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## Investment and Audit Committee Meeting Minutes

Meeting Date and Time: April 11, 2023 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  
Carolina Avellaneda

MassHousing Staff Present: Stephen Vickery  
Rachel Madden  
Nancy Slaney  
Belmira Fallon  
Robert Wong  
Laurie Bennett  
Colin McNiece  
Cynthia Fernandes  
Hayden Smith  
Simone Ward

CliftonLarsonAllen LLP (CLA)  
Staff Present: Chris Rogers  
Shana Doiron

*The meeting began at 1:07 p.m.*

Ms. Pinado appointed Ms. Avellaneda as a member of the Investment and Audit Committee.

Upon a roll call of attending Members, Ms. Pinado called the meeting to order and proceeded to ask for the approval of the minutes of the December 13, 2022, meeting. Upon a motion duly made and seconded by Ms. Avellaneda, the members unanimously voted, by roll call, to approve the minutes of the December 13, 2022 meeting.

Following such approval, Ms. Fernandes reviewed the Investment and Audit Committee Report for the second quarter (Q2) 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, highlighting the Rental Management and Mortgage Insurance Fund (MIF) audit results. She noted that a “Generally Effective” opinion was issued for the MIF audit due to a “moderate risk” finding, which related to noncompliance with Private Mortgage Issuers Eligibility Requirements (PMIERS). Ms. Fernandes confirmed that new procedures were implemented by the MIF Team and that the finding was remediated. Ms. Fernandes stated that there were no instances of fraud reported during Q2 and that the fraud hotline contract with Navex Global was renewed.

Ms. Fernandes reviewed page two (2) of the report. She highlighted that the Division of Banks (DOB) audit engagement remained open. She noted the annual Project Based Contract Administration (PBCA) compliance review performed by the U.S Housing and Urban Development (HUD) was successfully completed with no findings. Ms. Fernandes also noted that review performed by Ginnie Mae of the multifamily portfolio was also completed with no reportable findings. Ms. Fernandes stated that she anticipates that a Counterparty Operational Risk Evaluation (CORE) review will be performed by Freddie Mac in May/June; the review has not been announced yet. Ms. Pinado asked for clarification on the dates highlighted on the assurance map to which Ms. Fernandes confirmed the timeline was based on the fiscal year and reflected July 2022 through June 2023.

Ms. Fernandes referenced the other materials provided for the meeting, which included a copy of the Investment and Audit Committee Charter and the MassHousing Investment Policy.

Ms. Pinado asked whether MassHousing had control over the timing of the Division of Bank’s (DOB’s) review and when the Committee could anticipate receiving a report. Mr. McNiece confirmed that MassHousing does not control the DOB’s review and timing. Mr. McNiece also noted that a point of law on the DOB’s interpretation of MassHousing’s registration requirements was raised, which is holding the review. A communication was filed with the DOB and MassHousing is awaiting the DOB’s response.

There were no further questions or comments on this presentation.

Mr. Rogers began the CLA presentation on the MassHousing Uniform Guidance Audit by introducing himself as the engagement principal and Ms. Doiron as the engagement manager. Mr. Rogers thanked Mr. Vickery and his team for their assistance throughout the audit. Ms. Doiron noted that two separate audits were completed: one for the Schedule of Expenditures of Federal Awards (SEFA) or Single Audit, and another one for the Financing Adjustment Factor (FAF). Ms. Doiron described the terms of engagement and reviewed the executive summary of the SEFA. Ms. Doiron noted that there were no issues related to compliance and internal controls, and an “unmodified” opinion was issued. There were no difficulties encountered during the engagement. Ms. Doiron concluded this section of the presentation by stating that a representation letter was signed by management and all activities were executed in the normal course of business.

There were no questions on this section of the presentation.

Ms. Doiron then reviewed the results of the FAF audit. Ms. Doiron explained that the FAF audit was a 3-year engagement performed over 2020 through 2022 and discussed the terms of the engagement. She commented that an “unmodified” opinion was issued. Ms. Doiron then reviewed the trend analysis of revenue and expenditures. Mr. Rogers further added that the audit covers three years, but the engagement is proactively performed yearly. Ms. Doiron went over the required communications for the audit and mentioned there was nothing of significance to the report.

Ms. Pinado congratulated the team for completing these engagements.

There were no further questions or comments.

*At approximately 1:18 p.m. members of MassHousing staff left the room so that the Committee could speak independently with CLA, after which the meeting concluded at approximately 1:23 p.m.*

A true record.

Attest.



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Colin M. McNiece  
Secretary

*Meeting Materials:*

- Approval of December 12, 2022 Minutes
- Internal Audit Update
- CliftonLarsonAllen LLP (CLA) Required Communications
  - RE: FY22 SEFA Audit and FY20-22 FAF Audit
- Other Materials:
  - Investment and Audit Committee Charter
  - MassHousing Investment Policy