



NEW YORK
STATE OF
OPPORTUNITY™

**Thruway
Authority**

**AUDIT COMMITTEE MEETING NO. 60
TUESDAY NOVEMBER 14, 2023
ALBANY, NEW YORK**



**Thruway
Authority**

AUDIT COMMITTEE AGENDA

Meeting No.60
November 14, 2023
Albany, New York

1. Approval of Minutes of Audit Committee Meeting No. 59
2. Review and Approve the 2024 Internal Audit Plan/Projects
3. Approval of Audit Plan for the Year Ending December 2023
4. Other Business
5. Adjournment

TO: The Audit Committee

DATE: November 14, 2023

FROM: Jerry B. Yomoah
Assistant Secretary to Board

SUBJECT: Approval of Minutes of Committee Meeting No. 59

Copies of the Minutes of Committee Meeting No. 59 were made available to the Committee Members as part of the Agenda.

RECOMMENDATION

It is recommended that the Minutes of Committee Meeting No. 59, held on March 27, 2023 be approved by the Committee.



MINUTES
AUDIT COMMITTEE MEETING NO. 59
200 Southern Boulevard
Albany, New York
March 27, 2023

The following committee members were present:

Joanne M. Mahoney, Chair
Robert Megna, Vice-Chair
Jose Holguin-Veras, Ph.D., Board Member
Heather Briccetti Mulligan, Board Member

Constituting a majority of the members of the Thruway Authority Board.

Staff Present:

Frank G. Hoare, Interim Executive Director
Matthew Trapasso, Chief of Staff
Matt Howard, Treasurer and Chief Financial Officer
Joe Igoe, Deputy General Counsel
Rich Lee, Chief Engineer
Jim Konstalid, Director, Maintenance & Operations
Jennifer Givner, Director of Media Relations & Communications
Mary Boehm, Director, Audit & Management Services
Andrew Trombley, Director of Contracts & Procurement Services
Diana Neboilo, Director of Revenue Management
Pete Nilsson, Information Technology Specialist
Sean Lasher, Information Technology Specialist
Tanya M. Morris, Board Secretary

Also Present:

Brendan Kennedy, BST

Audit Committee is comprised of Chair Jose Veras along with committee members Robert Megna; and Chair Joanne Mahoney (who serves in the ex-officio capacity). The Audit Committee began at 1:15pm.

Ms. Morris 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. 58

Upon motion duly made and seconded, the Audit Committee approved the minutes of the previous meeting held on December 5, 2022.

Item 2

Presentation from Brendan Kennedy (BST) Report of BST & Co. CPA's, LLC's Audit of the Authority's Financial Statements, Report on Compliance with Single Audit Requirements, Report on Compliance with Investment Guidelines and Required Communications to the Authority's Board

Mr. Brendan Kennedy (BST) presented an overview of the Authority's Financial Statements, Report on Compliance with Single Audit Requirements, Report on Compliance with Investment Guidelines and required communications to the Authority's Board.

Copies of the BST Report were provided to the Committee Members and are maintained in Authority records. Details of the Committee Members discussion with Mr. Kennedy and staff are included in the audio recording of the meeting and maintained by the Authority.

Upon motion duly made and seconded, the Audit Committee accepted the Report.

Adjournment

There being no other business to come before the Audit Committee, upon motion duly made and seconded, the meeting was adjourned at 1:25p.m.

Note: Webcasts, which include dialogue of Authority Board 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.

TO: The Audit Committee

DATE: November 14, 2023

FROM: Mary Boehm
Director Audit Management Services

SUBJECT: 2024 Audit Plan and Projects

The Director Audit Management Services formally submits for review and acceptance the 2024 Audit Plan and Projects (Attachment A).

RECOMMENDATION:

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

2024 INTERNAL AUDIT PLAN & PROJECTS

The Department of Audit and Management Services' (A&MS) Internal Audit and Projects Plan (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:

FOIL Compliance:

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

Subject: Various Departments.

Focus: Compliance with policy and procedures.

Security:

Objective: Review to determine the adequacy of security and identify any needs for improvement.

Subject: Various Facilities

Focus: Compliance with policy and procedures.

Remote Work Program:

Objective: Review controls, policies, and procedures for compliance with processes, record keeping requirements.

Subject: Various Departments.

Focus: Compliance with policy and procedures.

