



VIRTUAL AUDIT COMMITTEE MEETING

**NEW YORK CITY
ECONOMIC DEVELOPMENT CORPORATION**

Wednesday, January 27, 2021 - 9:00 a.m.



NOTICE OF THE AUDIT COMMITTEE MEETING OF
NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION
January 27, 2021

A special meeting of the Audit Committee of the Board of Directors of New York City Economic Development Corporation, called at the direction of the President, will be held telephonically at 9:00 a.m. on Wednesday, January 27, 2021.

The agenda for the meeting is as follows:

- I. Approval of the Minutes of the September 29, 2020 Audit Committee Meeting
- II. Finance Update
- III. Internal Audit Activity Update
- IV. Session with External Auditors (if necessary)
- V. Session with Internal Audit Management (if necessary)
- VI. Session with Management (if necessary)
- VII. Such other business as may properly come before the Committee

Brooklyn, New York

01/12/2021
Dated: _____

Mark Silversmith
Mark Silversmith (Jan 12, 2021 14:27 EST)

Approval of the Minutes of the Sept 29, 2020 Audit Committee Meeting



**MINUTES OF MEETING OF THE AUDIT COMMITTEE
OF
NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION
September 29, 2020**

A special meeting of the Audit Committee (the “Committee”) of New York City Economic Development Corporation (the “Corporation” or “NYCEDC”) was held virtually on Tuesday, September 29, 2020.

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

- William Candelaria, Committee Chairperson
- James McSpiritt
- Michael Schlein
- Betty Woo

The following members of NYCEDC staff were present by means of a conference call:

- Finance:
 - Fred D’Ascoli – CFO
 - Spencer Hobson – EVP/Treasurer
 - Amy Chan – Controller
- Internal Audit (“IA”):
 - Jennie Wallace – EVP
 - Allison Richardson – VP
 - Tony Khoury – VP
- Legal:
 - Mark Silversmith – Special Counsel

Also present were representatives from Ernst & Young LLP (“EY”):

- Kimberly Hancy – Engagement Partner
- Nicole Rapport – Senior Manager

The meeting was called to order at 11:04 a.m.

1. Approval of the Minutes of the June 11, 2020 Audit Committee meeting

Mr. Candelaria asked if there were any questions or comments related to the minutes of the June 11, 2020 Committee meeting as submitted. There being no questions or comments, Mr. McSpiritt motioned to approve the minutes. Ms. Woo seconded the motion and the minutes were approved.

2. Presentation of the Annual Financial Statement – Management Discussion

Mr. D'Ascoli thanked everyone involved in the audit and preparation of the financial statements while working remotely in an extremely challenging environment. He thanked Mr. Hobson and especially Ms. Chan along with her staff for managing the audit and completing the financial statements in a timely and efficient manner.

Mr. D'Ascoli submitted the draft FY2020 Annual Financial Statements and the Annual Investment Report for the Committee's approval. Mr. D'Ascoli indicated that the financial statements present fairly, in all material respects, the financial position of NYCEDC as of FY2020 and FY2019. He stated that the team from EY has examined the financial statements and will be issuing an unmodified opinion after the completion of the Board meeting on September 30, 2020.

Ms. Chan mentioned that the Auditors' Report (in accordance with Government Auditing Standards) concluded that there were no findings, no material weaknesses, and no internal control issues noted by the external auditors (EY).

Ms. Chan presented the NYCEDC financial position as of year-end and discussed the financials. She directed everyone's attention to the Management Discussion and Analysis (MD&A) section and stated that the net position totaled \$564 million, an increase of approximately \$2.5 million over the prior year.

Ms. Chan discussed the Statement of Revenue, Expenses, and Changes in Net Position that tracked the financial performance over the course of the year. NYCEDC had operating revenue of \$903 million, a \$157 million increase from prior year. The overall revenue increase is primarily the result of a \$190 million increase in grant revenue recognized. These funds come to NYCEDC as reimbursement for virtually all of the related project and program expenses that NYCEDC incurred. Of this \$190 million change, \$124 million is directly related to NYCEDC's COVID-19 response efforts on behalf of the City including \$84 million expended to purchase PPE and other supplies and \$39 million for grants to aid impacted businesses. These amounts were recognized as revenue, and were offset by an equivalent amount of expenses. Property rental income and land sales decreased by \$27 million in total. Property rental income declined \$24 million primarily due to a reduction of revenue from cruise terminal operations of \$7 million as well as COVID-19 related tenant rent abatements and other lease deferrals provided of \$7 million. Additionally there were one time transactions that occurred in FY2019 related to Forest City Pierpoint and Atlantic Center, which generated about \$20 million of income in FY2019, which

did not occur in FY2020. This was offset by rent reset income of \$6 million that the Corporation received from the 42nd Street Development Project. Land sales were down \$3 million, which is directly attributed to COVID-19 as some of the anticipated land sales did not close and were pushed back to FY2021.

Operating expenses increased by \$184 million from prior year, up to \$990 million for FY2020 mainly due to an increase in project and program costs. These costs are primarily City funded including expenses for capital construction and COVID-19 response efforts, and also included NYCEDC directly funded work for Life Sciences and Cybersecurity initiatives. Property rental and ferry related expenses remained relatively flat as compared to the prior year. Contract expenses to the City decreased by \$29 million, primarily the result of the \$30 million PEG payment that was requested by the City in FY2019, but not repeated in FY2020. Office rent and other expenses increased by \$13 million in FY2020, mainly due to an increase of \$9 million in depreciation expense. Capitalized leasehold improvements at NYCEDC's new office at One Liberty Plaza began depreciating in July 2020 when the Corporation relocated. In addition, the Corporation also realized a full year of depreciation for the fleet of ferries purchased in April 2019 for NYC Ferry service. The Corporation's bad debt expense also increased by \$6 million due to increased reserves for tenant and loan receivables. These increases are offset with a \$6 million expense reduction for rent. Ms. Chan noted that in FY2019, NYCEDC recorded charges for two office leases at both 110 William Street and One Liberty Plaza, but only for One Liberty Plaza in FY2020. Non-operating income representing all of NYCEDC's interest and investment income decreased by \$4 million due to the pandemic's impact on the financial markets. Finally, the Corporation recorded capital contributions from the City of \$85 million reflecting the City's funding of assets used in NYCEDC's operations. The capital contributions offset the \$83 million loss leaving an increase to NYCEDC's net position of approximately \$2.5 million.

