MassHousing

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Minutes of the Meeting of the MassHousing Investment & Audit Committee held on June 9, 2026

A meeting of the MassHousing Investment and Audit Committee (the Committee) was held on June 9, 2026. 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	
Herby Duverné**		X
Bran Shim***	X	

* *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 present:

MassHousing Staff		PricewaterhouseCoopers (PwC) Staff
Colin McNiece	Cynthia Fernandes	Mike Stankus
Sandra Bakaysa	Simone Ward	Shannon Quon
Nancy Slaney	Hayden Smith	
Bel Fallon	Nathdaniel Rodriguez	
Laurie Bennett	Robert Wong	
Rachel Madden		

Ms. Pinado called the meeting to order, and the meeting began at 1:04 p.m.

Upon a motion duly made and seconded, the members voted, by roll call of all the members present, to approve the minutes of the March 10, 2026 meeting.

VOTED: That the minutes of the Meeting held on March 10, 2026, are hereby approved and placed on record.

Following such approval, Ms. Fernandes reviewed the agenda for the Internal Audit Update and then proceeded to discuss the Investment and Audit Committee Report for the third quarter (Q3) of Fiscal Year 2026 (FY26). She presented an update on the FY26 Audit Plan and stated the plan was progressing consistently with the scheduled timeline. Ms. Fernandes highlighted that the three audits being reported as completed within the quarter were without findings. Ms. Fernandes affirmed that Internal Audit completed 24 hours of Continuing Professional Education (CPE), meeting the Government Audit Standards requirements, and that no hotline calls were reported.

Ms. Fernandes then discussed the FY26 assurance map. She noted that the Annual Compliance Review (ACR), performed by the U.S. Department of Housing and Urban Development (HUD), was completed in May with no reportable findings.

Ms. Pinado asked for clarification regarding the Fannie Mae Mortgage Origination Risk Assessment (MORA) engagement, which Ms. Fernandes responded by providing the timing of the engagement. She noted that the fieldwork portion will continue into the next fiscal year, with interviews conducted in July and a report expected in August.

Ms. Fernandes then outlined the FY27 Audit Plan development process, highlighting that for this year a survey method was conducted. She noted that survey questions solicited management perspectives on top risks and opportunities, confirmed Internal Audit's fraud library, and gauged the Agency's readiness for Artificial Intelligence (AI) adoption.

Ms. Pinado asked how management is assessing emerging risks related to AI and workforce transitions, including considerations around training and data protection.

Ms. Fernandes responded that the survey was designed to assess how MassHousing is operationalizing AI, including team sentiment and management's understanding of emerging technologies. She noted that the results indicate the Agency is at an inflection point and prepared for broader adoption. She further explained that the Agency is actively monitoring AI-related risks and opportunities. First an internal cross-function team was established to focus on governance, security, and training. The AI considered for adoption was established in a secure tenant and MassHousing is conducting a pilot to identify appropriate use cases. She added that the agency has incorporated a thoughtful and methodical approach implementing a process where staff will be required to complete general AI training prior to gaining access to AI tools.

Ms. Fernandes then reviewed the Agency's Risk Profile noting it remained mostly consistent with the prior year. She highlighted that one risk unit was redistributed. Ms. Fernandes further noted that seven engagements were proposed for FY2027, including two areas which were not previously audited, as well as the high-risk area, IT. She also noted that the plan allocates time for project-related audit work, through which Internal Audit provides an evaluation of project management activities for major project implementations. She then briefly highlighted the FY2027 Assurance Map and the appendix, noting that Internal Audit's work is in line with Industry trends.

There were no further questions, and Ms. Pinado congratulated the Internal Audit team for its consistently ambitious and thorough work despite being a small team.

Ms. Bakaysa provided an overview of the upcoming implementation of Government Accounting Standards Board (GASB) 103 *Financial Reporting Model Improvements*. She noted that GASB 103 represents a significant change in the financial reporting model and that the FY26 Financial Statements will adopt this new standard. The new standard requires reclassification of operating and non-operating revenues and expenses, although the overall bottom line remains unchanged. Ms. Bakaysa clarified definitions of subsidy and grant activity and provided an illustrative example of the new presentation format.

Ms. Pinado asked about the accuracy of the new reporting structure, noting that bond activities are part of the Agency's core operations. PwC staff and Ms. Bakaysa confirmed that certain bond activities will appear below the operating activity line, consistent with applicable guidance and prior discussions with PwC. Mr. Quon further affirmed that these categorizations are intentionally aligned with PwC's review of comparable structures and supported by consultation with a GASB specialist to ensure compliance with the new standards.

Ms. Pinado asked whether comparative statements would be provided. Ms. Bakaysa confirmed that the FY25 statements will be recast for comparative purposes under GASB 103.

Mr. Quon then proceeded with PwC's FY26 Audit Plan presentation reviewing PwC's audit strategy, independence requirements, risk assessment, materiality, and audit scoping processes. He noted that materiality will increase slightly this year, but overall, the scope of work remains similar to the prior year. Mr. Quon further noted audit objectives remain unchanged.

Mr. Stankus reviewed the risk assessment and noted points of focus included the multifamily allowance for loan loss and compliance testing for HUD Programs. He noted that management continues to collaborate effectively and proactively, and that PwC has observed strong engagement practices throughout the year.

Mr. Stankus concluded the presentation by further reviewing their independence procedures, staffing structure, and commitment to completing 50–60% of audit procedures before fiscal year-end to reduce strain and avoid surprises. Mr. Stankus also reviewed the required communications and noted that no difficulties with management or significant concerns had arisen.

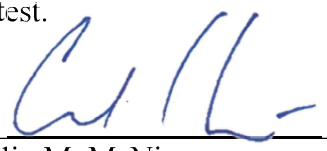
Ms. Pinado asked whether MassHousing is unique in its ability to complete its audit within three months of fiscal year-end. Mr. Quon confirmed that MassHousing is ahead of many comparable organizations, noting that reports have been issued to other clients in the December timeframe.

There were no further questions.

At approximately 1:44 p.m. MassHousing staff left the meeting so the Committee could speak independently with PwC, after which the meeting concluded at approximately 1:51 p.m.

A true record.

Attest.



Colin M. McNiece
Secretary

Meeting Materials:

- Meeting Minutes 3.10.26
- Internal Audit Update
- GASB 103 Implementation
- PwC Audit Plan FY26