



**AUDIT COMMITTEE OF THE CITY OF NEW YORK
MINUTES OF THE AUDIT COMMITTEE MEETING
WEDNESDAY, JUNE 23, 2021
REMOTELY VIA ZOOM MEETING**

ATTENDANCE

Chair	Michael Spitzer
Private Members	Mark Kaplan Bud Larson
Public Members	Representing the Mayor – Paul Tymus Representing the Comptroller – Jacqueline Thompson
Secretary	Katrina Stauffer
Independent Auditors	Grant Thornton LLP – Sharon Campbell, Marla Hummel, Nick Lazzaruolo CliftonLarsonAllen LLP – James Kreiser, Tim Rawal, 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, Raymond Lee New York City Comptroller’s Office – Shamsiya Alkozai, Camille Arezzo, Sebastian Bermeo, Man Hon Cheung, Debajani Debnath, Jason Dookhie, Jessica Sanchez, Angeline Tong, Susanna Tregor

Audit Committee Meeting – June 23, 2021

I. Call to Order and Roll Call

Mr. Michael Spitzer, the Audit Committee Chairman, called the Audit Committee Meeting to order at 10:00 a.m. Ms. Katrina Stauffer, the Audit Committee Secretary, took roll call; a quorum was present.

II. Approval of the Draft Minutes of the Audit Committee Meeting held May 26, 2021

The first agenda item was the approval of the draft minutes of the Audit Committee Meeting held on May 26, 2021. The Committee approved the minutes of the May 26, 2021 Audit Committee Meeting, subject to any non-substantive editorial comments submitted to the Secretary.

III. Presentation of the Financial Statements and Cybersecurity Assessment and Information Technology (IT) Review Report of the New York City Deferred Compensation Plan

The next agenda item was the review of the financial statements and the Cybersecurity Assessment and Information Technology (IT) Review Report of the New York City Deferred Compensation Plan (DCP) for the fiscal year ended December 31, 2020.

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

The combined assets for all four DCP plans exceeded \$26 billion as of December 31, 2020.

This compares to \$23 billion as of December 31, 2019. The increase was a combination of investment income, at \$3.3 billion and contributions, at \$1 billion, less benefits paid out. The total benefits paid out doubled, due to COVID-related distributions. All of the investment options had positive returns for the year, and most of them exceeded their benchmarks.

There were additional distributions DCP was allowed to make due to COVID-related circumstances.

The walk-in center remains closed. All other functions were conducted remotely.

Many people waived the Required Minimum Distributions (RMDs) for 2020. Others elected to take a COVID-related distribution, which was part of the Coronavirus Aid, Relief, and Economic Security Act (CARES).

Most communication was electronic. The plan has financial wellness seminars that were moved to webinars, which generated a lot of interest.

The call center remained open. The level of calls increased at the beginning of the pandemic.

Staff are currently in the office for about two days per week.

DCP auditors have been providing an annual cyber assessment IT review report.

The auditors noted that DCP is a leader nationwide in the integration of IT within the audit, and stated that there is a reasonable and effective internal control environment for IT and security.

DCP is in accordance with New York State Department of Financial Services Cybersecurity Requirements. Many recommendations in the report are already being put into place.

DCP noted additional actions it conducted from a vulnerability perspective, including external penetration testing and email phishing-related activities.

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

- Regarding the difference between a formal comprehensive IT risk assessment and what was done for DCP, the focus was on security. The DCP auditors did not look for any other compliance items outside of the New York State Department of Financial Services Cybersecurity Requirements. Its assessment did not cover all aspects of IT operations; it covers a lot of the risks, but not all aspects of the risks.
- The assessment added in penetration testing and phishing monitoring, in part, based upon trends seen in other parts of the market and nationwide regarding security breaches.
- DCP's IT department also conducts regular email phishing exercises. DCP will continue to focus on this closely in the future. It is a big issue, involving big risks.
- An annual formal risk assessment review process is currently being created. DCP will have a formal plan in place by next year's Audit Committee Meeting.
- Regarding COVID, DCP added an addendum to its statements addressing various COVID-related topics. There is also a COVID-related comment in the Transmittal Letter.

There being no further questions, Chairman Spitzer thanked the representatives of New York City Deferred Compensation Plan for their participation at today's meeting.

IV. Adjournment

There being no further business before the Committee, a motion was made to adjourn the June 23, 2021 Audit Committee Meeting; the motion was unanimously approved.