Vehicle Use Policy:

Objective: Review controls for compliance with policies and procedures related to these assets.

Subject: Various Departments.

Focus: Compliance with policy and procedures.

II. Internal Controls:

Department staff will continue to:

- 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
 - Law enforcement entities
- Infrastructure Security

TO: The Audit Committee
FROM: David Malone
Chief Financial Officer

DATE: November 14, 2023

SUBJECT: 2023 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, 2023.



**Thruway
Authority**

Audit Plan Year Ending December 31, 2023

November 14, 2023

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Scope of Services

Financial Statement Audit

- Financial statements of the New York State Thruway Authority (Authority) for the fiscal year ending December 31, 2023
- 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

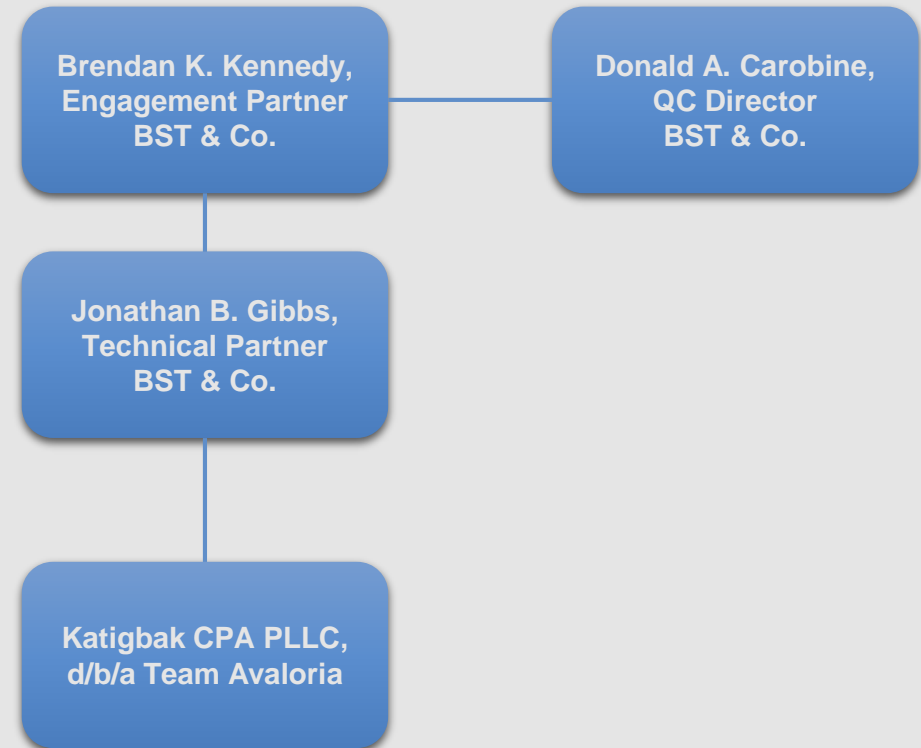
Engagement Team

Brendan K. Kennedy, 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.

Jonathan B. Gibbs, Technical Partner – assist the engagement partner and supervise engagement staff/fieldwork.

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 NYSTA. 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.

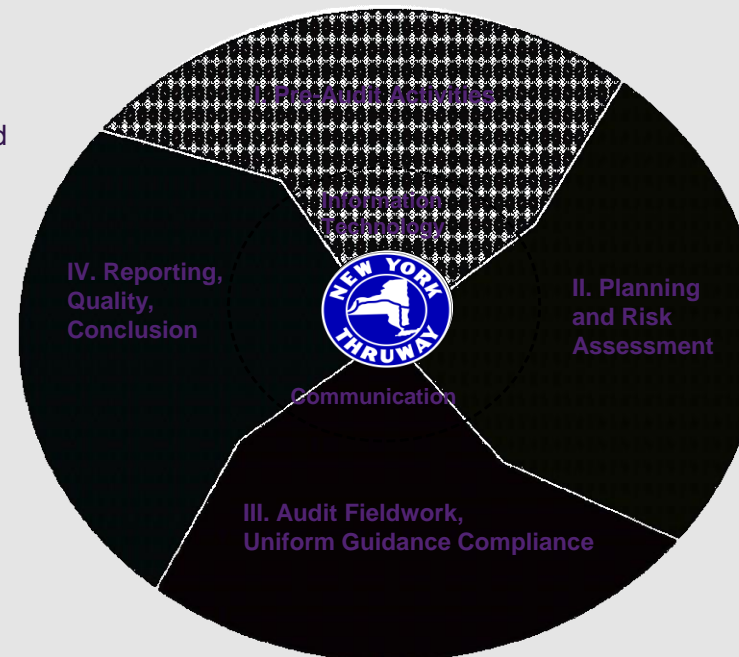
BST Audit Methodology

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 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 IV, Reporting

