

SAS 70 and the NYISO

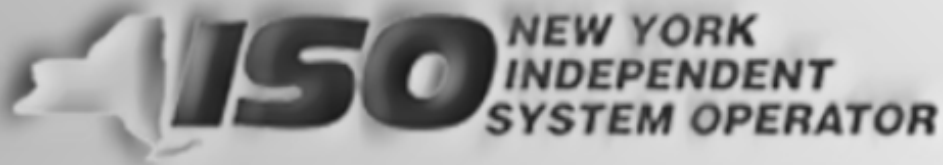
Management Committee Presentation

Agenda #7

Marc A. Rubin

NYISO General Auditor

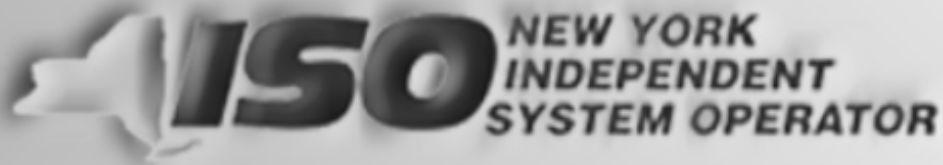
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SAS 70 and the NYISO

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NYISO SAS 70 History

Type 1 – November 20, 2001

Opinion: Unqualified

Type 1 – April 13, 2002

Opinion: Unqualified

Type 2 – November 15, 2002 through May 14, 2003

Opinion: Unqualified

Type 2 – July 1, 2003 through December 31, 2003 (in progress)

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SAS 70 Requirements

- **Voluntary – for Service Organizations**
- **AICPA (American Institute of Certified Public Accountants – CPAs) Audit Standard**
- **For the Benefit of Customers and their External Auditors**
- **Type 1 and Type 2**

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SAS 70 Requirements

- **Type 1** - report on policies and procedures in operation
 - “Point in time”
 - Corrections may be made during audit
- **Type 2** - report on policies and procedures placed in operation and tests of operating effectiveness
 - Over a specified duration (6 months)
 - Discrepancies are documented

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SAS 70s at the Other ISOs

- **Current -**

- PJM – in Type 2 mode
- One “qualified” Type 2; 2 “unqualified” Type 2s

- **Past -**

- California; ISO NE – Each Passed 1 Type 1

- **Future –**

- All ISOs beginning Type 2s by end of 2003

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Scope of the NYISO Type 2

1. Bid-to-Bill Processes – e.g.

MIS, Bidding, Network Model, Day-Ahead Scheduling, Metering, ICAP, Internal/ External Transactions, Real-Time (SCD) (BME), LBMP

2. IT Controls – e.g.

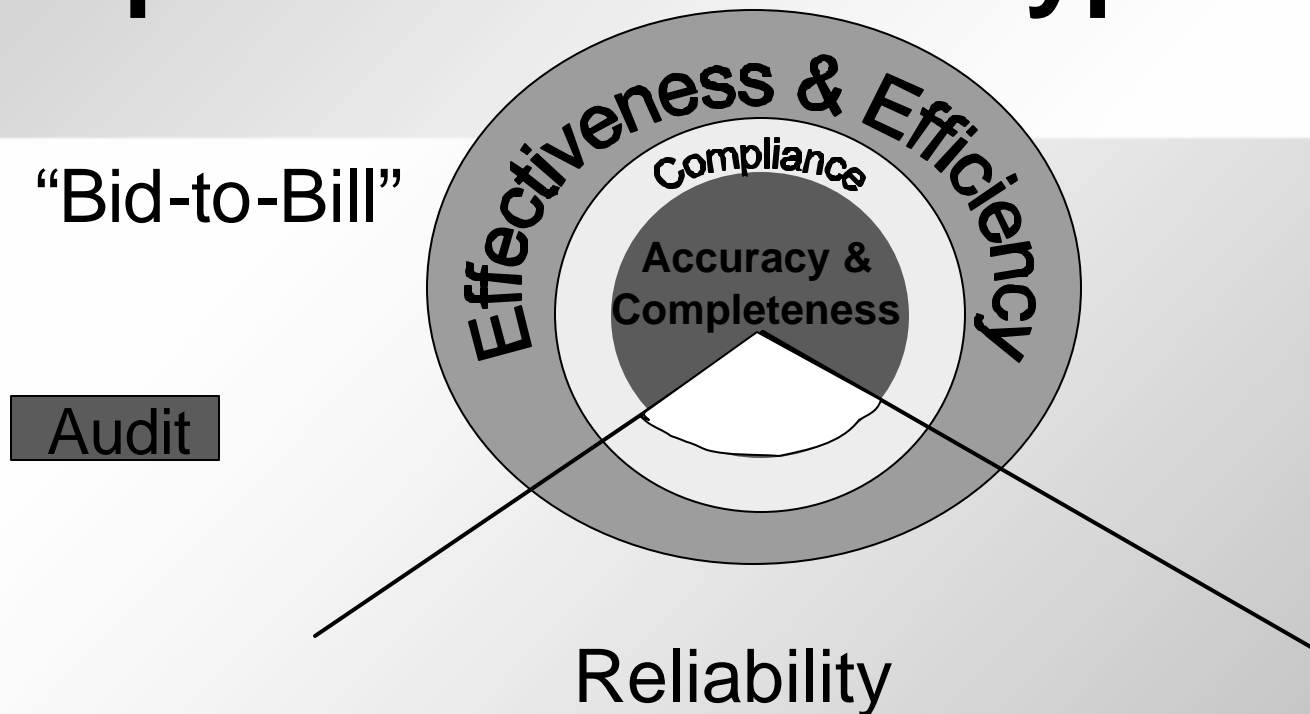
Internet & Infrastructure Security, Mainframe Security, Change Control

3. General Controls – e.g.

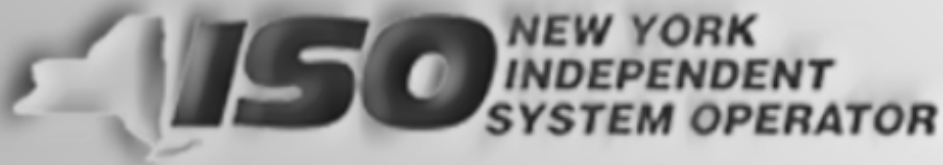
Physical Security, Document Control, PC Security

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Scope of the NYISO Type 2



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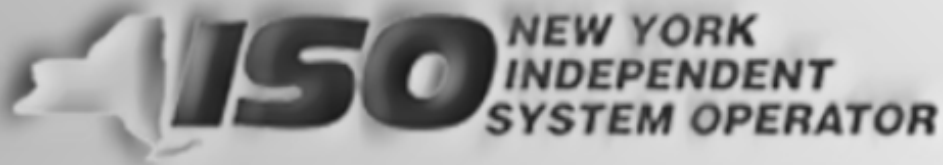
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Scope of the NYISO Type 2

KPMG – the External Auditor:

1. Reviews computerized procedures and controls
2. Reviews manual processes and controls
3. Observes personnel performing procedures
4. Tests that procedures are consistently performed
5. Observes security procedures

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How to Obtain Your Copy of the SAS 70 Report

- **Agree to the Non-Disclosure**
 - Audit Report is for the NYISO's Customers and Their External Financial Auditors)
- **E-Mail to mrubin@nyiso.com**

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