

Rhode Island Housing

Minutes of the Audit Committee Meeting December 15, 2005

Board Attendees: Denise Barge, George Carvalho, Anthony Marouchoc, Michael Marques
Staff Attendees: Elliot Greenberg, Thomas Hogg, Michael Milito
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 9:30 a.m. to discuss audit results for fiscal year 2005 with LGCD, the Corporation's external auditing firm.

LGCD described the nature and scope of the annual audit, and noted that internal controls are surveyed as an integral part of the procedure. They also 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 two findings, and (4) there were no observations in the Management Letter.

Michael Milito discussed the more significant Federal Audit finding regarding HUD's regulations of Residual Receipts and the Corporations' interpretation of that rule. Management's response to both findings 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 was one) and a statement of immaterial classification adjustments. The new accounting policy adopted was the implementation of GASB 40 in fiscal 2005, dealing with various cash and investment disclosures. With respect to the loan loss reserve, 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 the audit and the auditor's report.

There being no further business, the meeting was adjourned at 10:30 a.m.

Respectfully submitted:

Michael Marques
Committee Chairperson