

**NEW YORK INDEPENDENT SYSTEM OPERATOR
MARKET PARTICIPANT AUDIT ADVISORY SUBCOMMITTEE MEETING**

**March 25, 2010
9:00 AM to 1:00 PM**

Location: KCC Conference Center

Final Minutes

Attendees' Names

Representing

MPAAS Members

Rich DeJong (Chair)
Heather Welch
William Conner
Kenneth Taylor (Vice-Chair)
Bob Farrell (via telephone)
Les Pardo
Brian Robinson

Iberdrola USA
Central Hudson
Con Edison
National Grid
US Power Gen
NYPA
LIPA

Absent MPAAS Members

Jesse Samberg

MTA

NYISO Staff

Zia Ahmed
Lisa Chandler
Andrea Howe
Greg Marcincuk
Jim Romano
Anthony Tropiano

1. Approval of Minutes from the October 1, 2009, Meeting

The Minutes were approved as presented at the March 25, 2010, meeting.

2. Open Items

Inquiry into Status of Mr. Samberg and MTA's membership in MPAAS Committee.

Mr. Conner has discussed membership with Mr. Samberg as recently as Friday, March 19, 2010. Mr. DeJong proposed approaching the Management Committee to inquire about MTA participation. Mr. Ahmed proposed contacting the MTA Internal Audit group to solicit MTA participation.

3. General Business

Internal Audit Status Update

Mr. Ahmed described the administrative changes that have taken place within the IA department. Jim Grant has joined the Operations department and Andrea Howe has joined the IA department.

Senior Management Staffing Changes

Mr. Ahmed stated there have been no changes in senior management staffing since the last MPAAS meeting.

Billing Issues

Mr. Ahmed and Mr. Marcincuk explained to the group the two year project in Finance to examine the invoicing system and coding for potential anomalies. Operations Analysis and Services found one anomaly, ascertained to be a change in how the Tariff is interpreted since its coding in 2005. It is agreed that this change in interpretation does not reflect an internal control issue. Mr. Ahmed advised that other anomalies are likely to be found.

The group also inquired as to automated checks for material errors and unreasonable items in invoicing. Mr. Marcincuk described upstream processes such as Price Validation that serve that purpose.

4. SAS 70 Discussions

Status of Audit

An unqualified SAS 70 audit report was recently issued for its eighth straight year. KPMG noted no deficiencies.

KPMG has completed their first site visit for this year. Their next visit is scheduled for June. No findings are reported to date.

Discussion of SAS 70

The group discussed language standards and apparent implications of language used in the SAS 70; the language in question is standard AICPA (American Institute of Certified Public Accountants) verbiage.

5. DOE Funding

Mr. Ahmed explained that NYISO has not yet signed the Smart Grid Investment Grant contract with the DOE. There is an RFP out to find a company to perform the grant auditing on behalf of NYISO IA. A vendor will be chosen for management of the DOE funding.

6. Audit Briefings for Other Completed Audits

Mr. Ahmed provided to the group a copy of the Audit Plan, and explained the Audit Plan runs July to June. Ms. Chandler discussed the Software Licensing Audit. Mr. Ahmed and Mr. Marcincuk talked about the Penetration Audit, which utilized an external company (Canaudit). Mr. Ahmed discussed the Interconnection Queue Audit.

Mr. Ahmed explained the levels of classification IA assigns to audit findings.

7. Action Items

- Mr. Marcincuk to research and communicate answer to Mr. Pardo's question as to whether Uplift projections are available to MPs.
- Mr. Pardo to send Mr. DeJong contact info for MTA Director of Internal Audit; Mr. Dejong to pursue MTA representation.
- Mr. Marcincuk will identify for MPAAS who are the TO representatives for the DOE grant.
- Mr. Marcincuk to provide to MPAAS attendees a list of NYISO IA findings classifications (A, B, C).
- Mr. Marcincuk to follow up on who is performing the Control Room design of the new facility.
- MPAAS requested KPMG – SAS 70 Auditors to discuss the SAS 70 process/methodology during the next MPAAS meeting on June 24, 2010.

8. Next Meeting

The next meeting is scheduled for Thursday, June 24th, 2010. SAS70 auditors will be invited to attend the MPAAS meeting.

9. Adjourn

The meeting was adjourned at 1:00 PM
Submitted by: Andrea Howe