



NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

Richard M. Froehlich
*Chief Operating Officer &
General Counsel*

March 31, 2017

Marjorie Landa
Deputy Comptroller for Audit
Executive Offices
1 Centre Street
New York, NY 10007-2341

Dear Ms. Landa:

New York City Housing Development Corporation (HDC) has completed its review of the Corporation's internal control structure for filing the NYC Comptroller's "Directive #1" Financial Integrity Statement for calendar year 2016. The review was conducted based on the Financial Integrity Statement's internal control checklist questions for the following areas:

- Effectiveness and Efficiency
- Cash Receipts
- Imprest Funds (Petty Cash)
- Billings and Receivables
- Expenditures and Payables
- Inventory
- Payroll and Personnel
- General IT Controls & Procedures
- Internet Connectivity
- Project Risk and IT Risks
- Incident Response
- Single Audit
- Internal Audit Function

HDC is not a City agency; therefore, certain questions on the checklists regarding specific Directives, City payroll and personnel procedures, compliance with PPBR, DoITT's Citywide Information Security Policies and Standards and certain reporting requirements are not applicable. The Corporation does however have procedures and controls established for these areas. Our evaluation was based on a review of these internal HDC procedures for each area and on prior internal audit reviews conducted throughout the Corporation's fiscal years. The checklist reviews were completed by March 24, 2017. It should be noted that the Corporation also

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undergoes an annual audit by an external auditing firm, currently Ernst & Young, and part of their auditing procedures includes a review of the Corporation's systems of internal controls. The Corporation has had clean opinions to date.

Upon conclusion of our evaluation, it is our opinion that the New York City Housing Development Corporation's present internal control structure, taken as a whole, is sufficient to meet internal control objectives that pertain to the prevention and detection of errors or irregularities that would be material to the Corporation.

This Financial Integrity Statement was prepared by Shirley Jarvis, Vice President of Internal Audit at (212) 227-7604.

Sincerely,

A handwritten signature in cursive script, appearing to read "Richard M. Froehlich".

Richard M. Froehlich