



**AUDIT COMMITTEE OF THE CITY OF NEW YORK
MINUTES OF THE AUDIT COMMITTEE MEETING
WEDNESDAY, JUNE 25, 2025
AT THE OFFICE OF THE COMPTROLLER
AND REMOTELY VIA ZOOM MEETING**

ATTENDANCE

Chairman	Michael Spitzer
Private Members	Larian Angelo via Zoom Marcia Van Wagner Mark Kaplan
Public Members	Representing the Mayor – Sara Wong Representing the Comptroller – Jacqueline Thompson Representing the Public Advocate – Matthew Carlin
Secretary	Katrina Stauffer
Independent	Grant Thornton LLP – Sharon Campbell via zoom, Marla Hummel via Zoom, Michael Ryan via Zoom
Auditors	CliftonLarsonAllen LLP – James Kreiser, Logan Wilson
Others	New York City Deferred Compensation Plan – Mai Chau, Beth Kushner, Ivy Zheng New York City Comptroller’s Office, Bureau of Audit – Edward Carey, Maura Hayes-Chaffe, Tara Leary, Maryanne Mullany New York City Mayor’s Office of Risk Management and Compliance – Doug Giuliano, Jean-Claude LeBec, Julian Ross New York City Office of Management & Budget – Man Hon Cheung New York City Comptroller’s Office – Yvonne Beaubrun

Audit Committee Meeting – June 25, 2025

I. Call to Order & 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 Minutes of the March 26, 2025 Audit Committee Meeting

The first agenda item was the approval of the draft minutes of the Audit Committee Meeting held March 26, 2025. The Committee approved the minutes of the March 26, 2025 Audit Committee Meeting, subject to any non-substantive editorial comments submitted to the Secretary.

III. Presentation of the Financial Statements of the New York City Deferred Compensation Plan

The next agenda item was the review of the financial statements of the New York City Deferred Compensation Plan (Plan) for the year ended December 31, 2024. Ms. Beth Kushner, Deputy Director of Administration, introduced the other representatives of DCP present, and the representatives of CliftonLarsonAllen LLP, DCP's independent auditors.

Mai Chau, Chief Accountant, stated that in 2024, the Plan reported assets of \$33.6 billion, an increase of \$0.6 billion from 2023. There were 249,000 participants, an increase of 5,000 from 2023. Ms. Kushner stated that the Plan was in the process making changes that resulted with the implementation of the Secure Act 2.0. One change already in effect was that participants aged 60-63

can contribute more. Among the changes coming in January 2026, contributors over age 50 with a certain income threshold will be required to make contributions to the Roth account not the pretax. In 2024, the board decided to move the International Equity Fund to an International Equity Index Fund and is now passively managed. The pre-arranged portfolios also experienced changes recently as the 2065 Fund was added to the lineup and the 2010 fund rolled down into a Static Allocation Fund. The Secure Act 2.0 also increased the age to 73 for Required Minimum Distributions (RMDs).

In addition to a financial audit, the Plan also undergoes an annual IT audit, which includes a cyber assessment. The Plan has purchased cyber security insurance, based on prior year's recommendation. The Plan's IT department works with Cyber Command, OTI, and the State, and follows all policies regarding internal and external penetration and phishing testing. CliftonLarsonAllen also conducted internal and external penetration tests and phishing tests. For the second year in a row, external penetration testing yielded no results. The 6% incidence of internal phishing was an improvement and bested the 18 percent national average. The Plan's Chief Information Security Officer (CISO) implemented and monitors staff cyber security training.

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

- The Plan's investment portfolio was reviewed regularly by its board and three consultants and by the technical committee. It will also be rebalanced quarterly, if necessary. The way that the board had set up the structure with its consultants was one consultant focused on investment manager searches and procurements, and the other consultant will do the performance review of those managers. This way it's not the same consultant who assisted with the manager selection who is reviewing their performance.

- The Plan's audit committee consists of three members of the board from the following agencies: the Comptroller, the Department of Finance and OMB.
- The Audit Committee was considered a regulatory authority for the purpose of sharing the financial report.
- The Plan's internal phishing test scenarios are changed every year. Repeat offenders, though none were discovered, would be contacted individually and receive additional training. The past phishing email campaign included a link to a fake \$50 gift card, and those that clicked were identified as newer hires with incomplete training.
- The Plan's auditors said that the external IP sub-net was well masked and protected and does not respond to undefined or unknown sources.
- There was no management letter for the Deferred Compensation Plan.
- The Plan also included security testing judgmentally sampled individuals with bigger roles and influence in the organization.

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

Report to the Mayor and City Council on City Comptroller Audit Operations

The next agenda item was the report to the Mayor and City Council on the Office of the City Comptroller's Audit Bureau operations. Ms. Maura Hayes-Chaffe, Deputy Comptroller for Audit, introduced members of the Audit Bureau present.

The Office of the Comptroller is continuing the process of dividing the Bureau into more

“pods” or units. Last year the Bureau added an Executive Director to the two Assistant Comptrollers, and we are in process of adding a director level position that will oversee a unit focused on vendor audits.

