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3 BOARD OF DIRECTORS  
4 OF THE CALIFORNIA HOUSING FINANCE AGENCY  
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7 RESOLUTION 24-20  
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9 RESOLUTION TO EXPAND ROLE OF AUDIT COMMITTEE TO INCORPORATE ENTERPRISE  
10 RISK MANAGEMENT AND TO AMEND AND REVISE THE AUDIT COMMITTEE CHARTER  
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13 WHEREAS, the Board of Directors (the "Board") of the California Housing Finance Agency (the  
14 "Agency") adopted Resolution 06-08 to create the Audit Committee and to fulfill the duties as stated  
15 therein; and  
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17 WHEREAS, the Agency has adopted Resolution 06-15 approving the current Charter of the Audit  
18 Committee; and  
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20 WHEREAS, the Audit Committee recommends expanding the duties of the Audit Committee to work in  
21 an advisory capacity to the Board with regard to the oversight of the Agency's Enterprise Risk  
22 Management, as set forth in the revised Charter attached hereto; and  
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24 WHEREAS, the Audit Committee recommends a revision to the Committee's Charter to be identified as  
25 the "California Housing Finance Agency Audit and Risk Management Committee Charter" to  
26 incorporate the Risk Management duties assigned to the Audit Committee; and  
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28 WHEREAS, the Board has reviewed the revised Charter attached hereto,  
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31 NOW, THEREFORE, BE IT RESOLVED by the Board of Directors as follows:  
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- 33 1. The role of the Audit Committee shall be expanded to perform in an advisory capacity to the  
34 Board and to make recommendations regarding the Enterprise Risk Management of the  
35 Agency, as set forth in the revised Charter, including its governance and framework, risk  
36 exposure management, Information Technology ("IT") security and IT security initiatives.  
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38 2. The attached "California Housing Finance Agency Audit and Risk Management Committee  
39 Charter October 2024" is hereby approved and adopted.  
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SECRETARY'S CERTIFICATE

I, Marc Victor, the undersigned, do hereby certify that I am the duly authorized Secretary of the Board of Directors of the California Housing Finance Agency, and hereby further certify that the foregoing is a full, true, and correct copy of Resolution 24-20 duly adopted at a regular meeting of the Board of Directors of the California Housing Finance Agency duly called and held on the 6<sup>th</sup> day of October 24, 2024, at which meeting all said directors had due notice, a quorum was present, and that at said meeting said resolution was adopted by the following vote:

AYES: Avila Farias, Cervantes, Cabildo, Grant (for Moss), Limon, Wiant (for Ma), Prince, Russell, Sin, Sotelo, Velasquez, White, Williams

NOES: None

ABSTENTIONS: None

ABSENT: None

IN WITNESS WHEREOF, I have executed hereto this 24<sup>th</sup> day of October 2024

ATTEST:

  
\_\_\_\_\_  
Marc Victor  
Secretary of the Board of Directors of the  
California Housing Finance Agency

**CALIFORNIA HOUSING FINANCE AGENCY**  
**AUDIT AND RISK MANAGEMENT COMMITTEE CHARTER**  
**OctoberMay, 20242006**

**MISSIONPurpose, Role, and Functions**

The Audit and Risk Management Committee (the “Committee”) ~~assists of~~ the Board of Directors ~~in of the Agency will assist the Board of Directors in fulfilling its oversight responsibilities in the area of financial reporting, and accounting integrity, and enterprise-wide risk management.~~ In performing its duties, the ~~Audit~~ Committee ~~will~~aims to 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.~~

**COMPOSITIONMembership**

The ~~Audit~~ Committee ~~will be~~shall consist of~~comprised of a minimum of no less than~~ three voting members ~~of the Board, to be~~ selected by the Chairman of the Board. Members will ~~to~~ serve on a rotational basis with staggered terms. The Chairman will appoint one member as the Chair of the Committee. All members should possess the appropriate qualifications, knowledge, skills, and experience to effectively carry out the Committee’s responsibilities. The Committee will oversee its own succession planning for Board approval.

