

NEW YORK CITY MUNICIPAL WATER FINANCE AUTHORITY & NEW
YORK CITY WATER BOARD
JOINT AUDIT COMMITTEE MEETING
05/19/2020 TRANSCRIPT

>> GOOD MORNING, EVERYONE. I'M MAX VON HOLLWEG. I'M THE CHAIR OF THE JOINT AUDIT COMMITTEE OF THE NEW YORK CITY MUNICIPAL WATER FINANCE AUTHORITY AND THE NEW YORK CITY WATER BOARD. AND I'D LIKE TO ASK PEOPLE IF THEY COULD KEEP THEIR PHONES MUTED UNLESS THEY'RE SPEAKING, AND THEN REMEMBER TO UNMUTE WHEN YOU START TALKING. THAT SHOULD ELIMINATE—MINIMIZE THE STATIC AND INTERFERENCE WE MIGHT GET. ALL VOTES THAT WE TAKE ARE GOING TO BE TAKEN BY ROLL CALL, AND I'LL NOW CONVENE THE MEETING BY ASKING FOR THE ROLL TO BE CALLED. DEB.

>> CONDUCTING THE ROLL CALL. MAX VON HOLLWEG?

>> HERE.

>> ALFONSO CARNEY.

>> HERE.

>> BASIL SEGGOS?

>> SELVIN, ARE YOU ON?

>> YES.

>> ADAM FREED?

>> HERE.

>> JONATHAN GOLDIN?

>> I'M HERE.

>> MARC SHAW?

>> YEP.

>> THANK YOU. WE HAVE A QUORUM.

>> GREAT. THANKS, EVERYONE. FIRST ITEM ON THE AGENDA IS THE RESOLUTION TO APPROVE THE MINUTES OF OUR LAST MEETING, WHICH WAS HELD ON OCTOBER 11th OF LAST YEAR. UM—

>> SO MOVED.

>> THANK YOU. THE MINUTES—THE DRAFT OF THE MINUTES HAVE BEEN CIRCULATED TO THE COMMITTEE FOR REVIEW. ARE THERE ANY COMMENTS OR CORRECTIONS THAT ANYONE HAS? ANY DISCUSSION? HEARING NONE, I'LL CALL A ROLL VOTE—A ROLL FOR THE VOTE. MR. CARNEY, HOW DO YOU VOTE?

>> APPROVED.

>> MR. SOUTHWELL, HOW DO YOU VOTE?

>> APPROVED.

>> MR. FREED?

>> APPROVED.

>> MR. GOLDIN?

>> APPROVED.

>> MR. SHAW?

>> APPROVED.

>> AND I ALSO VOTE IN FAVOR OF THE RESOLUTION. RESOLUTION APPROVING THE MINUTES IS HEREBY ADOPTED. THE NEXT ITEM ON THE AGENDA IS THE RECOMMENDATION TO THE WATER AUTHORITY BOARD OF DIRECTORS AND THE WATER BOARD FOR APPROVAL OF THE INDEPENDENT AUDITOR CONTRACT. THE WATER AUTHORITY AND THE WATER BOARD PARTICIPATED IN A COMPETITIVE REQUEST FOR PROPOSALS IN CONJUNCTION WITH THE CITY SEEKING INDEPENDENT AUDITOR SERVICES FOR THE WATER AND SEWER SYSTEM'S FINANCIAL STATEMENTS. GRANT THORNTON WAS SELECTED BASED ON THE QUALITY OF THEIR PROPOSAL AND RECORD SERVICE. AND THIS PROPOSED RESOLUTION BEFORE YOU WOULD RECOMMEND THAT THE WATER AUTHORITY BOARD OF DIRECTORS AND THE WATER BOARD APPROVE A CONTRACT WITH GRANT THORNTON FOR THE FISCAL YEARS ENDING JUNE 30, 2020, '21, '22, AND '23 FOR THE RATES LISTED IN THE RESOLUTION. THE AUTHORITY'S COMPTROLLER BOB BALDUCCI

IS AVAILABLE ON THIS CALL TO ANSWER ANY QUESTIONS REGARDING THIS SELECTION. ARE THERE ANY QUESTIONS?

>> YES, SIR, MR. CHAIRMAN. IT'S AL CARNEY. IT'S CLEAR FROM THE GRANT THORNTON PRESENTATION THAT MR. SAGINARIO, WHO IS NOT ON THE CALL, IS GOING TO RETIRE DURING THE TERM OF THE—OF THIS AGREEMENT. THAT'S FINE! CONGRATULATIONS TO HIM. MY QUESTION IS, IS THERE SOMEBODY IN THE WINGS WHO IS GOING TO BE THE CLIENT SERVICE RELATIONSHIP PARTNER?

>> SO, THIS IS BOB. AND I—

>> HEY, BOB , HOW ARE YOU?

>> [INDISTINCT] NICHOLAS AND MARLA COULD TALK FURTHER, BUT WE KNEW AT THE TIME WHEN WE WERE HAVING THE SELECTIONS AND WE HAD—AND IT WAS PRESENTED TO US THAT COSMO, BECAUSE OF THE REQUIREMENT OF RETIREMENT, THAT HE WAS GOING TO LEAVE—MAJOR REQUIREMENT BY THE PRIVATE FIRM. AND WE WERE TOLD AND PRESENTED THAT NICHOLAS WILL TAKE OVER AS AN ENGAGEMENT PARTNER FOR THE CITY AND SOME OF THE COMPONENT UNITS THAT GRANT THORNTON AUDITS. BUT ONE PERSON THAT'S COMING BACK, AND WE'RE HAPPY THAT SHE'S COMING BACK IS MARLA HUMMEL, WHO'S ACTUALLY HAS MOST OF THE OPERATIONAL AND DIRECTIONAL LEAD ON THE AUDIT. AND WE'RE HAPPY THAT SHE'S HERE. SO THE TRANSITION SHOULD BE VERY SIMPLE WITH THE FOLKS THAT THEY HAVE COMING ON AND THE FOLKS THAT HAVE BEEN ON THE AUDITS IN THE PAST.

>> THANK YOU.

>> ANYTHING ELSE? IF YOU'RE HAPPY, THEN I'M HAPPY.

>> I JUST WANTED TO MAKE SURE THAT THAT—THAT I UNDERSTOOD WHAT THE TRANSITION WOULD BE LIKE. AND CLEARLY YOU'RE OK WITH IT. THAT'S ALL THAT MATTERS TO ME.

>> AND IT WAS—I JUST WANT TO LET YOU—IN FRONT OF THE SELECTION COMMITTEE THAT WE HAD. THIS WAS A DISCUSSION ITEM THAT WE WENT BACK AND FORTH, AND WE TALKED ABOUT.

