

Sara Richards, Managing Senior Director, Governance and Administration: Welcome everyone to the March 30, 2021 Audit Committee Meeting of the Dormitory Authority of the State of New York.

As a result of the ongoing public health emergency related to COVID-19, Executive Order 202.1, as extended, authorizes public boards to meet remotely and take authorized actions without permitting public in-person access to meetings. The public must have the ability to view or listen to the proceedings and the meetings must be recorded and transcribed. An audio and video recording of today's meeting will be accessible from DASNY's website within two days, and today's proceedings will be transcribed and posted as soon as practicable under the circumstances. For additional information regarding the emergency declaration or the Executive Order, please see the DASNY Website.

I will now announce the roll of who is in attendance today.

Audit Committee Members present:

Jonathan H. Gardner, Esq., Audit Committee Chair
John B. Johnson, Jr., Committee Member
Beryl L. Snyder, J.D., Committee Member
Joan M. Sullivan, Committee member

In addition, we have the following Board Members:

Alfonso L. Carney, Jr., Esq., Chair of the Board

And we have the following Staff Members:

Reuben R. McDaniel, III, President and Chief Executive Officer
Paul G. Koopman, Vice President
Portia Lee, Managing Director, Public Finance and Portfolio Monitoring
Kimberly A. Ellis, Chief Financial Officer
Caroline V. Griffin, Chief of Staff
Ricardo Salaman, Esq., Deputy General Counsel
Sara Potter Richards, Esq., Managing Senior Director, Governance and Administration
Kathy Ebert, Senior Director, Internal Audit
Deborah K. Fasser, Director, Strategic Communications and Business Development
Karen Ehlinger, Manager, Internal Controls Analysis
Stanley J. Reed, Assistant Director, Investments
Dena T. Amodio, Assistant General Counsel
Diane Felitte, Legal Assistant

With that I will turn it back over to you, Chairman Gardner.

Jonathan Gardner, Audit Committee Chairman: Thank you, Sara. Behind Tab 3 are the Minutes from our last Audit Committee Meeting. Hopefully everyone has had a chance to look at those minutes. Does anyone have any comments or changes that they would like to propose?

Hearing none, can I have a motion to approve the Minutes?

Joan Sullivan, Committee Member: Joan Sullivan, I move to approve the Minutes.

Chairman Gardner: Thank you Joan.

Beryl Snyder, Committee Member: I will second. This is Beryl.

Chairman Gardner: Thank you Beryl. Is anyone not in favor of approving the Minutes? Hearing none, the Minutes are approved.

I am going to turn this over to Kim Ellis to talk about the Investment Guidelines.

Kimberly Ellis, Chief Financial Officer: Thank you Jon. As described in my memo, we are looking and proposing an update to Section nine of the Investment Policy and Guidelines to allow for permitted investments to be purchased, sold or presented for redemption by secure electronic means.

This is in response to an issue identified by Internal Audit during a recent audit of the Investments Unit and will align the Guidelines with current practice. The current Guidelines only allow such authorization to be evidenced in writing.

As noted in my memo, “electronic means” shall include a secure electronic transmission via our trustee or custodian website, using user ID, password and authentication keys issued by the trustee or custodian bank. Clear segregation of duties is in place by requiring someone other than the initiator to approve the transactions.

Members should have received an updated version of the Guidelines in their OneNote earlier today, which addresses needed corrections to the language previously provided.

Are there any questions?

Chairman Gardner: Are we all happy?

Mr. Carney: Kimberly, thank you very much for taking a look at and addressing my concerns.

Ms. Ellis: No. Thank you, I appreciate it.

Chairman Gardner: If there are no comments, may I have a motion to approve the Investment Guidelines and that we recommend the changes to the Investment Guidelines to the full Board tomorrow?

Ms. Sullivan: This is Joan. I move to recommend the approval of the modifications to the Guidelines and furtherance to the Board tomorrow.

Ms. Snyder: And I will second it. This is Beryl.

Chairman Gardner: Thank you both. Are there any objections? Hearing none, the motion is approved.

Our next report is on the subject of Internal Controls and will come from Karen Ehlinger.

