



**New York City Housing Authority**  
**Department of Internal Audit and Assessment (IA&A)**

**Minutes of Audit Committee Meeting**  
**February 15, 2018**

**Board and Audit Committee Members:**

Derrick Cephas, Chair  
Victor A. Gonzalez, Co-Chair  
Mark Kaplan, Independent Member  
Richard Kuo, Independent Member (*Absent*)

**NYCHA Staff Members- Present:**

Tricia L. Roberts, Vice-President for Finance, Office of the CFO  
Edna Wells Handy, Acting EVP and Chief Compliance Officer  
Hyacinth Jeffers, Acting Director, Department of Internal Audit & Assessment  
Jeffrey A. Pagelson, Controller, Financial Accounting & Reporting Services  
Dan Frydberg, Deputy Director, Financial Accounting & Reporting Services  
Venkata Chitrapu, CPT Systems Manager, Business Solution Technology  
Michael Edugene, Computer Specialist (Software), Enterprise Technology Portfolio Management  
Charisse Jamroz, Project Manager, Enterprise Technology Portfolio Management  
Anil Agrawal, Assistant Director, Department of Internal Audit & Assessment  
Avik Das, Management Auditor, Department of Internal Audit & Assessment

**Deloitte & Touche LLP – Present:**

Michael Fritz, Lead Client Service Partner  
Jill Strohmeyer, Managing Director  
Darshan Patel, Audit Specialist Leader

A meeting of the Audit Committee members of the New York City Housing Authority (the “Authority”) was held on February 15, 2018 at 2:30 PM in the Board Room of the Authority at 250 Broadway, New York, New York 10007.

Hyacinth Jeffers, Acting Director of Internal Audit & Assessment commenced the meeting by introducing herself to all members present at the meeting. She noted that the focus of the meeting was Deloitte’s Status Update for 2017 Financial Audit of NYCHA. She further stated that another Audit Committee meeting would be scheduled in March 2018, where Internal Audit status for the year 2017 and Internal Audit Plan for the year 2018 would be discussed.

**I. Approval of Minutes:**

Upon motion duly made and seconded, the committee members unanimously approved the minutes of the October 12, 2017 Audit Committee meeting.

## **II. Deloitte's Status Update for 2017 Financial Audit of NYCHA:**

Ms. Jeffers stated that the Audit Committee was provided with copies of the Deloitte's Status Update for 2017 Financial Audit of NYCHA on Friday, February 9, 2017.

Jill Strohmeyer, Managing Director from Deloitte, discussed about timing and focus of the 2017 audit. Ms. Strohmeyer stated that the status of the audit was as follows:

- Deloitte team completed interim assessment of audit team's independence.
- Deloitte met with management team - Chair, General Manager, and Chief Financial Officer separately to discuss risks and fraud.
- Planning to look at IT systems and meet with individuals from NYCHA's IT team starting the week of February 26, 2018.
- Deloitte's team of 6 to 8 members will be on-site on a daily basis effective from March 5, 2018 to perform year-end audit procedures, review key internal controls and test balances.
- Deloitte's audit team also had a Planning Meeting with their internal specialists in the areas of Pension and Claims.

Ms. Strohmeyer advised that a Peer Review for Deloitte was completed in December 2017 and the resultant report is posted on its website. She also presented the time line for the 2017 audit as follows:

March 5, 2018: Deloitte audit team will be on site daily to perform year-end audit procedures

April 19, 2018: Audit Committee meeting – Deloitte will meet again to provide status update on progress and any significant issues

April 30, 2018: Finish year-end testing, begin wrap-up procedures, and review Subsequent Events

May 10, 2018: Commence second partner review

May 17, 2018: Audit Findings presentation

June 14, 2018: Audit committee meeting to provide control deficiencies found if any.

Tricia L. Roberts, Vice-President for Finance, pointed out that NYCHA management and Deloitte audit team will be working on both Financial and Compliance (Single) audits at the same time; weekly status meetings will be held, and because NYCHA is considered a Low Risk auditee, less testing will be required. Darshan Patel, Audit Specialist Leader from Deloitte, stated that per the Single Audit guidelines, they will be required to perform testing based on 20% coverage of the programs rather than 40%.

## **III. Deloitte's Presentation Regarding Total Tenant Payment Calculation Project:**

Michael Fritz, Lead Client Service Partner from Deloitte, provided a status update on the Total Tenant Payment (TTP) Calculation project related to conversion from AS400 to Siebel. Mr. Fritz advised the Audit Committee that they were looking at different buckets of rent classes and compliance with HUD procedures in their review.

Ms. Jeffers explained that Internal Audit had originally planned to perform an “Audit of Data transfer from AS400 to Seibel” as part of 2017 Internal Audit Plan; however, due to scope of the audit and to have an independent assurance, this project was assigned to Deloitte.

Mr. Kaplan inquired whether this undertaking affected Deloitte’s independence. Mr. Fritz answered in negative. Ms. Roberts explained that the project was performed as an Agreed-upon Procedures and was separate from audit. The purpose of the project was to ensure that data from the current AS400 system for the public housing tenants was transferred correctly in the new system Siebel. NYCHA’s IT team worked with Deloitte team on this project. NYCHA team had selected the sample for the testing by Deloitte.

Mr. Fritz stated that Darshan Patel who leads the Compliance (Single) audit was in charge of this project. Mr. Fritz indicated that they found some differences between Deloitte’s TTP calculation and NYCHA’s TTP calculation. However, upon further inquiries and clarification from NYCHA’s IT team, Deloitte re-calculated the TTP and the differences were resolved and did not require any program changes.

Deloitte’s rent calculation differed from NYCHA’s as Siebel excluded income records where start dates and end dates were not current based on the effective date of rent calculations.

Mr. Cephas asked for clarification regarding the term “TTP calculations”. Mr. Patel explained that TTP calculation is the total rent calculated based on income, expense and asset information included on HUD form 500058. This form is required anytime there is a change.

Mr. Cephas asked what this (TTP) amount represented. Mr. Patel stated that it represented total rent chargeable to tenant.

Mr. Gonzalez expressed concerns about the compliance, and inquired whether there were 25 classes of rent. Charisse Jamroz, Project Manager from IT team, answered that there are currently 13 classes of rent, although AS400 – old system – had 25 classes of rent at its inception. Mr. Gonzalez asked whether the Deloitte reviewed all the cases. Ms. Jamroz explained that Deloitte reviewed a representative sample of cases, which was selected by NYCHA’s Research group.

#### **IV. Deloitte’s Report on Total Tenant Payment Calculation Project:**

Mr. Patel presented Independent Accountant’s Report on Agreed-Upon Procedures. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by AICPA.

Mr. Gonzalez asked whether the report was based on a sample. Ms. Roberts explained that it is not possible to perform calculations on an entire population, and therefore, it must be done on the basis of a representative sample.

Mr. Kaplan asked whether the report goes to HUD. Mr. Fritz said “No”. Ms. Roberts added that this procedure gives us the assurance that documentary evidence is there.

#### **Adjournment**

The Audit Committee meeting was adjourned at about 3:35 PM.