>> SURE. THANK YOU FOR THAT. I APPRECIATE IT.

>> ANY OTHER QUESTIONS?

>> MR. CHAIRMAN, WHAT DO WE DO NOW?

>> WELL, I WOULD ASK IF SOMEONE WOULD MOVE THE RESOLUTION THAT'S BEFORE YOU.

>> SO MOVED.

>> DO I HEAR A SECOND?

>> SECOND.

>> I THINK WE HAVE TO DO A ROLL. I THINK IT SHOULD BE DONE BY ROLL SO WE KNOW WHO'S VOTING.

>> YEAH, I'M GONNA DO THAT IN A MINUTE. AND TO THAT END, I'D NOW LIKE TO CALL THE ROLL FOR A VOTE ON THE RESOLUTION. MR. CARNEY, HOW DO YOU VOTE?

>> APPROVED. APPROVED.

>> MR. SOUTHWELL?

>> APPROVED.

>> MR. FREED?

>> APPROVED.

>> MR. GOLDIN?

>> APPROVED.

>> MR. SHAW?

>> APPROVED.

>> AND I VOTE IN FAVOR OF THE RESOLUTION AS WELL. THE RESOLUTION IS HEREBY APPROVED. THE NEXT ITEM ON THE AGENDA IS THE REVIEW AND APPROVAL OF THE AUDIT COMMITTEE'S ANNUAL REPORT AND SELF-EVALUATION OF THE COMMITTEE'S FUNCTION. THIS IS REQUIRED BY THE AUDIT COMMITTEE CHARTER THAT WE PERFORM THIS SELF-EVALUATION ANNUALLY. REPORT OF THE AUDIT COMMITTEE'S ACTIVITIES DURING CALENDAR YEAR 2019 HAS BEEN CIRCULATED TO THE COMMITTEE. AND I THINK YOU'LL SEE IT REFLECTS THE ACTIONS THAT WE TOOK IS THE CASE NORMALLY. WE MET TWICE DURING THE CALENDAR YEAR. THE PROPOSED RESOLUTION WOULD EXPRESS THE COMMITTEE'S OPINION THAT IT IS FUNCTIONING IN THE SATISFACTORY MANNER AND AUTHORIZED A REPORT OF SUCH FINDINGS TO BE PRESENTED TO THE WATER AUTHORITY BOARD OF

DIRECTORS AND THE WATER BOARD. AND ANY QUESTIONS REGARDING THE REPORT THAT'S ATTACHED OR THE SELF-EVALUATION? HEARING NONE, I'D LIKE TO ASK FOR A MOTION TO—ACTUALLY, THIS IS A REVIEW ITEM, ISN'T IT, I THINK? NO. I GUESS YOU'RE RIGHT. WE'VE GOT A RESOLUTION 'CAUSE WE'VE GOT TO AUTHORIZE ME TO PRESENT THIS REPORT TO THE RESPECTIVE BOARDS. COULD I HEAR A MOTION TO ADOPT THAT RESOLUTION?

>> SO MOVED.

>> AND THE SECOND?

>> SECOND.

>> I'D NOW LIKE TO CALL THE ROLL FOR THE VOTE. MR. CARNEY, HOW DO YOU VOTE?

>> APPROVED.

>> MR. SOUTHWELL?

>> APPROVED.

>> MR. FREED?

>> APPROVED.

>> MR. GOLDIN?

>> APPROVED.

>> MR. SHAW?

>> APPROVED.

>> AND I VOTE IN FAVOR OF THE RESOLUTION. IT'S HEREBY APPROVED. NEXT ITEM ON THE AGENDA IS A REVIEW OF THE INTERNAL CONTROLS MANUAL OF THE WATER AUTHORITY AND THE WATER BOARD. THIS IS A REVIEW ITEM. NO RESOLUTION IS REQUIRED HERE. WE'RE TAKING THIS ACTION PURSUANT TO SECTION 2H OF THE JOINT AUDIT COMMITTEE CHARTER, BY WHICH WE'RE CHARGED WITH REVIEWING OUR RESPECTIVE INTERNAL CONTROLS POLICIES. YOU'LL SEE THAT THE MOST RECENT UPDATED POLICIES HAVE BEEN CIRCULATED. AND I THINK THE LAST TIME THAT THIS WAS REVISED WAS IN 2017, AND YOU'LL SEE A RED-LINED VERSION THAT WAS ATTACHED THAT INDICATES A FEW PLACES WHERE THERE ARE CHANGES. BOB BALDUCCI AND OMAR NAZEM ARE HERE AND AVAILABLE TO ANSWER ANY QUESTIONS REGARDING THE MANUAL AND THE CHANGES. ARE THERE ANY QUESTIONS

THAT ANYONE HAS? HEARING NONE, THAT'S GREAT. THANK YOU, EVERYONE. WE'LL MOVE ON TO THE NEXT ITEM ON THE AGENDA, AND THAT'S A REVIEW OF THE WATER AUTHORITY AND THE WATER BOARD'S FINANCIAL INTEGRITY COMPLIANCE STATEMENTS. AGAIN, THIS IS A REVIEW ITEM. PURSUANT TO SECTION 6 OF DIRECTIVE 22 OF THE OFFICE OF THE COMPTROLLER OF THE CITY, THE AUDIT COMMITTEE IS REQUIRED TO REVIEW THE ANNUAL FINANCIAL INTEGRITY STATEMENTS. THESE STATEMENTS ARE COMPLETED SEPARATELY FOR THE WATER BOARD AND THE WATER AUTHORITY. AND BOTH STATEMENTS HAVE BEEN CIRCULATED TO THE COMMITTEE FOR REVIEW. ONCE AGAIN, BOB BALDUCCI AND NAMECA SHARMA, AS WELL AS THE TREASURER OF THE WATER BOARD OMAR NAZEM, ARE AVAILABLE TO DISCUSS THESE FINANCIAL INTEGRITY STATEMENTS. I THINK, AS IN THE PAST, YOU'LL SEE THAT IN EACH CASE, MANY OF THE ITEMS THAT ARE REQUIRED ARE IN THIS REVIEW PROCEDURAL ARE NOT APPLICABLE. AND I THINK YOU'LL SEE AN EXPLANATION OF ANY ITEMS FOR WHICH THERE'S ANY QUESTION OR QUESTION ABOUT COMPLIANCE OF WHICH THERE ARE ONLY A HANDFUL AND EXPLANATIONS ARE PROVIDED. DOES ANYONE HAVE ANY QUESTIONS REGARDING THESE FINANCIAL INTEGRITY COMPLIANCE STATEMENTS?

>> NONE HERE, MR. CHAIRMAN.