Ms. Chan described the Corporation's Statement of Net Position. Total assets reported at year-end were \$1.235 billion, an increase of \$24 million. Ms. Chan stated that NYCEDC had an increase of \$86 million in capital assets, which includes \$80 million in vessels and \$12 million in leasehold improvements for the One Liberty Plaza offices. NYCEDC also added \$10 million of assets for other equipment and software purchases. These additions were offset by approximately \$15 million of depreciation expense. Total assets include receivables from the City which increased by \$65 million due to pending reimbursements for vessels and COVID-19 response efforts. These increases were offset by a \$130 million decrease in cash and investments used to pay for these assets and to fund NYCEDC operations. Total liabilities were \$675 million, an increase of \$27 million due to additional expense accruals. Net position increased by \$2.5 million to \$564 million, and comprised of \$16.5 million restricted, \$227 million unrestricted, and \$321 million invested in capital assets.

Ms. Chan described the Statement of Cash Flows and stated that \$122 million cash was used for operations, \$12 million was used for capital improvements, net of capital contributions

received from the City, and \$110 million was cash provided from investments leaving a net change of a \$24 million decrease to cash.

Ms. Chan presented the Annual Investments Report, which is a PAAA requirement. NYCEDC's cash is conservatively invested in compliance with the investment policies that were adopted by the Board. Ms. Chan presented the investments in three categories: money market funds, Government backed securities, and commercial paper. Money market funds made up 75% of the investment portfolio while the Government backed securities accounted for 21% of the investments. Commercial paper comprised the remaining 4%. The amounts invested in each category are well within the Board adopted investment guidelines.

Ms. Chan also highlighted that there were no significant changes to the contents of this year's financial statements as compared to the prior year, other than a mention of the COVID-19 impact in the MD&A, which was described throughout the presentation.

Mr. Candelaria thanked the Finance team for their diligence in preparing the financial statements and completing the audit in an efficient, thorough and timely manner during this extremely challenging time of the COVID-19 pandemic.

Ernst & Young LLP Update

Ms. Hancy stated that EY will be issuing an unmodified opinion after completing its required subsequent event review procedures that will be presented to the NYCEDC Board on Wednesday, September 30, 2020.

Ms. Hancy stated that EY's scope is consistent with what was communicated at the June 11, 2020 Committee meeting, where an overview of the audit plan was given. Ms. Hancy stated that EY did not identify any material misstatements or weaknesses, instances of fraud, or non-compliance with laws and regulations. This is a required communication under Government Auditing Standards.

At the conclusion of her presentation, Ms. Hancy highlighted EY's commitment to anti-racism, discrimination, and the fight against social injustices. EY has expanded various initiatives to drive policy change as well as led actions for change in its communities. Ms. Hancy shared specific information of EY's anti-racism and equity initiatives and programs.

Mr. Candelaria asked if there were any questions or comments relating to the approval of the financial statements and investment report as submitted for presentation and approval by the full Board. There being no questions or comments, Mr. McSpiritt motioned to approve the financial statements and investment report. Mr. Schlein seconded the motion and the statements were approved.

3. Internal Audit Activity Update

Ms. Wallace presented the agenda for the Internal Audit update and then provided an update on the FY2020 Audit Plan, highlighting the audits that were deferred due to the pandemic, as well as the two audits for which reports were being finalized.

Ms. Wallace then spoke about the change in methodology in how the Internal Audit team is planning to perform the FY2021 audits, working towards adopting a more dynamic audit process. Ms. Wallace then discussed the FY2021 Audit Plan Status to date.

Ms. Wallace then spoke about the open issues to date, highlighting that four issues were closed since the last meeting.

Mr. Khoury then gave an update on the activities performed by the Engineering Audit Unit ("EAU"), including the number of change orders reviewed and other metrics. He updated the Committee on the status of FY2021 construction audits, and on some potential future updates to the change order review process.

Lastly, Ms. Wallace highlighted some general department updates and discussed how relationships across the organization have continued to strengthen.

Mr. Candelaria thanked Ms. Wallace for her tremendous leadership and expressed appreciation to Mr. Khoury for his diligence and the value he provides to the organization.

4. Session with External Auditors

A private session with EY was held by the Committee.

5. Session with Internal Audit

A private session with Internal Audit was held by the Committee.

6. Session with Management

A private session with Management was held by the Committee.

7. Adjournment

There being no further business to come before the Committee, the meeting was adjourned at 1:05 p.m.

Finance Update

Fred D'Ascoli, CFO

Spencer Hobson, EVP

Amy Chan, Controller



TO BE DISCUSSED

Internal Audit Update

Jennie Wallace, EVP

Tony Khoury, VP



Internal Audit Update – Agenda

FY 2020 Audit Plan Status

FY 2021 Audit Plan Status

Open Issues Status

Engineering Audit Unit (EAU) Update

Audit Department Updates

The logo for NYC / EDC is located on the right side of the slide. It consists of the letters "NYC" in a bold, black, sans-serif font, followed by a thick pink diagonal slash, and then the letters "EDC" in the same bold, black, sans-serif font. The entire logo is enclosed within a thin pink circular border.