**AUTHORITYAuthority**

The ~~Audit~~ Committee operates under limited powers ~~has certain limited powers~~ delegated ~~to it~~ by Board Resolution 06-08, and serves~~will act~~ in an advisory capacity ~~to the Board~~ concerning audits and ~~related financial~~enterprise risk matters. Management, staff, and ~~the~~ independent auditor will provide ~~serve as a~~ resources to enhance the Committee’s ~~in their~~ understanding of the Agency’s financial reporting obligations, responsibilities and any significant issues related to financial reporting, ~~and~~ accounting, and risk management policies. All Agency employees ~~of the Agency~~ are expected~~directed~~ to cooperate with the Committee as requested ~~by members of the Committee. The Committee has the authority to conduct any review necessary to fulfill its responsibilities, including direct access to independent auditors and any other personnel within the organization. The Committee will review its duties and charter annually and make recommendations to the Board if it determines that any changes are appropriate.~~

**MEETINGMeetings**

The ~~Audit~~ Committee shall~~will~~ meet at least twice ~~per~~ a year, with additional meetings as requested by the Chair or other members. It will ~~The committee will also~~ report to the full Board, ~~at a regular meeting of the Board of Directors~~ at least once a year regarding, ~~on the~~ audit processes and outcomes~~results of such audits~~. All meetings of the Committee ~~of the committee~~

~~shall~~will be open ~~public meetings subject~~ to the public, following the same notice and agenda procedures as for meetings of the are regular full meetings of the Board meetings. ~~Agency staff will serve as staff to the committee.~~

## ~~MINUTES~~Minutes

Minutes of each meeting will be prepared and distributed sent to all Board members ~~of the Board~~. These ~~committee~~ minutes ~~need not~~not be verbatim and are considered. ~~Minutes of meetings are public records unless subject to the privileges and exemptions of under the California Public Records Act or other applicable law.~~

## ~~DUTIES~~Duties and Responsibilities

The ~~Audit~~ Committee will conduct its oversight activities in relation to the following~~by~~:  
Audit

~~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.~~

- ~~1. Review with the staff and applicable independent auditors the scope and general extent of each such the independent auditor's examination, including direct inquiries regarding significant risks or exposures identified and management's strategies to mitigate those risks. -~~

~~The Audit Committee's review shall encompass 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~~

~~a~~b. External reporting requirements

~~b~~e. Materiality of the ~~various segments of the~~ Agency's activities

~~c~~d. Quality of the Agency's internal control structure

~~d~~e. Other areas ~~to be~~ covered during the audit engagement

- ~~3. Review with the Agency's management, staff and independent auditors, Upon the~~
- ~~2. completion of their audit, review and discuss with Agency's management, staff, and independent auditors financial results for the year. This Committee shall:~~

~~a. Review the Agency's annual financial statements and the independent auditor's opinion(s) of the independent auditors;~~

~~b. Discuss with management, staff and independent auditors any~~ Current accounting

~~and reporting issues, including recent professional and relevant regulatory or professional pronouncements, Agency ensuring management keeps the Committee and staff shall have the duty to informed~~

~~Committee members of significant relevant issues and developments in accounting and financial reporting;~~

~~c. Discuss with Agency management, staff and the independent auditor any~~ significant changes from prior~~ceeding~~ 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~~
- ~~dg. Report to the Board a~~ny illegal, improper, or sensitive transactions, reporting findings that have come  
to the ~~Board~~attention of the Committee through information received by management, staff or the independent auditor or by any other means;
- ~~eh. Review s~~Significant adjustments proposed by the independent auditors-
- ~~—4. Review all management letter items from the independent auditor and the written~~
- ~~3. responses from management about on~~ each comment or finding.
- ~~—Discuss with the~~
- ~~4. 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 and evaluate the Agency's selection process for~~obtaining a multi-year auditing services contract with independent auditors.
- ~~5. contract with an independent auditor.~~
- ~~—7. Review legal and regulatory matters that may have a materially impact on the financial~~
- ~~6. S~~tatements, and related compliance policies and programs.
- ~~7. 8. Review and assess with management the Agency's Conflict of Interest / Code of Ethics~~  
Policy and its enforcement.  
~~and the Agency's system of enforcing the policy.~~

### Risk Management

1. Review and recommend to the Board, changes to the Agency's enterprise-wide risk management governance and framework, in line with the Agency's Strategic Plan and annual business plan objectives, including, but not limited to the following:
  - a. Credit risk
  - b. Market risk
  - c. Compliance risk
  - d. Technology and Strategic risk
  - e. Legal risk
  - f. Business Continuity
2. Review with Agency's management and staff, to identify significant enterprise risk exposures, monitor and manage existing risks, evaluate risk mitigation strategies, based on the Agency's risk tolerances, as necessary, and report findings to the Board.
3. Review with Agency's management and staff, risks related to statutory and regulatory requirements, that could potentially impact operations of the Agency and provide findings to the Board.
4. Review findings from non-financial audits and examinations conducted by government agencies, external auditors, or consultants engaged for specific purposes.