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

Segment III, Fieldwork

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

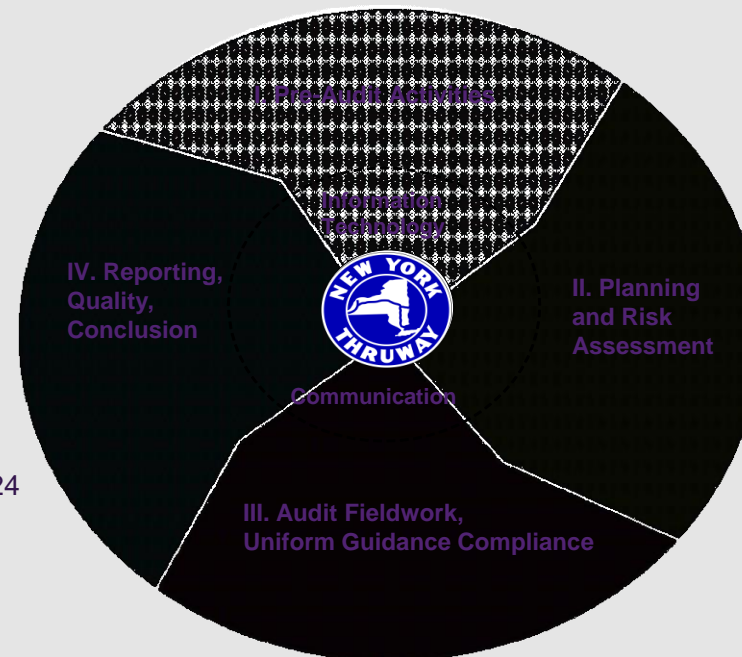
Timing

Pre-Audit

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

Planning

- November and December 2023



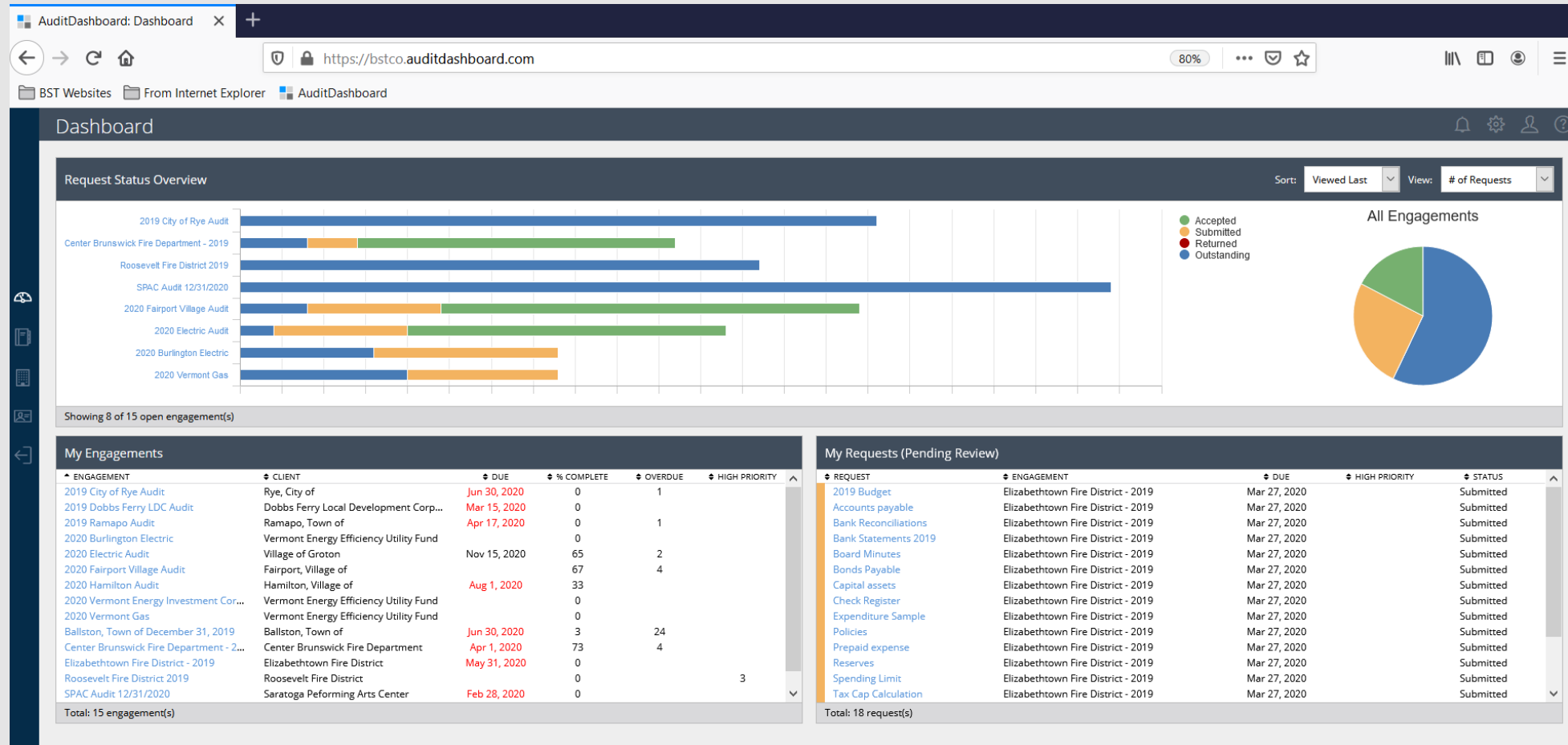
Reporting

- Board Ready Drafts – mid-March 2024
- Presentation to Audit Committee – late March 2023
- Final Reports Due – March 31, 2024

Fieldwork

- February – March 2024

Audit Dashboard



Audit Dashboard (cont.)

AuditDashboard: Engagements X +

https://bstco.auditdashboard.com/Engagements/1126/5460

BST Websites From Internet Explorer AuditDashboard

2020 Vermont Energy Investment Corporation

Engagements +

Filter: ☐ Show All ☒ Outstanding ☒ Returned ☒ Submitted ☒ Accepted ☐ Assigned To Me ☐ Overdue

<input type="checkbox"/>	Title	Reference	Client User	Firm User	Due Date	Modified	Icons
<input checked="" type="checkbox"/>	Bank Statements	Cash	Lasher, Jess		Sep 18, 2020	Sep 18, 2020	4
<input type="checkbox"/>	Bank Statements	Cash	Lasher, Jess		Sep 18, 2020	Sep 18, 2020	2
<input type="checkbox"/>	Cash Reconciliations	Cash	Lasher, Jess		Sep 18, 2020	Sep 18, 2020	1
<input type="checkbox"/>	Expense Sample	Expenses	Lasher, Jess		Oct 1, 2020	Sep 18, 2020	32
<input type="checkbox"/>	General Ledger Detail	Financial	Lasher, Jess		Sep 18, 2020	Sep 18, 2020	1
<input type="checkbox"/>	Trial Balance	Financial	Lasher, Jess		Sep 18, 2020	Sep 18, 2020	1
