considers the last year audited business needs, strategic initiatives, emerging risks, and degree of change.
- 100% of high and medium-rated audit entities are within cycle; low-rated entities are audited selectively based on changing risks and Gartner Audit Leadership Council benchmarks.

Ali highlighted that the plan is adaptable to change in risk allowing us to re-prioritize in real time. Over the course of the year the organization goes through a continuous process to perform risk assessment. In the event a high-risk item is identified it is brought into the plan. There is flexibility now to assign resources such as emerging risks or a new project coming on board and looking continuously to utilize automation analytics to augment our plan.

The team employs a thematic approach to the audits. The thematic structure ensures the plan remains responsive to NYPA's mission and making sure we're anchored in our key core risk areas. As the Authority moves into the clean energy transition, audits will align with the work that our team is doing in terms of operating model and sustainability goals. Part of the audit plan is to examine enterprise transformation efforts and Project Luminate. The team's comprehensive cyber audit will focus on governance, risk management, and safeguarding NYPA against evolving threats. The team will also review workforce development initiative geared toward disadvantaged communities.

Ali shared the statistics of the audit plan from prior years and mentioned that full audits are 70 percent of the plan and a benchmark to ensure that audits are above the 65 percent benchmark. The Authority is increasing the number of quick impact reviews and advisory work due to the Strategic VISION2030. An abundance of work will be done stemming from projects of VISION2030. There is continued consistency from 2024 with the number of audits, higher on advisory and quick impact reviews.

Ali emphasized that the organization is fully aligned with top enterprise risk – in terms of risk appetite scores and continuously monitoring the metrics coming from enterprise risk management. A critical area of focus for enterprise risk is critical infrastructure third-party workforce safety, adapting as the enterprises' risk changes and ensuring the organization is completely aligned with top risk.

Ali explained the resources needed for the audit plan and the Authority. We asked for about 34,000 and added about 36,500 for co-source hours that enables us to meet the plan. In 2024, estimated co-source hours were about 4,500 which was reduced due to hires. Ali reflected that back in December there were three open positions of which two have been filled, leaving one open position. The Authority will partner with Human Resources to fill gaps and identify needs from a training perspective.

The team is focused on enhancing our ability to deliver timely, data-driven insight. During the thematic analysis, the team encountered challenges due to limited access to the data within our repository. This highlighted the need for better tools and systems that allow us to perform real-time, click-of-a button thematic analysis. Ali concluded that the initiative is aligned with VISION2030's strategic priorities to embrace technology, modernize and be digitally enhanced with a unified view of risk across the organization.

*On motion made by member Koelmel and seconded by member Warren, the 2025 Internal Audit Plan and Strategy was unanimously approved. As a note: Member Wheelock temporarily stepped out of the meeting and was not included in this vote.*

## **RESOLUTION**

RESOLVED, that the Audit Committee recommends that the New York Power Authority Board of Trustees and New York State Canal Corporation Board of Directors approve the 2025 Internal Audit Plan.

RESOLVED, That the Chair, the President and Chief Executive Officer, and all other officers of the Authority be, and each of them hereby is, authorized on behalf of the Authority and Canal Corporation to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.

### **b. 2024 Financial reports Pursuant to Section 2800 of the Public Authorities Law and Regulations of the Office of the State Comptroller**

Adam Barsky, Executive Vice President and Chief Financial Officer, presented the following highlights of the 2024 financial report with a comparison of 2023 to 2024:

- The Authority's net income of \$29 million is ahead of target compared to the prior year.
- There has been significant improvement in the quality of earnings, which stemmed from an increase in operating income rather than non-operating income; a positive impact from our business generating this income.
- The numbers presented in the financials have been audited and have not changed since presented at the end of 2024.
- The debt-equity ratios remain strong, even when rating agencies exclude the Separately Financed Projects ("SFP") bonds on NYPA general obligation bonds
- Equity has increased to \$5.234 billion. The weighted average cost of capital cannot exceed our net position by debt when viewing the amount of debt that the Authority can issue to maintain our Federal Energy Regulatory Commission ("FERC"). It helps the Authority's capital capacity if we have the ability to issue more debt than net position; when net position goes up that allows us more room if we need to issue more debt.
- There is nothing new to report on net position. NYPA continues to add to our capital assets same as we do with transmission work.
- Net Income of \$159M in 2024 versus \$130M in 2023. The following has increased:
  - Operating Revenue \$402M due to higher prices on market-based sales of energy and capacity.
  - Purchased Power/Fuel/Transportation and Delivery expense \$178M due to higher prices.
  - Operations & Maintenance ("O&M") expenses \$48M primarily driven by higher comp absences due to new accounting standard Governmental Accounting Standards Board Statement ("GASB 101").
  - Depreciation & Amortization expense \$46M due to increase in assets placed into service.
  - Non-operating expense \$92M due to interest expense 2023A bonds \$32M, St. Regis Litigation \$26M and workforce development \$21M.
- Total Asset Increased \$667M:
  - Capital assets increased \$390M due to increased spending on transmission capital projects.