NYC / EDC

Internal Audit Update – FY20 Audit Plan Status



The 2020 Audit Plan is complete

Internal Audit Update – FY21 Audit Plan Status



In-Process Projects

- 2 - Financial & Operational workstreams are in process
- 2 - EAU workstreams are in report-writing phase
- 2 - EAU workstreams are in planning phase



Report Status

- Procurement within Procure to Pay has been issued
- Routine Revenue and Core Data Sheets within Procure to Pay is in draft
- Design-Build is in draft
- Public Health Lab is in draft



Audit Plan Changes

- Deferring Lease Abstracts from Lease Administration workstream

Internal Audit Update – FY21 Audit Plan Status: New Projects

Risk Rank	Project Title	Objective / Purpose	Key Dept	Type of Project	Status
NEW EDC PROJECTS					
1	Procure to Pay	To assess the adequacy of controls over the Procure to Pay cycle. May include the following areas: - Procurement/RFP Process - Registration Process - Accounts Payable - Concur Invoicing	Finance	Internal Controls Review	<ul style="list-style-type: none"> Procurement report has been issued High level overview discussion has been held Subsequent areas have been identified as: <ul style="list-style-type: none"> Accounts Payable / Concur Registration
2	Lease Management	To assess controls over leases. May include the following areas: - Revenues/Collections - Lease Systems (MRI/Argus) - Portfolio Management/Business Operations - RETS Decision-Making and Transitions	Asset Management / RETS	Internal Controls Review	<ul style="list-style-type: none"> Core Data Sheets and Routine Revenue <ul style="list-style-type: none"> fieldwork is complete closing meeting has been held report is in process Subsequent areas have been identified as: <ul style="list-style-type: none"> MRIX System Participation rent / Contingent rent CPI increases
3	Public Health Lab - Construction Audit	To identify areas of increased risk related to the construction project and ensure that proper controls are in place to mitigate the risks. Verification of the accuracy of billings or charges and contract compliance.	Capital	Construction Audit	Field work completed Draft Audit report is being reviewed by Management
4	Design/Build Assessment	To assess the risks and controls associated with the Design/Build construction method.	Capital	Internal Controls Review	Field work completed Draft Audit report is being reviewed by Management
5	Construction Manager Contract Review	To identify areas of concern within Construction Manager Contracts.	Asset Management Design and Construction	Contract Audit	Planning phase completed Field work started
6	COVID19 Change Order Review	To review change orders related to the COVID-19 response activities to ensure that required guidelines are followed.	Asset Management Design and Construction / Capital	Compliance Audit	Audit is in Planning phase Field work to start Q3 FY21

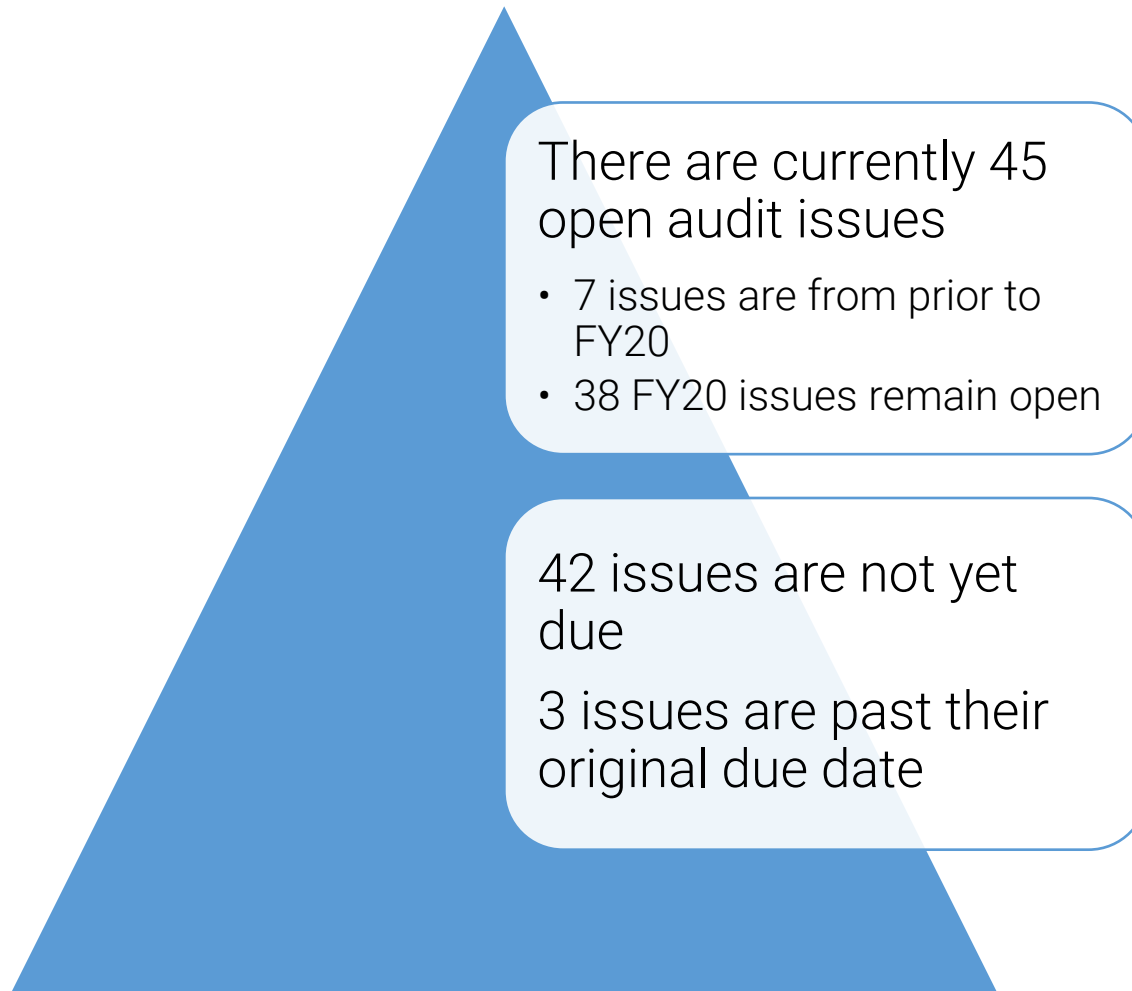
Internal Audit Update – FY21 Audit Plan Status: Recurring

