

**MINUTES OF THE MEETING OF THE AUDIT COMMITTEE**  
**OF**  
**NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION**  
**May 10, 2017**

A meeting of the Audit Committee (the “Committee”) of New York City Economic Development Corporation (the “Corporation” or “NYCEDC”) was held, pursuant to notice by an Assistant Secretary on Wednesday, May 10, 2017 at the Corporation, 110 William Street, Conference Room 4A/B, New York, New York 10038.

The following members of the Committee were present in person or by means of a conference call at the above-indicated meeting of the Committee (the “Meeting”), constituting a quorum:

- William Candelaria, Committee Chairman (present in person)
- Michael Schlein, Board Chairman (present in person)
- James McSpiritt (present in person)
- Gail Mellow (attended by phone)

In addition, the following members of NYCEDC staff were present:

- Finance: Kim Vaccari – CFO, Spencer Hobson – Treasurer, Raafat Osman – Deputy Controller
- Internal Audit: (“IA”) David Price
- Also present was a representative from Ernst & Young (“E&Y”): Lou Roberts – Engagement Partner

The meeting was called to order at 10:00 a.m. by Mr. Candelaria.

### **1. Approval of the Minutes of the December 14, 2016 Audit Committee meeting**

Mr. Candelaria asked if there were any questions or comments relating to the minutes of the December 14, 2016 Committee meeting as submitted. There being no questions or comments, Mr. Candelaria motioned to approve the minutes. Mr. McSpiritt seconded the motion and the minutes were approved.

### **2. Ernst & Young Update**

Mr. Roberts directed everyone's attention to NYCEDC 2017 Audit Plan presentation, Tab 2 of the meeting book, and summarized E&Y's deliverables and services that are consistent with prior years.

Mr. Roberts noted a timeline of its audit plan on page 4 that is consistent with prior year. E&Y divided its audit into four different phases:

- Planning and risk identification
- Strategy and risk assessment
- Execution of audit procedures
- Conclusion and reporting

E&Y had meetings with Internal Audit to review its audit plan and to discuss the areas where IA can assist E&Y in implementing some of the audit procedures, such as lease testing and retainages. Mr. Roberts met with Ms. Vaccari, Mr. Hobson and the Finance team to discuss how the new captive insurance entity, Citywide Ferry, and fuel hedge accounting will impact the financial statements this year. With these new business activities, there will be new accounting requirements and required disclosures in the financial statements. E&Y's timetable is consistent with prior years. E&Y had not identified any areas that would lead to any changes in its scopes or timetables. Mr. Roberts commented that E&Y will return in September with a draft of the financial statements for approval.

### **3. Internal Audit Activity Update**

Mr. Price directed everyone's attention to Tab 3 in the meeting book. During FY17 reports have been issued for eleven (11) out of the seventeen (17) projects. Three (3) reports are in draft and will be distributed shortly. Two (2) projects are currently being tested and those reports will be issued prior to June 30<sup>th</sup>. One (1) project remains untested and that is project #17, the audit of the Citywide Ferry's Landing Construction. NYCEDC is currently focused on the next phase of the Citywide Ferry Service; therefore, an audit at this time would detract from the dedicated time and resources of the Corporation. At this time, NYCEDC is seeking approval for an extension of time from the Audit Committee to postpone this audit until September 2017. Mr. Candelaria motioned to approve the extension of time, Ms. Mellow seconded the motion and the extension was approved.

Mr. Price reported at the last Audit Committee meeting that 48% of the open issues dating back to 2013 were closed. Internal Audit has made great progress and at present, 61% of the open issues are closed. Internal Audit is working closely with management and performing tests to ensure that the issues identified during testing have been addressed and remediated.

On the next item, Mr. Price discussed the FY18 Internal Audit Plan proposal. This year, the Internal Audit team conducted an enterprise risk assessment. Several procedures were executed to perform the risk assessment.

With the Audit Committee's approval, these are the sixteen (16) projects that will be audited in FY18. Mr. McSpiritt inquired about Trust for Cultural Resources of the City of New York (item 9). Ms. Vaccari stated that NYCEDC has performed this audit for years; however, it has not been included on previous Audit Plans. Internal Audit assists with their financial audit only and does not audit operations. Mr. Candelaria motioned to approve the FY17/18 proposed audit plan, Mr. McSpiritt seconded the motion and the FY17/18 audit plan was approved.

On the next item, Mr. Price directed everyone's attention to the revised Audit Committee Charter. The NYCEDC Audit Committee Charter has not been reviewed in several years and changes to language were necessary. These changes have been redlined to illustrate the revisions. This updated version has been reviewed and approved by management as well as by the legal department to ensure that it meets PAAA requirements. With the Audit Committee's approval, these changes will be accepted, retained and reviewed for updates on a periodic basis.

Mr. Candelaria motioned to approve the amended Audit Committee Charter, Mr. McSpiritt seconded the motion and the amended Audit Committee Charter was approved.

**4. Session with Auditors**

Session with Auditors was not required by the Committee.

**5. Session with Management**

Ms. Vaccari had a closed discussion with the Committee.

**6. Adjournment**

There being no further business to come before the Committee, the meeting was adjourned at 10:23 a.m.