MaineHousing
MAINE STATE HOUSING AUTHORITY

Audit Department Memorandum

To: Board of Commissioners

From: Kimberly Whitley, Internal Auditor

Date: August 18, 2026

Subject: Audit Committee Report

Laura Buxbaum (Chair of the Audit Committee) and Audit Committee members Betty Dietz and Nancy Harrison met with both Linda Grotton (retiring) and Kim Whitley (incoming Internal Auditor) on July 8, 2026.

The Audit Committee reviewed and unanimously voted to approve minor title changes within the Audit Committee Charter. The Internal Audit Charter was also reviewed in detail during the meeting and was approved by an email vote, effective July 14, 2026. Both documents are attached to this Board report.

Linda provided an update on Internal Audit activity over the past several months, primarily focused on the Housing Stability and Support Program (HSSP). She also wrapped up her work with the Information Security Committee, passing the baton to Kim as the new Chair.

Several external audits are on-going or wrapped up in the last quarter since the last Audit Committee meeting:

- **U.S. Department of Treasury** is continuing to issue data requests specific to **ERA 1 and 2** activity.
- **OPEGA** (Maine's Office of Program Evaluation and Government Accountability) launched a full review of the **State Affordable Housing Tax Credit**. This is a routine review, following the "30-day Limited Analysis Project" they conducted earlier this year (February). A final report is not expected until early 2027.
- Fieldwork is currently underway for **MaineHousing's Uniform Grant Guidance (UGG) Audit.** Baker Newman and Noyes (BNN) is focusing on the Housing Choice Voucher Program, fedHOME, and Recovery Housing. BNN will plan to meet with the Audit Committee prior to the September board meeting to discuss results.
- The **State Bureau of Identification** (Maine State Police) conducted an audit of MaineHousing's use of **InforME**, the system HCV uses to conduct criminal background checks of applicants. Their final report dated May 27 shows MaineHousing as "compliant," but requested some minor changes to our tracking process. HCV reported that their updated version of the InforME Tracking Log was in effect on June 1.
- Results of the **HUD PBRA** (Project-Based Rental Assistance) Payment Integrity Review were included in the last quarterly board report. Linda also mentioned Asset Management's 25 years of clean **HUD PBCA** (Project-Based Contract Administration) Annual Compliance Reviews, with the receipt of the 2025 report on April 22, following the Audit Committee's last quarterly meeting.

AUDIT COMMITTEE CHARTER

Purpose

The primary purpose of the Audit Committee is to oversee MaineHousing's system of internal control over the reliability and integrity of financial reporting, the effectiveness and efficiency of operations, the safeguarding of assets, and the organization's compliance with laws, regulations, and contracts.

Authority

The Audit Committee has the authority to oversee the Internal Audit process and to direct the Internal Auditor to conduct reviews/investigations into matters falling within the Audit Committee's scope of responsibility.

Composition

The Committee consists of three MaineHousing Commissioners, with the exception of the Director of the Maine State Housing Authority. The Vice Chair of the Board serves as Chair of the Audit Committee. A quorum is comprised of two of the three Commissioners.

Meetings

The Audit Committee meets quarterly, or more frequently as needed.

The Internal Auditor is responsible for the preparation and distribution of the meeting agenda. The Internal Auditor is also responsible for drafting a record of each meeting, which will be reviewed by Audit Committee members and approved by the Audit Committee chair. The record will be included as the *Audit Committee Report to the Board* in the board packet for the next monthly meeting of the Board of Commissioners.

Responsibilities

Within each area of accountability, the Audit Committee carries out the following tasks:

- **Internal Audit**
  - Recommend the appointment or removal of the Internal Auditor to the Board of Commissioners.
  - Periodically review and approve the Internal Audit Charter.
  - Review the organizational structure of the Internal Audit function.
  - Review the effectiveness of the Internal Audit function.
  - Provide input to the Internal Auditor's administrative supervisor concerning his/her annual performance review.

- **Internal Control**
  - Provide direction and input to the development and execution of the Internal Audit Plan.
  - Review Internal Audit reports and offer comments on audit findings and recommendations.
  - Monitor significant open issues through to closure.

