



Massachusetts Housing Finance Agency
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Minutes of the Meeting of the MassHousing Investment & Audit Committee held on December 9, 2025

A meeting of the MassHousing Investment and Audit Committee (the Committee) was held on December 9, 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*

In attendance was MassHousing Member Michael Glover. Additionally, the following staff members were present:

MassHousing Staff		PricewaterhouseCoopers (PwC) Staff
Rachel Madden	Laurie Bennett	Shannon Quan
Sandra Bakaysa	Cynthia Fernandes	Michael Stankus
Paul Scola	Hayden Smith	
Belmira Fallon	Simone Ward	
Thad Darcy	Tierra Henson	
Paul Hagerty		
Bruce Duncan		

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 unanimously voted, by roll call of the Investment and Audit committee members present, to approve the minutes of the September 9, 2025 meeting.

VOTED: That the minutes of the Meeting held on September 9, 2025 are hereby approved and placed on record.

Following such approval, Mr. Hagerty introduced his team and presented the Information Technology (IT) Update. He outlined the IT department's core mission, which includes data protection and operational integrity. Mr. Hagerty emphasized that robust cybersecurity is essential for managing reputational and financial risks. These risks are intrinsically linked and affect MassHousing's standing in the capital markets. He further asserted that rating agencies consider an entity's cyber risk management practices in their assessments. As a bond issuer, MassHousing must comply with the Security Exchange Commission's (SEC's) rules regarding risk transparency.

Ms. Pinado inquired about how cybersecurity is scored by the ratings agencies and MassHousing's performance.

Mr. Hagerty responded that MassHousing has a strong security posture and confirmed that a survey on key cyber practices was completed to score the Agency. He noted that while there are always areas for improvement, MassHousing is on the "stronger side" and consistently scores over 80 on its cyber insurance evaluations. He also noted that during quarterly due diligence calls, questions about incidents are asked and that he typically outlines several key security controls. The controls highlighted are that: the network and IT environment is scanned every 30 days with IT addressing any issues identified, recognized frameworks are used, and over 200 controls are in place to mitigate risks across people, processes, and technology. Furthermore, routine data backups and offsite storage are maintained, and control testing is performed by both PwC and Internal Audit.

Ms. Avellaneda inquired about the review and renewal processes for insurance coverage.

Mr. Hagerty responded that cyber insurance is reviewed annually, while the broader IT risk environment is regularly monitored for changes. MassHousing performs regular penetration testing to ensure security practices are in line with industry standards.

Ms. Pinado further inquired regarding the frequency of employee security awareness training.

Mr. Hagerty affirmed that security awareness training is a monthly occurrence, with simulated phishing exercises conducted each month. Staff who fail these simulations are required to complete additional training.

With no further questions, Mr. Hagerty then went on to note that the top cyber priorities for Fiscal Year 2026 were selected based on the National Institute of Standards and Technology (NIST) framework and area to improve MassHousing's Cyber maturity. He noted that MassHousing implemented a data management standard that all staff must acknowledge. Mr. Hagerty emphasized that MassHousing employs a continuously evolving cyber approach. He noted that IT has developed and deployed FortiSASE, a secure access service provider that provides secure access to the web, to ensure a consistent level of protection across all systems that require network access. He then highlighted IT's investments in the area of digital protection. Investments total to \$1.4 million, which represents 60% of IT's non-payroll spend. He categorized these expenditures as proactive investments.

Mr. Hagerty concluded his presentation by highlighting the core purpose of the Cybersecurity Team, which involves extensive cross-functional collaboration. The Cybersecurity Team ensures that security is embed throughout the IT environment, a key responsibility that requires 24/7 critical system monitoring. He noted that, to date, the team reported zero cybersecurity incidents. Mr. Hagerty emphasized that IT is a business imperative and he gratefully acknowledged MassHousing's Management Committee support for taking cyber risk and security seriously.

Mr. Pinado commended the thoroughness of the presentation and inquired about the future of cybersecurity for MassHousing.