Risk Rank	Project Title	Objective / Purpose	Key Dept	Type of Project	Status
RECURRING EDC PROJECTS					
7	Trust for Cultural Resources	To assess compliance with the TCR agreement.	Finance	Compliance Audit	Planning to begin in February
8	EY direct assistance	To directly assist EY with year-end audit testing. Internal Audit will not be expressing an opinion over the details of the testing.	EY	Direct Assistance	As necessary
9	Change Orders	Ongoing process to review change orders for construction projects.	AM/Cap	Compliance Audit	Ongoing

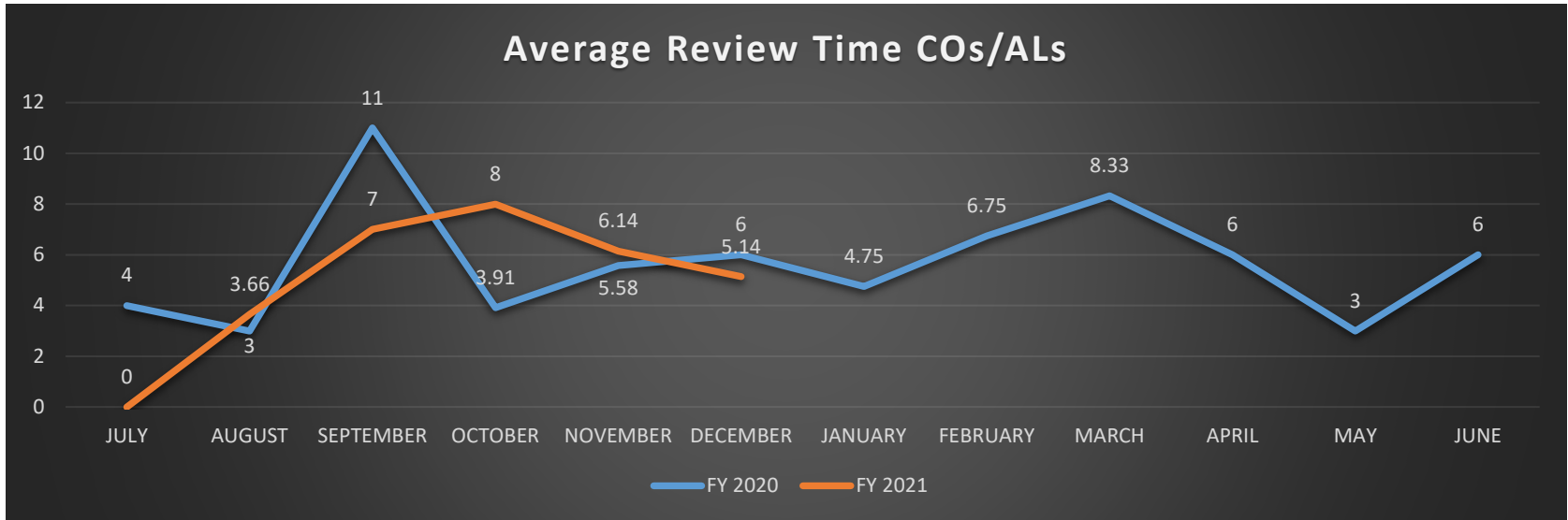
Internal Audit Update – FY21 Audit Plan Status: Ad Hoc

Risk Rank	Project Title	Objective / Purpose	Key Dept	Type of Project	Status
AD HOC EDC PROJECTS					
10	Engineering Audit Unit ad hoc projects	As needed	AM/Cap	Ad Hoc	<ul style="list-style-type: none"> • COVID19 guidance and survey on restarting projects (Completed) • Guidance and participation in root cause analysis and enhancements to AMDC processes (Completed) • Guidance and participation in meetings related to creating an internal CM team (Completed) • Guidance and expertise on CCIP, to allow more MWDBE providers to overcome the insurance hurdle (Completed) • MWDBE labor analysis presentation (Completed) • CM contract negotiation guidance (Completed) • Equity Working Group participation (Completed) • Guidance/presentation on schedule delay analysis - Presentation given to Capital Leadership (Ongoing) • Change Order review presentation and ongoing training (Ongoing) • Labor rate analysis with Capital (Ongoing) • Claims SOP with Capital/ claim delay presentation (Ongoing) • Grants prevailing wage assistance to develop new OMB labor related document for Hunts Point Resiliency Project (AMDC) policy and procedure particular to the project (Ongoing)
11	Financial & Operational team ad hoc projects	As needed	AM/Finance/HR	Ad Hoc	<ul style="list-style-type: none"> • Pre-vouchering process documentation (Completed) • Review of tenant financials (Completed) • AL/Procurement approval process efficiency evaluation (Complete) • Procurement efficiency metrics (Ongoing) • Master Contract process documentation (Ongoing) • Asset Management process enhancement (Pending)
12	Ferry Audit assistance	As needed	Ferry Team	Ad Hoc	As necessary
13	COVID19 Medical Supply Procurement Process Review and Documentation	Review of COVID-19 medical supply procurement process and contracts.	Initiatives Finance Contracts	Ad Hoc	Complete. Will provide continuing guidance as necessary.
14	COVID19 Rent Relief Process Review	Guidance and assistance to the Asset Management team for the Rent Relief Committee.	Asset Management	Ad Hoc	Complete. Will provide continuing guidance as necessary.
15	COVID19 Emergency Response Post Mortem	Review of COVID-19 shut down best practices and lessons learned in preparation for future emergencies.	Multiple	Ad Hoc	No longer needed

