

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

MINUTES OF THE MEETING OF THE AUDIT COMMITTEE
HELD ON JUNE 11, 2020

Pursuant to the call of the Committee Chairman and notice duly given, the meeting of the Audit Committee of the Board of Commissioners of the Virginia Housing Development Authority (the “Authority”) was held on June 11, 2020.

COMMITTEE MEMBERS PRESENT:

Thomas A. Gibson, IV, Chairman
Manju Ganeriwala
Abigail Johnson
David E. Ramos

COMMITTEE MEMBERS ABSENT:

None

OTHER COMMISSIONERS PRESENT:

Shekar Narasimhan, Chairman
William C. Shelton, Vice Chairman

OTHERS PRESENT:

Susan F. Dewey, Chief Executive Officer
Patrick J. Carey, Chief of Program Strategy
Paul Brennan, Chief Counsel
Janet Wigglesworth, Chief of Operations
Fred Bryant, Deputy Chief Counsel
David Henderson, Controller
Courtney Insley, Senior Executive Assistant
Jim Dougherty, KPMG
Marquia Gunn, KPMG

The meeting of the Audit Committee was called to order by Chairman Gibson via WebEx at approximately 10:33 a.m. on June 11, 2020. The Committee met by electronic communication means (WebEx) as permitted by the Governor’s declared state of emergency due to novel coronavirus (COVID-19) that made it unsafe to assemble in a single location. The members of the Committee listed above as being present at the meeting were present at that time and remained present throughout the meeting except Commissioner Narasimhan, who left the meeting as noted below.

On motion duly made and seconded, the minutes of the meetings of the Audit Committee held on December 19, 2019, were approved by the affirmative vote of each of the Commissioners noted above as present at the meeting.

In response to a question posed by Commissioner Ganeriwala at the Committee's December 19, 2019 meeting, Mr. Henderson described the Authority's process for making its loan loss reserve calculation for its homeownership and rental housing programs. In connection with that report, Mr. Carey summarized the Authority's forbearance response to the COVID-19 pandemic in both such programs. Commissioner Narasimhan left the meeting at the conclusion of Mr. Henderson's report.

Mr. Dougherty and Ms. Gunn from KPMG discussed the plan for the upcoming audit encompassing both of the VHDA FY 2020 financial statements and the Retiree Health Care Plan financial statements. The presentation identified members of the audit team, audit approach and methodology, areas of greater audit risk, points of emphasis (including management override of controls and loan loss reserve), fees, and timeline for completion. Mr. Dougherty stated he would arrange for a call with the Committee Chairman and Internal Audit to discuss identified risks. In response to a question from Commissioner Shelton, Ms. Gunn described the qualifications of the KPMG Specialist that would review the loan loss reserve. In response to a question from Commissioner Gibson, Mr. Dougherty described a possible "market add on" to such loan loss reserve as a result of the COVID-19 pandemic. Mr. Dougherty addressed the independence of KPMG and disclosed that the Authority had recently hired a former employee of KPMG, but that such hire would not impact the independence of their audit.

In response to a question posed by Commissioner Ganeriwala at the Committee's December 19, 2019 meeting, Ms. Wiglesworth provided a report on the Authority's controls regarding termination of employees' access to external systems when an employee departs the Authority.

In response to a question posed by Commissioner Shelton at the Committee's December 19, 2019 meeting, Mr. Brennan provided a report about the method for determining the Internal Audit schedule, described the Authority's new governance system and described the reporting relationship of the Internal Audit and Risk departments.

There being no further business, the meeting was adjourned at approximately 11:28 a.m. on June 11, 2020.