



NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

MEMORANDUM

To: Audit Committee

From: Mary Hom
Chief Risk Officer

Date: May 26, 2021

Re: 2020 Internal Audit Internal Assessment

In accordance with The International Professional Practices Framework (IPPF), the conceptual framework that organizes authoritative guidance promulgated by The Institute of Internal Auditors (IIA), HDC has conducted its 2020 Internal Audit Internal Assessment. This annual internal assessment is part of HDC's Quality Assurance and Improvement Program (QAIP) as dictated by the IPPF and helps to ensure that HDC's internal audit function operates effectively.

The attached assessment outlines the structure and activities of the internal audit function for calendar year 2020, including all audits completed, Internal Audit projects and initiatives, governance and oversight activities, and updates regarding employee development and ongoing training that helps to ensure that staff remains current on all internal audit best practices.



INTERNAL AUDIT
Internal Assessment 2020

• **Background**

The International Professional Practices Framework (IPPF) is the conceptual framework that organizes authoritative guidance promulgated by The Institute of Internal Auditors (IIA). The IIA provides internal audit professionals worldwide with authoritative guidance. IPPF Standards dictate that a Quality Assurance and Improvement Program (QAIP) be developed and maintained that covers all aspects of the internal audit activity. As part of HDC’s QAIP, an annual internal assessment of the Corporation’s Internal Audit activity is performed. Additionally, an external assessment must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the Corporation. The last time an external assessment was performed at HDC was in 2017 by BDO USA, LLP.

• **Staff & Experience**

- Mary Hom, Chief Risk Officer (Chief Audit Executive or CAE)
 - 33 years Credit Risk/2 years Internal Audit
 - Joined HDC in 2004
 - B.A. Business Economics, Brown University
- Neil Saranga, Senior Internal Auditor
 - 12 years Internal Audit/5 years Accounting
 - Certified Fraud Examiner
 - Certified Information Systems Auditor
 - Joined HDC in 2019
 - B.S. Accounting, CUNY, College of Staten Island
- Patrick Ogoke, Internal Auditor
 - 14 years Internal Audit/14 years Accounting
 - Joined HDC in 2007
 - M.A. Economics/Finance, Long Island University
 - B.S. Accounting, Medgar Evers College

• **Internal Audit Activities**

- 2020 Audit Plan – Due to the COVID-19 pandemic and staffing challenges, the Internal Audit team completed those audits we felt were still relevant, and pivoted to address new risks associated with the pandemic.

<u>2020 Audit Plan</u>		
<u>Audit</u>	<u>Status</u>	<u>Number of Recommendations</u>
Bond Issuance Process	Completed	0
FHA Risk Share Reporting	Completed	2
LIHTC Compliance*	Completed	4

Month End Reconciliation	Moved to 2021 Audit Plan	N/A
Project Loan Setup	Completed	2 (Plus 4 enhancement opportunities)
Real Estate Loan Documentation	Cancelled	N/A
Records Retention	Completed	3
Reserve for Replacement	Moved to 2021 Audit Plan	N/A
Employee Expenses*^	Completed	0
President's Office Expenses*^	Completed	0
Petty Cash^	Completed	0
*Final reports presented to Audit Committee in calendar year 2021.		
^Required by the 2003 Memorandum of Understanding with the NYC Department of Investigation (DOI).		

- **Business Continuity Plan**
 - As the Corporation entered the work-from-home environment in March, Internal Audit engaged with all departments throughout the Corporation to update HDC's Business Continuity Plan
- **PII Working Group**
 - Assembled a working group to meet on a monthly basis to address issues pertaining to Personally Identifiable Information (PII) with the goal of formulating a PII Policy and implementing employee training and protocols for safeguarding PII
 - Working group consisted of members of the following departments:
 - IT (Chief Information Officer and VP-Enterprise Architecture)
 - Human Resources (VP-Human Resources and Director-Payroll & Benefits)
 - Legal (Associate General Counsel-Chief Privacy Officer and Special Counsel)
 - Asset Management (Deputy Director-Compliance)
 - Internal Audit (CAE, Senior Internal Auditor, and Internal Auditor)
 - Engaged with the City's Department of Housing Preservation and Development (HPD) to coordinate and share best practices around PII
 - Formalized the HDC Privacy Policy (July 2020)
 - Working group will continue its work through 2021
- **Annual Audit Committee Report 2020**
 - Compiled and presented to the Audit Committee (January 2021)
 - Emailed to the NYC Comptroller's Office in accordance with Directive #22 (January 2021)
- **Financial Integrity Statement 2019**
 - Compiled and emailed to the Mayor's Office of Operations and the NYC Comptroller's Office in accordance with Directive #1 (May 2020)
- **Audit Committee Charter**
 - Presented to and reviewed and re-adopted by the Audit Committee (No changes versus the previous year) (May 2020)
- **Conflicts of Interest Policy & Code of Ethics**
 - No updates to the policy