Internal Audit Update – Open Issues Status

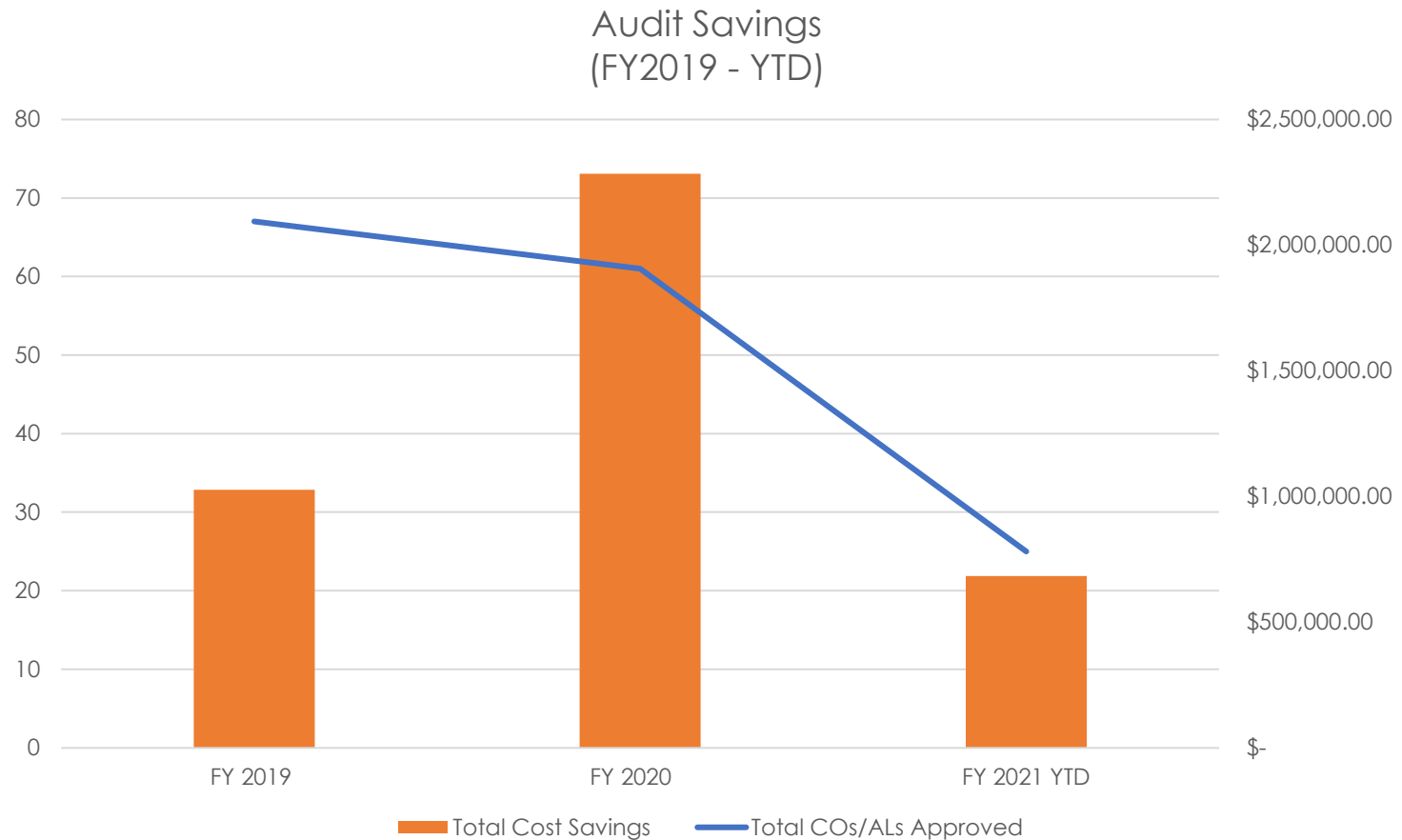


Internal Audit – EAU Change Order Metrics



Approved Change Orders / Approval Letters	FY2021						Total YTD
	Q1			Q2			
	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	
Total number of COs/ALs Approved	0	3	1	2	7	7	20
Total number of COs/ALs reviewed less than 14 days	0	3	1	2	7	7	20
Total number of COs/ALs reviewed more than 14 days	0	0	0	0	0	0	0
% of CO/AL reviewed within 14 days	100%	100%	100%	100%	100%	100%	100%

