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Minutes of the Meeting of the MassHousing Investment & Audit Committee held on March 11, 2025

A meeting of the MassHousing Investment and Audit Committee (the Committee) was held on March 11, 2025. 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, the meeting was conducted remotely through a publicly accessible Zoom meeting.

Participating remotely, were the Members of the Investment & Audit Committee (by roll call):

Committee Member	Present	Absent
Jeanne Pinado, Chair*	X	
Carolina Avellaneda**		X
Herby Duvern�***	X	
Bran Shim****	X	

* *Chair of MassHousing*

** *Vice Chair of MassHousing*

*** *Appointed by the Members of MassHousing*

**** *Ex Officio member as representative of the Executive Office for Administration & Finance*

Additionally, the following staff members were also present:

MassHousing Staff		CliftonLarsonAllen (CLA) Staff
Rachel Madden	Laurie Bennett	Chris Rogers Shana Doiron
Sandra Bakaysa	Colin McNiece	
Belmira Fallon	Amy Quimby	
Robert Wong	Cynthia Fernandes	
Nancy Slaney	Hayden Smith	
Lisa Silva Levine	Simone Ward	
Gerarda Martin		

Ms. Pinado called the meeting to order, and the meeting began at 1:17 p.m.

Ms. Fernandes reviewed the agenda for the Internal Audit Update, highlighting the state audit, Investment and Audit Committee Report for the second quarter (Q2) of Fiscal Year 2025 (FY25), and Internal Audit Strategy Summary. Ms. Fernandes drew the committee's attention to the state audit engagement letter and noted that the state auditors will be looking at Asset Management Reviews (AMRs), Management Occupancy Reviews (MORs), as well as the 3% priority program. She highlighted that the estimated time frame for the audit to be completed is six (6) months, and therefore, stated that the engagement will likely be completed by summer of 2025. She noted that Internal Audit facilitates the communication and coordination of documentation between the business area under audit and the state auditors.

Ms. Fernandes opened for questions on the state audit engagement.

In response to a question from Ms. Pinado regarding which areas were reviewed in the last audit, Ms. Fernandes responded by stating that the last state audit also looked at the Multifamily business area. In their prior report the state auditors highlighted recommendations for the Asset Management process in their "Other Matters" section. Ms. Fernandes stated that she believes the current audit is intended to follow up on prior recommendations, while expanding the engagement to include 3% Priority Program compliance. Ms. Pinado then inquired if the auditors are receiving all required documentation in a timely manner and Ms. Fernandes affirmed that MassHousing is on track with the state auditor's timelines.

Ms. Fernandes then reviewed the Investment and Audit Committee Report for the second quarter (Q2) of Fiscal Year 2025 (FY25). She noted that considering the scope of the state audit, changes were made to the FY25 Internal Audit Plan. Internal Audit determined there would be a duplication of efforts, and therefore the previously planned Asset Management Audit was cancelled. Ms. Fernandes asserted that Internal Audit is on track to complete the modified plan. She then reviewed the results of the IT Governance Point in Time Audit. She noted that the engagement provided assurance regarding the activities of three departments: Information Technology, the HomeOwnership Systems and Technology (S&T), and the Rental S&T departments. Ms. Fernandes noted that there were no instances of fraud reported to MassHousing's whistleblower hotline. She then discussed the status of the issue identified in the Diverse Business Engagement (DBE) Point in Time Audit completed in Q4 2024. She reminded the Committee of the issue, noting that workflow designs supporting DBE processes could be improved to meet business process objectives. Ms. Fernandes noted that subsequent to the audit, a project team was formed to provide recommendations to process design that were approved by the Executive Leadership Team (ELT). Management is in the process of implementing the redesigns agreed by the ELT. Ms. Fernandes highlighted that Internal Audit keeps issues open until they can validate that the new design is effective and operating as intended. Ms. Fernandes then recognized Ms. Ward for earning her Certified Internal Auditor certification from the Institute of Internal Auditors (IIA).

Ms. Fernandes reviewed the work of other assurance providers. She highlighted that the annual compliance review (ACR) of the Project Based Contract Administration (PBCA) was performed by the US Department of Housing and Urban Development (HUD), and no significant findings were reported.

Mr. Duvern  joined the meeting at 1:20 p.m.

Ms. Fernandes concluded by reviewing Internal Audit’s Summary Strategy. She noted that for FY25, key assignments include developing and executing on the Quality Assurance and Improvement Plan (QAIP) and documenting a succession plan. She also noted that Internal Audit continuously works with management on Enterprise Risk Management (ERM) activities, in addition to Internal Audit’s top priority, which is executing on the Internal Audit Plan.

Ms. Pinado asked for clarification regarding what is a Quality Assurance Improvement Plan (QAIP). Ms. Fernandes explained that the Global Internal Audit Standards require that Internal Audit departments be audited. Internal Audit shops receive an assessment from an independent external provider to determine whether Internal Audit conforms with the Global Internal Audit Standards. She noted that it has been a goal for the team to receive this external assessment to validate the high quality of internal audit’s work. Ms. Pinado commented that Internal Audit has a very ambitious strategy and noted that the strategy is very detailed and thoughtful.

There were no further questions on this presentation.

Upon a motion duly made by Ms. Pinado and seconded by Mr. Duvern , the members unanimously voted, by roll call of the Investment and Audit committee members present, to approve the minutes of the December 10, 2024, meeting.

VOTED: That the minutes of the Meeting held on December 10, 2024, are hereby approved and placed on record.

Mr. Rogers began the CliftonLarsonAllen (CLA) presentation on the MassHousing Uniform Guidance Audit by introducing himself and his colleague Ms. Doiron. Ms. Doiron proceeded to review the terms of the engagement and highlighted the results of the audit. She noted that the audit resulted in an “Unmodified Opinion” of the Schedule of Expenditures of Federal Awards (SEFA) and Compliance with Major Federal Programs. She further highlighted there were no compliance or internal control findings reported. Ms. Doiron affirmed that: there were no difficulties encountered during the engagement; no transactions lacked authoritative guidance; disclosures were neutral, consistent, and clear; and there were no uncorrected and corrected misstatements. She stated due to having no findings last year the Homeowners Assistance Fund was classed as “low” risk, and CLA opted to do an audit of the Housing Assistance Payments Program for Low Income Families program, which makes up close to 99% of MassHousing’s spending. She concluded by thanking MassHousing’s finance team for their assistance throughout the audit.

Ms. Pinado congratulated the management of MassHousing. She then asked whether CLA is tracking or has seen an impact on federal program compliance resulting from recent Presidential Executive Orders on Federal Programs.

Ms. Doiron noted that there have been no changes to the Uniform Compliance Guideline to date. Mr. Rogers commented that there are many unknowns at this time; however, CLA have a federal funding team who monitors daily changes in the external environment. If changes were to occur that impact MassHousing CLA will inform the MassHousing team.

There were no further questions or comments.

At approximately 1:33 p.m. MassHousing staff left the meeting so the Committee could speak independently with CLA, after which the meeting concluded at approximately 1:40 p.m.

A true record.

Attest.



Colin M. McNiece
Secretary

Meeting Materials:

- Approval of December 10, 2024, Minutes
- Internal Audit Update
- CliftonLarsonAllen LLP (CLA) Required Communications
 - RE: MassHousing 2024 Uniform Guidance Audit