

**DRAFT -- Posted October 10, 2024**

**VHFA Audit Risk Committee Meeting**

VHFA

164 St. Paul Street

Burlington

October 9, 2024 – 9:00 a.m.

**VHFA Committee Members Present:**

Michael Pieciak (Chair), Emily Kisicki (designee for Kevin Gaffney) (attended by electronic means) Fred Baser (attended in person)

**Other VHFA Board Members Present:**

None

**Staff Present:**

Maura Collins, Chris Flannery, Seth Leonard, Jacklyn Santerre, George Demas, Sheila Dodd, Alejandro Flores-Howland, Lisa Clark, Kim Roy, and David Chien

**Guests Present:**

Eric Rumberger, Kelsey Helin, Jimmy Morris (Cohn Reznick)

**COMMITTEE MEETING**

Mr. Pieciak, Chair, called the Audit Risk Committee Meeting to order at 9:04 a.m.

Staff confirmed that a Notice of this meeting was provided to the requesting parties and was posted on the Agency website and with State Department of Libraries, and that the Agenda for this meeting was provided to the requesting parties and posted on the Agency website, all within the statutory time requirements.

Staff confirmed that Minutes of prior meetings had been posted on the Agency website not less than 5 days after the meeting as required.

Mr. Pieciak confirmed that the Commissioners attending by electronic means could hear the conduct of the meeting and be heard throughout the meeting by the other attendees. Mr. Pieciak noted that Commissioners would have to vote by roll-call since there were Commissioners participating by electronic means.

Mr. Pieciak noted that because of a scheduling change, the Audit presentation from CohnReznick would be provided after the Risk Management Presentation.

### **AUDIT RISK MINUTES**

Ms. Kisicki moved that the Audit Risk Committee approve the June 18, 2024, Minutes. Mr. Baser seconded the motion, which was approved unanimously by roll call vote.

### **PUBLIC COMMENT**

Mr. Pieciak asked if there was any public comment, and there was none.

### **RISK MANAGEMENT REVIEW**

Mr. Flannery reviewed his memorandum on Agency risks and the attached materials. Mr. Flannery noted that while certain high level risks listed in 2023 relating to the Single Family portfolio had been downgraded, the remaining risks to the multifamily financing programs remained and a separate list of cybersecurity risks had been developed. Risks to the multifamily portfolio related to continued increases in project operating costs and staffing shortages. In addition, development of new projects continued to be affected by lack of capacity of Vermont developers and contractors. Finally, Mr. Flannery discussed risks associated with the number of new programs that the Agency has been tasked with setting up and executing. In connection with that Mr. Flannery noted that the Agency had recently updated its multifamily underwriting and its loan loss reserve policies to reflect changes in funding sources and project types. Ms. Roy noted that while the number of projects on the Multi Family watch list had decreased slightly from last year, the total dollar amount of related loans had more than doubled. She also noted the difficulties with finding qualified property managers. Mr. Chien then reviewed the Agency cybersecurity risks and actions to mitigate those risks.

There was a general discussion of issues raised in Mr. Flannery's presentations and related attachments.

### **FINANCIAL STATEMENT AUDIT AND UNIFORM GUIDANCE AUDIT FOR FY2024**

Mr. Flannery introduced CohnReznick representatives Mr. Rumberger, Ms. Helin, and Mr. Morris, who presented the FY 2024 Financial Statement Audit report and Uniform Guidance Audit. Mr. Rumberger reviewed the Independent Auditor's report and the audit standards, report on compliance with Government Auditing Standards, and Uniform Guidance report, which focused on the Vermont Homeowner Assistance Program and the Agency's use of Capital Magnet Funds. Mr. Rumberger reviewed procedures used in conducting the audit and noted that no deficiencies or non-compliance with standards had been found. Mr. Rumberger reviewed the

management letter, which did not note any significant difficulties or disagreements with management.

After a general discussion, Mr. Baser moved that the Committee recommend the audit report and uniform guidance audit to the full Board for review and acceptance. Ms. Kisicki seconded the motion which was unanimously approved by roll call vote.

#### **ADJOURNMENT**

Mr. Pieciak confirmed with Staff that Minutes of the meeting had been kept and would be posted to the Agency's website within five days.

Upon motion by Mr. Baser, seconded by Ms. Kisicki and unanimously approved by roll call vote, the meeting was adjourned at 10:30 a.m.