

Rhode Island Housing

Minutes of the Audit Committee Meeting March 17, 2005

Board Attendees: Denise Barge, Kerrie Bennett, Anthony Marouchoc, Michael Marques
Staff Attending: Richard Godfrey, Elliot Greenberg, Thomas Hogg,
Outside Attendees: Stephen Geremia and Richard Pacheco from Lefkowitz, Garfinkel, Champi & DeRienzo, P.C. ("LGCD")

The Audit Committee of the Board of Commissioners convened at 10:00 a.m. to discuss audit results for fiscal year 2004 with LGCD, the Corporation's external auditing firm.

Mr. Geremia described the nature and scope of the annual audit, and noted that internal controls are surveyed as an integral part of the procedure. Mr. Pacheco described the results of work done in each of the areas reviewed, including Federal programs administered by the Corporation.

Audit findings can be summarized as follows: (1) the auditor's opinion was unqualified, (2) the report on internal controls listed no material weaknesses, (3) the review of major Federal programs contained one finding, and (4) there were no observations in the Management Letter.

The one finding in the Federal audit was explained and discussed. In essence, in some cases, income certification procedures in the voucher program used client financial information that was more than ninety days old. Subsequent investigation with more current information confirmed that the tenants were still eligible within the program, resulting in no adverse outcome versus the applied procedure. Nonetheless, departmental procedures have been revisited and tightened in this regard. Management's response to the finding will be placed in the auditor's report.

Mr. Geremia and Mr. Pacheco reviewed other aspects of the audit including matters required to be communicated to the Audit Committee, including any new accounting policies adopted (there were none) and a schedule of immaterial classification adjustments. With respect to the loan loss reserve, Mr. Geremia stated that, as was the case last year, the reserve remains at the upper end of the allowable range. In conclusion, Mr. Geremia stated that there were no disagreements with management and that no difficulties were encountered in the audit.

Board members asked questions of the auditors about matters presented, including the classification adjustments and the complexity of administering the bond payable and loan portfolios. Auditors and staff presented additional detail on the background and meaning of these items.

The Audit Committee expressed satisfaction with the audit and accepted it and the auditor's report.

There being no further business, the meeting was adjourned at 10:50 a.m.

Respectfully submitted:

Michael Marques
Committee Chairperson