5. Review biennial State Leadership Accountability Act (SLAA) report on the effectiveness of the Agency's internal control system to reduce waste, strengthen internal controls to minimize fraud, errors, and abuse of government funds.
6. Review the annual report on information security risk assessment, focusing on key risks, and evaluate the effectiveness of practices designed to manage cybersecurity activities to reduce vulnerabilities and combat threats.



**CALIFORNIA HOUSING FINANCE AGENCY**  
**AUDIT AND RISK MANAGEMENT COMMITTEE CHARTER**  
**October 2024**

**Purpose, Role, and Functions**

The Audit and Risk Management Committee (the “Committee”) assists the Board of Directors in its oversight of financial reporting, accounting integrity, and enterprise-wide risk management. In performing its duties, the Committee aims to maintain effective working relationships with the Board of Directors, Agency executive management, staff, and independent auditors.

**Membership**

The Committee shall consist of a minimum of three voting members, selected by the Chairman of the Board. Members will serve on a rotational basis with staggered terms. The Chairman will appoint one member as the Chair of the Committee. All members should possess the appropriate qualifications, knowledge, skills, and experience to effectively carry out the Committee’s responsibilities. The Committee will oversee its own succession planning for Board approval.

**Authority**

The Committee operates under limited powers delegated by Board Resolution 06-08 and serves in an advisory capacity concerning audits and enterprise risk matters. Management, staff, and independent auditors will provide resources to enhance the Committee’s understanding of the Agency’s financial reporting obligations, and any significant issues related to financial reporting, accounting, and risk management policies. All Agency employees are expected to cooperate with the Committee as requested. The Committee has the authority to conduct any review necessary to fulfill its responsibilities, including direct access to independent auditors and any other personnel within the organization. The Committee will review its duties and charter annually and make recommendations to the Board if it determines that any changes are appropriate.

**Meetings**

The Committee shall meet at least twice a year, with additional meetings as requested by the Chair or other members. It will report to the full Board at least once a year regarding audit processes and outcomes. All meetings of the Committee will be open to the public, following the same notice and agenda procedures as for meetings of the full Board of Directors.

**Minutes**

Minutes of each meeting will be prepared and distributed to all Board members. These minutes need not be verbatim and are considered public records subject to the privileges and exemptions of the California Public Records Act or other applicable law.

## **Duties and Responsibilities**

The Committee will conduct its oversight activities in relation to the following:

### Audit

1. Review with staff and applicable independent auditors the scope and extent of each such auditor's examination, including direct inquiries regarding significant risks or exposures identified and management's strategies to mitigate those risks. The review shall encompass:
  - a. External reporting requirements
  - b. Materiality of the Agency's activities
  - c. Internal control structure
  - d. Other areas covered during the audit engagement
2. Upon completion of the audit, review and discuss with Agency's management, staff, and independent auditors:
  - a. Agency annual financial statements and the independent auditors' opinion(s)
  - b. Current accounting and reporting issues, and relevant regulatory or professional pronouncements, ensuring management keeps the Committee informed of significant developments
  - c. Significant changes from prior years
  - d. Any illegal, improper, or sensitive transactions, reporting findings to the Board
  - e. Significant adjustments proposed by the independent auditors
3. Review all management letter items from independent auditors and written responses from management on each comment or finding.
4. Discuss with 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. Review and evaluate the Agency's selection process for obtaining multi-year auditing services contract with independent auditors.
6. Review legal and regulatory matters that may materially impact financial statements, compliance policies and programs.
7. Review and assess the Agency's Conflict of Interest / Code of Ethics policy and its enforcement.

### Risk Management

1. Review and recommend to the Board, changes to the Agency's enterprise-wide risk management governance and framework, in line with the Agency's Strategic Plan and annual business plan objectives, including, but not limited to the following:
  - a. Credit risk
  - b. Market risk
  - c. Compliance risk
  - d. Technology and Strategic risk
  - e. Legal risk
  - f. Business Continuity



2. Review with Agency's management and staff, to identify significant enterprise risk exposures, monitor and manage existing risks, evaluate risk mitigation strategies, based on the Agency's risk tolerances, as necessary, and report findings to the Board.
3. Review with Agency's management and staff, risks related to statutory and regulatory requirements, that could potentially impact operations of the Agency and provide findings to the Board.
4. Review findings from non-financial audits and examinations conducted by government agencies, external auditors, or consultants engaged for specific purposes.
5. Review biennial State Leadership Accountability Act (SLAA) report on the effectiveness of the Agency's internal control system to reduce waste, strengthen internal controls to minimize fraud, errors, and abuse of government funds.
6. Review the annual report on information security risk assessment, focusing on key risks, and evaluate the effectiveness of practices designed to manage cybersecurity activities to reduce vulnerabilities and combat threats.