>> NOT HEARING ANY, WE'D LIKE TO MOVE ON TO THE NEXT ITEM ON THE AGENDA, AND THAT'S THE PRESENTATION OF THE AUDIT PLAN, INCLUDING A DISCUSSION OF THE NEW ACCOUNTING AND AUDITING STANDARDS. CONTINGENT UPON THE BOARD OF DIRECTORS OF THE AUTHORITY AND THE WATER BOARD'S APPROVAL, THIS ITEM IS A PRESENTATION BY THE PRESUMPTIVE WATER AND SEWER INDEPENDENT AUDITORS GRANT THORNTON, AND THEY'RE HERE TO PRESENT THEIR AUDIT PLAN FOR FISCAL YEAR 2020. THE AUTHORITY'S COMPTROLLER BOB BALDUCCI WILL INTRODUCE THE AUDITORS, SO, BOB, TAKE IT OVER.

>> YES, THANK YOU, MR. CHAIR. AND I SHOULD HAVE SAID EARLIER WELCOME, AND I'M GLAD TO HEAR EVERYONE ON THE PHONE AND, YEAH, THAT EVERYONE IS SAFE. I'M GOING TO INTRODUCE OUR AUDITORS, WHICH IS GRANT THORNTON. GIVEN THAT WE HAVE A—THE AUDITORS WILL COME ON BASED ON A VOTE TO ACCEPT THE AUDIT FIRM. AND TO GIVE OUT THE PRESENTATION IS OUR ENGAGEMENT PARTNERS—NICHOLAS LAZARUOLO AND MARLA HUMMEL. SO I'LL TURN IT OVER, I BELIEVE, TO NICHOLAS NOW FIRST.

>> GREAT. THANK YOU, BOB, AND THANK YOU, MR. CHAIRMAN AND JOINT COMMITTEE MEMBERS. GOOD MORNING. IT IS NICK LAZARUOLO FROM GRANT

THORNTON, AND I WILL BE SERVING AS THE AUDIT PARTNER. AND BEFORE I BEGIN THE PRESENTATION, I JUST WANT TO COMMUNICATE HOW EXCITED I AM TO WORK WITH YOU AND YOUR TEAM AND THE MANAGEMENT TEAM. WE'VE ALREADY BEGUN CONVERSATIONS WITH THE MANAGEMENT TEAM, AND I VERY MUCH LOOK FORWARD TO DEVELOPING AN EXCELLENT RELATIONSHIP. I KNOW THAT YOU GUYS HAVE HAD THE OPPORTUNITY TO HAVE OUR MATERIALS IN ADVANCE OF THE MEETING. SO MY INTENTION IS TO GO THROUGH THE MATERIALS AT A RELATIVELY HIGH LEVEL, BUT PLEASE STOP MARLA AND MYSELF AT ANY TIME IF YOU HAVE ANY QUESTIONS WITH ANY OF THE MATTERS THAT ARE DISCUSSED. SO IF EVERYBODY COULD TURN TO THE FIRST PAGE. THE FIRST THING WE'D LIKE TO COVER IS OUR RESPONSIBILITY TO THIS ENGAGEMENT. WE WILL PERFORM AN AUDIT IN ACCORDANCE WITH U.S. AUDITING STANDARDS AND GOVERNMENT AUDITING STANDARDS OF THE COMBINING FINANCIAL STATEMENTS OF THE NEW YORK CITY MUNICIPAL WATER FINANCE AUTHORITY AND THE NEW YORK CITY WATER BOARD, COLLECTIVELY KNOWN AS THE NEW YORK CITY WATER AND SEWER SYSTEM FOR THE YEAR ENDING JUNE 30, 2020. WE WILL EXPRESS AN OPINION ON THE COMBINING FINANCIAL STATEMENTS. IN ADDITION, WE'RE RESPONSIBLE FOR READING ANY OTHER INFORMATION, SUCH AS THE SYSTEM'S CAPR OR THE MD&A OR OTHER REQUIRED SUPPLEMENTARY INFORMATION TO MAKE SURE THAT IT'S MATERIALLY CONSISTENT WITH THE COMBINING FINANCIAL STATEMENT AND THE OPINION THAT WE'VE RENDERED. WE ARE RESPONSIBLE FOR COMMUNICATING ANY FRAUD OR ABUSE THAT COMES TO OUR ATTENTION THROUGH OUR AUDIT PROCEDURES. WE ARE ALSO RESPONSIBLE FOR COMMUNICATING IN WRITING WITHIN 45 DAYS OF THE ISSUANCE OF OUR FINANCIAL STATEMENTS ANY MATERIAL WEAKNESSES OR SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING OR ON COMPLIANCE THAT MAY COME TO OUR ATTENTION DURING THE COURSE OF OUR AUDIT. AND OF COURSE, WE ARE REQUIRED TO REPORT ANY MATERIAL NON-COMPLIANCE THAT MAY COME THROUGH OUR AUDIT PROCEDURES. TURNING OVER TO THE NEXT PAGE, I'D JUST LIKE TO REVIEW THE RESPONSIBILITIES OF THE JOINT AUDIT COMMITTEE AS WELL AS MANAGEMENT. THE JOINT AUDIT COMMITTEE'S RESPONSIBILITIES INCLUDE OVERSEEING THE FINANCIAL REPORTING PROCESS. IN ADDITION, THE JOINT AUDIT COMMITTEE'S RESPONSIBLE FOR INFORMING US OF ANY FRAUD OR SUSPECTED FRAUD THAT HAS COME TO THEIR ATTENTION. AND LASTLY, IF THERE ARE ANY OTHER MATTERS THAT HAVE COME TO THE COMMITTEE'S ATTENTION THAT YOU FEEL ARE RELEVANT TO OUR AUDIT, WE WOULD EXPECT THOSE TO BE COMMUNICATED TO US, AND THEREFORE WE CAN ASSESS IT AS PART OF

OUR OVERALL AUDIT PLAN. MANAGEMENT'S RESPONSIBILITY IS TO DESIGN, IMPLEMENT, EVALUATE, AND MAINTAIN EFFECTIVE CONTROLS OVER FINANCIAL REPORTING. IN ADDITION, MANAGEMENT IS RESPONSIBLE FOR INFORMING US OF ANY FRAUD, NON-COMPLIANCE, OR CONTROL WEAKNESSES THAT THEY ARE AWARE OF. AND THEY ARE RESPONSIBLE FOR PROVIDING US WITH CERTAIN REPRESENTATIONS AT THE CONCLUSION OF THE AUDIT THAT WILL ALLOW US TO RENDER OUR OPINION. AT THIS POINT, I'LL ASK THE REQUIRED QUESTION THAT I HAVE TO OF THIS COMMITTEE. ARE ANY COMMITTEE MEMBERS AWARE OF ANY FRAUD OR SUSPECTED FRAUD THAT HAS OCCURRED WITH REGARDS TO THE SYSTEM FOR THE YEAR ENDING JUNE 30th?