- Annual certification of employee reaffirmation/presented to the Audit Committee (January 2021)
 - **Risk Assessment Process/Audit Plan for 2021**
 - Commenced in September 2020
 - Discussions with department heads and teams
 - Engaged with each member of the Audit Committee individually
 - Developed Audit Plan for 2021/presented to and approved by the Audit Committee (December 2020)
- **Ongoing Staff Training & Development**
 - CAE
 - Sexual Harassment Prevention Training (May 2020)
 - Utilizing Technology to Advance Internal Audit and Stay Relevant in a New Risk Environment (May 2020)
 - Strengthening ERM: A Key to Success in a Volatile Environment (May 2020)
 - Model Risk Management (June 2020)
 - Will Multifamily Emerge From COVID-19 Relatively Unscathed? (June 2020)
 - COVID-19 Impact on Housing Affordability in New York (June 2020)
 - Cyber Ransomware Attack: What Happens Next (June 2020)
 - Building Operational Resiliency in 2020 and Beyond (June 2020)
 - Impact of COVID-19 on U.S. Housing Finance Agencies (June 2020)
 - COVID-19 Impact on NYCHA (July 2020)
 - NALHFA Virtual Conference (July 2020)
 - Debunking the Density Myth (August 2020)
 - Auditing Organizational Culture (August 2020)
 - NYSAFAH Fall Symposium (September 2020)
 - Cracking the Decency Code (September 2020)
 - Managing Bias in Talent Management with Language and Culture at Work (October 2020)
 - Assessing Risk in the Public Sector (October 2020)
 - People Centric Skills & IT Auditing for Non-IT Auditors (October 2020)
 - Governance Over AI and Robotics (October 2020)
 - NCSHA Annual Conference (October 2020)
 - Managing Cyber Security Risks
 - Emergency Planning & Business Continuity
 - Achieving Your Mission Through Information Governance
 - Data Analytics & Agile Auditing (November 2020)
 - Implicit Bias & Audit Report Writing (December 2020)
 - The Internal Audit Competency Framework (December 2020)
 - Compliance in AuditBoard (December 2020)
 - IIA journals
 - Senior Internal Auditor
 - Government Audit Conference (January 2020)
 - Tools for the Skilled Auditor (February 2020)
 - Financial Services Conference (March 2020)
 - Auditor's Role in Assessing and Addressing Fraud Risks (April 2020)
 - Data Protection in the Cloud (October 2020)

- Security Testing in 2020 (October 2020)
 - People Centric Skills & IT Auditing for Non-IT Auditors (October 2020)
 - ICFR Update with Data Analytics and Agile Auditing (November 2020)
 - Cybersecurity Summit (November 2020)
 - Unconscious Bias and Audit Report Writing (December 2020)
 - Continuous reading of IIA, ISACA/CISA, and ACFE journals along with submission of quizzes to earn CPE's
- Internal Auditor
 - Government Auditing Conference (January 2020)
 - Professional Skepticism and Agile Auditing (February 2020)
 - People Centric Skills & IT Auditing for the Non-IT Auditor (October 2020)
 - Data & Internal Audit: Practical Application (October 2020)
 - Diversity & Inclusion in Municipal Finance (October 2020)
 - Financial Services Guidance Update (November 2020)
 - 2020 Intergovernmental Audit Forum (November 2020)
 - Cyber Security Summit (November 2020)
 - Sexual Harassment Prevention (November 2020)
 - SOXHUB Beyond Basics (December 2020)
 - Beyond the Basics/AuditBoard (December 2020)
 - Compliance in AuditBoard (December 2020)
 - A Guide to Understanding, Aligning, and Optimizing Risk (December 2020)
 - IIA journals
- **Oversight and Collaboration**
 - Quarterly Audit Committee meetings
 - Bi-weekly meetings between the President and CAE
 - Monthly meetings between the General Counsel and CAE
 - Monthly meetings between the Chief of Staff and CAE
 - Annual one-on-one meetings between the CAE and each member of the Audit Committee
 - Weekly Internal Audit staff meetings
 - Whistleblower Hotline
 - Monitored on an ongoing basis by the CAE and General Counsel
 - 2020 – No complaints received pertaining to fraud, mismanagement, violation of laws, abuse of authority, and internal controls. (Messages were received regarding housing lottery and asset management questions. These messages were forwarded to our Asset Management division, logged in their records, and responded to in a timely manner.)

Prepared By:



Mary Hom, Chief Risk Officer

05/17/2021

Date

Reviewed By:



Eric Enderlin, President

05/17/2021

Date



Elizabeth Strojan, Chief of Staff and Director of Strategic Initiatives

05/17/2021

Date



Susannah Lipsyte, General Counsel

05/18/2021

Date