1 RESOLUTION 06-08  
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6 RESOLUTION APPROVING CREATION OF AUDIT COMMITTEE  
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9 WHEREAS, the California Housing Finance Agency (the "Agency") is required  
10 by law to have audited financial statements of both the California Housing Finance  
11 Fund, and the California Housing Loan Insurance Fund, and  
12

13 WHEREAS, the staff of the Agency has recognized that both corporate and  
14 public boards are playing an increasingly direct role in the oversight of auditors and  
15 audited financial statements; and  
16

17 WHEREAS, the staff of the Agency has recommended that the Board create an  
18 audit committee for the purpose of providing the Board with direct involvement with  
19 auditors in connection with the preparation and review of such financial statements, as  
20 well as the retention of auditors by the Agency; and  
21

22 WHEREAS, the Board of Directors of the Agency recognizes that having a  
23 direct role in the audit process will constitute a sound financial practice that will assist  
24 both the auditors and staff in the preparation and review of the audits, and benefit the  
25 Board and the Agency generally;  
26

27 WHEREAS, the Board has determined that the best method of providing such a  
28 role would be through the creation of an audit committee consisting of three voting  
29 members of the Board of Directors, to which the Board would delegate the authority to  
30 develop policies and procedures relating to the retention of auditors by the Agency,  
31 and which would otherwise act in an advisory capacity to the Board concerning audits  
32 and related financial matters;  
33

34 NOW, THEREFORE, BE IT RESOLVED by the Board of Directors as follows:  
35

36 1. There is hereby created an audit committee of the Board of Directors,  
37 consisting of three voting members of the Board, to be selected by the Chairman of the  
38 Board annually or as otherwise required to fill vacancies.  
39

40 2. The audit committee shall generally be advisory to the full Board of  
41 Directors, provided, however, that the Board delegates to the audit committee the

1 authority to create any internal procedures regarding the selection and retention of  
2 auditors that the committee may deem appropriate.

3  
4 3. The role of the audit committee shall be to meet with Agency staff and  
5 outside auditors as necessary or desirable, to (i) develop any procedures necessary or  
6 helpful in connection with the selection and retention of auditors; (ii) facilitate audits  
7 of the Agency; (iii) review the scope of audits and any issues relating to such audits;  
8 and (iv) to review proposed audit findings and other related financial issues. The  
9 committee shall report to the full Board, at a regular meeting of the Board of Director  
10 at least once a year , on the audit process and the results of such audits; and may take  
11 such other actions as the Board may direct at such Board meetings .

12  
13 4. All meetings of the audit committee shall be open public meetings.

14  
15 I hereby certify that this is a true and correct copy of Resolution 06-08 adopted at a  
16 duly constituted meeting of the Board of Directors of the Agency held on January 12,  
17 2006, at Millbrae, California.

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21 ATTEST:   
22 Secretary  
23  
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RESOLUTION 06-15

RESOLUTION APPROVING AUDIT COMMITTEE CHARTER

WHEREAS, the California Housing Finance Agency (the "Agency") is required by law to have audited financial statements of both the California Housing Finance Fund, and the California Housing Loan Insurance Fund, and

WHEREAS, on January 12, 2006, the Board of Directors adopted Resolution 06-08, authorizing the creation of an audit committee of the Board; and

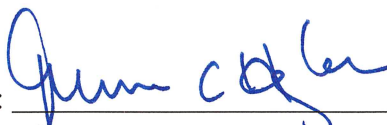
WHEREAS, the Chairman of the Board named Director Jack Shine as the Chairman of the audit committee, and Directors Carol Galante and Peter Carey as the additional members of the committee, as authorized by the terms of resolution 06-08; and

WHEREAS, the members of the committee and the staff of the Agency have developed a proposed charter for the committee;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors as follows:

1. The attached "Audit Committee Charter-May 2006" is hereby adopted by the Board.

I hereby certify that this is a true and correct copy of Resolution 06-15 adopted at a duly constituted meeting of the Board of Directors of the Agency held on July 6, 2006, at Sacramento, California.

ATTEST:   
Secretary