



Massachusetts Housing Finance Agency
One Beacon Street Boston, MA 02108

Tel: 617-854-1000
Fax: 617-854-1091

Relay 711
www.masshousing.com

Investment and Audit Committee Meeting Minutes

Meeting Date and Time: December 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: Jeanne Pinado
Mark Attia

MassHousing Staff Present: Stephen Vickery
Paul Scola
Nancy Slaney
Laurie Bennett
Colin McNiece
Cynthia Fernandes
Hayden Smith

PricewaterhouseCoopers (PwC)
Staff Present: Nipa Patel
Jonathan Carbone
Rory O'Conner

The meeting began at 1:03 p.m.

Ms. Pinado called the meeting to order and proceeded to ask for the approval of the minutes of the September 13, 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 September 13, 2022 meeting.

Following such approval, Ms. Fernandes reviewed the Investment and Audit Committee Report for the first quarter (Q1) of Fiscal Year 2023 (FY23). Ms. Fernandes gave an overview of how the report is structured, noting that page one (1) of the report reflected the work of Internal Audit and page two (2) of the report reflected the work of external assurance providers. Ms. Fernandes reviewed page one (1) of the report and stated that Internal Audit is making steady progress on their FY23 Audit Plan. Ms. Fernandes asserted to the Committee that Internal Audit is independent with respect to the FY23 Audit Plan, and that she is not aware of any condition that would impact the independence or objectivity of the staff completing the plan. She stated that over Q1, the Internal Audit team supported the Agency's financial statement audit and issued an interim audit report for the e-MassHousing Replacement project. Ms. Fernandes noted that the "effective" interim opinion for the e-MassHousing Replacement project was significant because the previous interim report was a "generally effective" interim opinion. Ms. Fernandes noted that Internal Audit anticipates releasing a final report next quarter relative to this project. Ms. Fernandes stated that there were no instances of fraud reported during Q1.

Ms. Fernandes reviewed page two (2) of the report. She highlighted that there were eight (8) engagements completed to date with no findings identified. Ms. Fernandes noted that there were two (2) engagements that remain open. Specifically, the Agency members are working with the Division of Banks (DOB) to complete a Servicing Compliance Exam. In addition, the Agency members are working on the annual US Department of Housing and Urban Development (HUD) review of the Agency's Project Based Contract Administration (PBCA).

Mr. Attia asked about the DOB's review. Ms. Fernandes responded that the scope of the engagement includes a review of the Agency's servicing activities from FY 2019 to FY22. Mr. McNiece stated that the Agency is in the process of filing for a debt collector license that will supersede the third-party servicer license currently registered with the DOB. Mr. Attia asked that with respect to federal fund compliance, if there was any overlap with the audits performed by other assurance providers. Ms. Fernandes answered that Internal Audit is in the planning phase of an audit targeting the common controls relied on by the federal programs, and that the audit will include an evaluation of the internal controls relevant to the Housing Assistance Fund (HAF) program and funds received through the American Rescue Plan Act (ARPA). Ms. Fernandes highlighted that Internal Audit anticipates announcing the common controls audit at the beginning of next calendar year.

Ms. Pinado asked how working at home has impacted the Agency. Ms. Fernandes answered that when COVID occurred, Internal Audit worked with management to map the controls in the Agency and to understand the key processes needed to support work in the distributed environment. Ms. Fernandes commented that the Agency gained some efficiencies through remote working, as more automated controls were introduced. She also noted that the control environment has been stable over the past year, and therefore Internal Audit removed the section from the Internal Audit Committee report, where control environment activities relative to COVID were highlighted. Ms. Pinado asked about the use of paper documentation and whether electronic processes have been introduced. Ms. Fernandes answered that there was an Agency-wide effort to move from paper to electronic sources at the beginning of the global pandemic. She added that when Internal Audit performed their audit of the Administrative Services

function, Internal Audit evaluated new processes put in place due to COVID. Mr. Vickery noted that the Agency had made efforts to reduce its paper footprint prior to the global pandemic and noted that before COVID the finance team was using electronic resources to share documents to assurance providers. Ms. Fernandes highlighted that the Agency is making investments into technology, such as the e-MassHousing Replacement project, that can further reduce the Agency's paper footprint. There were no other questions.

Mr. Attia left the meeting at 1:14 p.m.

Ms. Patel proceeded to review PwC's presentation of the FY 2022 financial audit results. Ms. Patel explained that the purpose of the presentation was to conduct the required communications with the Committee. Ms. Patel noted that there was nothing new or different from the presentation made at the September 13, 2022 meeting that warranted a one-off communication to the Committee. Ms. Patel also noted that PwC completed the audit, as planned, in late September and that the audit report has been distributed to the Committee.

Ms. Patel inquired if there were any questions, and there were none.

Mr. McNiece offered to Ms. Pinado a private session with PwC in the absence of MassHousing staff. Ms. Pinado responded that she did not have any further questions.

At approximately 1:18 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 September 13, 2022 Minutes
- Internal Audit Update
- PwC – Presentation of the FY22 Audit Results