>> CARNEY. NO.

>> THIS IS MAX VON HOLLWEG. NO.

>> FREED. NO.

>> JONATHAN GOLDIN. NO.

>> MARC SHAW. NO.

>> EXCELLENT. THANK YOU VERY MUCH. TURNING TO THE NEXT PAGE, I'D LIKE TO JUST GO OVER OUR AUDIT PLAN. HOW DOES GRANT THORNTON APPROACH AN AUDIT? AND SO, THE FIRST STEP IN THE PROCESS IS REALLY GETTING AN UNDERSTANDING OF THE INTERNAL CONTROL ENVIRONMENT OF THE SYSTEM ITSELF. WE'VE ALREADY HAD SOME PRELIMINARY DISCUSSIONS WITH BOB AND HIS TEAM, WHICH HAVE GIVEN US A GOOD OVERVIEW OF HOW THE SYSTEM OPERATES. WE ALSO ARE EXPECTING TO BE REVIEWING THE PREDECESSOR AUDITORS' WORK PAPERS. THAT REVIEW WILL ALSO HELP US GAIN AN UNDERSTANDING AS TO THE CONTROLS THAT ARE IN PLACE AT THE SYSTEM ITSELF. ONCE WE HAVE A GOOD UNDERSTANDING OF THE CONTROL ENVIRONMENT, WE THEN PERFORM A RISK ASSESSMENT OF THE FINANCIAL OPERATIONS OF THE SYSTEM. THAT RISK ASSESSMENT WILL THEN ALLOW US TO DETERMINE "WELL, WHAT IS THE APPROPRIATE MATERIALITY BENCHMARK FOR PURPOSES OF THIS AUDIT?" ONCE THAT BENCHMARK IS ESTABLISHED, WE WILL THEN IDENTIFY FINANCIAL STATEMENT AREAS WHERE WE FEEL THE SYSTEM IS MOST SUSCEPTIBLE TO MATERIAL FINANCIAL MISSTATEMENT, AND THEN WE WILL PERFORM TESTS OF CONTROLS AS WELL AS SUBSTANTIVE TESTING TO ENSURE THE APPROPRIATENESS OF THE BOOKS AND RECORDS. DOES ANYONE HAVE ANY QUESTIONS WITH REGARDS TO OUR AUDIT APPROACH?

>> UH, YOU'RE ABOUT TO—

>> ...MATERIALITY, IS THAT RIGHT?

>> YES. TURNING TO THE NEXT PAGE, WE WILL NOW—

>> FINE. SORRY.

>> ...GO OVER—NO PROBLEM. WE WILL NOW GO OVER OUR MATERIALITY BENCHMARK. BASED UPON OUR ANALYSIS OF THE FINANCIAL STATEMENTS, DISCUSSIONS WITH MANAGEMENT, AS WELL AS OUR OVERALL UNDERSTANDING OF THE SYSTEM, WE FELT THAT TOTAL EXPENSES IS THE APPROPRIATE BENCHMARK FOR THE SYSTEM'S COMBINING FINANCIAL STATEMENTS. AND SO WE WILL USE A PERCENTAGE OF TOTAL EXPENSES TO BE OUR MATERIALITY THRESHOLD. AND THEN FROM THAT POINT, WE WILL TAKE AN ADDITIONAL PERCENTAGE OF THAT NUMBER TO DETERMINE OUR POSTING ADJUSTMENT ENTRY SCOPE. DOES ANYONE HAVE ANY QUESTIONS WITH REGARDS TO THE CHOICE OF THE BENCHMARK FOR MATERIALITY PURPOSES?

>> MR. LAZARUOLO, FORGIVE MY IGNORANCE. WHAT WERE THE OTHER OPTIONS? TOTAL EXPENSES IS THE APPROPRIATE BENCHMARK, AND I DON'T DISAGREE WITH THAT, BUT WHAT ELSE MIGHT YOU HAVE DECIDED UPON?

>> FOR AN ENTITY LIKE THE SYSTEM, TOTAL EXPENSES IS THE APPROPRIATE BENCHMARK, BUT OTHER FACTORS THAT YOU COULD CONSIDER WOULD BE TOTAL ASSETS OR TOTAL REVENUES AS WELL. BUT CONSIDERING THE OPERATIONS OF THE SYSTEM, WE FELT THAT TOTAL EXPENSES IS THE BEST BENCHMARK TO UTILIZE FOR PURPOSES OF THE AUDIT.

>> THANK YOU.

>> YOU'RE WELCOME.

>> AND THIS IS JON GOLDIN. JUST A QUICK QUESTION. I ASSUME IN THE EVENT WE'RE BALANCED, WHICH HOPEFULLY WE ARE, TOTAL REVENUES AND TOTAL EXPENSES SHOULD BE ROUGHLY EQUAL. AS BETWEEN THE TOTAL EXPENSES APPROACH AND THE TOTAL ASSETS APPROACH, I ASSUME IN THE EXPENSES APPROACH IS THE RELATIVELY MORE CONSERVATIVE APPROACH, IS IT NOT, WITH AN ENTITY THAT HAS THE KINDS OF ASSETS THAT THE WATER SYSTEM HAS?

>> SIGNIFICANTLY MORE CONSERVATIVE, AND THAT WAS ANOTHER ASPECT OF OUR OVERALL ANALYSIS IN CHOOSING THIS BENCHMARK.

>> GOOD. THANK YOU.

>> YOU'RE WELCOME.

>> THANK YOU.

