



**Thruway
Authority**

**AUDIT COMMITTEE MEETING NO. 64
TUESDAY, NOVEMBER 19, 2024
ALBANY, NEW YORK**



**Thruway
Authority**

AUDIT COMMITTEE AGENDA

Meeting No. 64
November 19, 2024
Albany, New York

1. Approval of Minutes of Audit Committee Meeting No. 63
2. Review and Approval of BST's Audit Plan for the fiscal year ending December 31, 2024
3. 2025 Internal Audit Plan & Projects
4. Other Business
5. Adjournment

TO: The Audit Committee

DATE: November 19, 2024

FROM: Julie Greco
Board Secretary

SUBJECT: Approval of Minutes for Audit Committee Meeting No. 63

Copies of the Minutes of Audit Committee Meeting No. 63 were made available to the Committee Members as part of the agenda.

RECOMMENDATION

It is recommended that the Minutes of Audit Committee Meeting No. 63, held on September 24, 2024, be approved by the Committee.



**MINUTES
AUDIT COMMITTEE MEETING NO. 63
September 24, 2024**

Meeting minutes of the New York State Thruway Authority Audit Committee was held in the boardroom at 200 Southern Boulevard, Albany, New York, and via video conference.

The following Committee Members were present, constituting a quorum:

Jose Holguin-Veras, Ph.D., Chair
Heather Briccetti-Mulligan, Committee Member
Joan McDonald, Committee Member
Joanne M. Mahoney, (ex-officio)

In addition, the following Board Members were present:

Robert Megna, Vice-Chair
Norman Jones, Board Member
Paul Tokasz, Board Member

Staff Present:

Nicole Leblond, Chief of Staff
Tom McIntyre, Deputy Executive Director of Operations & Special Projects
Dave Malone, Chief Financial Officer
Sandra Rivera, General Counsel
Brent Howard, Chief Engineer
Josh Klemm, Chief Information Officer
Selica Grant, Chief Administrative Officer
Andrew Trombley, Chief Procurement Officer
Diana Nebiolo, Chief Revenue Management Officer
Julie Greco, Board Secretary
Sean Lasher, Information Technology Specialist
William Hewitt, Information Technology Specialist
Jonathan Dougherty, Deputy Director of Media Relations
Kira Gruber, Excelsior Service Fellow

Also Present:

Jonathan Gibbs, BST & Co. CPAs, LLC.

Dr. Veras, Committee Chair, called the meeting of the Audit Committee to order at 1:10 pm.

Ms. Greco recorded the minutes as contained herein (public notice of the meeting had been given).

Item 1

Approval of Minutes of the Audit Committee Meeting No. 62 (09:53)

Upon motion duly made and seconded, the Audit Committee approved the minutes of the previous meeting held on April 9, 2024. Copies of the meeting minutes were provided to the Committee Members and are maintained in Authority records.

Item 2

Recommend the Appointment of BST & Co. CPAs, LLP to provide Auditing Services, approving the scope of services, the compensation terms, the terms and conditions for such firm and authorizing the Chair of the Board to execute a contract with BST & Co. CPAs, LLP for Auditing Services (10:17)

Dave Malone, Chief Financial Officer, recommended the appointment of BST & Co. CPAs, LLP to provide auditing services, approving the scope of services, the compensation terms, the terms and conditions for such firm and authorizing the Chair of the Board to execute a contract with BST & Co. CPAs, LLP for auditing services.

Details of the presentation discussion are included in the video recording of the meeting and maintained by the Authority.

Upon motion duly made and seconded, the Audit Committee approved the appointment of BST & Co. CPAs, LLP to provide auditing services, approving the scope of services, the compensation terms, the terms and conditions for such firm and authorizing the Chair of the Board to execute a contract with BST & Co. CPAs, LLP for auditing services, and authorized their submission to the Authority Board for consideration.

Adjournment (13:26)

There being no other business to come before the Audit Committee, upon motion duly made and seconded, the meeting was adjourned at 1:13 p.m.

Note: Webcasts, which include dialogue of the Authority's Audit Committee Meeting, are available on the Thruway Authority website 48 hours after such meetings occur and remain on the website for a period of four months. The meeting minutes have been time-stamped to indicate when each item is discussed on the webcast.

