Minutes of the Meeting of the MassHousing Investment & Audit Committee held on June 10, 2025

A meeting of the MassHousing Investment and Audit Committee (the Committee) was held on **June 10, 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 Duverné	X	
Bran Shim***	X	

** Chair of MassHousing*

***Vice Chair of MassHousing*

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

Additionally, the following staff members were also present:

MassHousing Staff		PricewaterhouseCoopers (PwC) Staff
Rachel Madden	Colin McNiece	Nipa Patel
Sandra Bakaysa	Amy Quimby	Mike Stankus
Paul Scola	Cynthia Fernandes	
Belmira Fallon	Hayden Smith	
Robert Wong	Simone Ward	
Nancy Slaney	Noah Roberts	
Laurie Bennett		

Ms. Pinado called the meeting to order, and the meeting began at 1:01 p.m.

Upon a motion duly made and seconded, the members voted, by roll call of all the members present (Herby Duverné had not yet joined), to approve the minutes of the March 11, 2025 meeting.

VOTED: That the minutes of the Meeting held on March 11, 2025, are hereby approved and placed on record.

Herby Duverne joined the meeting.

Following such approval, Ms. Fernandes reviewed the agenda for the Internal Audit Update and then proceeded to highlight the Investment and Audit Committee Report for the third quarter (Q3) of Fiscal Year 2025 (FY25). She presented an update on the Fiscal Year 2025 (FY25) Internal Audit Plan, noting that the audits were on track for completion. Ms. Fernandes noted that the Asset Management Point in Time Audit scheduled for Q4 2025 was canceled to avoid effort duplication with the State Audit engagement. She noted that one engagement was completed during Q3 and had an "effective" opinion. Ms. Fernandes then highlighted that all staff in the Internal Audit department met the competency requirement for Government Audit Standards training. She affirmed that there were no fraud calls or incidents reported through the hotline.

Ms. Fernandes walked through the Fiscal Year 2025 (FY25) assurance map and noted there were no changes this quarter. She further highlighted that the primary focus at this time was supporting the ongoing state audit, which is anticipated to continue into Fiscal Year 2026 (FY26).

Ms. Pinado inquired as to when the state audit engagement plan is expected to be completed. Ms. Fernandes responded by stating the audit was in the "fieldwork phase" and that the auditors are reviewing the documentation that the MassHousing team provided. All documentation requests were completed timely. She also noted that part of the state audit team's engagement process includes an Internal Quality Control review, which results in a longer process. Accordingly, Ms. Fernandes noted that she anticipates obtaining a draft report around September.

Ms. Fernandes proceeded to discuss Internal Audit's approach for creating the Fiscal Year 2026 (FY26) Plan. She noted that the risk-based plan took staff capacity, industry risks, and other assurance providers into consideration. Ms. Fernandes then discussed the Fiscal Year 2026 (FY26) Internal Audit Plan.

Ms. Pinado asked for clarification on what the Business Development audit would entail.

Ms. Fernandes stated that this would include looking at how the MassHousing team works with developers to bring in loans and how loans are transitioned into the Underwriting phase. The Internal Audit Team will validate the consistency of processes and practices among staff because there are new hires on the Business Development team.

Mr. Duverné asked how frequently information technology and cyber risks are audited, since they are "high" risk.

Ms. Fernandes stated that "high" risk units are formally audited every other year, but that the risks are constantly monitored through Internal Audit's liaison activities. Internal Audit staff are non-voting member of MassHousing's Information Security Committee where information technology and cyber risk mitigations are regularly discussed.

Ms. Avellaneda asked how diversity programs are audited and when the reallocation of the Diverse Business Engagement (DBE) function occurred.

Ms. Fernandes stated that an audit of DBE function occurred in FY2024 and a finding was identified in that audit. In response to the finding, as well as further consideration, the DBE function and control activities were moved to other divisions. To close the issue, Internal Audit will test the control activities in the new functions.

Mr. McNiece furthered this point by describing the reallocation process and noted that the change will go into effect on 7/1/2025.

Ms. Fernandes stated that she will work with Mr. McNiece to ensure the Committee is informed of Internal Audit's issue closures.

Mr. Duverne expressed gratitude for the team's continued work and there were no further questions.

Ms. Patel proceeded with the PwC presentation, going over the objectives for the external audit and the expected deliverables. She commented that PwC collaborates closely with MassHousing's management to create its audit plan. She also reviewed PwC's scope of work. Mr. Stankus then reviewed the risk assessment process and discussed the key risks identified. He stated that although no other risks were identified this can change as the engagement evolves and if so, the Committee will be informed.

Mr. Stankus asked if the Committee was aware of any instances of fraud. The Committee Members unanimously stated that they were not aware of any instances and no significant or unusual transactions.

Ms. Pinado asked how MassHousing's processes compared to that of other clients.

Mr. Stankus noted that MassHousing's processes are typically timely and thorough. Ms. Patel commented that MassHousing is very sophisticated in mitigating the risk of fraud and risk management activities are appropriate for its size.

Mr. Stankus reviewed the engagement points of focus, noting that the multifamily allowance for loan loss will be an area of emphasis and the general ledger (CODA) migration to the cloud environment. He then reviewed PwC's independence requirements, materiality, and the other required communications.

Ms. Patel then highlighted the composition of the PwC audit team and discussed PwC's commitment to proactive communication with MassHousing management. She also mentioned that other agency experts are available to provide further clarity on topics, such as bringing in experienced personnel to assist with Artificial Intelligence (AI).

Ms. Pinado asked about the audit engagement timeline.

Ms. Patel stated that the target is in September and the Committee will be informed of PwC's progress at the next meeting.

There were no further questions or comments.

The meeting concluded at approximately 1:46 p.m.

A true record.

Attest.

Colin M. McNiece
Secretary

Meeting Materials:

- Draft Minutes of the Meeting held on March 11, 2025
- Internal Audit Update and presentation of FY25 Audit Plan
- PwC – Presentation of the FY25 Year-End Audit Plan