Mr. Hagerty clarified that though he did not cover Artificial Intelligence (AI) in his presentation, MassHousing is exploring the use of AI to stay current with industry trends. He stated that MassHousing is taking a careful approach to AI. MassHousing implemented a Generative AI Policy and that a small group is currently piloting an AI chat agent to assist on typical staff activity. The group is tasked with evaluating the chat agent for accuracy and ease of use before further implementation with MassHousing staff.

There were no further questions.

Ms. Fernandes discussed the Institute of Internal Auditor's (IIA's) Cybersecurity Topical Requirement and affirmed that Mr. Hagerty's presentation accurately reflected the Agency's current security posture and affirmed that the practices and control noted were in line with industry security standards.

Ms. Fernandes then reviewed the Investment and Audit Committee Report for the first quarter (Q2) of Fiscal Year 2026 (FY26). Ms. Fernandes informed the Committee that Internal Audit completed its support of the annual external financial statement audit engagement and no significant fundings were identified. Ms. Fernandes affirmed there were no instances of fraud reported to the hotline in the first quarter.

Ms. Fernandes continued by reviewing the assurance activities performed by outside providers. She highlighted that there was a finding identified by Guidehouse, in their review performed on behalf of Ginnie Mae for single family cash operations. The review identified a “moderate” finding; the rating was based on the area reviewed, and not the risk associated. The issue associated with the findings was self-identified by MassHousing and was corrected prior to the report.

Ms. Fernandes proceeded to review the major communications required by the Global Internal Audit Standards. She confirmed that there were no changes in circumstances that require Internal Audit to change its mandate and re-affirmed the mandate. She noted that during Q1, Internal Audit performed their annual assessment of potential impairments to Internal Audit’s independence and objectivity; no impairments were identified for FY26. She highlighted that Internal Audit’s strategy will be presented at the March meeting.

Ms. Fernandes then reviewed the results of the State Audit engagement. She noted that the audit revealed no significant findings that must be reported under Generally Accepted Government Audit Standards (GAGAS). An "other matters" was reported regarding the 3% Priority Program. Ms. Fernandes noted that limited activity occurred during the scope period selected, and that no issues were found within MassHousing’s portfolio. She stated that while MassHousing respectfully disagreed with the finding, discussions with the other parties referenced in the 3% Priority Program Memorandum of Understanding (MOU) are currently underway to address the concerns highlighted.

Ms. Pinado asked for additional context on the State Auditor’s position.

Ms. Fernandes noted that the State Auditor’s position was that since there was no single body in charge of oversight of the program that MassHousing should clarify responsibility.

Ms. Avellaneda inquired if MassHousing will review the recommendations and decide whether the recommendations are actionable.

Mr. McNiece affirmed that MassHousing is already in discussions with the parties noted in the MOU. The MOU will be redrafted in 2026. He noted that the fundamental disagreement with the State Auditors was that the auditors were evaluating MassHousing on activities that were not agreed upon in the MOU. He noted that MassHousing is evaluating the relationships and roles noted in the MOU. He commented that the operational recommendations highlighted in the report do not consider the costs and benefits of their implementation and may not be feasible.

Ms. Pinado noted that in her opinion the audit report seems favorable and inquired about the frequency of the audits.

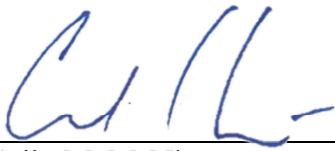
Mr. McNiece concurred with the statement and noted that per MassHousing's statute the audit occurs every three years. He noted that this audit took ten months to complete, while the prior State Audit was completed in 15 months.

There were no further questions.

At approximately 1:33 p.m. MassHousing staff left the meeting so the Committee could meet independently with PwC, after which the meeting concluded at approximately 1:37 p.m.

A true record.

Attest.



Colin M. McNiece
Secretary

Meeting Materials:

- Investment and Audit Committee.pdf [December 9, 2025]