TO: Audit Committee

DATE: November 19, 2024

FROM: David Malone
Chief Financial Officer

SUBJECT: 2024 Audit Plan – Independent Auditors

Attached for the Committee's review and information is BST & Co., CPA's Audit Plan for the year ending December 31, 2024.



**Thruway
Authority**

Audit Plan Year Ending December 31, 2024

November 19, 2024

Table of Contents

Scope of Services	Pages 3
Engagement Team	Pages 4 - 5
Audit Approach <ul style="list-style-type: none">• Responsibilities• Audit Methodology• Timing/Audit Phases/Areas of Focus• Consideration of Fraud	Pages 6 - 7 Page 8 Pages 9 - 14 Page 15
Communications	Pages 16 – 17
Independence	Page 18

Scope of Services

Financial Statement Audit

- Financial statements of the New York State Thruway Authority (Authority) for the fiscal year ending December 31, 2024
- Conduct of the Audit
 - Auditing *Standards Generally Accepted in the United States (GAAS)* and *Government Auditing Standards (GAS)*

Additional Reports, Letters and Opinions

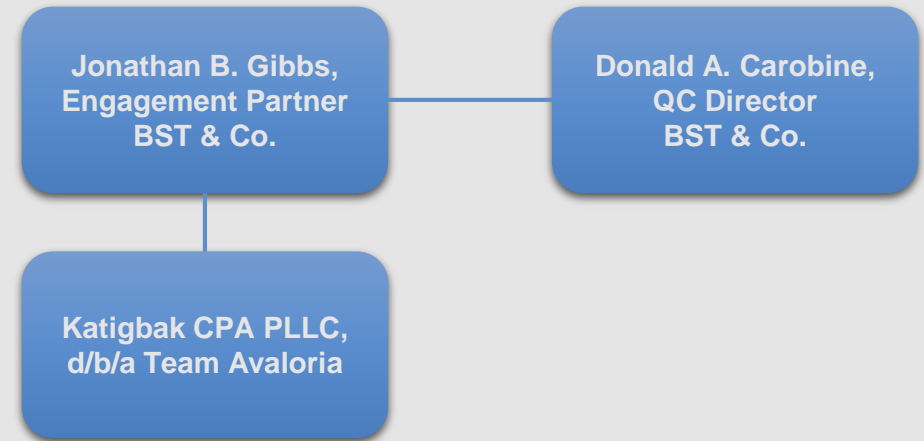
- Report on internal controls over financial reporting and on compliance and other matters
- Report on compliance with Section 2925(3)(f) of the New York State Public Authorities Law (Investment Guidelines)
- Report on the Authority's compliance for major federal programs in accordance with the Single Audit Act and Subpart F of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)
- Communications with Audit Committee regarding the results of the audit in accordance with professional standards
- Management letter comments or communications in accordance professional standards

Engagement Team

Jonathan B. Gibbs, Engagement Partner – responsible for the overall audit approach, execution of the audit and delivery of all required reports and service.

Donald A. Carobine, Director of Quality Control – technical resource during the engagement and secondary reviewer of all deliverables.

Tiffany Lu, Audit Specialist – Katigbak CPA PLLC, dba Team Avaloria liaison.



Engagement Team (cont.)

BST & Co. CPAs, LLP
Albany, New York

Final responsibility for all deliverables under the contract with the Authority. Utilize resources from BST and partnering firms to provide all required services.

Katigbak CPA PLLC,
dba Team Avaloria

Role in conducting financial statement and Single Audit testing during course of engagement. All work performed under direct supervision of BST audit team.

Management's Responsibilities

- Preparation and fair presentation of the financial statements
 - Accounting principles generally accepted in the United State of America (U.S. GAAP)
- Design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
- Establishing and maintaining effective internal control over financial reporting and for informing us of all significant deficiencies and material weaknesses in the design or operation of such controls
- Providing us with access to all information relevant to the preparation and fair presentation of the financial statements, including documentation and access to personnel
- Report distribution

Responsibilities of BST

- To conduct our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and Government Auditing Standards issued by the Comptroller General of the United States
- In accordance with those standards:
 - Perform procedures to obtain audit evidence about the amounts and disclosures in the financial statements;
 - Utilize professional judgment; and
 - Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management
- Obtain reasonable assurance about whether the financial statements are free from material misstatement
 - Because of the inherent limitations of an audit, along with the inherent limitations of internal controls, there is a risk that some material misstatements may exist but not be detected.
 - An audit is not designed to detect errors or fraud immaterial to the financial statements.