<input type="checkbox"/>	Entity Level Questionnaire	General	Lasher, Jess		Sep 10, 2020	Sep 10, 2020	2
<input type="checkbox"/>	Information System Questionnaire	General	Lasher, Jess		Sep 10, 2020	Sep 10, 2020	1
<input type="checkbox"/>	Process Narrative - Cash Reconciliations	Internal Controls	Lasher, Jess		Sep 18, 2020	Sep 18, 2020	1
<input type="checkbox"/>	Process Narrative - Disbursements	Internal Controls	Lasher, Jess		Sep 18, 2020	Sep 18, 2020	1
<input type="checkbox"/>	Process Narrative - Revenue	Internal Controls	Lasher, Jess		Sep 18, 2020	Sep 18, 2020	2
<input type="checkbox"/>	Accounts Payable	Liabilities	Lasher, Jess		Sep 18, 2020	Sep 18, 2020	1
<input type="checkbox"/>	Accrued Expenses	Liabilities	Lasher, Jess		Sep 18, 2020	Sep 18, 2020	0
<input type="checkbox"/>	Accrued VEC Performance Incentive	Liabilities	Lasher, Jess		Sep 18, 2020	Sep 18, 2020	3
<input type="checkbox"/>	Disbursement File	Liabilities	Lasher, Jess		Sep 18, 2020	Sep 18, 2020	1
<input type="checkbox"/>	Search for Unrecorded Liabilities	Liabilities	Lasher, Jess		Aug 12, 2020	Sep 18, 2020	0
<input type="checkbox"/>	Taxes Payable	Liabilities	Lasher, Jess		Sep 18, 2020	Sep 18, 2020	1
<input type="checkbox"/>	Accounts Receivable - Aging	Revenue/Receivables	Lasher, Jess		Sep 18, 2020	Sep 18, 2020	2
<input type="checkbox"/>	Accounts Receivable - Listing	Revenue/Receivables	Lasher, Jess		Sep 24, 2020	Sep 24, 2020	11