>> IF THERE ARE NO FURTHER QUESTIONS, JUST LIKE TO TURN TO THE NEXT PAGE JUST TO GO OVER OUR AUDIT TIMELINE AND SCOPE. AND WE ARE IN THE PROCESS OF PERFORMING OUR PLANNING PROCEDURES, AS WE DISCUSSED. THEN IN THE JUNE AND AUGUST TIMEFRAME, WE ALSO HAVE, AS PART OF OUR AUDIT TEAM, INFORMATION TECHNOLOGY AUDITORS, WHO WILL COME IN AND REVIEW THE DESIGN AND OPERATIONAL EFFECTIVENESS OF THE FINANCIAL REPORTING SYSTEM THAT THE WATER SYSTEM UTILIZES FOR PURPOSES OF PRODUCING FINANCIAL STATEMENTS. THIS IS A CRITICAL COMPONENT OF OUR AUDIT, BECAUSE WE ARE RELYING ON THE REPORTS THAT ARE GENERATED FROM THAT SYSTEM TO PERFORM OUR PROCEDURES. SO IF THERE WERE ANY CONTROL WEAKNESSES THAT WERE DETERMINED FROM AN INFORMATION TECHNOLOGY STANDPOINT, WE WOULD THEN HAVE TO ALTER OUR AUDIT PROCEDURES TO ENSURE THAT WE HAVE MITIGATED ANY RISKS ASSOCIATED WITH THOSE WEAKNESSES. IF ANY OF THOSE WEAKNESSES WERE TO OCCUR, WE WOULD BE RESPONSIBLE FOR NOTIFYING THIS COMMITTEE OF ANY CHANGES TO THE AUDIT PLAN THAT WE ARE CURRENTLY DISCUSSING. SO THAT'S THE PURPOSE OF HAVING THOSE PROCEDURES BEING CONDUCTED PRIOR TO US PERFORMING OUR FINAL FIELD WORK PROCEDURES IN THE AUGUST-SEPTEMBER TIMEFRAME. WE ARE ALSO ANTICIPATING PERFORMING CONTROL TESTING IN THE JUNE-JULY TIMEFRAME. AND THIS YEAR, BEING THAT IT'S OUR FIRST YEAR AS THE AUDITORS, THIS IS GONNA BE A LITTLE BIT MORE EXTENSIVE IN TERMS OF REALLY GAINING AN UNDERSTANDING OF THE CONTROL ENVIRONMENT OF THE SYSTEM. GOING FORWARD, SUBSEQUENT TO THIS YEAR, THAT WILL BE MORE OF OBTAINING AN UPDATE TO THE CONTROL ENVIRONMENT TO SEE HAVE THERE BEEN ANY CHANGES FROM THE UNDERSTANDING THAT WE'VE GAINED IN THE PAST? BUT BEING THAT THIS IS THE FIRST YEAR, WE WILL BE PERFORMING AN IN-DEPTH OVERVIEW AND UNDERSTANDING OF ALL THE CONTROLS THAT THE SYSTEM UTILIZES FOR PURPOSES OF GENERATING APPROPRIATE FINANCIAL REPORTING. OUR SUBSTANTIVE TESTING—AND WHEN WE SEE SUBSTANTIVE TESTING--THAT'S VOUCHING TO SOURCE DOCUMENTS SUCH AS CHECK RECEIPTS, CONTRACTS, THINGS OF THAT NATURE--WILL BE CONDUCTED IN THE AUGUST AND SEPTEMBER TIMEFRAME, AND WE EXPECT TO BE COMPLETED WITH THE AUDIT BY THE END OF SEPTEMBER. NOW, AS WE ALL KNOW, WE ARE OPERATING UNDER SOME VERY UNIQUE CIRCUMSTANCES, BUT I JUST WANT THE JOINT COMMITTEE TO

BE AWARE THAT WE ARE ABSOLUTELY PREPARED TO CONDUCT THIS AUDIT UNDER THE CURRENT ENVIRONMENT THAT WE'RE OPERATING UNDER— MEANING WE ARE PREPARED TO BE ABLE TO SATISFY OUR AUDIT PROCEDURES UNDER THIS REMOTE ENVIRONMENT. AND THAT IS BECAUSE WE WILL HAVE PROACTIVE AND UPFRONT COMMUNICATION WITH THE MANAGEMENT TEAM ON A REGULAR BASIS TO ENSURE THERE ARE NO SURPRISES WITH REGARDS TO THE AUDIT FIELD WORK AND THAT WE ARE ALSO ON THE SAME PAGE WITH REGARDS TO ANYTHING THAT WE WOULD NEED TO DO TO ADJUST TO THE CIRCUMSTANCES THAT WE'RE OPERATING UNDER. SO I JUST WANTED TO MAKE SURE THAT THAT POINT WAS EXPRESSIVELY CLEAR THAT THE FUTURE IS UNKNOWN IN TERMS OF HOW WE WILL BE OPERATING, BUT RIGHT NOW, IF THE AUDIT WAS TO START TODAY, WE WOULD BE PREPARED TO WORK WITH MANAGEMENT TO GET THAT DONE. SO I'LL TAKE A PAUSE. DOES ANYONE HAVE ANY QUESTIONS WITH REGARDS TO THE TIMELINE?

>> CARNEY HERE. NO, WITH REGARD TO THE TIMELINE, BUT SINCE WE'RE TALKING ABOUT SPECIFIC SUBSTANTIVE TESTING THAT YOU'RE DOING, YOU'RE GONNA LOOK AT INTERNAL CONTROLS AND OF COURSE THAT'S APPROPRIATE. [CHUCKLES] CAN'T WAIT TO HEAR HOW WE'RE DOING. BUT CYBERSECURITY. WILL YOU—IS THERE ANY CATEGORY OF TESTING HERE THAT YOU'RE GONNA BE DOING SPECIFICALLY WITH REGARD TO INTERNAL CONTROL EVALUATION--THE WATER AUTHORITY'S, THE WATER BOARDS' CYBERSECURITY MEASURES?

>> YES, WE WILL, BUT LET ME CLARIFY THAT. WE WILL NOT BE PERFORMING PENETRATION TESTING AND THINGS OF THAT NATURE AS PART OF OUR AUDIT PROCEDURES, BUT WHAT WE WILL BE DOING IS GAINING AN UNDERSTANDING—

>> I'M SORRY, I'M SORRY. THAT MEANS THAT YOU'RE NOT GOING TO DO A CYBERSECURITY AUDIT. IS THAT WHAT THAT MEANS?

>> THAT'S CORRECT.

>> OK. ALL RIGHT. GOOD, GOOD, GOOD.

>> WHAT WE WILL BE EVALU—WE WILL BE EVALUATING THE CONTROLS IN PLACE OVER CYBERSECURITY WITH REGARDS TO THE SYSTEM AND ALSO EVALUATING ANY POTENTIAL RISKS RELATING TO CYBERSECURITY AND ADJUSTING OUR AUDIT PROCEDURES ACCORDINGLY. AND THEREFORE, IF THERE ARE ANY WEAKNESSES THAT COME FROM THAT ASSESSMENT, THOSE WEAKNESSES WOULD BE REPORTED TO THIS JOINT AUDIT COMMITTEE.

>> TERRIFIC. THANK YOU, THANK YOU.

