

# Final

## Minutes of the Market Participant Audit Advisory Subcommittee Meeting (MPAAS)

November 14, 2003

NYISO Washington Ave, Albany, NY

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<b>Attendees' Names</b>	<b>Representing</b>
Richard De Jong	NYSEG (guest)
Robert Farrell	LIPA
Curt Ashman	NYSEG
Dan Zeppetello	National Grid (guest)
Walter Werther	KeySpan
Art Brennan	NYPA
Kathy Logan	Reliant
John Ventura	Con Edison
Mike Delaney	City of NY (telephone)
Marc Rubin	NYISO
Leigh Bullock	NYISO

Mr. Ventura, Chairman of MPAAS, called the meeting to order.

### **I. Approval of minutes from August 26, 2003 Meeting**

The August 26, 2003 meeting minutes were approved and will be posted on the NYISO website under the link below:

[http://www.nyiso.com/services/documents/groups/mc\\_mp\\_audit\\_advisory\\_comm/meeting\\_material.html](http://www.nyiso.com/services/documents/groups/mc_mp_audit_advisory_comm/meeting_material.html)

### **II. Review the proposed 2004 NYISO Internal Audit Plan**

Mr. Rubin reviewed the proposed 2004 NYISO Internal Audit Plan related to MPAAS recommendations. He noted that the NYISO Board's Audit & Compliance (A&C) Committee's intention is to prioritize the Plan based on high priority audits that have not yet been performed. He also added that this is not a "fixed" document and is subject to change, if necessary, upon request by the A&C.

Additional recommendations and clarifications from the group were noted by Mr. Rubin and will be incorporated into the final report for the Board of Directors.

Mr. Rubin reported that the mitigation audit is currently in the review process. The MMU audit is split into several pieces. David Patton (the independent Market Advisor) issued a draft report to the NYISO Board of Directors on mitigation from a

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technical perspective. Internal Audit (IA) is reviewing mitigation from a control perspective.

Ms. Logan pointed out that issues have come up within the last few weeks that may require the components of the MMU audit to be re-examined. She will e-mail the specifics to Mr. Rubin.

The grouped GTs issue and approaches for looking at risk management (policy-procedure- compliance) were brought up by MPAAS members. Mr. Rubin indicated that he had researched both issues and would report on the NYISO Board's response at the next MPAAS meeting.

Mr. Rubin noted that the analysis and summary of Enron billing issues would be discussed at the Audit & Compliance Committee meeting the following day (on Tuesday).

Mr. Rubin noted that IA is in the middle of a credit review right now and that this can be added to the list.

The group discussed goal tracking and Mr. Rubin reported that most goals are not department specific, but rather that all departments have a hand in the goal. Once the NYISO Board agrees on goals and incentives, an Internal Audit staff member is assigned to each goal with the overall review of each one performed by Mr. Rubin. He added that the focus of the audit is on validating the accomplishment of the goals.

The MPAAS discussed what would be reported to the Board. Mr. Rubin reviewed the MPAAS's suggestions and tentative plans related to them.

### **III. NYISO 2003 Audit Plan:**

Mr. Rubin provided information on the 2003 Internal Audit plan and reported to MPAAS that substantially all audits will be complete by the end of 2003. He reported that the only change to the schedule was Regulation/Billing; this has been rescheduled and is in the recommended list for next year. He also noted that additional SMD 2.0 audits have been scheduled to keep the process going.

Ms. Logan asked that Mr. Rubin include the communication issues process relating to interchange scheduling/curtailments on the 2004 recommendations list.

### **IV. SAS 70 Type 2, especially "Participant Controls".**

The SAS 70 Type 2 Audit for 2004 will be discussed at the Audit & Compliance Committee meeting on Tuesday. Part of the discussion will include how quickly they can get the report issued. KPMG has assured the NYISO that they will have adequate resources to have the work completed by the end of the year.

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## **V. If time permits, review the Management Committee (MC) Presentation of October 17<sup>th</sup> - and current update, if any.**

Mr. Rubin reported that the October 17<sup>th</sup> MPAAS presentation to the MC may be discussed at the Tuesday Audit Committee. Mr. Rubin will report back to MPAAS after the meeting

## **VI. Next Meeting.**

Mr. Rubin will include additional MPAAS audit requests in the Audit proposal, including:

- Curtailment – PJM (another audit)
- Insurance – specifically compliance with the ISO Agreement

The group agreed to hold off on scheduling the next meeting pending decision on the By-Laws review and the outcome of the NYISO Board Audit & Compliance Committee meeting.

The MPAAS Chair succession issue was discussed and is pending Board decision. The MPAAS would prefer to maintain its current succession plan, with Mr. Ventura maintaining the Chair role until April 2004.