



## MEMORANDUM

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To: Audit Committee

From: Mary Hom *MH*  
Chief Risk Officer

Date: March 31, 2025

Re: 2024 Internal Audit Internal Assessment

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In accordance with The International Professional Practices Framework (IPPF), the conceptual framework that organizes authoritative guidance promulgated by The Institute of Internal Auditors (IIA), HDC has conducted its 2024 Internal Audit Internal Assessment. This annual internal assessment is part of HDC's Quality Assurance and Improvement Program (QAIP) as dictated by the IPPF and helps to ensure that HDC's internal audit function operates effectively.

The attached assessment outlines the structure and activities of the internal audit function for calendar year 2024, including all audits completed, Internal Audit projects and initiatives, governance and oversight activities, and updates regarding employee development and ongoing training that helps to ensure that staff remains current on all internal audit best practices.



**INTERNAL AUDIT**  
*Internal Assessment 2024*

• **Background**

The Global Internal Audit Standards (with revisions which came into effect January 9, 2025) is the conceptual framework that organizes authoritative guidance promulgated by The Institute of Internal Auditors (IIA). The IIA provides internal audit professionals worldwide with authoritative guidance. Global Internal Audit Standards dictate that a Quality Assurance and Improvement Program (QAIP) be developed and maintained that covers all aspects of the internal audit activity. As part of HDC’s QAIP, an annual internal assessment of the Corporation’s Internal Audit activity is performed. Additionally, an external assessment must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the Corporation. The last time an external assessment was completed at HDC was in March 2023 by BDO USA, LLP.

• **Staff & Experience**

- Mary Hom, Chief Risk Officer (Chief Audit Executive or CAE)
  - 37 years Credit Risk (6 years Internal Audit)
  - Joined HDC in March 2004
  - B.A. Business Economics, Brown University
- Neil Saranga, Deputy Director, Internal Audit
  - 16 years Internal Audit (5 years Accounting)
  - Certified Fraud Examiner (CFE)
  - Certified Information Systems Auditor (CISA)
  - Joined HDC in March 2019
  - B.S. Accounting, CUNY, College of Staten Island
- Kimberly Huang, Junior Internal Auditor
  - Joined HDC in November 2023 (intern – March 2023 – November 2023)
  - B.S. Criminal Justice, CUNY, John Jay College of Criminal Justice

• **Internal Audit Activities**

- 2024 Audit Plan – The Internal Audit Team completed the 2024 Audit Plan (as presented to and approved by the Audit Committee on a quarterly basis).

<b>2024 Audit Plan</b>		
<u>Audit</u>	<u>Status</u> <b>✓-Completed</b> <b>X-Canceled</b>	<u>Comments/ Number of Recommendations</u>
Business Continuity Plan (advisory)	✓	N/A
Succession Planning (advisory)	✓	N/A
Global Internal Audit Standards Conformance* (review)	✓	N/A
Month-End Reconciliation (assurance)	✓	3
Escrow Servicing* (assurance)	✓	1

Fee Income (review)	✓	N/A
Investments* (Continuous Monitoring)	✓	0
Annual Risk Assessment (review)	✓	0
Employee Expenses*^	✓	0
President's Office Expenses*^	✓	0
Petty Cash^	✓	0
*Final reports presented to Audit Committee in calendar year 2025.		
^Required by the 2003 Memorandum of Understanding with the NYC Department of Investigation (DOI).		