>> YOU'RE WELCOME. IF THERE ARE NO OTHER QUESTIONS, THEN TURNING TO PAGE 6, JUST WANT TO ONCE AGAIN REVIEW OUR CLIENT SERVICE TEAM. AS MENTIONED, COSMO WILL SERVE AS THE CLIENT SERVICE RELATIONSHIP PARTNER THROUGH THE END OF JULY, AND THAT IS HIS MANDATORY RETIREMENT DATE. I WILL SERVE AS THE SYSTEMS AUDIT PARTNER. SO I WILL BE RESPONSIBLE FOR THE DAY-TO-DAY EXECUTION OF THIS AUDIT. I WILL BE WORKING DIRECTLY WITH BOB AND HIS TEAM, AND I WILL BE THE POINT PERSON FOR THE JOINT AUDIT COMMITTEE TO REPORT THE RESULTS OF THE AUDIT. IN ADDITION, MARLA HUMMEL WILL BE ACCOMPANYING ME IN TERMS OF AN ADDITIONAL CLIENT SERVICE RELATIONSHIP PARTNER. MARLA SERVES AS THE OVERALL CITY ENGAGEMENT PARTNER. SHE HAS A VAST KNOWLEDGE OF THE ENTIRE ENTERPRISE'S OPERATIONS, AND SHE'LL BE A TREMENDOUS RESOURCE IN US BEING ABLE TO CONDUCT THIS AUDIT EFFICIENTLY AND EFFECTIVELY. AS I MENTIONED, WE ALSO HAVE AS PART OF OUR AUDIT TEAM INFORMATION TECHNOLOGY AUDITORS. THOSE AUDITORS WILL BE LED BY HASSAN KHAN, A MANAGEMENT MANAGING DIRECTOR IN OUR INFORMATION TECHNOLOGY DEPARTMENT. AND ASSIGNED TO THIS ENGAGEMENT, WE WILL HAVE TWO AUDIT MANAGERS—BENJAMIN KLEIN AND KYLE CHUBER. AND THEY WILL BE RESPONSIBLE FOR OVERSEEING DIRECTLY OUR SENIORS AND STAFF IN THE FIELD. SO THAT'S A QUICK OVERVIEW OF OUR CLIENT SERVICE TEAM THAT WE PUT IN PLACE FOR PURPOSES OF THE FISCAL '20 AUDIT OF THE SYSTEM. TURNING TO THE NEXT PAGE BEGINS OUR SIGNIFICANT RISKS AND AREAS OF FOCUS. AND THIS WAS DETERMINED BASED UPON, AGAIN, OUR REVIEW OF THE FINANCIAL STATEMENTS, DISCUSSIONS WITH MANAGEMENT, AND AN OVERALL UNDERSTANDING OF THE OPERATIONS OF THE SYSTEM. SO REVENUE RECOGNITION IS ONE OF THE AREAS THAT WE'LL FOCUS ON. WE'LL MAKE SURE THAT THERE ARE THE APPROPRIATE CONTROLS IN PLACE TO ENSURE APPROPRIATE REVENUE RECOGNITION, AND WE WILL PERFORM SOME SUBSTANTIVE TESTING OVER THE REVENUE BALANCES. IN ADDITION, WE WILL ALSO ASSESS ANY ESTIMATES ASSOCIATED WITH RECEIVABLE BALANCES OR ANY OTHER ESTIMATES RELATED TO REVENUE RECOGNITION TO ENSURE THEIR APPROPRIATENESS AND TO ENSURE THAT THEY'RE CONSISTENTLY APPLIED AND ACCURATELY PRESENTED WITHIN THE FINANCIAL STATEMENTS THEMSELVES. ON THE NEXT PAGE, WE WILL ALSO FOCUS ON THE VALUE—

>> BEFORE YOU LEAVE THAT PAGE—

>> SURE.

>> THERE IS...THE LAST—VERY LAST BULLET POINT ON THE LEFT COLUMN. “CHANGE IN RESIDUAL INTEREST IN SOLD ITEMS.” BOB, MAYBE THIS IS FOR YOU. I DON’T KNOW. I DON’T KNOW WHAT THAT MEANS.

>> YES, SO WE HAVE TAX LIEN SALES. AND THE TAX LIEN SALES—THERE ARE ENTITIES THAT HAS THE RESIDUAL INTEREST, AND WE BOOK THAT CHANGE OF RESIDUAL INTEREST—MEANING THAT THERE’S AN ASSESSMENT DONE ON THOSE TAX LIEN SALES TO SAY THAT WE HAVE AN ABILITY TO GET MORE MONEY OUT OF THAT, THE VALUATION OF THOSE. AND WE BOOK THAT VALUATION CHANGE BASED ON THOSE FINANCIAL STATEMENTS ONTO OUR BOOKS. IT’S ACTUALLY VERY MECHANICAL. IT’S BASICALLY—

>> I’M SORRY. NO, I GOT IT. AND THANK YOU FOR TAKING A MINUTE TO EXPLAIN IT TO ME. AND NOW THAT YOU’VE DONE THAT, I UNDERSTAND.

>> YEAH, AND IT’S VERY MECHANICAL. YOU JUST LOOK AT THOSE ASSETS, AND THEN YOU JUST LOOK AT ONE YEAR CHANGE TO THE OTHER AND YOU BOOK IT.

>> THANK YOU, BOB. THANKS VERY MUCH.

>> THANK YOU, BOB. DOES ANYONE HAVE ANY OTHER QUESTIONS ON REVENUE RECOGNITION BEFORE WE MOVE ON? HEARING NONE, THEN TURNING TO THE NEXT PAGE, WE WILL ALSO FOCUS OUR ATTENTION ON THE VALUATION OF THE INVESTMENTS AND DERIVATIVE INSTRUMENTS. WE’LL CONFIRM ALL OF THE INVESTMENT POSITIONS, AND WE WILL PERFORM SOME REASONABLENESS TESTING OVER THE FAIR MARKET VALUES OF THE INVESTMENTS AND CHANGES THERETO. WE’LL PERFORM TESTING OVER THE UTILITY PLANT AND SERVICE AND CONSTRUCTION, MAKING SURE THAT ANY ADDITIONS ARE APPROPRIATE, ANY DISPOSALS AND TRANSFERS ARE ALSO APPROPRIATELY RECORDED WITHIN THE FINANCIAL STATEMENTS. AND WE WILL TEST THE REASONABLENESS OF THE DEPRECIATION EXPENSES INCURRED. WITH REGARDS TO BONDS AND NOTES PAYABLE, WE WILL CONFIRM ALL BALANCES AT THE END OF THE YEAR. WE WILL PERFORM A ROLL FORWARD OF ALL OF THE ACTIVITY DURING FISCAL 2020 AND TEST ANY SIGNIFICANT CHANGES WITHIN THAT ROLL FORWARD FOR THEIR APPROPRIATENESS. AND FINALLY, AS PART OF OUR PROCEDURES, WE WILL ASSESS THE ADEQUACY OF THE FOOTNOTE DISCLOSURES WITHIN THE FINANCIAL STATEMENTS. BEFORE WE TURN TO PAGE 9, DOES ANYONE HAVE ANY QUESTIONS WITH REGARDS TO INVESTMENTS, UTILITY, OR BONDS AND NOTES PAYABLE?