Internal Audit Update – EAU – Cost Savings



Internal Audit Update – Additional EAU Updates

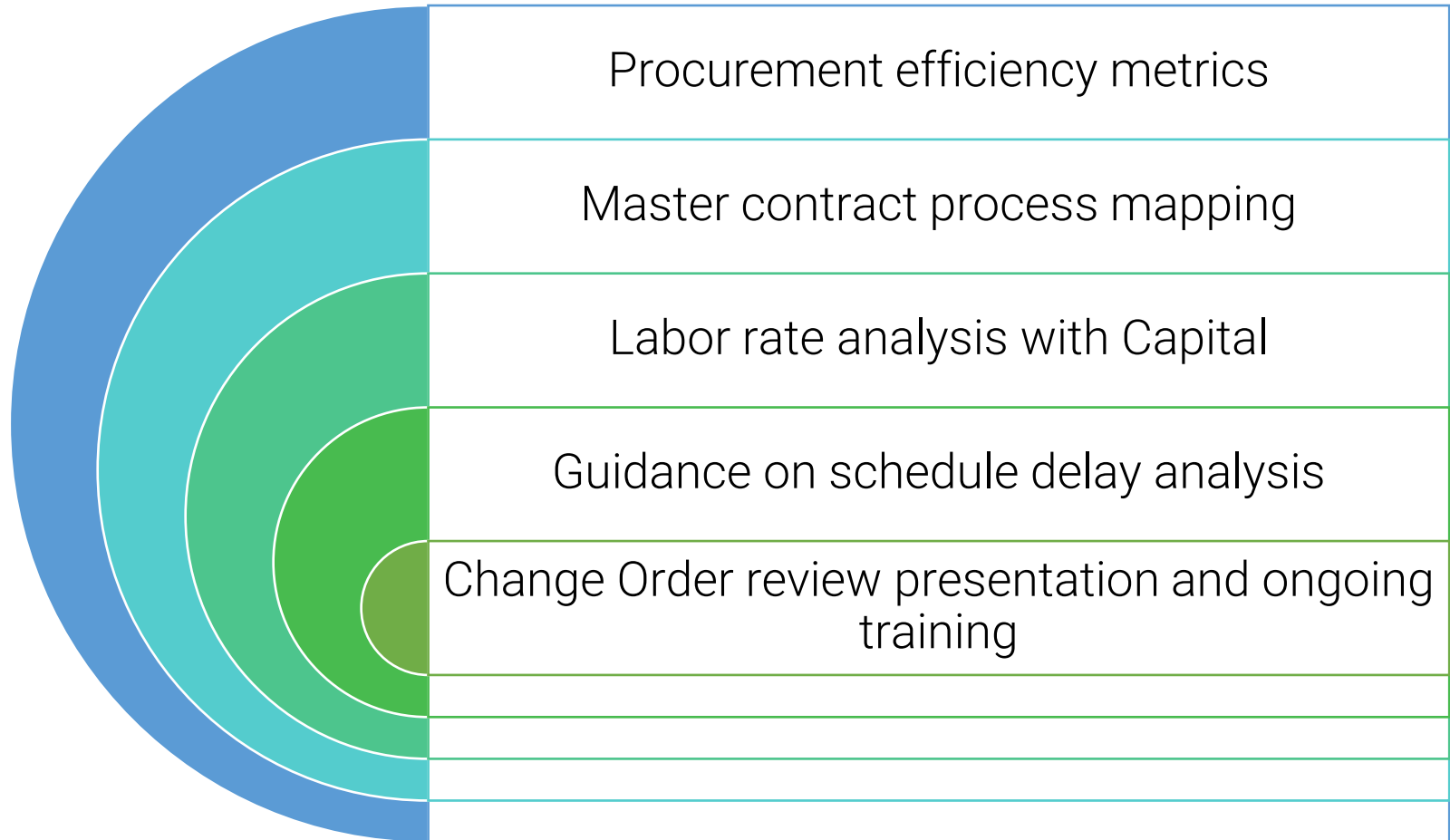
Review of
change orders
below threshold

Change orders
with neutral
positions

Change order
policy updates

Root cause
analysis

Internal Audit Update – Ad Hoc Activities



Internal Audit Update – Department Updates



Continuing to enhance and simplify methodologies and internal processes

Relationships with the organization continue to strengthen

Internal Audit remains organizationally independent



Appendix

Open Audit Issues – by Department and Risk

Departments	Risk Rating				
		High	Medium	Low	Enhancement
	Asset Management	6	7	5	3
	Capital Programs	8	10	4	1
	Finance and Administration	N/A	1	N/A	N/A
Total		14	18	9	4
Total		45			

Open Audit Issues

#	Project Title	Open Audit Item	Department	Risk Rating	Original Report Date	Original Target Date	Revised Target Date	Current Status
1	City Wide Ferry - Landing Construction	Evidence to illustrate proper approval authorizing Notice to Proceed ("NTP") work was not always documented and/or retained.	Finance and Administration	Medium	12/8/2017	3/31/2018	10/31/2020	Per the recommendation, an at-risk policy, an at-risk tracker, notice to proceed definition, and fronted payment request forms have been completed. Currently, the at-risk policy is in being finalize and will be ready for distribution.
2	Lease Revenue Oversight & Collection Practices Review	Required documentation is not adequately tracked and/or monitored.	Asset Management	Medium	9/13/2019	6/30/2020	6/30/2021	Asset Management is currently working with MIS on the production of a digital Core Data Form, which will be essential to the recording of CPI increases in addition to other lease provisions required to administer leases. This area will be revisited by IA during the current year audit coverage of FY21 Lease Administration.
3	Lease Revenue Oversight & Collection Practices Review	Controls have not been implemented to ensure that CPI adjustments to base rent are adequately tracked and monitored.	Asset Management	High	9/13/2019	9/30/2020	6/30/2021	A CPI Tracking Module has been added to Project Central which is a comprehensive real-time monitoring dashboard of all leases that include a CPI increase. An SOP for the utilization of this module is currently in-process. This area will be revisited by IA during the current year audit coverage of FY21 Lease Administration..
4	Lease Revenue Oversight & Collection Practices Review	Misinterpretation of Lease terms leading to weakened oversight over CPI calculations resulting in under-billings of base rent adjustments to tenants.	Asset Management	High	9/13/2019	6/30/2020	6/30/2021	The CPI module in Project Central will require Finance to check Asset Manager's calculation and record on the module that the CPI increase is complete. The Asset Manager will then prepare a Core Data Form that will be forwarded to Portfolio Surveillance and then sent to Accounting for billing. An SOP for the utilization of this module is currently in-process. This area will be revisited by IA during the current year audit coverage of FY21 Lease Administration.

Open Audit Issues (pg 2)

#	Project Title	Open Audit Item	Department	Risk Rating	Original Report Date	Original Target Date	Revised Target Date	Current Status
5	College Point - 132nd Street Extension	Lack of detailed Supervisory Reviews	Capital Programs	High	5/14/2019	6/30/2020	6/30/2021	Capital is currently working with the Resident Engineer on streamlining the review process. They are in their final stage of mitigating this and will provide support to close this issue during FY21.
6	College Point - 132nd Street Extension	Non-compliance with companywide policies and procedures	Capital Programs	High	5/14/2019	6/30/2020	6/30/2021	Capital is currently working with the Resident Engineer on streamlining the review process. They are in their final stage of mitigating this and will provide support to close this issue during FY21.
7	College Point - 132nd Street Extension	Non-compliance with Contract Terms	Capital Programs	High	5/14/2019	6/30/2020	6/30/2021	Capital is currently working with the Resident Engineer on streamlining the review process. They are in their final stage of mitigating this and will provide support to close this issue during FY21.
8	Homeport Pier C	Scope and Design Changes. User requirements for the Operator (Hornblower) were not determined and incorporated into the design in a timely manner.	AMDC	High	3/5/2020	12/31/2021	N/A	Due to recent department leadership change, EAU will be working with the new leadership to handle the close out of this audit open issues. Not yet due
9	Homeport Pier C	Scope and Design Changes. Vessel size was increased by the Operator without timely communication to key parties involved in the construction of the pier.	AMDC	Medium	3/5/2020	12/31/2021	N/A	Due to recent department leadership change, EAU will be working with the new leadership to handle the close out of this audit open issues. Not yet due.