- Current assets increased \$154M due to increase in cash on issuance of bonds and increase in customer receivables.
- Other noncurrent assets increased \$123M primarily due to increase in Other Post Employment benefits (“OPEB”) assets and Allowance for Funds Used During Construction (“AFUDC”).
- Total Liabilities Increased \$508M:
  - Noncurrent liabilities increased \$298M primarily due to issuance of 2024A bonds partially offset by the defeasance of bonds.
  - Current liabilities increased \$210M due to issuance of commercial paper.
- Net cash flow in line with previous year. This performance reflects NYPA issued debt in the prior year after defeasing taxable debt then issuing tax-exempt debt.
- There are no major changes.
- The business is earning well and ahead of target.
- The balance sheet remains strong.
- Good liquidity to undertake all of our strategic priorities.
- NYPA continues to move in the right direction to execute our plan.

Barsky concluded that the Public Authority Accountability Act requires approval of the financial statements and 2800 reports containing detailed information that NYPA provides to the Public Authorities Budget Office in Albany. A listing is collected of detailed statutorily required information from all of New York State Authorities. NYPA will file once approved by the board.

*On motion made by member Cusick and seconded by member Koelmel the following resolution was unanimously approved.*

#### **RESOLUTION**

WHEREAS, pursuant to Section 2800(1) of the Public Authorities Law, the Authority is required to annually submit to the Governor, the Chairman and Ranking Minority Member of the Senate Finance Committee, the Chairman and Ranking Minority Member of the Assembly Ways and Means Committee, the State Comptroller and the Authorities Budget Office, within 90 days after the end of its fiscal year, a complete and detailed report or reports setting forth information regarding, among other things, certain financial information; and

WHEREAS, pursuant to Section 2800(3), financial information submitted under Section 2800 shall be approved by the Authority's Board of Trustees and shall be certified in writing by the Chief Executive Officer and the Chief Financial Officer of the Authority that based on the officer's knowledge the information provided therein (a) is accurate, correct and does not contain any untrue statement of material fact; (b) does not omit any material fact which, if omitted, would cause the financial statements to be misleading in light of the circumstances under which such statements are made and (c) fairly presents in all material respects the financial condition and results of operations of the Authority as of, and for, the periods presented in the financial statements; and

WHEREAS, on the date hereof, the Chief Executive Officer and Chief Financial Officer have so certified as to the financial information contained within the attached reports for the fiscal year ending December 31, 2024

NOW THEREFORE BE IT RESOLVED, That the Audit Committee hereby recommends the approval of Authority's Financial Statements Pursuant to Section 2800 of the Public Authorities Law, as amended by the Public Authorities Accountability Act of 2005 ("PAAA"); and be it further

RESOLVED, That pursuant to Section 2800 of the Public Authorities Law, the Audit Committee hereby recommends that the Authority's financial reports are adopted and the Corporate Secretary be, and hereby is, authorized to submit to the Governor, the Chairman and Ranking Minority Member of the Senate Finance Committee, the Chairman and Ranking Minority Member of the Assembly Ways and Means Committee, the State Comptroller, and the Authorities Budget Office the attached financial report for the year ending 2024 in accordance with the foregoing memorandum of the President and Chief Executive Officer; and be it further

RESOLVED, that pursuant to 2 NYCRR Part 203, the Audit Committee hereby recommends that the Authority's report of actual vs. budgeted results for the year 2024 is approved in accordance with the foregoing report of the President and Chief Executive Officer, and the Corporate Secretary is authorized to post the report on the Authority's website; and be it further

RESOLVED, that the Chair, the President and Chief Executive Officer, and all other officers of the Authority be, and each of them hereby is, authorized on behalf of the Authority and Canal Corporation to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.

### **c. New York Power Authority Discussion with Those Charged with Governance**

Chris L. D'Angelo, KPMG – Partner and Ryan Gibbons, KPMG - Senior Manager, presented on the Financial Statement Audit of NYPA .

D'Angelo advised that the audit report is on track and noted that an unqualified report will be issued as done in the past. These are the required communications that KPMG provides upon issuance of the audit report.

