

The Port Authority of New York and New Jersey
Audit Committee Meeting Transcripts
May 18, 2010

[Chair D. Steiner] The first portion of today's meeting of the Audit Committee is being held in Public Session, after which the Committee will meet in Executive Session to discuss matters involving external or internal investigations or audits. In addition, the public portion of this meeting is being broadcast live on the Port Authority's website for those interested in viewing today's proceeding via the Internet. The first subject is the retention of external auditors.

[M. Fabiano] Okay, good morning, commissioners. I'd like to give you a little bit of background on the history of our retention of auditors specifically with Deloitte over the last years. Under the Port Authority Bylaws, the Audit Committee is responsible for the selection and the retention of the independent auditors that audit the accounts and financial statements of the Port Authority. Deloitte & Touche has been the Authority's independent auditor now since 1981. In the latter part of 2003, the Audit Committee directed staff to issue an RFP, Request for Proposals, to select a list of firms to, once again, test the waters for the performance of auditing services. After reviewing those proposals, the Audit Committee recommended the retention, once again, of the Deloitte & Touche, subject to the annual approval, which is the process that we now follow and have been following for each audit period. In addition to doing the financial statement audit, there is a series of other audits and reviews that are performed by Deloitte as part of their annual engagement. These include the reviews of the Passenger Facility Charge program, the rental calculations for the New York City airports, financial and statistical data reports submitted to the FTA for the national transit database, and also the audit of the Port Authority Insurance Captive Entity, as well as the audit of the Port Authority of New York and New Jersey retiree health benefits trust, and then finally compliance or requirement ordered of the Single Audit Act for federal assistance grants. Deloitte also provides reviews of the bond offering issuances; They have to concur on the information contained in the statements and the documentation in order to be able to continue to use their opinion in their statements and their reports. Finally, Deloitte's billing for conducting the audit of financial statements averaged since 2005, about \$1.2 million a year for various services. and this year to date for this audit engagement period, it's about \$1.1 million that we've incurred so far. And, that can go up and down, depending on special audit work that's being done or requested or reviews, depending on the years or new system implementations, but generally, they've been consistent. So, thank you.

[Comm. R. Pocino] Karen, I'd like to put to a vote about retaining Deloitte & Touche. How does the Committee feel about retaining Deloitte & Touche?

[Comm. R. Pocino] I'd like to make the motion that we adopt the resolution to move forward with (inaudible).

[Chair D. Steiner] All of those in favor? The motion is carried.

[M. Fabiano] Thank you. [muted]