>> NO QUESTIONS.

>> THEN TURNING TO PAGE 9, THE ADDITIONAL AREAS THAT WE'VE IDENTIFIED ARE EXPENSES. AND SO WE WILL TEST A SAMPLE OF EXPENSES, BOTH FROM A CONTROLS PERSPECTIVE AS WELL AS A SUBSTANTIVE PERSPECTIVE TO ENSURE THE APPROPRIATENESS OF THE RECOGNITION OF THOSE EXPENSES. INCLUDED WITHIN OUR TESTING WILL BE THE EXPENSES ASSOCIATED WITH THE LEASE WITH THE CITY OF NEW YORK. SO THAT TESTING WILL BE PART OF OUR OVERALL PROCESS. AND THEN, AS I MENTIONED, AS PART OF OUR AUDIT, THERE ARE CERTAIN ESTIMATES INCLUDED WITHIN THE FINANCIAL STATEMENTS, AND WE ARE RESPONSIBLE FOR EVALUATING THE METHODOLOGIES THAT MAKE UP THOSE ESTIMATES TO ENSURE THAT THE METHODOLOGIES MAKE SENSE IN LIGHT OF THE BUSINESS THAT THE SEWER SYSTEM, WATER AND SEWER SYSTEM CONDUCTS. IN ADDITION, IF THERE ARE ANY CHANGES TO THOSE METHODOLOGIES, WE WOULD EVALUATE WHETHER OR NOT THOSE CHANGES MAKE SENSE AND WERE ACCURATELY APPLIED TO THE FINANCIAL STATEMENTS. AND THEN THE FINAL MATTER IS WE WILL ALSO PERFORM AN OVERALL ASSESSMENT OF THE FINANCIAL STATEMENT DISCLOSURES TO ENSURE THAT THEY ARE COMPLETE AND ACCURATE IN LIGHT OF THE BUSINESS OPERATIONS OF THE SYSTEM ITSELF. DOES ANYONE HAVE ANY QUESTIONS WITH REGARDS TO OUR SIGNIFICANT RISKS THAT WERE IDENTIFIED? HEARING NONE, ON THE NEXT PAGE IS JUST A SLIDE THAT ONCE AGAIN POINTS OUT WHAT I DISCUSSED PREVIOUSLY THAT THERE IS A TECHNOLOGY PORTION OF OUR AUDIT THAT IS CRITICAL. AND AS I MENTIONED, THAT AUDIT WILL BE CONDUCTED—OR THE VAST MAJORITY OF THE PROCEDURES WILL BE CONDUCTED BEFORE OUR FINAL FIELD WORK PROCEDURES TO ENSURE THAT ANY RISKS THAT MAY BE IDENTIFIED ARE APPROPRIATELY ADDRESSED. AND THEN THE LAST THING TO COVER ON PAGE 11 ARE TECHNICAL UPDATES AND RELEVANT STANDARDS. AND FOR FISCAL 2020, THE SYSTEM WILL IMPLEMENT GASB 84, AND THEN EFFECTIVE FOR FUTURE PERIODS, OUR NUMBER OF GASB THAT WE WILL WORK WITH MANAGEMENT ON TO ENSURE THE APPROPRIATENESS OF THE FINANCIAL REPORTING. AND WITH THAT, THAT CONCLUDES OUR PRESENTATION. HAPPY TO ANSWER ANY QUESTIONS ANY OF THE JOINT COMMITTEE MEMBERS MAY HAVE.

>> THANK YOU FOR YOUR PRESENTATION. LOOK FORWARD TO WORKING WITH YOU ALL.

>> ABSOLUTELY.

>> WE LOOK FORWARD TO WORKING WITH YOU AS WELL.

>> THIS IS ADAM. ONE MORE GLOBAL QUESTION. YOU TALKED ABOUT BEING READY TO PERFORM EVERYTHING MOBILEY. JUST WONDERING IN THE WORLD THAT WE'RE IN AND ASSUMING THAT THERE MAY BE PERIODS WITH RAMP-UPS AND RAMP-DOWNS OF LOCKDOWNS AND REMOTE WORKING ENVIRONMENTS, ARE THERE ANY PARTICULAR RISKS THAT YOU WOULD ANTICIPATE NEEDING TO LOOK FOR THAT YOU OTHERWISE WOULDN'T GIVEN WORKFORCE CHANGES IN AND OUT OF THE OFFICE, BOTH ON YOUR SIDE BUT ALSO WITHIN DEP AND OTHER STAFF ON THE MUNICIPAL SIDE THAT WE SHOULD BE AWARE OF AND THINKING ABOUT?

>> THE RISKS THAT WE WOULD BE LOOKING AT THAT WOULD BE EXPOSED UNDER THE CURRENT CONDITIONS THAT WE'RE OPERATING UNDER IS IF THERE ARE ANY MANUAL CONTROLS IN PLACE THAT ARE HEAVILY RELIED UPON BY THE MANAGEMENT TEAM IN TERMS OF PRODUCING EFFECTIVE FINANCIAL REPORTING. THOSE MANUAL CONTROLS MAY BE EXPOSED WITHIN THIS ENVIRONMENT. AND IF THAT IS THE CASE, WHAT CAN WE DO TO MITIGATE ANY POTENTIAL RISKS ASSOCIATED WITH THE FACT THAT THOSE MANUAL CONTROLS MAY NOT BE OPERATING EFFECTIVELY UNDER REMOTE CIRCUMSTANCES. SO AS WE GAIN A DEEPER UNDERSTANDING OF THE ENVIRONMENT AS A WHOLE, IF WE IDENTIFY ANY SUCH AREAS, THOSE WOULD BE COMMUNICATED. BUT FROM OUR PERSPECTIVE ON A BROADER LEVEL, THAT'S WHERE I SEE THE BIGGEST RISK RELATING TO THE REMOTE WORKING ENVIRONMENT.

>> THANK YOU.

>> IN THAT CONNECTION—THIS IS JON GOLDIN. JUST A QUICK FOLLOW-UP. IS THE NATURE OF THE MEANS THAT WHEREBY THE STAFF DOES THEIR WORK REMOTELY, i.e. EITHER THE VPN KIND OF CONNECTION OR REMOTE DESKTOP—I'M NOT ACTUALLY SURE EXACTLY WHAT THE NATURE OF THAT CONNECTION IS. IS THAT SOMETHING THAT—I KNOW YOU SAID YOU DON'T DO PENETRATION TESTING AND THE LIKE, BUT IS THAT SOMETHING WHERE YOU LOOK AT POTENTIAL ISSUES WITH RESPECT TO CYBERSECURITY?