Comptroller Brad Lander’s focus has been on ensuring audits have the capacity to deliver change. As part of this process, strategic objectives are established at the start of every engagement, based on their capacity to drive certain impacts, and then measured again at the end based on the nature of findings and recommendations. For audits completed during fiscal year 2024, the primary impacts – based on those objectives – were improving effectiveness of City operations, equity, the City’s fiscal position, and mitigating risk. In terms of secondary impacts, several audits also included findings based on input from end users. Auditors are involved in testing and surveying end users to assess audited programs. Auditors have markedly increased the use of surveys and consultation with stakeholders prior to and during engagement.

In addition to measuring impact based on strategic objectives, we are also focused on measuring the impact of audits in other ways. For example, measuring recommendations implementation over time, tracking responses from the administration or City Council—such as public hearings, legislative changes, or heightened media attention. The Office of the Comptroller has no direct ability to force change and therefore the best opportunities to deliver change come through political action, public attention, and agency buy-in.

In terms of responses to fiscal year 2024 draft reports, audited agencies fully agreed with 74 percent of the recommendations and partially agreed with 10% of the recommendations. As of today, 60 percent of these recommendations have been reported as implemented, and 31 percent reported as still pending; this is consistent with a trend of agencies taking 18 to 24 months to implement recommendations. Fiscal year 2022 and 2024 were consistent. Fiscal year 2023 stands out as a year

with higher disagreement levels.

As previously reported, under Mr. Lander, the practice has been to request recommendations for implementation updates every two to three months. The cumulative implementation rate from January 2022 to present is currently 53 percent, with a 31 percent pending rate. The pending rate means that the agency is still reporting its intention to implement the recommendations but has not yet had the opportunity to implement or complete implementation. We have begun tracking to see if agencies implement recommendations that they stated disagreement within their response to the audit. Since 2022, around 5% of recommendations that agencies initially disagreed with have been reported as implemented, and an additional 7% have been reported as partially implemented. Remarkably, a full 46 percent of those recommendations not addressed by agencies in response to the draft have now been reported as implemented, and another 8% reported as partially implemented.

We have also begun tracking media coverage, because press is one point of potential leverage from an audit. About 40 percent of audits released in 2025 have generated substantial media coverage, a steadily rising percentage from 2022 to 2024.

Over the last couple of years, the Audit Bureau has been frequently engaged with other audit organizations. The ShotSpotter audit report from 2024 was submitted to the National Association of Local Government Auditors and was awarded the Knighton Prize for Exemplary Performance Auditing, and we sent staff to present at the National Conference held in May – two teams presented on the use of stakeholder engagement to enhance performance auditing, and we had a large number of staff attending sessions virtually.

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

- There was a diverse response to audit recommendations amongst agencies; some were open-minded, and others took it personally and object strenuously.
- If agencies report during follow-up that they are not going to implement certain recommendations, we stop asking for updates, but we continue to request updates until we reach that point. The Comptroller's Office lacks the authority to enforce change, a fact that inspired utilization of a participatory, people-powered audit approach. The theory is that by engaging with stakeholders we can help mobilize grass roots change.
- We do see change from some audits. For example, when an audit revealed millions of dollars lost annually by the speed camera system due to ghost and obscured plates, a recommendation was for collaboration between agencies facing similar problems with toll evasion. Within a month, the mayor and the governor initiated a law enforcement response throughout the toll system.
- Office of the Comptroller representatives regularly testified before panels like the City Council when recommendations were reviewed.
- The Audit Bureau rarely meets with Deputy Mayors after an audit. Once a report is issued, Policy, Public Affairs/Inter-Governmental (Intergov) work with entities to implement changes. For example, after Homeless Sweeps audit, Policy and Intergov worked with City Council toward legislative change. Cooperation with deputy mayors may speed up the process, but the willingness to change may remain a significant barrier.
- It may be possible and appropriate to bring recalcitrant agency heads before the Audit Committee. Due to agency response times to audit requests markedly worsening, the

Comptroller may pilot audit findings about failure to respond and cooperate. A new system of records will capture response rates during an audit, and the findings will be included in reports beginning in 2026. Despite the implementation of a time budgeting tool, certain agencies remain consistently and perhaps deliberately slow in producing audit materials.

- The 47th Street Business Improvement District (BID) audit was a follow-up to determine to what extent recommendations were implemented. The BID did not have a contract, but the Department of Small Business Services (SBS) continued to provide City funds despite monitoring and activity demands that were not met, and the Comptroller's Office recommended SBS cut off funding. The Audit Committee members requested a copy of the report. The Comptroller previously completed a BID analysis report that could be shared with the Committee and updated in the future.
- The School Construction Authority was not included in the audit of capital programs. An audit on the School Construction Authority will commence shortly based on complaints received about its oversight of capital projects.

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

IV. Executive Session

Chairman Spitzer asked for a motion to enter Executive Session. A motion was made to enter Executive Session for the purpose of discussing non-public financial information about The

City of New York. The motion was unanimously approved

V. Adjournment

There being no further business before the Committee, a motion was made to adjourn the

June 25, 2025 Audit Committee Meeting; the motion was unanimously approved.