Gibbons said that there have been no findings to date and highlighted the following:

- Audit results: Overview
  - On track to complete the remaining audit procedures. Reports in connection with the Authority's consolidated financial statements expected on or near March 28, 2025
  - Outstanding matters as of March 14, 2025
    - Completion of our audit procedures, including manager and partner level reviews.
    - Final audit misstatements and our evaluation thereof, if necessary.
    - Final tie-out and review of the Authority's financial statements.
    - Receipt of the management representation letter, external legal confirmations and in-house legal letter.
  - There were no significant unusual transactions, uncorrected or corrected audit misstatements identified, new non-U.S. Generally Accepted Accounting Practices ("U.S.GAAP") policies to disclose, new related parties to disclose, ongoing concerns or significant subsequent events and no disagreements with management or other significant matters.
  - There were no consultations, illegal acts or fraud identified through the audit.
  - Written communications, including the engagement letter, management representation letter including summary of uncorrected misstatements and internal control deficiencies.

- In accordance with government auditing standards, we do not issue a separate opinion on internal control over financial reporting. However, as part of our audit of the financial statements no material weaknesses or significant deficiencies were identified to note.
- As discussed during the planning meeting, most entities if not all have a significant risk management override of controls. The risk is mitigated through some of our journal entry testing and procedures examining and applying high-risk criteria to the entire journal entry population throughout the year. We look to identify outliers, certain descriptions and routines. As a result of journal entry testing no matters were identified.
- The valuation of the Authority's investment portfolio involves sending confirmations to investment managers to obtain year-end values. Following this, we get our own national pricing desk to value as of December 31<sup>st</sup>. There is 100 percent testing over all investment portfolio.
- The Authority's debt roll forward activities such as issuance, defeasances and repayments are tested to ensure that the organization complies with all debt covenants throughout the year. Currently and through this audit there are no matters to report over the debt process.
- Testing was performed over the capital assets roll forward, including additions and disposals. A sample of additions were selected to the construction work in progress, received invoices and payment support to determine whether there were any errors or instances of illegal activity. No instances were reported or found during testing.
- The associated depreciation expense is an additional procedure that the team with capital assets. Developing an analytical expectation in comparison to total assets year-over-year. No significant findings were identified.
- Revenue undergoes heavy testing to confirm account receivable balances with the South Eastern New York ("SENY") and wholesale customers. The amounts are then confirming the gross and net settlement with customers. Testing is performed on various management reconciliations throughout the year. Thereafter detailed testing over the transmission and Unforced Capacity ("UCAP") revenue is performed.
- There is constant communication with New York Independent System Operator ("NYISO") and management to obtain invoices and perform reconciliation testing. No matters to report related to revenue.
- Inquiries with the NYPA management revealed no new information beyond what had already been disclosed.

### 3. CONSENT AGENDA

*On motion made by member Cusick and seconded by member Koelmel the Consent Agenda was unanimously approved*

#### **a. Approval of the New York Power Authority and Canal Corporation Audit Committee Charter**

RESOLVED, That the Committee recommends that the attached Authority's and Canal Corporation Audit Committee Charter be approved by the NYPA Board of Trustees and New York State Canal Corporation Board of Directors; and be it further

RESOLVED, That the Chair, the President and Chief Executive Officer, and all other officers of the Authority be, and each of them hereby is, authorized on behalf of the Authority and Canal Corporation to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.

**b. Approval of the New York Power Authority Internal Audit Charter (Corporate Policy 5-1)**

RESOLVED, That the Committee recommends that the attached Internal Audit Charter be approved by the Trustees; and be it further

RESOLVED, That the Chair, the President and Chief Executive Officer, and all other officers of the Authority be, and each of them hereby is, authorized on behalf of the Authority and Canal Corporation to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.

**c. Approval of the Joint Minutes of the Regular Meeting held on December 10, 2024**

*On motion made and seconded, the Minutes of the Regular Meeting held on December 10, 2025, were unanimously adopted.*

**4. Motion to Conduct an Executive Session**

"I move that the Committee conduct an executive session to discuss the financial and credit history of a particular corporation (pursuant to §105f of the Public Officers Law)." On motion made by member John Koelmel and seconded by member Lewis Warren, Jr., the members conducted an executive session.

*On motion made by member Koelmel and seconded by member Cusick, the members conducted an Executive Session.*

**5. Motion to Resume Open Session**

*On motion made by member Cusick and seconded by member Morris, the meeting resumed in Open Session.*

**6. Next Meeting**

Chair Trainor advised that the next regular meeting of the Audit Committee will be held on Tuesday, July 15, 2025.

**Adjournment**

*On motion made by member Morris and seconded by member Cusick, the meeting was adjourned at approximately 9:55 a.m.*



Karen Delince  
Vice President and Corporate Secretary







**July 15, 2025**

**Next Meeting**

The next meeting of the Joint New York Power Authority and Canal Corporation's Audit Committee will be held on Tuesday, December 9, 2025, unless otherwise designated by the Chair with the concurrence of the members.