

# NEW YORK CITY HOUSING AUTHORITY

## Minutes of Audit Committee Meeting Tuesday, April 11, 2017

### **Board and Audit Committee Members:**

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

### **NYCHA Staff Members- Present**

Tricia L. Roberts, Director, Department of Internal Audit & Assessment  
Karen Caldwell, Executive Vice President and CFO  
Jeffrey A. Pagelson, Controller, Accounting & Fiscal Services  
Daniel Frydberg, Deputy Director, General Ledger Division, Accounting & Fiscal Services  
Winston McCormack, Deputy Director, Department of Internal Audit & Assessment  
Anil Agrawal, Assistant Director, Department of Internal Audit & Assessment

### **Deloitte & Touche LLP - Present**

Michael Fritz, Lead Client Service Partner  
Darshan Patel, Audit Senior Manager  
Jill Strohmeyer, Audit Senior Manager

A meeting of the Audit Committee members of the New York City Housing Authority (the "Authority") was held on April 11, 2017 at 2:00 pm in the Board Room of the Authority at 250 Broadway, New York, New York 10007. The Audit Committee meeting commenced at 2:10 PM.

### **I. Approval of Minutes:**

Upon motion duly made and seconded, the committee members unanimously approved the minutes of the November 16, 2016 Audit Committee meeting.

### **II. Deloitte's Status Update on 2016 Single Audit:**

Mr. Fritz, Lead Client Service Partner from Deloitte stated that tab 3 of the Audit Committee package contained a status of financial and single audit.

Then, Jill Strohmeyer as well as Darshan Patel, Audit Senior Managers from Deloitte provided a status update on the progress made in performing the Single Audit of the NYCHA's Operations for the year ending December 31, 2016.

Ms. Strohmeyer explained that the Audit Status presentation used color-coding system of green, yellow and red to highlight the progress made in different areas of the audit. The green colored items signified the most progress made, yellow meant somewhere in the middle and red signified

that testing had just begun in the area. She explained that the audit was going at a steady rate and the audit team was receiving full cooperation from NYCHA's management. The Deloitte audit team expects to complete all the testing by first week of May. Mr. Cephas asked how the progress is for this year's audit compared to last year's audit. Ms. Strohmeyer responded that we are ahead in comparison to last year. Ms. Tricia Roberts, Audit Director added that we are now utilizing Deloitte's Deloitte Connect system to share data files, which is very helpful in communicating and transferring data and information.

Mr. Fritz, Lead Client Service Partner from Deloitte emphasized that the Deloitte Connect system establishes a very good process management and provides a secured access. It also provides daily alerts to Audit and Accounting, so that progress can be tracked.

To Mr. Kuo's inquiry regarding whether NYCHA is waiting for any data from NYCERS, Ms. Strohmeyer answered in negative, and stated that they had received underlying data from the Office of the Actuary. Mr. Fritz added that retirees and demographic information is tested by NYCERS's own Independent Auditor.

Ms. Strohmeyer further explained that Deloitte expects to issue the final audit opinions by May 25, 2017.

Darshan Patel, Audit Senior Manager from Deloitte provided the status of Single Audit - compliance part of the audit. Mr. Patel stated that they had received all the internal control documents for all major programs and were in the process of selecting samples for various compliance requirements.

Mr. Patel explained that Single Audit has many compliance requirements, and currently, they were performing tests on Procurement, matching and Special Test requirements. He further noted that there were no findings so far based on the initial testing.

Mr. Patel stated that the Single Audit Report is expected to be issued in September, since HUD approval is needed for all the Financial Data Schedules included in the Single Audit Report.

To Mr. Kaplan's inquiry regarding what is Special Test, Mr. Patel explained that these are Federal requirements. For example, one test in Public Housing relates to wage rate compliance for the construction contracts. Mr. Fritz added that such requirements are specified in the Compliance supplement issued by the Federal OMB.

Tricia Roberts, Audit Director added that Darshan Patel has been also utilizing Deloitte Connect as well as conference calls to track progress of the audit and to confirm applicability of Special Tests to specific programs.

### **III. 2017 Enterprise Risk Assessment and Internal Audit Plan:**

Tricia Roberts, Audit Director presented the Internal Audit Plan to the Committee. Upon Mr. Cephas' inquiry regarding number of auditors in the department, she responded that we have 12 auditors. Last year, the department actually had one additional staff member, an intern. She explained that the goal is to have each auditor complete on average one audit every quarter,

thereby resulting in 48 audits for the year. Karen Caldwell, CFO added that it seems to be more productive than previous years. Ms. Roberts also emphasized that we are looking at skills of staff relative to the audit area to increase efficiency. Mr. Kaplan expressed his concern that the plan did not show any monetary impact. Ms. Roberts explained that each audit we perform we try to extrapolate savings. However, this may not be applicable across the board. Additionally, going forward, the Executive Summary of the internal audit reports includes an impact statement (financial, effectiveness or efficiency) on every audit.

**Adjournment**

The meeting was adjourned at about 2:45 PM.