Karen Ehlinger, Manager, Internal Controls Analysis: Thank you, Mr. Chair. I would like to go over the Internal Control Guidelines. They were last updated in 2018. I am not recommending any changes at this time. There have been no updates to any authoritative Internal Control pronouncements and no changes to the Guidelines are recommended. That includes the Office of the State Comptroller, whose guidelines we follow.

I just wanted to bring them to the Committee because we were unable to do that last year due to the Covid situation. It has been two years since I brought them to the Committee and I just wanted it recorded in the Minutes that we have reviewed them and that no recommendation for change is being made at this time.

The next item on my Agenda is an update on the Internal Control Program. We continue to work on the CSAs, the control self-assessments. That process is ongoing and one control self-assessment has been updated since my last report in November. That was the Investments CSA, and was a minor change as the result of an audit recommendation.

Control self-assessments in human resources and procurement are also in process and I continue to work with management to identify additional control self-assessments for completion. I am also working with functional units to address outstanding observations and identified in previously completed CSAs. The main focus right now is on information security and disaster recovery.

Does anyone have any questions or comments on the control self-assessments?

With respect to Internal Control training, GOER recently released updated Internal Control training and all DASNY employees are required to complete that training over the course of the next few months. GOER did not release an update last year, so this is going on almost two years since Internal Control training has been provided.

We also continue to have Internal Control Steering Committee meetings, which are an integral part of DASNY's Internal Control Program. Those meetings bring together executive management to discuss various Internal Control topics. Two meetings have been held since my last report in November of 2020. Our next meeting is scheduled for June.

Does anyone have any questions about the Internal Control training?

The next section of my Agenda talks about Internal Control Assessment. On an annual basis, we are required to provide some type of Internal Control Certification to the Authorities Budget Office. The Authorities Budget Office has not provided a document template, so we continue to use the Division of the Budget Internal Control Certification. We anticipate that our Certification will be submitted as part of our annual required reporting to the Authorities Budget Office in June of 2021, and we anticipate that DASNY will be fully compliant with all assertions in that Certification.

We also are working on certification of management employees. Management employees are asked to sign certifications in support of the President's signature on our Internal Control Certification to the Authorities Budget Office. We anticipate about 49 or 50 management signers for fiscal year 2021, with five or six signing for the first time. We also have three people who have left DASNY in the last year and therefore will not be signing.

Does anyone have any questions on the Internal Control Assessment section?

Thank you very much, that concludes my report.

Mr. Carney: My question is one that Karen has heard before. Given the circumstances of the last year, the difficulties the organization has seen, the difficulties staying on top of controls and with DASNY managing the way that we do and the best we can, have there been any control stresses that you're aware of? Are you concerned about any Internal Control matters that we may not have handled this past year as well as we would have normally, based on the different locations from which people are working?

Ms. Ehlinger: There were stresses, certainly, with working remotely and the changes to the environment in which we work. I believe DASNY rose to the challenge and was able to overcome any stressors. We continue to work very hard to make sure that we maintain an adequate Internal Control environment throughout DASNY.

I work very closely with the internal audit function and the information security function, and I feel comfortable that our Internal Control Program is strong. There is always room for improvement, but if I allowed Mr. McDaniel to sign the Internal Control Certification and I did not feel that we had a good program, I would not be doing my job.

Mr. Carney: Karen, thank you. We rely on you in matters of Internal Controls and you always rise to the occasion. Thank you so much.

Ms. Ehlinger: You are very welcome Mr. Carney. Thank you.

Chairman Gardner: Al asked exactly the question that I was going to, only much more eloquently than I would have. I would only comment that we all moved to working remotely quickly. My initial response was that I can do at home what I did in my office and there is no difference. In fact, it was quite different, and while the differences have been subtle, they all developed over this period. I would think that the culture of internal controls is the most difficult thing to try to keep your finger on. And if we don't return entirely to the way we used to be—getting together every

day in a central office, the issue will be even more pronounced with new people who never worked in the central office. We will just see how that evolves, as it's not entirely within our control.