>> WE WOULD BE LOOKING AT ISSUES WITH REGARDS TO SECURITY ACCESS AND APPROPRIATE CONTROLS AROUND ACCESSING THE FINANCIAL REPORTING SYSTEMS. SO THAT WOULD BE IN SCOPE OF OUR OVERALL REVIEW. AND SO IF WE SAW WEAKNESSES WITH REGARDS TO A USER BEING ABLE TO GO INTO THE SYSTEM AND THEN GAIN, LET'S SAY, SUPER CONTROL OVER THE SYSTEM ITSELF BECAUSE OF A VPN ISSUE OR SOME SORT OF REMOTE ISSUE, THAT MAY NOT HAVE BEEN APPARENT WHEN BUSINESS WAS

OPERATING UNDER NORMAL CIRCUMSTANCES. THAT WOULD BE EXPOSED DURING OUR TESTING, AND WE WOULD COMMUNICATE THAT.

>> GREAT. THANK YOU.

>> YOU'RE WELCOME.

>> AND THIS IS BOB. I WANT TO ADD SOMETHING. IF WE LOOK AT OUR INTERNAL CONTROLS, WE DID UPDATE THE INTERNAL CONTROLS TO REFLECT THAT THE SYSTEM IS WORKING—IS ABLE TO WORK REMOTELY UNINTERRUPTED. THE MANUAL CONTROLS, WE STILL—THE SAME CONTROLS THAT IS IN THAT MANUAL, WHERE YOU NEED 3 TO 4 SEPARATE INDIVIDUALS TO EXECUTE A TRANSACTION IS STILL THERE, ALTHOUGH, YOU KNOW, WE MIGHT JUST SCAN, INITIAL SOMETHING, OR SIGN SOMETHING ELECTRONICALLY. WE'RE DOING THAT. AND ALL THE HARD PAPER THAT WE USED TO HAVE, YOU KNOW, THERE'S GONNA BE---WE'RE GONNA HAVE THE SAME REFLECTION. WE'RE GONNA BE ABLE TO SEND ALL OUR MONTHLY TRANSACTIONS. WE'RE BUILDING THAT UP NOW. INSTEAD OF A BINDER BOOK FOR THE MONTH, IT'S GONNA BE AN ELECTRONIC BOOK EACH MONTH, AND IT'S GONNA BE A YEAR-END BOOK EACH MONTH. SO IF WE [INDISTINCT] WALK OVER THE BOOKS TO THE FOLKS THAT WOULD BE IN AN OFFICE, IN OUR OFFICE, WE COULD DO THE SAME THING ELECTRONICALLY. SO WE HAVE UNINTERRUPTED SERVICE. WE HAVE NOT DEGRADED OUR INTERNAL CONTROLS. EVERYTHING IN INTERNAL CONTROLS IS FOLLOWED, AND THE AUDITORS WILL SEE THAT. AND IF THEY DON'T SEE THAT, THEY WILL REPORT IT TO YOU. BUT I JUST WANTED TO LET EVERYONE KNOW THAT WE HAVE BEEN ABLE TO KEEP THE INTEGRITY OF VOLUNTARY CONTROLS AND NOT MINIMIZE IT AT ALL.

>> BOB, THANK YOU FOR THAT. I AM BLANKING ON THE EXPRESSION THAT IS USED, THE ACCOUNTING EXPRESSION, THE AUDIT EXPRESSION THAT IS USED TO DESCRIBE THE APPROPRIATE DIVISION OF RESPONSIBILITIES. THERE'S A—

>> THAT'S SEGREGATION OF DUTIES.

>> SEGREGATION OF DUTIES. THANK YOU. I DON'T KNOW WHY I COULDN'T REMEMBER IT. BUT WHAT YOU JUST SAID GIVES ME A GREAT DEAL OF COMFORT, BECAUSE CLEARLY WHAT YOU'RE DOING IS TRYING YOUR BEST TO ENSURE THAT SEGREGATION OF DUTIES IN THE CURRENT ENVIRONMENT IS SOMETHING THAT YOU HAVE EVERY REASON TO THINK WE'RE DOING WELL. THAT'S A GOOD THING.

>> RIGHT.

>> AND MR. LAZARUOLO, I ASSUME YOU'RE GOING TO BE CHECKING THAT SPECIFICALLY AS YOU GO FORWARD, THAT THAT'S A PART OF THE INTERNAL CONTROL ENVIRONMENT THAT WOULD BE A PART OF THE AUDIT.

>> SIGNIFICANT PART OF OUR TESTING OF THE CONTROL ENVIRONMENT.

>> OUTSTANDING. THANK YOU, SIR.

>> HA HA!

>> I HAVE NO QUESTIONS. THIS IS CARNEY. NO QUESTIONS.

>> SO IF THERE'S NO MORE FURTHER QUESTIONS, THAN I'LL TURN IT BACK TO MR. CHAIR.

>> ALL RIGHT, THANKS, EVERYONE. GREAT PRESENTATION AND GOOD QUESTIONING, TOO. THANKS. I BELIEVE THAT WAS THE LAST ITEM ON OUR AGENDA. SO IF THERE'S NO FURTHER BUSINESS, I'LL ENTERTAIN A MOTION TO ADJOURN.

>> SO MOVED.

>> DO WE HAVE TO VOTE A RESOLUTION TO RECOMMEND TO EACH OF---OR HAVE WE DONE THAT ALREADY? RECOMMEND TO EACH OF THE TWO BOARDS? DID WE DO THAT ALREADY?

>> I BELIEVE WE DID THAT.

>> WE DID.

>> OK. FORGIVE ME FOR BEING BEHIND.

>> MAY I HAVE A SECOND, THEN, ON THE MOTION TO ADJOURN?

>> SECOND.

>> I'LL NOW A CALL A ROLL FOR THE VOTE TO ADJOURN. MR. CARNEY, HOW DO YOU VOTE?

>> I APPROVE THE MOTION TO ADJOURN.

>> HA! MR. SOUTHWELL?

>> I APPROVE THE MOTION TO ADJOURN.

>> MR. FREED?

>> I APPROVE.

>> MR. GOLDIN?

>> APPROVED.

>> MR. SHAW?

>> APPROVED.

>> AND I, TOO, VOTE IN FAVOR OF ADJOURNMENT. THANKS, EVERYONE FOR YOUR PARTICIPATION. THE JOINT AUDIT COMMITTEE MEETING IS NOW ADJOURNED.

>> THANK YOU, EVERYBODY. THANKS TO EVERYBODY.

>> THANK YOU.

[BELLS DING; PEOPLE LEAVING CALL]

>> THANK YOU, EVERYBODY. STAY SAFE.

>> Y'ALL TAKE CARE.

>> STAY SAFE.

>> INDEED. BYE-BYE.