Bank Statements

Cash

Copy of the 6/30/2020 bank statements.

Add Comment...

☒ ☐ ☐ Upload ☐ Restrict

Activity

[Download Activity List](#)

Lasher, Jess uploaded	Sep 18, 2020 at 11:17 AM
06.20 VEEU Sweep.pdf	
Lasher, Jess uploaded	Sep 18, 2020 at 11:17 AM
06.20 RGGI Cash Mgt Bank Statement.pdf	
Lasher, Jess uploaded	Sep 10, 2020 at 3:26 PM
VEEU 6.30.2020 stmt.pdf	
Lasher, Jess uploaded	Sep 10, 2020 at 3:26 PM
RGGI 6.30.20 stmt.pdf	

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
- 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. 96, Subscription-Based Information Technology Arrangements (SBITA)

- Effective for the Authority's fiscal year-ending December 31, 2023
- An SBITA is a contract that conveys control of the right to use another party's (a SBITA vendor) information technology (IT) software, alone or in combination with tangible capital assets.
- Under this Statement, a government generally should recognize a right-to-use subscription asset (intangible asset) and a corresponding subscription liability
- Management of the Authority is currently working on the implementation.

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 Thruway
 - 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 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.

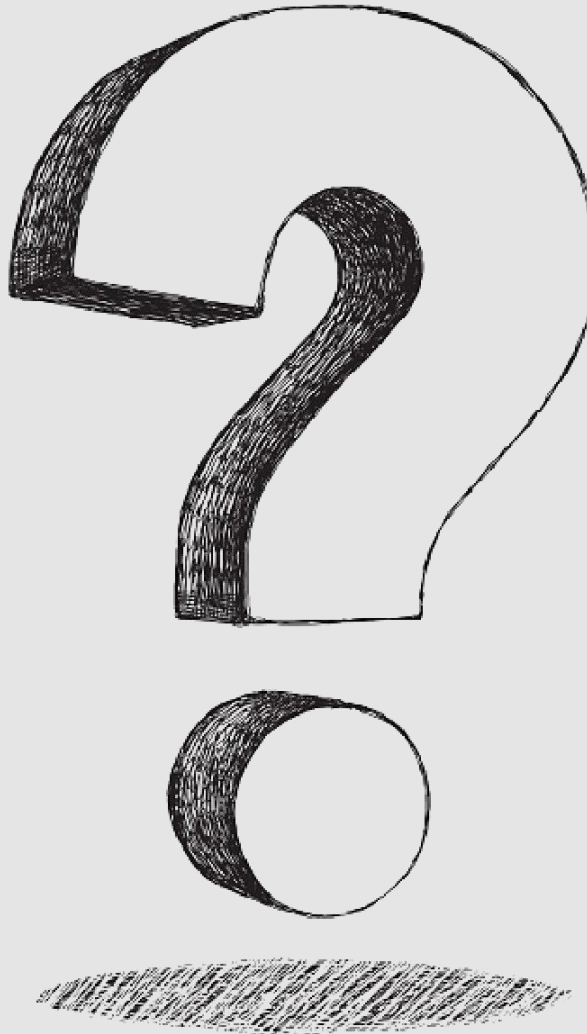
Communications (cont.)

- BST → New York State Thruway 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!



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