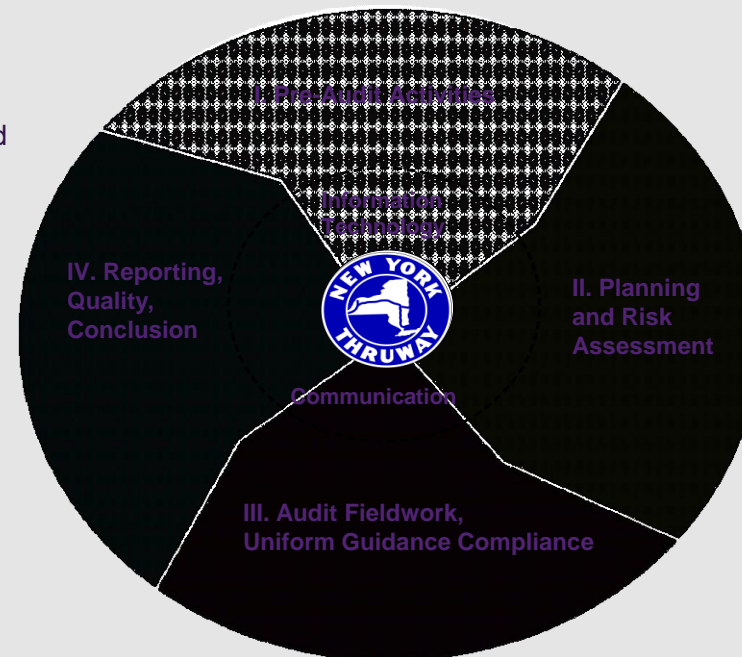
BST Audit Methodology

Segment I, Pre-Audit

- Agree fieldwork and deliverable dates
- Assess inherent risk for each reporting segment
- Determine materiality
- Agree on PBC schedules
- Obtain significant contracts and agreements

Segment IV, Reporting

- Review subsequent events
- Obtain management reps
- Assess engagement quality
- Report to those charged with governance
- Obtain feedback



Segment II, Planning

- Assess risk at account and potential error level
- Develop understanding of the plan and programs to be audited
- Initial communications with those charged with governance
- Design substantive tests

Segment III, Fieldwork

- Substantive tests of details
- Tests of internal controls and Uniform Guidance compliance
- Evaluate findings
- Write recommendations
- Status meetings

Timing

Pre-Audit

- On-going throughout year
- Communications with management
- Review of Blue Book and monitoring of Board minutes

Reporting

- Board Ready Drafts – mid-March 2025
- Presentation to Audit Committee – late March 2024
- Final Reports Due – March 31, 2025



Planning

- November and December 2024

Fieldwork

- February – March 2025

Key Areas of Audit Focus

Cash and Investment Management

- Confirmation of balances with external financial institutions/review of year-end statements
- Review of account reconciliations and material reconciling items
- Examination of compliance with NYS Investment guidelines

Revenues and Receivables

- Review of historical cash collections on billed revenues
- Review of cash received subsequent to year-end
- Analytical review of charges to revenue sources
- Sampling of certain revenue sources and tracing to contract or other source documentation
- Assessment of management's estimate for uncollectible receivables
- Cashless tolling
- Revenue recognition policies

Capital Assets

- Review of capital contributions
- Review of capitalized interest
- Evaluation of reasonableness of useful lives and remaining useful lives
- Review of capital asset additions, deletions, and transfers
- Consideration of asset impairment

Key Areas of Audit Focus (cont.)

Accounts Payable and Accrued Expenses

- Search for unrecorded liabilities via examination of payments made subsequent to year-end and a review of open payables listing
- Review of significant accruals, including management's estimation process
- Review of OPEB valuation, including inputs (such as census data), assumptions, and actuary qualifications

Bonds Payable and Related Accounts

- Accounting and financial reporting for bond refinancing transactions.
- Confirmation of balances with external financial organizations
- Review of interest expense for reasonableness
- Recalculation of premiums and discounts, gains/losses on refundings, and bond issuance costs
- Compliance with bond covenants

Operating Expenses

- Analytical review of operating expenses comparing budgets to actuals
- Sampling of expenditures to test underlying documentation such as invoices and agreements

Key Areas of Audit Focus (cont.)

