



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



MINUTES

AUDIT COMMITTEE MEETING NO. 21

January 19, 2011

Minutes of a meeting of the New York State Thruway Authority/Canal Corporation Audit Committee, held in the Board Room at Administrative Headquarters, 200 Southern Boulevard, Albany, New York and via video conference from the Authority's New York Division Office, 4 Executive Boulevard, Suffern, New York.

The meeting began at 10:45 a.m.

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

Present:

Chairman John L. Buono, ex officio Audit Committee Member
J. Donald Rice, Chair, Audit Committee
Brandon R. Sall, Audit Committee Member, via video conference
Richard N. Simberg, Audit Committee Member

In addition, there were present the following staff personnel:

Michael R. Fleischer, Executive Director
Wendy Allen, Director, Office of Management and Planning
John Bryan, Chief Financial Officer
William Estes, General Counsel
Jonathan Gunther, Assistant Counsel
J. Marc Hannibal, Director, Audit and Management Services
Harry Lennon, Senior Investigator
Thomas Ryan, Director of Public Affairs
Tracie Sandell, Assistant Director, Audit and Management Services
Doraine Steele, Director, Office of Fiscal Audit and Budget
Carmella Mantello, Director of Canal Corporation

Jill B. Warner, Board Administrator
Michael Sikule, Director, Office of Investments and Asset Management
E. Virgil Conway, Board Member, via video conference
Donald Bell, Director, Operations and Maintenance

Also in Attendance:

John Armstrong, Television Engineer, New York Network
Pat Reale, Principal Budget Examiner, NYS Division of the Budget
Christopher Curtis, Senior Budget Examiner, NYS Division of the Budget
Doron Bar-Levav, Partner, Harris Beach PLLC
Eric Taylor, Partner, Harris Beach PLLC
Dan Tomson, Managing Director, Citigroup
Dan Cohen, Director, Citigroup
Ted Sobel, Managing Director, Ramirez & Co.

PUBLIC SESSION

Mr. Rice, Committee Chair, called the meeting of the Audit Committee to order.

Ms. Warner recorded the minutes as contained herein.

Item 1

Approval of Minutes of Audit Committee Meeting No. 20

After full discussion, on the motion of Mr. Simberg, seconded by Mr. Sall, without any objections, the Audit Committee approved the minutes of Audit Committee meeting No. 20, held November 17, 2010.

Item 2

Acceptance of Audit & Management Services 2011 Audit Plan

Mr. Hannibal requested the Committee accept the Audit & Management Services 2011 Audit Plan. He reported that the plan contains four sections which include audit reviews and investigations, internal controls, security function, security officer functions and Tappan Zee Bridge safety and security program matters. The highlights of this program are that management

and operations audits contain a number of initiatives that were requested by department heads as well as conducting a more in depth audit of the Authority's incident response plan as requested by the Board at the November 2010 meeting.

Internal controls will offer a training component in the next four weeks to each of the divisions in order to familiarize new supervisors with the requirements of the internal control program and to refresh the knowledge base of existing supervisors as the Authority enters the period when internal control certifications must be prepared for reporting to the State. Information systems will continue to implement administrative and operational technology security measures and follow up on the compliance reviews and will work with the management and audit section to assure that the Authority and Corporation continue to comply with organizational policies and procedures.

No discussion occurred relative to the Audit & Management Services 2011 Audit Plan.

On the motion of Mr. Simberg, seconded by Mr. Sall, without any objections, the Audit Committee accepted the Audit & Management Services 2011 Audit Plan.

Item 3

Acceptance of Periodic Reports sent to the Office of the State Inspector General (OSIG)

Mr. Hannibal requested the Committee accept the status reports of investigations submitted by the Authority to the OSIG for the period beginning October 1, 2010. These periodic reports, prepared by the Department of Audit and Management Services, identify all investigative matters opened or disposed of during the calendar year.

No discussion occurred relative to the reports sent to OSIG.

On the motion of Mr. Simberg, seconded by Mr. Sall, without any objections, the Audit Committee accepted the report sent to the OSIG.

Item 4

Review and Discussion of the Office of the State Inspector General Report dated November 30, 2010

Mr. Hannibal requested the Committee accept the Office of the State Inspector General (OSIG) report dated November 30, 2010. The report, concerning the investigation conducted into the actions of the former Syracuse Division Director, was received and discussed with the Board. Following that discussion, a reply dated November 22, 2010 was forwarded to the OSIG informing them of the actions taken by the Authority in response to the draft report. The OSIG thereafter issued the final report, which has been provided to the Committee for review.

No discussion occurred relative to the Office of the State Inspector General Report dated November 30, 2010.

On the motion of Mr. Simberg, seconded by Mr. Sall, without any objections, the Audit Committee accepted the report of the Office of the State Inspector General dated November 30, 2010.

Item 5

Review and Discussion of the Audit Committee's 2011 Draft Work Plan

No discussion occurred relative to the 2011 Draft Work Plan.

On the motion of Mr. Simberg, seconded by Mr. Sall, without any objections, the Audit Committee accepted the 2011 Draft Work Plan.

Recess/Adjournment

There being no further business to come before the Audit Committee, Mr. Rice requested a motion for a recess of the Committee to reconvene at the conclusion of the Canal Corporation

Board Meeting in executive session. On the motion of Mr. Sall, seconded by Mr. Simberg, without any objections, the public session of the meeting was adjourned at 10:54 a.m.

* At the conclusion of the Canal Corporation Board Meeting Mr. Rice requested a motion to reconvene the Audit Committee Meeting to go into Executive Session to discuss a matter involving discipline, suspension, dismissal or removal of a particular individual regarding matters involving the closure of the Thruway on December 1 and 2, 2010, in Western New York. On the motion of Mr. Sall, seconded by Mr. Simberg the Audit Committee reconvened in to Execution Session.

Note: Webcasts, which include dialogue of Authority/Corporation 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 4 months.