- **Compliance**
  - Review the findings of examinations by external regulatory agencies.

- **External Financial Audit**
  - Review all aspects of the external audit relationship, including scope and approach of the work to be performed (detailed in the engagement letter) and the cost of external audit services (audit fee).
  - Review results of the Year End Financial Statement Review, the Uniform Guidance Report, and any other engagements performed by MaineHousing's external auditor.

INTERNAL AUDIT CHARTER

Purpose

Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. MaineHousing's Audit function assists the organization in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, internal control, and governance processes.

The primary objective of the Internal Audit function is to assist members of MaineHousing Management and the Board of Commissioners in the effective discharge of their duties. The Audit department conducts reviews of operations, procedures, and internal controls and reports findings and recommendations to MaineHousing Management and/or the Audit Committee of the Board of Commissioners.

The Audit function is staffed by the Internal Auditor and by other staff as necessary to fulfill the requirements of the function. The Audit function complies with the Institute of Internal Auditors (IIA) International Standards for the Professional Practice of Internal Auditing, the IIA Code of Ethics, and/or all applicable Governmental Auditing Standards.

Authority

The Internal Auditor is authorized to undertake a broad, comprehensive program of internal auditing within the Maine State Housing Authority. With stringent accountabilities for safekeeping and confidentiality, the Internal Auditor is authorized to have full, free, and unrestricted access to all MaineHousing activities, records, property, and personnel.

The Internal Auditor is independent of management and reports functionally to the Audit Committee of the Board of Commissioners. For administrative purposes, the Internal Auditor reports to the Senior Director of Operations and is part of MaineHousing's Office of the Director. These reporting relationships provide departmental independence, promote comprehensive audit coverage, and ensure adequate consideration of audit recommendations.

Since objectivity is essential to the audit function, the Internal Auditor cannot be involved in the day-to-day activities of MaineHousing's operations. The Internal Auditor is authorized, however, to assist management by providing comprehensive consulting services, making specific recommendations to address identified problems, and performing other functions requested by management which will not affect overall audit independence.

Responsibilities

The Internal Auditor is responsible for assessing and reporting on the effectiveness of the company's risk management, internal control and governance processes with regard to:

- the reliability and integrity of financial and operational information,
- the effectiveness and efficiency of operations,
- the safeguarding of assets, and
- compliance with laws, regulations, and contracts.

Responsibilities of the Internal Auditor include (but not limited to) the following:

- *Risk Management.* Document and update the MaineHousing Risk Assessment annually. Monitor agency-wide risks and controls designed to mitigate those risks.

- *Audit Planning.* Maintain an Internal Audit Plan, based on input from the Audit Committee and MaineHousing Management. Review progress or changes regarding the plan with Management and the Audit Committee as needed, at least annually.

- *Internal Audits.* Plan and conduct internal audits in accordance with applicable standards. Following the conclusion of each audit, prepare a written report to be distributed to appropriate MaineHousing Management and to the Audit Committee. If recommended by the Audit Committee, present audit results to the Board of Commissioners.

- *External Audits.* Act as the liaison between MaineHousing and external auditors of federal and state funding agencies or other regulatory bodies. Assist Departments in responding to data requests and be the communications point of contact.

- *Open Issues.* Follow-up on all internal and external audit findings and recommendations. Monitor significant open findings until cleared.

- *Program and Partner Monitoring.* Provide guidance and assistance to departments responsible for conducting risk-based sub-recipient monitoring.

- *Conflict of Interest.* Review Conflict of Interest disclosures for all new staff and annually for existing staff. Follow up and render opinions. Review and approve plans to manage conflicts of interest involving employees of MaineHousing partners.

- *Fraud.* Investigate allegations of fraud concerning employees of MaineHousing or MaineHousing partner organizations.

- *Data Security.* Serve as Chair of the Information Security Committee (ISC), responsible for maintaining and ensuring compliance with MaineHousing's Information Program (ISP) and companion policies, procedures, and standards designed to protect the security and confidentiality of client information.

- *Committee Participation.* With an internal audit purpose, participate on other relevant MaineHousing committees, including the Leadership Team, the Data Governance Committee, the Safety and Security Committee, and others as deemed appropriate.