



Massachusetts Housing Finance Agency
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Investment and Audit Committee Meeting Minutes

Meeting Date and Time: September 13, 2022, at 1:00 p.m.

Meeting Location: In accordance with Section 20 of An Act Extending Certain COVID-19 Measures Adopted during the State of Emergency, 2021 Mass. Acts 20, as amended, this meeting was conducted through remote audio and video participation by the Members of MassHousing's Investment and Audit Committee.

Committee Members Present:

Mike Dirrane
Mark Attia

MassHousing Staff Present:

Rachel Madden
Stephen Vickery
Paul Scola
Paul Hagerty
Belmira Fallon
Gerarda Martin
Nancy Slaney
Laurie Bennett
Colin McNiece
Cynthia Fernandes
Hayden Smith
Simone Ward

PricewaterhouseCoopers (PwC)

Staff Present:

Nipa Patel
Jonathan Carbone
Rory O'Conner

The meeting began at 1:01 p.m.

Mr. Dirrane called the meeting to order and proceeded to ask for the approval of the minutes of the June 14, 2022 meeting. Upon a motion duly made and seconded by Mr. Attia, the members unanimously voted, by roll call, to approve the minutes of the June 14, 2022 meeting.

Following such approval, Ms. Fernandes reviewed the Investment and Audit Committee Report for the fourth quarter (Q4) of Fiscal Year 2022 (FY22). She started with a 3-year audit engagement recap and highlighted the successful completion of the FY22 audit plan, with a total of eight (8) reports issued. She gave an update on the Internal Audit staff composition, noting that: Qihong Li, Senior Internal Auditor, transferred to another department within the Agency; Simone Ward was hired as an Internal Auditor; and Hayden Smith was promoted to Senior Internal Auditor. She reviewed the 3-year recap of the engagements performed by other assurance providers. Ms. Fernandes explained that there was a notable increase in the number of engagements performed over the years; from six (6) engagements in 2020 to eleven (11) in 2021 and 2022. She noted that when comparing the number of findings between FY21 and FY22 there was a decrease in the number of findings identified, and further noted that most findings were compliance related over the past three years. Ms. Fernandes concluded by reviewing the finding identified in the Fannie Mae Cash Management Review.

Ms. Fernandes opened the floor to questions of which there were none, and as such, Mr. Dirrane moved on to the PwC Presentation of the Fiscal Year 2022 Audit Results.

Ms. Patel introduced the PwC team and referred to slide four (4) on the Presentation of the FY22 Audit Results. She stated that PwC is on target to complete the audit. She noted that the Ginnie Mae deadline is at the end of the month of September and that there were no significant changes to the audit plan. Ms. Patel then highlighted the items that remained open for completion at the current point in the engagement.

Ms. Patel referred to slide six (6) to highlight the required communications related to the audit engagement and noted that there were no matters to report. She then explained that with regard to the HUD compliance audit, in Fiscal Year 2021 there was an instance of noncompliance; however, as of Fiscal Year 2022, the deficiency was remediated and no instances of noncompliance were noted in the FY22 Report. Ms. Patel concluded by noting that, on completion of the audit engagement, the Financial Statements will be provided to the Committee prior to the next committee meeting in December. As in prior years, she stated that PwC will work with management and Mr. McNiece to distribute the requisite information.

There were no questions related to the PwC presentation. Mr. Vickery proceeded to review the draft of the MassHousing Financial Statements, Required Supplementary Information, Schedules and Supplementary Schedules.

Mr. Vickery gave a summary of the FY22 Balance Sheet. He noted that a market evaluation is performed for the Agency's pension every other year and he stated that the market evaluation would be completed next year. Mr. Vickery reviewed the Income Statement. Mr. Vickery concluded his presentation by explaining that "Other Income" decreased in FY22, because of the significant onetime item reported last year.

There were no questions related to Mr. Vickery's presentation.

Mr. Attia commented on the verbiage used to describe MassHousing's relationship with funding programs on the draft report. He explained that while reviewing the report, he was more attune to the specific terminology utilized. He noted that on page seven (7) of the Financial Statement, when referring to the COVID-19 Response, the term contractor was used, but the term subrecipient was subsequently used to describe MassHousing's relationship with the Homeownership Assistance Fund (HAF). He suggested a modification of the terminology to reflect the subrecipient relationship with Homeowner Assistance Fund (HAF) program and, if applicable, other programs.

Mr. Attia then inquired about the Neighborhood Stabilization Program and the Department of Housing and Community Development's affiliation with the program. Mr. McNiece explained that the funds referenced were for the Neighborhood HUB fund and confirmed that the programs were not the same. Mr. Vickery added that the Neighborhood HUB fund dollar value was not significant for financial disclosure purposes.

There were no further questions or comments.

At approximately 1:16 p.m. there was a motion to adjourn the meeting and the meeting concluded.

A true record.

Attest.



Colin M. McNiece
Secretary

Meeting Materials:

- Approval of June 14, 2022 Minutes
- Internal Audit Update
- PwC – Presentation of the FY22 Audit Results
- MassHousing Financial Statements, Required Supplementary Information, Schedules and Supplemental Schedules as of June 30, 2022 and 2021