

Rhode Island Housing

Minutes of the Audit Committee Meeting September 16, 2010

Board Attendees: Perry Clough (Acting Committee Chair), Mark Noble, Michael Solomon
Staff Attendees: Richard Godfrey, Thomas Hogg, Kara Lachapelle
Outside Attendees: Robert Howard and Amanda Backhaus from CCR, LLP (“CCR”)

The Audit Committee of the Board of Commissioners convened at 8:30 a.m. to discuss audit results for fiscal year 2010 with CCR, the Corporation’s external auditing firm.

Mr. Howard began by describing the nature of the annual audit, its areas of focus and scope of review, particularly relating to our internal controls and procedures. He next outlined the results of work done in the seven major areas of his firm’s audit. He and Ms. Backhaus reviewed Federal programs administered by the Corporation to be included in the A-133 Single Audit, which will be finalized shortly according to the submission timeline required by the Auditor General.

The Financial Audit is in final draft form and now submittable to the Audit Committee for its review. Results and findings can be summarized as follows: (1) the Auditor’s Opinion will be unqualified, (2) the Report on Internal Controls will list no material noncompliance issues or weaknesses, (3) the Audit of Major Federal Programs, complete with regard to the review of systems and procedures, will be unqualified and will note no material control weaknesses, and (4) there will be no observations in the Management Letter.

Mr. Howard reviewed other aspects of the audit, including matters required to be communicated to the Audit Committee under SAS 114, including a discussion of accounting policies, classification adjustments and other matters that might affect the audit. He noted that there were no difficulties encountered in the audit, nor were there any other issues to report in any of these categories.

While there were no material findings or weaknesses in any of the documents prepared by the auditors, several suggestions were made that fall into the category of recommendations and best practices. In the Finance Department, CCR recommends a formal policies and procedures manual be compiled to record operating practices that are currently catalogued informally. In the Information Technology area, CCR offered a checklist of eight areas that might suggest further strengthening or refinement. Staff stated that they will devise a review and work plan process for all these suggestions, but do not believe any of the areas of comment represent even minor vulnerabilities.

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

After the auditors were excused, Committee members noted that this was CCR’s first year of engagement and asked staff for feedback on their capacity and performance. In general, staff would like to wait for the audit to be finalized before assessing CCR’s approach and their performance. Staff did note that CCR’s audit focus is on adequacy of financial controls and procedures as opposed to a more traditional audit scope emphasizing review of multiple samples of

ledger transactions. There are benefits and drawbacks to both approaches. Staff will assess CCR's procedures and capacities and make recommendations for continuation, adjustment to scope or wholesale change when the audit is formally finalized.

There being no further business, the meeting was adjourned at 9:30 a.m.

Respectfully submitted:

Perry Clough
Acting Chairperson of the Audit Committee