- **PII Working Group**
  - Internal Audit coordinates a working group that meets on a quarterly basis to address issues pertaining to Personally Identifiable Information (PII) to ensure the safeguarding of PII
  - Working group consists of members of the following departments:
    - IT (Chief Information Officer and VP-Enterprise Architecture)
    - Human Resources (Chief Human Resources Officer and Vice President-Compensation, Benefits, and Payroll)
    - Legal (Associate General Counsel-Chief Privacy Officer and Special Counsel)
    - Asset Management (AVP-Portfolio Analysis)
    - Internal Audit (CAE, Deputy Director, and Junior Internal Auditor)
  - Coordinates with the NYC Department of Housing Preservation and Development (HPD) to share best practices around PII
- **Annual Audit Committee Report 2024**
  - Compiled and presented to the Audit Committee (January 2025)
  - Emailed to the NYC Comptroller's Office in accordance with Directive #22 (January 2025)
- **Financial Integrity Statement**
  - The reporting of HDC's Financial Integrity Statement is required once every four (4) years. As a result of staff shortages in the NYC Comptroller's Office, and the amount of work required, the Comptroller issued a memo to all agencies that this reporting does not have to be done annually as stated in accordance with Directive #1. HDC's last reporting was done in 2022 for 2021 financials, and the next required reporting would be in 2026 for 2025 financials.
- **Audit Committee Charter**
  - Presented to, reviewed and re-adopted by the Audit Committee (minor edits which include defining a quorum, and updates to Code of Ethics and Conflicts of Interest sections specific to Audit Committee members) (June 2024)
- **Conflicts of Interest Policy & Code of Ethics**
  - No updates to the policy
  - Annual certification of employee reaffirmation/reported to the Audit Committee (January 2025)

- **Risk Assessment Process/Audit Plan for 2025**
  - Commenced in August 2024
  - Discussions with department heads and teams
  - Engaged with each member of the Audit Committee individually
  - Continued with quarterly audit planning (transitioned in 2023)
  - Developed Audit Plan for First Quarter 2025/presented to and approved by the Audit Committee (November 2024)
  
- **Ongoing Staff Training & Development**
  - As noted in the Internal Audit Charter, HDC’s Internal Audit staff members are each required to complete a minimum of 15 hours of continuing professional education (“CPE”) each year. For the calendar year 2024, each member of HDC’s Internal Audit team completed or exceeded the minimum CPE requirement. The training and development activities for each staff member of the Internal Audit Department for 2024 were as follows:
    - Mary Hom, Chief Risk Officer/Chief Audit Executive
      - IIA: Get to Know the New Global Internal Audit Standards (January 2024)
      - S&P: US Housing Sector Outlook 2024 (January 2024)
      - S&P: US Housing & Housing Finance: 9 Sectors in 60 Minutes (February 2024)
      - S&P: AI for Security and Security for AI (February 2024)
      - DCAS: Sexual Harassment Prevention Training (March 2024)
      - IIA-NY: Fraud & Ethics Webinar (April 2024)
      - S&P: Quarterly Cyber Focus: Cyber Insurance Trends and Cyber Risk Pools (April 2024)
      - KnowBe4: Handling Sensitive Information With Care in the US (June 2024)
      - BDO: From AI to IA: How Internal Audit Can Adopt and Address the Risk of Artificial Intelligence (June 2024)
      - AuditBoard: IT Risk Now: Risk Management in the Age of AI - Essential Frameworks for IT Risk and Compliance Professionals (June 2024)
      - AuditBoard: IT Risk Now: An Enterprise Approach to Implementing Gen AI (June 2024)
      - AuditBoard: IT Risk Now: CISO's Strategic Blueprint Navigating Cyber Risk at the Executive Level (June 2024)
      - ISACA: AI Audit Toolkit Overview (July 2024)
      - ISACA: Fortifying Cyber Resilience Through a Proactive Approach (July 2024)
      - BDO: Exploring NIST Cybersecurity Framework 2.0 (July 2024)
      - NALHFA: Housing on the Horizon: Trends, Challenges & Opportunities Webinar (September 2024)
      - NEF: Tax Credit Training (October 2024)
      - AuditBoard: Audit & Beyond: The Future of Connected Risk - How AI and Advanced Tech are Powering Collaborative Teams (October 2024)
      - AuditBoard: Audit & Beyond: Connected Risk - Conquering the Perilous Risk Exposure Gap (October 2024)
      - AuditBoard: Audit & Beyond: Uniting Forces, Breaking Silos for a Stronger Cyber Defense (October 2024)
      - S&P: Cyber Spotlight (October 2024)
      - AuditBoard: How IA is Actually Using AI (October 2024)
      - KnowBe4: Business Email Compromise (November 2024)