Open Audit Issues (pg 3)

#	Project Title	Open Audit Item	Department	Risk Rating	Original Report Date	Original Target Date	Revised Target Date	Current Status
10	Homeport Pier C	Scope and Design Changes. Financial responsibility for scope additions was not clear, and a change was not supported by documentation.	AMDC	Medium	3/5/2020	12/31/2021	N/A	Due to recent department leadership change, EAU will be working with the new leadership to handle the close out of this audit open issues. Not yet due.
11	Homeport Pier C	Schedule Impacts. The permit for the utility building was not filed properly, resulting in Project delays.	AMDC	High	3/5/2020	12/31/2021	N/A	Due to recent department leadership change, EAU will be working with the new leadership to handle the close out of this audit open issues. Not yet due.
12	Homeport Pier C	Schedule Impacts. An inexperienced Construct NYC subcontractor was selected, but was not effectively vetted, resulting in delays and additional cost to the Project.	AMDC	Medium	3/5/2020	12/31/2021	N/A	Due to recent department leadership change, EAU will be working with the new leadership to handle the close out of this audit open issues. Not yet due.
13	Homeport Pier C	Design Issues. An incomplete scope and inadequate design review caused multiple change orders for electrical items.	AMDC	High	3/5/2020	12/31/2021	N/A	Due to recent department leadership change, EAU will be working with the new leadership to handle the close out of this audit open issues. Not yet due.
14	Homeport Pier C	Design Issues. The floats for the dock did not meet required specifications and had to be rebuilt at increased cost, due to insufficient review by the designer.	AMDC	Medium	3/5/2020	12/31/2021	N/A	Due to recent department leadership change, EAU will be working with the new leadership to handle the close out of this audit open issues. Not yet due.
15	Homeport Pier C	Change Orders. Unallowable markups and high hourly rates included in change orders were not identified by the Project Manager or CM and were approved regardless.	AMDC	High	3/5/2020	12/31/2021	N/A	Due to recent department leadership change, EAU will be working with the new leadership to handle the close out of this audit open issues. Not yet due.

Open Audit Issues (pg 4)

#	Project Title	Open Audit Item	Department	Risk Rating	Original Report Date	Original Target Date	Revised Target Date	Current Status
16	Homeport Pier C	Change Orders. Documentation to support the charges in a change order (AL 3440) was missing.	AMDC	Low	3/5/2020	12/31/2021	N/A	Due to recent department leadership change, EAU will be working with the new leadership to handle the close out of this audit open issues. Not yet due.
17	Homeport Pier C	Change Orders. NYCEDC does not have robust guidelines for combining or separating change orders for related issues.	AMDC	Low	3/5/2020	12/31/2021	N/A	Due to recent department leadership change, EAU will be working with the new leadership to handle the close out of this audit open issues. Not yet due.
18	Homeport Pier C	Change Orders. A change order that met the Internal Audit review threshold (\$150K) was not submitted to Internal Audit for review.	AMDC	Low	3/5/2020	12/31/2021	N/A	Due to recent department leadership change, EAU will be working with the new leadership to handle the close out of this audit open issues. Not yet due.
19	Homeport Pier C	Project Management. HRCG may have overcharged for staffing during the slow season. Controls were not in place to determine whether the staffing charges from HRCG were reasonable.	AMDC	Low	3/5/2020	12/31/2021	N/A	Due to recent department leadership change, EAU will be working with the new leadership to handle the close out of this audit open issues. Not yet due.
20	Homeport Pier C	Contract The contracts between NYCEDC and the CM do not contain defined labor rates.	AMDC	Medium	3/5/2020	12/31/2021	N/A	Due to recent department leadership change, EAU will be working with the new leadership to handle the close out of this audit open issues. Not yet due.

Open Audit Issues (pg 5)

#	Project Title	Open Audit Item	Department	Risk Rating	Original Report Date	Original Target Date	Revised Target Date	Current Status
21	Homeport Pier C	Contract between NYCEDC and the CM does not address critical CM responsibilities and requirements during the bidding process.	AMDC	Low	3/5/2020	12/31/2021	N/A	Due to recent department leadership change, EAU will be working with the new leadership to handle the close out of this audit open issues. Not yet due.
22	Homeport Pier C	There are no standards in the contract between NYCEDC and the CM for format of Subcontractor Payment Applications.	AMDC	Enhancement	3/5/2020	12/31/2021	N/A	Due to recent department leadership change, EAU will be working with the new leadership to handle the close out of this audit open issues. Not yet due.
23	Homeport Pier C	The contract between NYCEDC and the CM does not include definitions of allowable and unallowable reimbursables, general conditions.	AMDC	Enhancement	3/5/2020	12/31/2021	N/A	Due to recent department leadership change, EAU will be working with the new leadership to handle the close out of this audit open issues. Not yet due.
24	Homeport Pier C	The contract between NYCEDC and the CM does not include guidelines for how the rate of General Liability Insurance should change over time.	AMDC	Enhancement	3/5/2020	12/31/2021	N/A	Due to recent department leadership change, EAU will be working with the new leadership to handle the close out of this audit open issues. Not yet due.
25	Homeport Pier C	Oversight of on-call work was not effective, as portions of this work should have been included in the warranty and/or the base Project scope.	AMDC	Medium	3/5/2020	12/31/2021	N/A	Due to recent department leadership change, EAU will be working with the new leadership to handle the close out of this audit open issues. Not yet due.

