

A Video Conference Meeting of the Audit Committee of the Dormitory Authority of the State of New York (“DASNY”) was held on Tuesday, May 10, 2022 with Members participating via Zoom.

CALL TO ORDER / ROLL CALL

The Meeting was called to order by Jon Gardner, Audit Committee Chair, at 5:00 p.m. and a quorum was declared present.

Sara Richards, Assistant Secretary, called the roll.

The following Board Members and Staff were present

Committee Members

Jon Gardner, Esq., Audit Committee Chair
John B. Johnson, Jr., Committee Member (by telephone)
Beryl Snyder, Esq., Committee Member
Joan M. Sullivan, Committee Member

Board Members

Alfonso Carney, Board Chair
Gerard Romski, Esq. – Board Member
Janice McKinnie – Board Member
Ken Evans, Designated Representative of the Commissioner of Health, Board Member (*ex officio*)

Staff Members Present

Reuben R. McDaniel, III, President and Chief Executive Officer
Paul G. Koopman, Vice President
Kimberly A. Ellis, Chief Financial Officer
Nadine Fontaine, Esq., General Counsel
Ricardo Salaman, Esq., Deputy General Counsel
Sara Potter Richards, Esq., Managing Senior Director, Governance and Administration
Kathy Ebert, Senior Director, Internal Audit
Jenilee Flinton, Assistant Director, Internal Audit
Nicholas A. Palas, Assistant Director, Internal Audit
Dena Amodio, Esq., Assistant General Counsel
Jeffrey Gordon, Senior Director, Communications & Marketing
Deborah Fasser, Director, Strategic Communications and Business Development
Karen E. Ehlinger, Manager, Internal Control Analysis
Amanda Nazario, Confidential Legal Assistant

APPROVAL OF OCTOBER 12, 2021 AUDIT COMMITTEE MEETING MINUTES

Upon a motion by Ms. Sullivan and a second by Ms. Snyder, the minutes of the DASNY October 12, 2021 Audit Committee Meeting were approved unanimously.

Chair Gardner informed the Committee Members that this is Kathy Ebert's last meeting, as she is leaving DASNY for another professional opportunity.

Mr. Gardner stated that it has been a joy and a privilege to work with Ms. Ebert over the years. He noted that Ms. Ebert was promoted into her position at about the same time that Mr. Gardner became Audit Committee Chair. Mr. Gardner stated that Ms. Ebert's knowledge of DASNY is encyclopedic, and she knows and understands many different aspects of the organization. He informed the Committee Members that he has been amazed at her ability to recall facts and details about a variety of matters and seems to do things effortlessly. Mr. Gardner described Ms. Ebert as an outstanding person who is a combination of grace and metal—a true internal audit director. He wished her the best of luck in her next position and stated that they are very lucky to have Ms. Ebert joining their organization.

Ms. Snyder stated that under Ms. Ebert's leadership, the Internal Audit department evolved from a smaller, less skilled and less efficient unit into a world class department for DASNY. She thanked Ms. Ebert for her service and stated that she would be missed.

Mr. Carney agreed that Ms. Ebert was a strong leader for the Internal Audit Department. He noted that the role of Internal Audit Director is not always fully embraced by management generally, but Ms. Ebert has performed her role eloquently. He stated that he has been extraordinarily impressed with the way in which Ms. Ebert has conducted herself professionally. Mr. Carney told Ms. Ebert that she did a fabulous job of satisfying the Audit Committee while at the same time being mindful of organizational needs. He noted that this is not an easy task and concurred with Mr. Gardner's description of "grace and metal." The Chair stated that he was very pleased with the manner in which the Internal Audit Department had grown and evolved under Ms. Ebert's leadership and Mr. Gardner's guidance as Audit Committee Chair. He wished Ms. Ebert well and stated it has been a pleasure working with her.

Ms. Ebert thanked the Committee Members for their kind words. She stated that she feels fortunate to have worked with a good audit committee, board, and leadership that supports the role of Internal Audit. Ms. Ebert stated that without that support and involvement, she would not have been successful and expressed her appreciation to all.

INTERNAL CONTROLS REPORT

Ms. Ehlinger delivered the Report on Internal Controls. She reminded the Members that DASNY's Internal Control Guidelines were updated in 2018 to be in compliance with updated OSC standards. Ms. Ehlinger stated that no changes are being recommended to the Internal Control Guidelines at this time.