Adoption of GASB Statement No. 101, Compensated Absences

- Effective for the Authority's fiscal year-ending December 31, 2024.
- Clarifies the recognition and measurement of compensated absences.
- Not anticipated to have a material impact on the Authority's financial statements.

Single Audit

- Performance of the Federal Single Audit will occur simultaneously with the audit of the financial statements.
- Planning Phase
 - Determine each program type and which programs will be considered major
 - Utilize draft Schedule of Federal Expenditures to be prepared by the Authority
 - Identifying the program/compliance requirements applicable to the major programs
- Compliance Testing
 - Performed during planning and final fieldwork
 - To include testing of the Authority's internal controls over compliance
 - Dual purpose testing to be utilized where appropriate in an effort to increase efficiency
- Certification
 - Federal Audit Clearinghouse within 30 days of report issuance


Reviews and Reporting

- Engagement Reviews
 - Engagement Review – in-charge review of the work of the staff to ensure it follows firm guidelines.
 - Partner Review – the engagement partner will review all workpaper files, financial statements, audit reports, compliance reports and required communications.
 - Quality Control Review – the engagement quality partner will perform a review of the financial statement audit reports, compliance reports, required communications and select workpapers files for significant and critical areas and concurrence with conclusions of the engagement team.
- *At the conclusion of the audit, we will issue the required opinions on the Authority's basic financial statements, on compliance with the Authority's investment guidelines, and on the Schedule of Expenditures of Federal Awards. Our management letter will discuss internal control recommendations for procedural improvements we identified during the audit.*

Consideration of Fraud

- Professional Responsibilities
 - Obtaining reasonable assurance that the financial statements as a whole are free from material misstatement, whether caused by fraud or error.
- Audit Objectives
 - Identify and assess the risks of material misstatement of the financial statements due to fraud
 - Obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud
 - Respond appropriately to fraud or suspected fraud identified during the audit.
- Audit Procedures to Address Risk of Fraud
 - Discussions with management
 - Incorporate an element(s) of unpredictability into the audit.
 - Review unusual or unexpected relationships and transactions
 - Review journal entries and topside entries (if applicable)
 - Consider other information obtained during the course of the audit

Communications

- Effective two-way communication is important to understanding matters related to the audit and in developing a constructive working relationship.
- New York State Thruway Authority  BST
- Your insights may assist us in understanding the New York State Thruway Authority and its environment, in identifying appropriate sources of audit evidence, and in providing information about specific transactions or events. We will discuss with you your oversight of the effectiveness of internal control and any areas where you request additional procedures to be undertaken. We expect that you will timely communicate with us any matters you consider relevant to the audit. Such matters might include strategic decisions that may significantly affect the nature, timing, and extent of audit procedures, your suspicion or detection of fraud, or any concerns you may have about the integrity or competence of senior management.

Communications (cont.)

