

The Dormitory Authority of the State of New York Audit Committee Video Conference Meeting was held between DASNY's Albany Office, 515 Broadway, Albany, New York; New York City Office, One Penn Plaza 52nd Floor, New York, New York; and Buffalo Office, 539 Franklin Street, Buffalo, New York at 4:00 p.m. on Tuesday, December 10, 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 – Buffalo

Jonathan H. Gardner, Audit Committee Chair

Audit Committee Members Present – New York City

Beryl L. Snyder, Audit Committee Member
Joan M. Sullivan, Audit Committee Member

Audit Committee Members Absent

John B. Johnson, Jr., Audit Committee Member

Other Board Members Present – New York City

Alfonso Carney, Board Chair

Also Present – Dormitory Authority Staff – New York City

Reuben R. McDaniel, III, Acting Executive Director
Paul G. Koopman, Vice President
Michael E. Cusack, Esq., General Counsel
Portia Lee, Managing Director of Public Finance and Portfolio Monitoring
Caroline V. Griffin, Chief of Staff
Kathy Ebert, Director, Internal Audit

Also Present – Dormitory Authority Staff – Albany

Kimberly J. Nadeau, Chief Financial Officer
Karen E. Ehlinger, Manager, Internal Control Analysis
Sara P. Richards, Esq., Associate General Counsel
Michael L. Johnson, Esq., Assistant General Counsel
David F. Perritano, Public Information Officer
Michael T. Corrigan

PUBLIC SESSION

Audit Committee Chair Gardner called the Audit Committee Video Conference Meeting to order. He welcomed Mr. McDaniel to his first Audit Committee Meeting and Ms. Sullivan as the newest Member of the Audit Committee. The Minutes of the November 12, 2019 Audit Committee Video Conference Meeting were reviewed and approved.

Ms. Sullivan moved that the Members go into Executive Session to discuss the financial and credit history of particular corporations; proposed, pending or current litigation; and the employment history of persons or matters leading to the appointment, employment, promotion, demotion, discipline, suspension, dismissal or removal of particular persons.

Ms. Snyder seconded the motion, and the Meeting went into Executive Session.

EXECUTIVE SESSION

No action was taken in Executive Session other than to return to Public Session.

PUBLIC SESSIONEngagement of External Auditor

The Audit Committee Chair asked Ms. Nadeau to update the Committee on the procurement process to engage an external auditor. Ms. Nadeau stated that in August 2019, DASNY issued an RFP for audit services after completing five years of audits under its prior contract with KPMG. She further stated that a cross-functional selection committee was established, consisting of nine members representing several units of the Finance Departments, Procurement Division and Internal Audit. Ms. Nadeau reported that two proposals were received and reviewed by the selection committee.

Ms. Nadeau stated that the selection committee members reviewed the proposals and rated them primarily based on: the experience of the firm and staff; the audit plan; commitment to diversity; and overall fee proposal for the audit plan. She indicated that the selection committee recommended KPMG be awarded the contract based on the strength of the proposed team and, KPMG's extensive, demonstrated experience with public audits; its comprehensive audit plan that was specific to DASNY; a fair and reasonable fee; and a demonstrated, firm commitment to diversity. Ms. Nadeau informed the Committee Members that DASNY approval must be obtained for any subcontractors, and the contract is for a maximum five-year term for auditing and related accounting services for fiscal years 2020-24. She stated that DASNY would have the option to renew the contract on an annual basis after Fiscal Year 2020 and until 2024 at the Board's discretion, subject to a continuing determination by the Procurement Division that KPMG and any outside contractors are found responsible.

The Audit Committee Members decided unanimously to recommend the proposed selection to DASNY's full Board for approval.

Internal Audit Plan 2019-20 – Status Update

Ms. Ebert reported on the status of the internal audit plan. She noted that every year, the internal audit team members complete an independence and objectivity statement and affirm to the best of their knowledge whether they are aware of any potential threats that might impair their independence or objectivity and acknowledge that they are required to report any future impairment if and when it occurs.

Ms. Ebert stated that the signed statement also acknowledges that the team members have read and understand the Institute of Internal Auditor's Standards on independence and objectivity; the IIA Code of Ethics; DASNY's Code of Ethics; DASNYs Internal Audit Manual and the Internal Audit department's policies and procedures. She noted that that there have been no impairments to date.

Ms. Ebert gave a brief overview of the audit plan, noting that there were six areas in process and three have been completed since the last Audit Committee Meeting. She reported that three audits have exit meetings scheduled, and two audits are awaiting a management response. Ms. Ebert informed the Members that three audits have not yet started. She noted that although there is a significant amount of work to be done before the end of the fiscal year, she feels that the department is in a good position to finish them.

Ms. Sullivan moved that the Meeting adjourn, Ms. Snyder seconded the motion and the Audit Committee Meeting was adjourned at approximately 4:50 p.m.

Respectfully submitted,

Michael E. Cusack, Esq.
Assistant Secretary