



**NEW YORK STATE THRUWAY AUTHORITY
NEW YORK STATE CANAL CORPORATION**



MINUTES

AUDIT AND FINANCE COMMITTEE MEETING NO. 4

July 18, 2007

Minutes of a meeting of the New York State Thruway Authority/Canal Corporation Audit and Finance Committee, held in the Board Room at Administrative Headquarters, 200 Southern Boulevard, Albany, New York, 12209.

The meeting began at 9:03 a.m.

The following members of the Audit and Finance Committee were present, constituting a quorum:

Present:

Chairman John L. Buono, Audit and Finance Committee Member
E. Virgil Conway, Chair, Audit and Finance Committee
Frederick Howard, Audit and Finance Committee Member

The following member was absent:

Jeffrey D. Williams, Audit and Finance Committee Member

In addition, there were present the following staff personnel:

Michael R. Fleischer, Executive Director
Daniel Gilbert, Chief of Staff
Kevin Allen, Unit Supervisor, Audit and Management Services
John Bryan, Chief Financial Officer
Michael Flynn, Director, Audit and Management Services
Sharon O'Connor, General Counsel
Bill Rehfuss, Manager of Fiscal and Toll Audit
Tracie Sandell, Assistant Counsel
Doraine Steele, Director of Fiscal Audit and Budget
Karen Wilson, Data Communications Specialist

Elizabeth Yanus, Special Assistant
Susan Young, Director of Systems Management Team

PUBLIC SESSION

Mr. Conway called the meeting of the Audit and Finance Committee to order.

Ms. Yanus recorded the minutes as contained herein.

Item 1

Approval of Minutes of Audit and Finance Committee Meeting No. 3

After full discussion, on the motion of Mr. Howard, seconded by Chairman Buono, without any objections, the Audit and Finance Committee approved the minutes of Audit and Finance Committee meeting No. 3, held May 24, 2007.

Item 2

Preliminary briefing on 2008 Budget and Contracts Program

Mr. Bryan summarized the proposed 2008 budget advising that an estimated growth rate of just over 4 percent is projected for the Thruway Authority and an approximate 2.5 percent is expected for the Canal Corporation. The increase is attributable to mandated costs, such as health insurance, without which less than 1 percent of growth would be realized. Summaries of the Proposed 2008 Budget and Multi-Year Financial Plan are being prepared for distribution to the Authority/Corporation Board Members for review. Pursuant to the Public Authorities Accountability Act of 2005, copies will also be available for public review in each of the Authority's Divisions and in five libraries in August, prior to submission to the Audit and Finance Committee and the Authority Board for approval.

Item 3

Approve issuance of a Request for Proposals (RFP) for counterparties to a hedge transaction for General Revenue Bonds in 2009

Mr. Bryan sought the approval of the Audit and Finance Committee to issue an RFP to select counterparties for a Thruway Authority General Revenue Bond hedge transaction in 2009. The RFP is expected to be issued this year. When asked by Chairman Buono for a comparison of past and current interest rates, Mr. Bryan responded that the rate was approximately 5 percent last August in contrast to the May 2007 rate of 5.25 percent.

After full discussion, on the motion of Mr. Howard, seconded by Chairman Buono, without any objections, the Audit and Finance Committee authorized the issuance of an RFP to select counterparties for a 2009 hedge transaction for General Revenue Bonds.

Item 4

Designate UHY the external auditor for 2007 and approve a contract extension for such services

After full discussion, on the motion of Mr. Howard, seconded by Chairman Buono, without any objections, the Audit and Finance Committee designated UHY as the Authority's/Corporation's external auditor for 2007 and approved a one-year contract extension. This is the first of two, one-year renewal options that were provided for in the Board-approved contract.

Item 5

Review and approve 2007 internal audit programs

Chairman Buono commented that the internal audit programs comprised a comprehensive plan.

After full discussion, on the motion of Mr. Howard, seconded by Chairman Buono, without any objections, the Audit and Finance Committee approved the internal audit programs.

Item 6

Review various internal reports

Mr. Flynn initiated a discussion of internal and external reports presented to the Committee for review only at this meeting. These items included periodic reports prepared for the New York State Office of the Inspector General and other disclosures made pursuant to the Public Authorities Accountability Act of 2005. Mr. Conway inquired as to the status of the reconciliation of certain bank accounts to the general ledger. Mr. Bryan advised that other entities with similar reconciliation issues have been contacted, additional resources have been committed to this effort, and progress is being made. He reported that the Authority's external auditor noted significant improvements in the 2006 audit and did not include this issue as a material weakness in their audit report. Mr. Howard inquired about the allocation of internal audit resources. Ms. Steele indicated that flexibility in the plan was necessary to address human resource and other information systems needs during 2006.

Adjournment

There being no further business to come before the Audit and Finance Committee, on the motion of Mr. Howard, seconded by Mr. Conway, without any objections, the meeting was adjourned at 9:29 a.m.