

MINUTES OF THE ONE HUNDRED THIRTY-SEVENTH MEETING OF THE
AUDIT AND FINANCE COMMITTEE
HELD ON SEPTEMBER 18, 2018

Pursuant to a notice and agenda dated September 4, 2018, a copy of which is annexed hereto, the one hundred thirty-seventh (137th) meeting of the Audit and Finance Committee (the “Committee”) of the NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY (the “Authority”) was convened at 10:30 a.m. on Tuesday, September 18, 2018 at the Authority’s Albany Office at 17 Columbia Circle, Albany, New York, and in the Authority’s New York City Office at 1359 Broadway, 19th floor, New York, New York.

The following members of the Committee were present:

Sherburne Abbott

Kate Fish

Richard Kauffman, *Chair of the Authority*

Member Jay Koh was unable to attend.

Also present were Alicia Barton, President and CEO; Janet Joseph, Vice President for Technology and Strategic Planning; Jeffrey J. Pitkin, Treasurer; Noah C. Shaw, Esq., General Counsel; Sara L. LeCain, Esq., Senior Counsel and Secretary to the Audit and Finance Committee; Mary E. Peck, Director of Internal Audit and various other staff of the Authority.

Mr. Kauffman called the meeting to order and noted the presence of a quorum. The meeting notice and agenda were forwarded to the Committee members and the press on September 4, 2018. Mr. Kauffman stated that he would be leading the meeting as the Committee’s Chair, Jay Koh, was unable to attend.

Mr. Kauffman indicated that the first item on the agenda concerned the approval of the minutes of the one hundred thirty-sixth (136th) meeting of the Committee, held on June 26, 2018.

Whereafter, upon motion duly made and seconded, and by unanimous voice vote of the Committee members, the minutes of the hundred thirty-sixth (136th) meeting of the Committee, held on June 26, 2018 were approved.

Mr. Kauffman indicated that the next item on the agenda was a resolution, approving amendments to the Authority's Internal Audit Plan for fiscal year 2018-2019 ("Internal Audit Plan"). Mary Peck, the Authority's new Director of Internal Audit summarized the revisions made to the plan. The Committee was asked to approve three revisions to the Annual Internal Audit Plan for Fiscal Year 2018-2019 ("Revised Plan").

Ms. Peck explained that the Internal Audit Plan was previously approved by Committee members at the April 2018 meeting. The Revised Plan will include five audits, which will be scheduled over the next few months, but will be completed by the end of fiscal year on March 31, 2019.

In addition, Ms. Peck proposed rescheduling two audits and removing the Performance Reporting and Management audit because the Data Quality audit already encompasses the audit of operational data used for performance reporting making the Performance Reporting and Management audit duplicative. Instead, it was determined that Internal Audit's time would be redirected to the review of the existing Audit Universe and planning of an executive-level risk assessment.

In response to an inquiry from Mr. Kauffman, Mr. Pitkin indicated that Ms. Peck will provide the Committee with any suggestions she may have on the Authority's cycling approach to auditing and ensuring coordination between Internal Audit and KPMG, LLP, the Authority's external auditors.

In response to an inquiry from Mr. Kauffman, Ms. Peck stated that going forward that the prioritization of the audit universe will be reevaluated.

In response to an inquiry from Ms. Abbott, Mr. Pitkin explained that the Performance Reporting and Management Audit was duplicative and unnecessary to keep in the Internal Audit agenda because it represents area that is reviewed as part of the Data Quality Audit. Ms. Barton added that the goal of the Data Quality Audit is to ensure that the quality of the Authority's underlying data digestible when informing the public about the Authority's program reporting.

Whereafter, upon motion duly made and seconded, and by unanimous voice vote of the Committee members, the revisions to the Internal Audit Plan for fiscal year 2018-2019 were approved.

Resolution No.445

RESOLVED, that the Audit and Finance Committee approves the revisions to the Internal Audit Plan for Fiscal Year 2018-2019, as presented at this September 18, 2018 meeting, in the form submitted to the Committee.

Mr. Kauffman indicated that the next item on the agenda was a report from the Director of Internal Audit on recent audit activities. Ms. Peck provided a summary of the Audit Report IA1819-01 titled "Invoice Review and Approval Process" that has already been issued. The audit found that the Authority has effective payment practices, with invoices reviewed and approved in a timely manner. However, it was noted that there were some opportunities for improvement and there was one area of concern pertaining to a travel expense report. Recommendations were made and agreed to by management, resolving the travel issue and will be followed up by Internal Audit within 90 days.

Ms. Peck continued her report noting there were two audits currently in progress. The first of these being IA1718-03 "Data Quality Audit", currently being finished up by management. The second of these, IA1819-03 "NYSERDA's Ethics and Compliance Program" audit, has held its opening conference and begun fieldwork. Within this audit, there will be a review of policy components, as well as communication, training, and reporting.

In response to an inquiry from Mr. Kauffman, Ms. Peck expanded on her report stating that there were no significant findings on the accuracy and timeliness of invoices, only improvements that could be made to the current process. Mr. Pitkin added that the sample of invoices was authority-wide. Mr. Pitkin explained that the internal audit team reviewed the internal control processes that are used by staff and found that both the design and function to be appropriate.

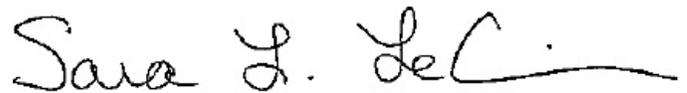
In response to an inquiry from Mr. Kauffman, Mr. Shaw state explained that Ms. Peck's presence in an executive session would be appropriate provided that it was in alignment with what was being presented. Mr. Pitkin noted that the Director of Internal Audit reports any findings directly to the Committee and administratively to the President and CEO. The Committee is welcome to provide any inquiries to Ms. Peck on any internal audits.

Mr. Kauffman suggested that it would be helpful if Ms. Peck provided any perspectives on practices in the internal audit environment at the Committee's January 2019 meeting.

The Chair then indicated that the last item on the agenda was other business.

Thereafter, there being no other business, upon motion duly made and seconded, and by unanimous voice vote of the members, the meeting was adjourned.

Respectfully submitted,

A handwritten signature in black ink that reads "Sara L. LeCain". The signature is written in a cursive style with a long horizontal flourish at the end.

Sara L. LeCain
Secretary to the Committee