Open Audit Issues (pg 6)

#	Project Title	Open Audit Item	Department	Risk Rating	Original Report Date	Original Target Date	Revised Target Date	Current Status
26	Coney Island Hospital	1A - Bid Process (Contract Compliance)	Capital Programs	High	10/9/2020	6/30/2021	N/A	Capital is currently working on providing documentation in support of closing this issue. Not yet due.
27	Coney Island Hospital	1B - Bid to Award Risks (Contract Compliance)	Capital Programs	High	10/9/2020	6/30/2021	N/A	Capital is currently working on providing documentation in support of closing this issue. Not yet due.
28	Coney Island Hospital	1C - Subcontractor Change Order Rates: (Contract Compliance)	Capital Programs	Medium	10/9/2020	6/30/2021	N/A	Capital is currently working on providing documentation in support of closing this issue. Not yet due.
29	Coney Island Hospital	1D - Staffing Rates (Contract Compliance)	Capital Programs	Medium	10/9/2020	6/30/2021	N/A	Capital is currently working on providing documentation in support of closing this issue. Not yet due.
30	Coney Island Hospital	1E - Total Staffing (Contract Compliance)	Capital Programs	Medium	10/9/2020	6/30/2021	N/A	Capital is currently working on providing documentation in support of closing this issue. Not yet due.

Open Audit Issues (pg 7)

#	Project Title	Open Audit Item	Department	Risk Rating	Original Report Date	Original Target Date	Revised Target Date	Current Status
31	Coney Island Hospital	1F - Laborers (Contract Compliance)	Capital Programs	Medium	10/9/2020	6/30/2021	N/A	Capital is currently working on providing documentation in support of closing this issue. Not yet due.
32	Coney Island Hospital	2A - Change Order Overhead and Rates (Change Management)	Capital Programs	Medium	10/9/2020	6/30/2021	N/A	Capital is currently working on providing documentation in support of closing this issue. Not yet due.
33	Coney Island Hospital	3A - Negative Lags, Leads (Project Schedule)	Capital Programs	Low	10/9/2020	6/30/2021	N/A	Capital is currently working on providing documentation in support of closing this issue. Not yet due.
34	Coney Island Hospital	3B - Lags (Change Management)	Capital Programs	Low	10/9/2020	6/30/2021	N/A	Capital is currently working on providing documentation in support of closing this issue. Not yet due.
35	Coney Island Hospital	4A - Single Plane vs. Biplane Imaging Systems (Management Observations)	Capital Programs	Medium	10/9/2020	6/30/2021	N/A	Capital is currently working on providing documentation in support of closing this issue. Not yet due.

Open Audit Issues (pg 8)

#	Project Title	Open Audit Item	Department	Risk Rating	Original Report Date	Original Target Date	Revised Target Date	Current Status
36	Coney Island Hospital	4B - Design of Space for Medical Equipment (Management Observations)	Capital Programs	Medium	10/9/2020	6/30/2021	N/A	Capital is currently working on providing documentation in support of closing this issue. Not yet due.
37	Coney Island Hospital	4C - Cost-loaded schedule (Management Observations)	Capital Programs	Enhancement	10/9/2020	6/30/2021	N/A	Capital is currently working on providing documentation in support of closing this issue. Not yet due.
38	Water Siphon Project	Variance between the winning bid, Engineer's Estimate, and other bidders was not vetted properly to minimize performance risk to the project	Capital Programs	High	12/16/2020	12/31/2020	N/A	Capital is currently working on providing documentation in support of closing this issue. Past due date.
39	Water Siphon Project	Contractor's commitment to bid response were not captured to memorialize their commitment as part of the contract	Capital Programs	High	12/16/2020	3/1/2021	N/A	Capital is currently working on providing documentation in support of closing this issue. Not yet due.
40	Water Siphon Project	Improper schedule management led to unnecessary delays resulting in additional claims and delays	Capital Programs	High	12/16/2020	3/1/2021	N/A	Capital is currently working on providing documentation in support of closing this issue. Not yet due.

Open Audit Issues (pg 9)

#	Project Title	Open Audit Item	Department	Risk Rating	Original Report Date	Original Target Date	Revised Target Date	Current Status
41	Water Siphon Project	Improper documentation of potential claims may have resulted in an inadequate settlement	Capital Programs	Medium	12/16/2020	3/1/2021	N/A	Capital is currently working on providing documentation in support of closing this issue. Not yet due.
42	Water Siphon Project	Ambiguous language in the Contract related to contractor-initiated Change Orders led to unfavorable resolution	Capital Programs	Medium	12/16/2020	3/31/2021	N/A	Capital is currently working on providing documentation in support of closing this issue. Not yet due.
43	Water Siphon Project	Inaccurate labor cost calculations resulted in overpayment of labor cost	Capital Programs	Low	12/16/2020	12/31/2020	N/A	Capital is currently working on providing documentation in support of closing this issue. Past due date.
44	Water Siphon Project	Late submittal of Escrow Bid Documents (EBD) resulted in claims being unsupported by the EBD and an ineffective claim resolution process	Capital Programs	Medium	12/16/2020	3/1/2021	N/A	Capital is currently working on providing documentation in support of closing this issue. Not yet due.
45	Water Siphon Project	Lack of proper follow-up by the Project Team with non-responsive bidders likely led to limited information being included in the bid and diminishing overall bid competitiveness	Capital Programs	Low	12/16/2020	3/1/2021	N/A	Capital is currently working on providing documentation in support of closing this issue. Not yet due.

END OF PRESENTATION



Session with External Auditors

NYC / EDG

Session with Internal Audit

NYC / EDG

Session with Management

NYC / EDG

Other Business