

Final

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

August 27, 2003

NYISO Washington Ave, Albany, NY

Member Attendees' Names	Representing
John Ventura (MPAAS Chair)	Con Edison
Robert Farrell (MPAAS Vice-Chair)	LIPA
Curt Ashman	NYSEG
Walter Werther	KeySpan
Art Brennan	NYPA
Kathy Logan	Reliant
Mike Delaney	City of NY
<u>NYISO Staff</u>	
Marc Rubin	NYISO
Leigh Bullock	NYISO
<u>Guest Attendees</u>	
Richard De Jong	NYSEG

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

I. Approval of minutes from June 13, 2003, Meeting

The June 13, 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_materials.html

II. SAS 70 Type 2 Audit

Mr. Rubin reported on the current status of the SAS 70 Type 2 audit. The objective of this audit is to provide an opinion on the effectiveness of the controls over the long-term. The scope period for this audit is 11/15/2002 – 5/14/2003. The KPMG Partner has given preliminary comments on the audit and there have been few changes in terms of controls. The report is expected to be issued shortly.

Mr. Ventura recommended that the MPAAS review the final SAS 70 Type 2 report when it is released and schedule a conference call meeting for feedback on questions/observations.

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III. Billing issues

There was a discussion and update of the outstanding billing issues from KPMG's 2002 work. Mr. Rubin reported on the status of the action items taken from KPMG recommendations.

IV. NYISO 2003 Internal Audit Plan

Mr. Rubin provided information on both the audits completed and those that are currently in progress.

V. Other business

The MPAAS discussed updates that had transpired since the motions pertaining to MPAAS were passed last year at the Management Committee. The MPAAS will report at the September Management Committee Meeting that the following progress has been made:

- MPAAS provides input into the annual risk assessment
- MPAAS provides recommendations for the IA annual plan
- MPAAS provides specific information on audits as the audits begin - after they receive an advisory on the initiation of audits from the General Auditor.

They will also report to the Management Committee that there has not been any progress on getting access to reports. There was consensus from the group that the audit summary information the MPAAS receives is insufficient and that the group should have more access to the audit results, specifically more details on procedures and tests/measures. The members also agreed that the MPAAS should be involved in the KPMG audit of Enron and billing issues.

The MPAAS also considered options under and the implication of Article 10.

Members asked if Market Participants could hire a firm to do an audit without disclosing any confidential information. In addition, they wanted to know what the protocol was for various sectors hiring an independent auditor to audit transactions. Mr. Rubin asked the group for specifics (examples) on this question and agreed to provide an answer at a later date.

Mr. Ventura recommended that the group assemble cases to send to Mr. Rubin on the general audit proposal. Additional information will be gathered as a team and provided to Mr. Rubin to let everyone know where the NYISO stands on this.

The next MPAAS meeting has been scheduled for October 30th.