Ms. Ehlinger informed the Committee Members that the policies, procedures, guidelines, processes and control self-assessments underlying the Internal Control Guidelines are regularly updated to address the current situation and environment.

The Board Chair asked Ms. Ehlinger if there are any items that she anticipates needing to be addressed in the near future from an internal controls perspective. Ms. Ehlinger stated that she does not believe the Guidelines, as high-level document, will need to be updated in the near future. She informed the Committee Members that policies and procedures that are over three years old are being examined to determine whether they need to be updated. Ms. Ehlinger noted that as new systems are implemented, such as those in project management and finance, processes and procedures will be updated as needed to reflect the systems implementation.

Ms. Ehlinger updated the Committee Members on DASNY's Internal Control Program. She stated that Control Self Assessments are an integral part of the internal control program. Ms. Ehlinger stated that the CSA process is ongoing and business decisions are being made based on risk as set forth in the CSAs. She stated that the procurement and job order contracting control self-assessments are currently being updated. Ms. Ehlinger noted that she works with management and the functional units to identify additional control self-assessments for completion and address outstanding observations identified in the CSAs.

Ms. Ehlinger stated that all DASNY employees must complete the New York State Office of Employee Relations Internal Control Training. She emphasized that this is an important component of DASNY's overall program. Ms. Ehlinger informed the Committee Members that the Internal Control Steering Committee meets on a quarterly basis, to discuss various internal control topics at the executive management level.

Ms. Ehlinger reported that DASNY's annual internal control certification is currently in process, and there were no changes to the template used to document and certify its Internal Control Program. She stated that she is working with DASNY's functional units to complete the certification in time for the annual required reporting to the Authorities Budget Office in June 2022. Ms. Ehlinger noted that DASNY is expected to be fully compliant with all assertions in the certification. Ms. Ehlinger stated that the certifications of management employees support the President's signature on the internal control certification, the annual certification of internal controls over the payment process that is submitted to OSC, and the annual certification to the external auditor signed by the President and the CFO. She informed the Committee Members that there are 45 signers of the management certifications for fiscal year 2021-2022, with three individuals signing for the first time.

Mr. Gardner asked whether new internal controls guidelines will be developed when DASNY assumes its cannabis administration function. Ms. Ehlinger responded that DASNY has considered how that function will fit into the current structure. She stated that to the extent the processes involved with the cannabis function are consistent with DASNY's current structure, then perhaps no changes will be needed. Ms. Ehlinger stated that management is considering that issue, and she meets with the CFO and the General Counsel monthly where this is discussed.

In response to a question from Mr. Carney, Ms. Ehlinger stated that she meets with the General

Counsel on a monthly basis, and Ms. Fontaine is her primary contact. Mr. Carney inquired who in turn Ms. Fontaine relies on in Counsel's Office on Internal Control matters. Ms. Fontaine responded that she works with the subject matter experts in the various practice areas in order to analyze particular issues as they arise.

INTERNAL AUDIT UPDATE

Ms. Ebert delivered the Internal Audit Report. She highlighted several engagements and projects that the internal audit team has successfully completed over the past year in addition to the areas on the Audit Plan. She informed the Committee Members that in support of continuing education, several team members have taken the IT general control certificate program through the IIA, and that all team members will ultimately take this program to learn more about auditing information technology. Ms. Ebert stated that the Internal Audit Team has also assisted with procurements, provided advisory support on several business initiatives, has coordinated audit activities with KPMG and performed continuous monitoring of compliance with the standards.

Ms. Ebert stated that the audit plan for fiscal year 2022 is designed to review a range of activities including business processes, information technology and construction projects. She reported that overall, 20 engagements were completed, four are in process, and two areas were postponed and replaced with other engagements.

Ms. Sullivan moved that the Committee 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 Committee Members went into Executive Session.

EXECUTIVE SESSION

During Executive Session, no action was taken other than a motion to return to Public Session.

PUBLIC SESSION

Ms. Snyder moved to approve the 2022 Internal Audit Plan. Mr. Johnson seconded the motion and the motion was unanimously approved.

Ms. Snyder 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,



Sara Potter Richards, Esq.
Assistant Secretary