

New York City Housing Authority

Minutes of Audit Committee Meeting
Monday, April 11, 2016

The meeting was held in the Board Room of the Authority, 250 Broadway. A quorum being present the Co-Chair called the meeting to order at 2:00 PM.

Present:

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

The committee members unanimously approved the minutes of the March 17, 2016 Audit Committee meeting.

The Deloitte Partners Michael Fritz and Glenn Friedrich and their Audit Managers discussed progress in conducting the audit of the Financial Statement and the Single Audit of the Authority for the year ended December 31, 2015. The Deloitte audit team explained that they have completed the audit planning process, and are currently conducting walk-through and substantive testing procedures. They have completed about 75% of the field work, and expect to complete it by the end of April 2016. The Deloitte audit team also explained that they have not noted any significant deficiencies or material weaknesses so far during their audit, and there are no audit adjustments; however, the audit is not complete at this point.

The Deloitte audit team further explained that they are also performing additional testing on LLC I and LLC II since they are considered component units of NYCHA and separate financial statement opinions will be issued on these entities.

In response to questions by the Audit Committee Members, the NYCHA Controller, Jeffrey Pagelson explained that LLC entities (NYCHA Public Housing Preservation I, LLC and NYCHA Public Housing Preservation II, LLC) were created to take over the previously State and City-funded developments, so that Federal subsidy can be obtained for these developments. Additionally, the Committee Members raised several questions regarding the due diligence required for the pension fund calculations and whether the depreciation calculations needed any footnotes. In response to questions by the Members, NYCHA's Controller explained that the LLCs debt obligations are financed from the Net Operating Income of the LLCs; however, to the extent that the LLCs incur a deficit, NYCHA guarantees these deficits.

Deloitte committed to providing the audited financial statements for the Year 2015 for NYCHA and the LLCs as well as the Single Audit Report to the Committee members no later than May 6th to ensure they had time to review before being asked to recommend approval of the 2015 Financial Statement and Single Audit Report to the Board.

The Interim Audit Director, Barbara Turkewitz presented the internal audit plan to the Audit Committee, and explained the process undertaken to create the audit plan. The Audit Committee Members raised questions about items not included, and its role in reviewing the internal audit plan. Going forward there was a commitment made to brief the Co-Chairs on the status of the internal audits at least once every two months.

On Motion, without objection, the meeting was then adjourned at 3:10 PM.