

The Dormitory Authority of the State of New York Audit Committee Video Conference Meeting was held at DASNY's Albany Office located at 515 Broadway, Albany, New York and New York City Office, One Penn Plaza, 52<sup>nd</sup> Floor, New York, New York at 4:55 p.m. on April 9, 2019

The Meeting was called to order by the Audit Committee Chair. Roll call was taken. Those Audit Committee Members present and absent were as follows:

Audit Committee Members Present – New York City

Beryl L. Snyder, Esq., Audit Committee Member  
Paul S. Ellis, Esq., Audit Committee Member

Audit Committee Members Present – Albany

Jonathan H. Gardner, Esq., Audit Committee Chair  
John B. Johnson, Jr., Audit Committee Member

Other Board Members Present - Albany

Alfonso L. Carney, Jr., Board Chair  
Gerard Romski, Esq., Member

Also Present - Dormitory Authority Staff – Albany

Gerrard P. Bushell, President  
Michael T. Corrigan, Vice President  
Michael E. Cusack, Esq., General Counsel  
Kimberly J. Nadeau, Chief Financial Officer  
Ricardo Salaman, Managing General Counsel  
Sara P. Richards, Associate General Counsel  
Kathy Ebert, Director, Internal Audit  
Karen Ehlinger, Manager, Internal Control Analysis  
Michael L. Johnson, Assistant General Counsel

**PUBLIC SESSION**

Audit Committee Chair Gardner called the Audit Committee Meeting to order. He stated that the meeting was being held by video conference between DASNY's Albany and New York City Offices. The Minutes of the January 8, 2019 Audit Committee Video Conference Meeting were reviewed and approved.

**Approval of Audit Committee Charter**

Audit Committee Chair Gardner stated that the Audit Committee Charter requires the Committee to review the Charter annually. In response to a question from Mr. Gardner, Mr. Cusack confirmed that the Finance Committee Charter and the Internal Audit Charter were previously approved. Mr. Cusack informed the Committee Members that staff is not recommending any changes to the Audit Committee Charter. The Committee Members agreed that no changes are needed at this time and unanimously reapproved the Charter in its current form.

**Internal Controls Report**

Ms. Ehlinger delivered the annual Internal Controls report. Ms. Ehlinger stated that the Internal Control Guidelines were included in the materials delivered to the Board Members. She further stated that the Guidelines were updated in April 2018 to incorporate the COSO 2013 update. Ms. Ehlinger informed the Committee Members that, while the Audit Committee is not required to review the Guidelines annually, they are being provided for review and information at the suggestion of Counsel's Office. She stated that no changes are being recommended at this time. The Committee Members agreed that no changes are required.

Ms. Ehlinger provided an update on DASNY's Control Self Assessment program. She recounted that the Control Self Assessment (CSA) process began in the early 2000's. Ms. Ehlinger stated that initially, 24 CSAs were developed. She further stated that over time, some of the initial CSAs were combined, while others have been split apart to reflect DASNY's business practices as they evolved. Ms. Ehlinger summarized that at the present time, 14 of the initial 24 CSAs have been updated (including 4 in the past year); two are in the final review stage; six are in process; and five were deferred due to One DASNY and other ongoing initiatives and will be updated at a later time.

Ms. Ehlinger reported that she works closely with the Internal Audit Department on a daily basis to address internal control matters throughout the entire DASNY organization. She stated that she also works with other units to address items that arise during the course of internal audits, which may include a review of various processes and procedures.

Ms. Ehlinger then discussed DASNY's annual Internal Control training program for all employees. She stated that DASNY utilizes the comprehensive Internal Control training program developed by GOER to meet the annual Internal Control training requirements. She reported that DASNY's Internal Control Steering Committee meetings, where executive management comes together to discuss internal control matters, are an integral component of the internal control program. Ms. Ehlinger further reported that there were four meetings of the Steering Committee during the 2018-2019 fiscal year.

Ms. Ehlinger reported on the Internal Control Assessment Program. She informed the Committee Members that the Governmental Accountability, Audit and Internal Control Act requires DASNY to have an Internal Control program in place. Ms. Ehlinger stated that management is responsible for the implementation of the program, and that she assists management in this regard. She further stated that DASNY is required to provide an annual

internal control report to the Authorities Budget Office within 90 days of its fiscal year end. Ms. Ehlinger noted that the Authorities Budget Office last updated its guidance in 2011. She reported that DASNY's CSA process meets the requirements of that guidance, in coordination with the annual certification provided to the Authorities Budget Office. Ms. Ehlinger explained that DASNY posts a statement on its website annually, affirming that DASNY has a process in place to assess and document the adequacy of DASNY's internal control structure and policies. She noted that the posting of policies on the intranet is an integral part of DASNY's internal control program.

Ms. Ehlinger stated that DASNY continues to use the Division of Budget (DOB) form for its annual internal control certification. She further stated that although there was little change to the certification form itself this year, DOB issued revised guidance to reflect COSO 2013. Ms. Ehlinger informed the Committee Members that DASNY already implemented COSO 2013 last year. She explained that on an annual basis, the certification is signed by the President, who bears overall responsibility for each program area. Ms. Ehlinger further explained that the President's certification is supported by the additional certifications of management employees. Ms. Ehlinger stated that the management certifications are tailored to the professional responsibilities of each individual. She reported that 51 management certifications will be provided this year, and that 11 employees will be signing a certification for the first time. Ms. Ehlinger then explained how she tracks the management certifications. She informed the Committee Members that she verifies the signatories with Human Capital and that the certifications are discussed at the quarterly Steering Committee meetings.

### **Internal Audit Update**

Ms. Ebert delivered the Internal Audit Report. She directed the attention of the Committee Members to Page 4 of the Report. Ms. Ebert stated that 21 of the 28 audit areas on the audit plan have been completed. She further stated that another four are in process, and that one of the four is awaiting a response from management. She thanked her team for their efforts in addressing 25 of 28 audit areas, despite being down a full-time employee in the Department. Ms. Ebert informed the Committee Members that the three areas not addressed this year would carry over to next year.

Ms. Snyder moved that the Committee Members go into Executive Session to discuss the financial and credit history of particular corporations; and the employment history of persons or matters leading to the appointment, employment, promotion, demotion, discipline, suspension, dismissal or removal of particular persons or a corporation.

Mr. Ellis seconded the motion and the Committee Members went into Executive Session.

### **EXECUTIVE SESSION**

During Executive Session, the Board Chair appointed himself as a temporary Member of the Audit Committee, due to the unexpected departure of two of the Committee Members. No other action was taken other than a motion to return to Public Session.

### **PUBLIC SESSION**

The Board Chair moved that the meeting adjourn, Mr. Johnson seconded the motion and the Audit Committee Meeting was adjourned at approximately 6:24 p.m.

Respectfully submitted,

Michael E. Cusack, Esq.  
Assistant Secretary