- BST Authority

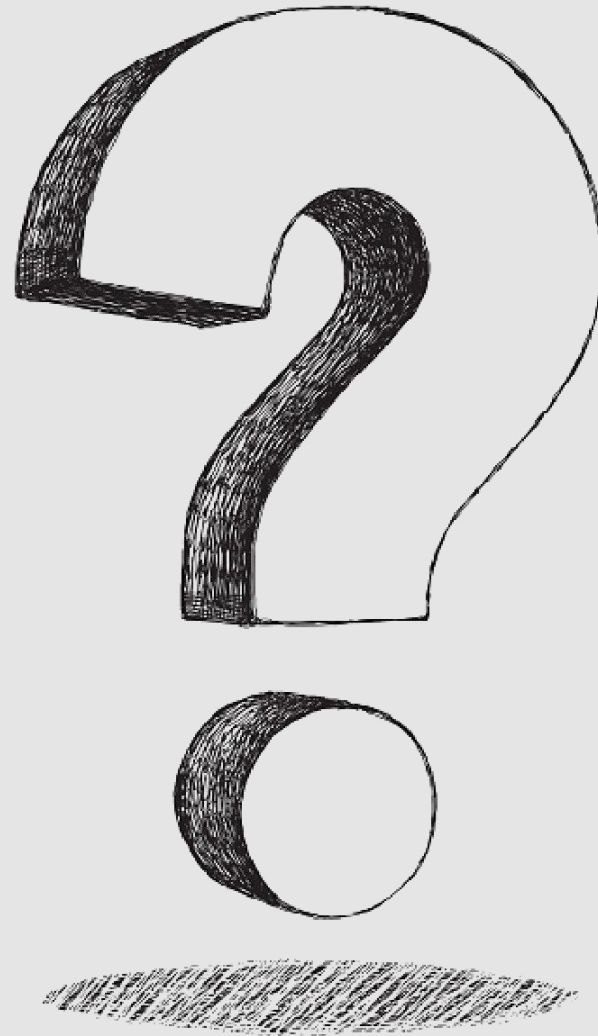


- We will timely communicate to you any fraud involving senior management and other fraud that causes a material misstatement of the financial statements, instances of noncompliance with laws and regulations that come to our attention (unless they are clearly inconsequential), and disagreements with management and other serious difficulties encountered in performing the audit.
- We will also communicate to you and to management any significant deficiencies or material weaknesses in internal control that become known to us during the course of the audit. Other matters arising from the audit that are, in our professional judgment, significant and relevant to you in your oversight of the financial reporting process will be communicated to you in writing after the audit.

Independence

- Our independence policies and procedures are designed to provide reasonable assurance that our Firm and its personnel comply with applicable professional independence standards.
- Our policies address financial interests, business and family relationships, and non-audit services that may be thought to bear on independence.
- Our policies restrict certain non-audit services that may be provided by BST and require audit clients to accept certain responsibilities in connection with the provision of permitted non-attest services.

Questions?



Thank You!



10 British American Blvd.
Albany, NY 12205
(518) 459-6700
www.bstco.com

Jonathan B. Gibbs, Partner– jgibbs@bstco.com

TO: The Audit Committee

DATE: November 19, 2024

FROM: Mary Boehm
Chief Audit & Investigations Officer

SUBJECT: 2025 Audit Plan and Projects

The Chief Audit and Investigations Officer formally submits for review and acceptance the 2025 Audit Plan and Projects (Attachment A).

RECOMMENDATION:

It is recommended that the Audit Committee approve and accept the plan.

2025 INTERNAL AUDIT PLAN & PROJECTS

The Department of Audit and Management Services' (A&MS) Internal Audit and Projects Plan is grounded upon the current mission and overall vision of the Thruway Authority (Authority). This is accomplished by a partnering effort with A&MS and other program areas throughout the Authority. The emphasis will be on providing value-added services which address areas of risk and concern identified during the audit planning process by Executive Management and/or A&MS in order to enhance internal decision making, reduce control weaknesses and improve the effectiveness and efficiency of program area administration and operations.

I. Audits:

Discount Plans:

Objective: To ensure compliance with policy and procedures and assess the adequacy of internal controls.

Subject: Revenue Management.

Focus: Compliance with policy and procedures.

Security:

Objective: Review and assess the adequacy of security and identify areas needing improvement.

Subject: Various Facilities

Focus: Compliance with policy and procedures.

Performance & Efficiency:

Objective: Review processes and procedures for effective operations and efficient use of resources and technology.

Subject: Various Departments.

Focus: Effective processes and procedures.

Systems Permissions:

Objective: Review systems access and controls.

Subject: Information Technology and various Departments.

Focus: Compliance with policy and procedures.

Purchasing:

Objective: To ensure compliance with policy and procedures and assess the adequacy of internal controls.

Subject: Various Departments.

Focus: Compliance with policy and procedures.

II. Internal Controls: *(A&MS will be assisting Administrative Services in transitioning these responsibilities over to the role of the Authority's Internal Control Officer).*

- Offer support and training to Authority Departments and program areas concerning the alignment of internal controls with identified risks to ensure control adequacy.
- Engage in internal control based in-house consulting and review activities.
- Manage and facilitate certification responses from all Authority Departments, Divisions, and program areas to timely coordinate completion of the annual Internal Control Certification.

III. Management Services:

Department staff will continue to provide in-house consulting and oversight, either through team participation or individually, related to various management and executive initiatives and requests, internal control program objectives, risks and action plans including, but not limited to:

- Process Improvement
- Vendor Responsibility
- Liaison activities assisting in completion of the Authority's certifications for:
 - Internal Control Annual Assessment
 - PARIS (Public Authorities Reporting Information System).
 - COTPP (Controls Over the Payment Process).
 - SFS (State Financial System).
- Liaison activities associated with:
 - The Office of the NYS Comptroller
 - The NYS Office of the Inspector General
 - The NYS Office of the Attorney General
 - Law enforcement entities
- Infrastructure Security