



**MINUTES OF THE REGULAR MEETING  
OF THE  
CANAL CORPORATION AUDIT COMMITTEE**

**March 21, 2017**

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March 21, 2017

Minutes of the regular meeting of the Canal Corporation's Audit Committee held at the Clarence D. Rappleyea Building, 123 Main Street, White Plains, New York, at approximately 8:45 a.m.

**The following Members of the Audit Committee were present:**

Trustee Eugene Nicandri, Chairman  
Trustee Anthony Picente, Jr.  
Trustee Anne M. Kress  
Trustee Tracy McKibben

Trustee John R. Koelmel - Excused

**Also in attendance were:**

Gill Quiniones	President and Chief Executive Officer
Justin Driscoll	Executive Vice President and General Counsel
Joseph Kessler	Executive Vice President and Chief Operating Officer
Jill Anderson	Executive Vice President and Chief Commercial Officer
Kimberly Harriman	Senior Vice President - Public and Regulatory Affairs
Jennifer Sutton	Senior Vice President - Internal Audit
Soubhagya Parija	Senior Vice President and Chief Risk Officer
Ken Lee	Senior Vice President and Chief Information Officer
Kristine Pizzo	Senior Vice President and Enterprise Shared Services
Thomas Concadoro	Vice President and Controller
Karen Delince	Vice President and Corporate Secretary
Joseph Gryzlo	Vice President and Chief Ethics and Compliance Officer
Ethan Riegelhaupt	Vice President - Corporate Communications
Mary Cahill	Manager - Executive Office
Frank Deaton	Senior Director - Internal Audit
Angela Gonzalez	Director - Internal Audit
Tara Major	Manager - Internal Audit
Elaine Matthews	Audit Team Lead - Internal Audit
James Reynolds	Audit Team Lead - Internal Audit
Viviana Manzanares	Auditor - Internal Audit
Syed Raza	Auditor - Internal Audit
Cristina Bermudez	Junior Auditor - Internal Audit
Lorna Johnson	Senior Associate Corporate Secretary
Sheila Baughman	Senior Assistant Corporate Secretary
Gottor, Jaiah	Manager - Network Services
Joseph Rivera	Network Architect
Glen Martinez	Senior Network Analyst
Todd Fowler	Lead Engagement Audit Partner – KPMG
Grace Kachigian	Manager – KPMG

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Chairman Eugene Nicandri presided over the meeting. Corporate Secretary Delince kept the Minutes.

**Introduction**

***Chairman Nicandri welcomed committee members and senior staff to the meeting. He said the meeting had been duly noticed as required by the Open Meetings Law and called the meeting to order pursuant to section B(4) of the Audit Committee Charter.***

1. **Adoption of the Proposed Meeting Agenda**

Upon motion made by Trustee McKibben and seconded by Trustee Kress, the agenda for the meeting was adopted.

2. **Motion to Conduct an Executive Session**

***Mr. Chairman, I move that the Authority conduct an executive session to discuss the financial history of a particular corporation (pursuant to section 105f of New York Public Officers Law).*** Upon motion made by Trustee Kress and seconded by Trustee McKibben an Executive Session was held.

3. **Motion to Resume Meeting in Open Session**

***Mr. Chairman, I move to resume the meeting in Open Session.*** Upon motion made by Trustee Kress and seconded by Trustee McKibben, the meeting resumed in Open Session.

**4. DISCUSSION AGENDA:**

**a. Canal Corporation Internal Audit Update**

Ms. Jennifer Sutton, Senior Vice President of Internal Audit, provided an update of the Internal Audit ("IA") activities to the Committee.

Canal Corporation Remediation

IA is considering the best way to track Canal Corporation's ("Canal") remediation items. At the present time, only the IT-related portion of Canal's Audit Plan are being tracked and managed by IA staff. The SharePoint site IA is using for NYPA's Plan will not work for Canals; therefore, as IA build-out the Canal Audit Plan it will need to figure out what is the best way to track and report on those items.

**CANAL CORPORATION ACTIVITIES**

Risk Assessment

- IA has completed the independent risk assessment and has validated the 2017 Internal Audit Plan for Canal.
- No significant risks were identified by the independent third-party that IA had not already identified either through IA staff or NYPA management.
- One recommendation was made to add Crisis Management to the Audit Plan.

Methodology and Staffing

- The majority of NYPA's methodology will be directly transferable to Canal and IA will be able to use the same manual and methodology that it has in place with a few minor modifications because of the management structure of Canal.
- Canal's Audit Plan will be executed by Deloitte, the Authority's third-party co-source partner, until IA gets a better understanding of Canal's internal audit needs and build that baseline for 2017.
- The Deloitte team assigned to Canal will be managed by the Senior Director of Business and Operations for Internal Audit so that NYPA's personnel are involved in the scoping and management of all of the audits being executed this year. This will ensure knowledge retention by NYPA staff as they become familiar with Canal's business models.

Canal Integration

IA staff met with Canal's leadership team for "lunch and learn" activities to introduce the Canal staff to NYPA's Internal Audit's methodology and how it will impact the Canal Corporation. Canal staff was very open and engaged during the meetings.

**b. Canal Corporation Acquisition - Impact on Independent Audit**

Mr. Todd Fowler, KPMG's Lead Engagement Audit Partner, presented the following report regarding the impact of the Canal Corporation's Acquisition by NYPA on its independent audit.

A KPMG advisory team assisted the Authority with the separation and integration of the Canal Corporation.

- KPMG's Audit team monitored the Advisory team to ensure that they remained independent
- KPMG had discussions with its independence and risk management groups to make sure that at all times KPMG remained independent as it performed those advisory services.
- KPMG monitored the Day 1 integration, January 1st, to become aware of any issues that could, potentially, impact its audit either for 2016 or 2017 going forward.
- KPMG discussed potential accounting impacts of the Authority's integration with the Canal Corporation in 2016 and 2017 going forward.
- KPMG met with Internal Audit to discuss the 2017 Audit Plan for Canal.



5. **Motion for Executive Session**

Upon motion made by Trustee Kress and seconded by Trustee McKibben, an executive session was held to discuss the financial condition of a particular corporation (pursuant to section 105f of New York Public Officers Law).

6. **Motion to Resume Meeting in Open Session**

Upon motion made by Trustee Kress and seconded by Trustee McKibben, the meeting resumed in Open Session.

7. **Next Meeting**

Chairman Nicandri said that the next regular meeting of the Audit Committee would be held on July 25, 2017 at the Clarence D. Rappleyea Building in White Plains, New York at a time to be determined.

**Closing**

Upon motion made by Trustee Kress and seconded by Trustee McKibben, the meeting was adjourned by the Chairman at approximately 9:32 a.m.

*Karen Delince*

Karen Delince  
Corporate Secretary