

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

**March 31, 2011
9:00 AM to 2PM**

**Location: KCC Conference Center, 1A
10 Krey Blvd, Rensselaer, NY 12144**

FINAL Minutes

Member/Attendance List

Name	Company Representing	Sector	Voting Member	Non-Voting Member
<i>Attending Members</i>				
Kenneth Taylor (<i>Chair</i>)	National Grid	Transmission Owners	X	
Rich DeJong	Iberdrola, USA	Transmission Owners	X	
Kathy Logan	US Power Gen	Other Suppliers	X	
Ed Ortlieb	Central Hudson	Transmission Owners	X	
Les Pardo	NYPA	Public Power	X	
Steve Sullivan	LIPA	Public Power	X	
Zia Ahmed	NYISO	n/a		X
<i>Absent Members</i>				
Bill Kelleher (<i>Vice Chair</i>)	Con Edison	Transmission Owners		
<i>Visitors</i>				
Lisa Chandler	NYISO	n/a		
Jodi Crozzoli	NYISO	n/a		
Greg Marcincuk	NYISO	n/a		
Jim Romano	NYISO	n/a		

Meeting convened at 9:00 AM

1. Approval of Minutes from the November 4, 2010 Meeting

The minutes from the November 4, 2010 MPAAS meeting were approved as presented at the March 31, 2011 meeting.

2. Open Items

All action items from the November 4, 2011 MPAAS meeting were closed.

3. BAWG Activities - Update

MPAAS discussed the Billing Issues Report as posted to the NYISO.com website (Billing and Accounting Working Group meeting materials).

Ms. Logan commented that there have been several billing issues recently at NYISO. Examples of these issues are BIG # 434 and 435 related to Increasing Bids in Real-Time (IBRT) software and Late-Day Start. Ms. Logan commented that this might be a sign of some deficiencies in quality assurance testing process. Mr. Pardo agreed.

Action Item: Mr. Marcincuk will pass along Ms. Logan's concerns to the appropriate NYISO staff.

Mr. Ortlieb commented on the change from monthly invoicing to weekly invoicing in October 2011. Mr. Ortlieb stated that his Organization (and other Organizations) requested that ICAP and Station Power information to be included on the weekly consolidated invoices. Mr. Ortlieb stated that Station Power and ICAP information are not currently included on the monthly consolidated invoice and NYISO does not want to include it on the weekly consolidated invoices. Mr. Ortlieb stated that having this information on the weekly consolidated invoices would increase efficiency for his Organization.

Action Item: Mr. Marcincuk will inform the appropriate NYISO staff of Mr. Ortlieb's concerns.

4. General Business

Internal Audit Status Update

Two individuals left the Internal Audit Department (Anthony and Andrea). Internal Audit is currently conducting interviews to fill these positions.

Senior Management Staffing Changes

Two individuals were added to the executive team – Patrick Curran and John Buechler

Mr. Pardo discussed the recent change in the NYISO Board Chair.
Mr. Ahmed discussed the compilation of the Audit & Compliance Committee.

5. 2010 SAS 70 Results

Mr. Ahmed commented that NYISO received a clean SAS 70 audit opinion for the ninth consecutive year. Mr. Ahmed discussed the one exception included in the SAS 70 report related to Rate Schedule 1 (Control M.1.b).

Mr. Ahmed discussed the transition from SAS 70 to SSAE 16. Mr. Ahmed explained that NYISO does not expect KPMG's testing methodology to change. Mr. Ahmed also explained that an assertion from NYISO Management will be included in the SSAE 16 report and Internal Audit is performing work that will provide a basis for Management's assertion.

6. DoE Funding Update

Mr. Marcincuk provided an overall description of the Smart Grid Project and discussed DoE funding, reimbursement, and budget.

7. Audit Briefings for Completed Audits (November 2010 to March 2011)

Audit Briefings

- Network Model
- Demand Response Information System
- NERC Audit
- Asset Management
- Disaster Recovery
- Incentive Goals
- Transmission Studies
- Credit Management System
- Grant Audit
- Construction Audit
- SOX
- SAS 70

Mr. Ahmed discussed the methodology used for classifying audit findings.

8. Update of the 2010/11 Audit Plan

Mr. Ahmed provided an update on the Audit Plan. Mr. Ahmed also stated that the current Internal Audit Plan covers the period between July 1, 2010 and June 30, 2011. However, Internal Audit will be moving to a calendar year audit plan. Internal Audit is

developing a six-month audit plan for the period between July 1, 2010 and December 31, 2011 to complete this transition. Internal Audit's next audit plan will be for the period between January 1, 2012 and December 31, 2012.

9. Other Business

Mr. Pardo inquired about the relationship between Internal Audit and the Enterprise Risk Management Program (ERM). Mr. Ahmed described that relationship.

Mr. DeJong inquired if Internal Audit would be able to provide additional information within MPAAS audit advisories (e.g., additional background, objective, scope, risks).

Action Item: Internal Audit will provide additional information within the MPAAS Audit Advisories.

Ms. Logan commented that there have been several billing issues recently related to mitigation.

10. Next Meeting

The next meeting is scheduled for Thursday, June 23, 2011 at 9AM.

11. Adjourn

The meeting was adjourned at 12:25 PM