- KnowBe4: Creating Strong Passwords (November 2024)
- Birch Island Real Estate Consulting: Fully Understanding Insurance for Multifamily Affordable Housing (November 2024)
- MSRB: Finding It Faster on EMMA (replay) (November 2024)
- DCAS: Giving Effective Feedback (December 2024)
- Neil Saranga, Deputy Director, Internal Audit
  - IIA: Get to Know the New Global Internal Audit Standards (January 2024)
  - IIA: The Best Practices for Data Visualization (January 2024)
  - ISACA: State of Privacy (January 2024)
  - DCAS: Sexual Harassment (March 2024)
  - DCAS: EEO and Diversity & Inclusion (March 2024)
  - IIA: Fraud & Ethics Virtual Conference (April 2024)
  - IIA: Annual Audit Conference (May 2024)
  - BDO: From AI to IA: How Internal Audit Can Adopt and Address the Risk of AI (June 2024)
  - AuditBoard: Audit & Beyond: Connected Risk - Conquering the Perilous Risk Exposure Gap (October 2024)
  - AuditBoard: Audit & Beyond: The Future of Connected Risk (October 2024)
  - AuditBoard: Preparing for an AI-Centric World (October 2024)
  - AuditBoard: Breaking Silos for a Stronger Cyber Defense (October 2024)
  - IIA: AI & Agile Auditing (November 2024)
  - KnowBe4: Business Email Compromise (November 2024)
  - KnowBe4: Creating Strong Passwords (November 2024)
  - DCAS: Giving Effective Feedback (December 2024)
  - DCAS: Data Analysis Using R (December 2024)
  - DCAS: Essential Skills for Leaders (December 2024)
  - DCAS: Creating Virtual Presentations (December 2024)
  - DCAS: Elevating Your Executive Presence (December 2024)
  - Continuous reading of IIA, ISACA/CISA, and ACFE journals along with submission of quizzes to earn CPE's
  - Maintaining certifications: Certified Information Systems Auditor (CISA) and Certified Fraud Examiner (CFE)
- Kimberly Huang, Junior Internal Auditor
  - BDO: Healthcare Trends & Topics Webcast Series: Cyber Defense in Healthcare: Are You Prepared for the Next Wave of Attacks? (May 2024)
  - BDO: IA Webcast Series 2024 - Course 3: From AI to IA: How Internal Audit Can Adopt and Address the Risk of Artificial Intelligence (June 2024)
  - BDO: Exploring NIST Cybersecurity Framework 2.0 (July 2024)
  - BDO: 2024 Tax Innovation Webcast Series: Tax Credit Monetization: Using Technology to Unlock Value (August 2024)
  - BDO: IA Webcast Series 2024 – Course 4: ESG Reporting: How to Navigate the Evolving ESG Regulatory Landscape and the Role of Internal Audit (September 2024)
  - BDO: IA Webcast Series 2024 – Course 5: Skills Development: Project Management for Internal Audit (December 2024)

- DCAS: Daring Greatly: Fully Showing Up at Work (December 2024)
- DCAS: CoPilot – Crafting Effective Prompts (December 2024)
- DCAS: Power of Talk: Who Gets Heard in the Workplace and Why (December 2024)

• **Oversight and Collaboration**

- Quarterly Audit Committee meetings
- Bi-weekly meetings between the President and CAE
- Monthly meetings between the General Counsel and CAE
- Annual one-on-one meetings between the CAE and each member of the Audit Committee
- Weekly Internal Audit staff meetings
- Whistleblower Hotline
  - Monitored on an ongoing basis by the CAE and General Counsel
  - 2024 – No complaints received pertaining to fraud, mismanagement, violation of laws, abuse of authority, and internal controls. (Messages were received regarding housing lottery and asset management questions. These messages were forwarded to our Asset Management division, logged in their records, and responded to in a timely manner.)

**Prepared By:**

*Neil Saranga*

03/21/2025

Neil Saranga, Deputy Director, Internal Audit

Date

**Reviewed By:**

*Mary Hom*

03/21/2025

May Hom, Chief Risk Officer/Chief Audit Executive

Date

*E. Enderlin*

03/26/2025

Eric Enderlin, President

Date

*Susannah Lipsyte*

03/21/2025

Susannah Lipsyte, EVP-General Counsel

Date