Ms. Ehlinger: No, it is not, and I do think DASNY did a very good job. It was stressful, and it took a lot of people working very hard and working together, but I think we overcame a lot of the obstacles that were before us.

Chairman Gardner: I agree with that. In light of the disparate things that DASNY does, since we are not a single focused entity, we had to do a lot of different things while working remotely. It's remarkable how well the staff was able to manage it. Thank you, Karen. Are there any other questions before we move on to Kathy Ebert's presentation?

Kathy is going to give us an overview. I will turn this over to you, Kathy.

Kathy Ebert, Senior Director, Internal Audit: Thank you, Chairman Gardner.

Today we will be going through the results of our 2021 Audit Plan and then proposing for your approval our 2021-22 Internal Audit Plan. I would like to start with highlighting some of our accomplishments during the past year. Despite the challenges, our team successfully completed a variety of engagements and projects working from home. Every day our team continued to be productive and flexible, working on audits, special projects, education and collaborating with other departments.

I am just going to highlight a few of those areas more specifically for you. We coordinated audit activities with KPMG, where they relied on us more than in previous years, especially to collect documents, due to their audit being performed 100% remote. We played an active role in advising the Enterprise Risk Management Committee and assisting to identify and prioritize DASNY's top risks. We completed two governance engagements and we fulfilled a management request to assess for controls and efficiencies in the payment process, which was modified in response to adapting to the circumstances to work from home.

Next let's turn to the 2020-2021 Audit Plan status. Overall, there are 11 projects completed and seven in process. Three of those seven are essentially complete, of which two are awaiting management responses and one for an exit meeting. The two areas postponed were replaced with other engagements as reflected. Grants has been postponed due to the lack of processing during the fiscal year 20-21 and we will continue to reassess that. Payroll is in the process of implementing a new application and once that implementation has been completed, we will commence that audit.

At this time, I would like to request to go into Executive Session. John?

Reuben McDaniel, President and Chief Operating Officer: Before we do that, I just want to say that during Covid, as we started making payments and such, we asked Kathy and her team to step in and provide a second look at the process, given how different it was for us and how quickly we transitioned. Her team did a great job in assisting us and I just want to say, for the record, that we appreciate that. It was a big help. With all the efficiencies that we created during this period

of time, it was important to make sure we didn't slip up and to make sure our business is protected. Kathy, thank you for that.

Ms. Ebert: Thank you.

Chairman Gardner: Thank you. Could I have a motion to go into Executive Session to discuss the financial and credit history of particular corporations, proposed, pending, or current litigation and the employment history is a particular person's with matters, leading to the appointment, employment, promotion, demotion, discipline, suspension, dismissal or removal of particular persons?

Ms. Sullivan: Joan Sullivan. I make the motion.

Chairman Gardner: Thank you.

Ms. Snyder: Beryl Snyder. I'll second it.

Chairman Gardner: Thank you. Is anyone opposed? Hearing none, we can go into Executive Session.

EXECUTIVE SESSION

PUBLIC SESSION

Chairman Gardner: We are back in Public Session, I would like to note that we have just concluded an Executive Session and that no action was taken in Executive Session, other than to return to this Public Session.

And now, could I ask for a motion to approve the Audit Plan?

Ms. Sullivan: It's Joan and I make a motion to approve the Audit Plan as presented.

Chairman Gardner: Thank you Joan. Is there a second?

Ms. Snyder: I will second it yet again.

Chairman Gardner: Thank you Beryl. Is anyone opposed to the approval of the Audit Plan? Hearing none, the Audit Plan is approved.

Is there any other business to come before the meeting? Hearing none, could I have a motion to adjourn the meeting?

Ms. Snyder: I will move. This is Beryl.

Ms. Sullivan: I'll second for a change.

Chairman Gardner: Thank you. Anyone disagree or object? The meeting is adjourned. Thank you everybody.

The Meeting adjourned at 4:51 p.m.

Respectfully submitted,

A handwritten signature in black ink that reads "Sara Potter Richards". The signature is written in a cursive style with a large initial 'S'.

Sara Potter Richards
Assistant Secretary