



**AUDIT COMMITTEE OF THE CITY OF NEW YORK
MINUTES OF THE AUDIT COMMITTEE MEETING
WEDNESDAY, JUNE 24, 2020
REMOTELY VIA ZOOM MEETING**

ATTENDANCE

Chair	Michael Spitzer
Private Members	Larian Angelo Mark Kaplan Bud Larson
Public Members	Representing the Mayor – Raymond Lee Representing the Comptroller – Jacqueline Thompson Representing the Public Advocate – Michael Twomey
Secretary	Katrina Stauffer
Independent Auditors	Grant Thornton LLP – Marla Hummel, Nick Lazzaruolo, Mike Ryan, Cosmo Saginario CliftonLarsonAllen LLP – Phillip DelBello, Tim Rawal, Matthew Rever, Thomas Rey
Others	City of New York Deferred Compensation Plan – Joan Barrow, Beth Kushner New York City Mayor’s Office of Operations – Florim Ardolli New York City Office of Management & Budget – Enid Ellis New York City Comptroller’s Office – Camille Arezzo, Jessica Sanchez, Joan Stapleton, Susanna Tregor

Audit Committee Meeting – June 24, 2020

I. Call to Order and Roll Call

Mr. Michael Spitzer, the Audit Committee Chairman, called the Audit Committee Meeting to order at 9:30 am. Ms. Katrina Stauffer, the Audit Committee Secretary, took roll call; a quorum was present.

II. Motion to Accept Draft Minutes of the Audit Committee Meeting held May 27, 2020.

The first agenda item was the approval of the draft minutes of the May 27, 2020 Audit Committee Meeting. Chairman Spitzer inquired if there were any comments on the draft minutes as presented. Subject to any non-substantive editorial comments submitted to Ms. Stauffer, the Committee approved the draft minutes of the May 27, 2020 Audit Committee Meeting.

III. Acknowledgement of the Passing of Mr. Alan Anders

The Audit Committee Members offered condolences to the family of Mr. Alan Anders on his passing in May 2020. Mr. Anders was a longtime employee of the Mayor's Office of Management and Budget, where he served as the Deputy Director for Financing Policy and Coordination, and often presented to the Audit Committee.

IV. Presentation of the Financial Statements and Cybersecurity Assessment and Information Technology Review Report of the City of New York Deferred Compensation Plan

The next agenda item was the review of the Financial Statements and Cybersecurity Assessment and Information Technology Review Report of the City of New York Deferred Compensation Plan (DCP) for the fiscal year ended December 31, 2019.

Ms. Joan Barrow, Chief Accountant of DCP, introduced the other representative of DCP present, and the representatives of CliftonLarsonAllen LLP, DCP's independent auditors.

DCP noted that the combined plan fiduciary net position exceeded \$23 billion at December 31, 2019, an increase of \$4 billion from the previous year. Most of the plans exceeded their investment benchmarks.

DCP had a net increase of 8,000 participants in 2019, and the total deferrals of compensation and participant rollover exceeded \$1 billion for the third consecutive year.

A question and answer session took place after the presentation. Several matters were discussed, including:

- DCP noted that the mutual fund section of the financial statements relates to self-directed brokerage accounts.
- DCP indicated it would ask its auditors about including language regarding COVID-19 in its financial statements.

DCP Cybersecurity Assessment and Information Technology Review Report

As a preface to the DCP's Cybersecurity Assessment and Information Technology Review Report discussion, the Committee noted that it would be useful to understand which data is maintained by the record-keeper, which data is maintained by the DCP's system, and how the two systems interface. The DCP confirmed that the record-keeper maintains all financial and transactional data for the participants; the DCP system holds personal information, such as Social Security numbers, addresses, and employee IDs. Transactions related to funds are done exclusively through the record-keeper's system. The record-keeper has provided DCP with documentation regarding their cybersecurity and fraud protection processes. The cybersecurity audit focuses only on information held in the DCP database.

The cybersecurity assessment report includes details of due diligence related to the record-keeper transition from FASCore to Voya. Voya provides a third-party audit and a System and Organization Controls (SOC) report, which will be reviewed annually by the cybersecurity auditors.

Many recommendations from the first year's cybersecurity assessment have been implemented, including vulnerability management and increasing documentation around a ticketing system. There were no material or high-risk findings that would require any immediate changes; recommendations involved better documentation and the implementation of industry best practices.

A question and answer session took place after the cybersecurity assessment presentation.

Several matters were discussed, including:

- All but one of the prior-year's audit recommendations have been implemented in full. Action on the remaining recommendation, related to periodic access reviews, has begun but is still a work in process. This information will be included in future cybersecurity reports.
- DCP has had no major cyberattacks or breaches.
- 'Pervasive duties', noted in the report, means that users who have administrator-level access are not responsible for performing accounting reconciliations or other business processes.
- The transition from FASCore to Voya Financial occurred on November 8, 2019. All records and accounts have been transitioned, and participants were issued new PIN numbers.
- The record-keeper's SOC reports are reviewed every year, and feedback is being provided to Voya. Multifactor authentication for online accounts is also in place. Given the importance of the record-keeper's data security, a documented review and summary of this SOC report will be added to the cybersecurity report.

There being no further questions, Chairman Spitzer thanked the representatives of DCP for their participation at today's meeting.

V. Executive Session

There being no further business for the public session, Chairman Spitzer asked for a motion to enter into Executive Session. A motion was made to go into Executive Session for the purpose of discussing non-public financial information about The City of New York. The motion was unanimously approved.

VI. Adjournment

There being no further business before the Committee, a motion was made to adjourn the June 24, 2020 Audit Committee Meeting; the motion was unanimously approved.