

Public Meeting Agenda

California Housing Finance Agency Audit Committee  
Thursday, October 21, 2021  
9:00 a.m.

Click on the link to register:

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1. Roll Call
2. Approval of the minutes of the May 27, 2021 Audit Committee meeting ..... 1
3. Chairperson comments
4. Annual audit update (Lori Hamahashi)
5. 2021 Cybersecurity update (Ashish Kumar, Russell Nakao)
6. CalHFA State Leadership Accountability Act (SLAA) update (Rebecca Franklin)
7. Annual review of the Audit Committee Charter (Dalila Sotelo) ..... 3
8. Discussion of other Committee matters
9. Public comment: Opportunity for members of the public to address the Committee on matters within the Committee's authority
10. Adjournment

## MINUTES

### California Housing Finance Agency (CalHFA) Audit Committee Meeting May 27, 2021 Meeting noticed on May 17, 2021

#### 1. ROLL CALL

The California Housing Finance Agency Audit Committee meeting was called to order at 10:03 a.m. by Chair Sotelo. A quorum of members was present.

MEMBERS PRESENT: Gunning, Ma, Sotelo

MEMBERS ARRIVING  
AFTER ROLL CALL: None

MEMBERS ABSENT: None

STAFF PRESENT: Don Cavier, Jennifer LeBoeuf, Lori Hamahashi, Claire Tauriainen,  
Melissa Flores

GUEST SPEAKER: Mandy Merchant, Principal, *CliftonLarsonAllen*

#### 2. APPROVAL OF MINUTES – November 12, 2020

The minutes were approved by unanimous consent of members present.

#### 3. CHAIRPERSON COMMENTS

Chair Sotelo opened by thanking former Audit Committee Chair Gunning for appointing her and stated that she looks forward to continuing to work with the CalHFA team.

#### 4. REVIEW AND DISCUSSION OF THE AUDIT FINANCIAL STATEMENTS FOR THE CALIFORNIA HOUSING FINANCE FUND FOR THE YEAR ENDING JUNE 30, 2020, INCLUDING A DISCUSSION WITH THE PRINCIPAL FROM CLIFTONLARSONALLEN, LLP.

*Presented by Mandy Merchant*

Merchant provided the committee with an overview of audit results of the California Housing Finance Fund for the year ending June 30, 2020. She reported that the Agency received an unmodified or “clean opinion” on the financial statements. She further reported that there were

no findings this year on the Single Audit of the Section 8 program. She discussed with the Committee the significant delays experienced in receiving required information from other state agencies, outside of CalHFA's control, that resulted in delayed audit completion and annual financial reporting.

## **5. DISCUSS AUDIT SERVICES CONTRACT**

*Presented by Don Cavier*

Acting Executive Director Cavier informed the Committee that CalHFA's independent auditors, CliftonLarsonAllen (CLA), were among several other vendors to submit proposals to provide services related to CalHFA's administration of the Mortgage Relief Program. Due to issues of independence, should CLA be selected during this process, they would have to step down from the role as CalHFA's auditor and the Committee would then work with Agency staff to select a new audit firm.

## **6. DISCUSSION OF OTHER COMMITTEE MATTERS**

Chair Sotelo asked if there were any other Committee matters to discuss and there were none.

## **7. PUBLIC COMMENT: OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO ADDRESS THE COMMITTEE ON MATTERS WITHIN THE COMMITTEE'S AUTHORITY**

Chair Sotelo asked if there were any public comments and there were none.

## **8. ADJOURNMENT**

As there was no further business was to be conducted, Chair Sotelo adjourned the meeting at 10:59 a.m.

**CALIFORNIA HOUSING FINANCE AGENCY  
AUDIT COMMITTEE CHARTER  
MAY, 2006**

**MISSION**

The Audit Committee of the Board of Directors of the Agency will assist the Board of Directors in fulfilling its oversight responsibilities in the area of financial reporting and accounting integrity. In performing its duties, the Audit Committee will maintain effective working relationships with the Board of Directors, with Agency executive management and staff, and with the Agency's independent auditors. The Audit Committee has the authority to conduct any review appropriate to fulfilling its responsibilities. The committee will have direct access to independent auditors, as well as anyone in the organization.

**COMPOSITION**

The Audit Committee will be comprised of no less than three voting members of the Board, to be selected by the Chairman of the Board, to serve on a rotational basis with staggered terms.

**AUTHORITY**

The Audit Committee has certain limited powers delegated to it by Board Resolution 06-08, and will act in an advisory capacity to the Board concerning audits and related financial matters. Management, staff, and the independent auditor will serve as a resource to the Committee in their understanding of the Agency's financial reporting and accounting policies. All employees of the Agency are directed to cooperate as requested by members of the Committee.

**MEETING**

The Audit Committee will meet at least twice per year. The committee will also report to the full Board, at a regular meeting of the Board of Directors at least once a year, on the audit process and results of such audits. All meetings of the committee shall be open public meetings subject to the same notice and agenda procedures as are regular meetings of the Board. Agency staff will serve as staff to the committee.

**MINUTES**

Minutes of each meeting will be prepared and sent to all members of the Board. The committee minutes need not be verbatim. Minutes of meetings are public records unless exempted under the California Public Records Act or other applicable law.

**DUTIES**

The Audit Committee will conduct its oversight activities by:

1. Periodically reviewing with the assistance of Agency management, staff and independent auditors the Agency's policies and procedures. Part of this review shall include the direct inquiry of management and independent auditors about the significant risks or exposures and the steps management has taken to minimize such risk to the Agency.
2. Review with the staff and independent auditor the scope and general extent of the independent auditor's examination. The Audit Committee's review shall include an understanding from the independent auditor of the factors considered in determining the audit scope, including:
  - a. Industry and business risk characteristics of the Agency
  - b. External reporting requirements
  - c. Materiality of the various segments of the Agency's activities
  - d. Quality of the Agency's internal control structure
  - e. Other areas to be covered during the audit engagement
3. Review with the Agency's management, staff, and independent auditors, upon the completion of their audit, financial results for the year. This Committee shall:
  - a. Review the Agency's annual financial statements and the opinion of the independent auditors;
  - b. Discuss with management, staff, and independent auditors any current accounting and reporting issues, including recent professional and regulatory pronouncements – Agency management and staff shall have the duty to inform Committee members of significant relevant issues and developments in accounting and financing reporting;
  - c. Discuss with Agency management, staff, and the independent auditor any significant changes from preceding years;
  - d. Review the adequacy of disclosure of significant items;
  - e. Discuss with Agency management, staff, and the independent auditor the effect on financial statements of any proposed or implemented changes in accounting policies initiated by the Agency, independent auditors or pronouncements of standard boards or governmental authorities;
  - f. Presentation of financial statements;
  - g. Report to the Board any illegal, improper, or sensitive transactions that have come to the attention of the Committee through information received by management, staff or the independent auditor or by any other means;
  - h. Review significant adjustments proposed by the independent auditors

4. Review all management letter items from the independent auditor and the written responses from management about each comment or finding. Discuss with the independent auditors the level of professional competence of the Agency's financial and accounting personnel, and any relevant recommendations, which the auditors may have.
5. Recommend to the Board of Directors any appropriate changes in the duties of the Committee. Review and update the Committee's charter annually.
6. Review the Agency's selection process in obtaining a multi-year auditing services contract with an independent auditor.
7. Review legal and regulatory matters that may have a material impact on the financial statements and related compliance policies and programs.
8. Review with management the Agency's Conflict of Interest/Code of Ethics policy and the Agency's system of enforcing the policy.