

MINUTES OF THE REGULAR MEETING  
OF THE  
AUDIT COMMITTEE  
WEST VIRGINIA HOUSING DEVELOPMENT FUND  
June 24, 2020

A regular meeting of the Audit Committee of the West Virginia Housing Development Fund ("Fund") was held on Wednesday, June 24, 2020 via telephone. The telephone number was made available to the public in the Notice of Meeting of the Audit Committee posted on the Secretary of State website, on the Fund's website, and at the gate of the West Virginia Housing Development Fund. The meeting was called to order by Chair John Gianola, at 8:05 a.m., with the following members present throughout except where noted:

John Gianola, Chair  
Josh Stowers, Representative for the  
Honorable John Perdue, State Treasurer

Members Absent:

Steven Travis, Representative for the  
Honorable Patrick Morrissey, Attorney General

Staff Present:

Erica Boggess, Executive Director  
Chad Leport, Division Manager - Accounting and Finance  
Martha Lilly, Legal Assistant  
Kelley Ridling, Senior Manager, Internal Audit  
Lori Ryan, Executive Assistant  
Crystal Toney, Deputy Director – Administration

Others Present:

Samme Gee - Jackson Kelly PLLC  
Kelley Goes - Jackson Kelly PLLC

CONSIDERATION OF THE MINUTES OF THE APRIL 22,  
2020 MEETING

Representative Josh Stowers moved for the approval of the Minutes of the April 22, 2020 regular meeting. His motion was seconded by Member John Gianola, and, upon the affirmative vote of the two (2) members present, the Chair declared the motion adopted.

FISCAL YEAR 2021 OPERATING BUDGET

Crystal Toney presented the proposed Fiscal Year 2021 Operating Budget. Ms. Toney stated that the proposed Operating Budget for Fiscal Year 2021 is \$12,866,000, which is a \$54,700 increase from the Fiscal Year 2020 budget and a \$549,000 increase over estimated 2020 expenses. Ms. Toney highlighted the expenses set forth in the memo provided to the Committee and stated that staff is requesting approval of the 2021 Operating Budget in the amount of \$12,866,000 for further recommendation to the Board.

A brief discussion followed.

Representative Stowers moved to approve the proposed Fiscal Year 2021 Operating Budget as presented and to recommend approval to the Board. His motion was seconded by Member Gianola, and, upon the affirmative vote of two (2) members present, the Chair declared the motion adopted.

A copy of the proposed Fiscal Year 2021 Operating Budget is attached as Exhibit A.

FISCAL YEAR 2021 PROGRAM FUNDING ALLOCATIONS

Ms. Toney presented the proposed Fiscal Year 2021 Funding Allocations. Ms. Toney explained that the Board Approved Funding Allocations section includes items that are funded from general operating funds and allocated by the Board for anticipated program activity. Statutory/Restricted Programs include programs funded through federal programs or other sources that are restricted by federal regulation, bond resolutions, the WVHDF Act or other regulations/contracts.

Ms. Toney stated that Program Funds available includes funds currently on hand as well as estimated loan repayments, financing fees, investment earnings and administrative expenses for Fiscal Year 2021. Uses of Funds include current program commitments and expected Fiscal Year 2021 production.

Staff is requesting approval of the Fiscal Year 2021 Funding Allocations and for further recommendation to the Board.

Representative Stowers moved to approve the Fiscal Year 2021 Funding Allocations as presented, and for further recommendation to the Board. His motion was seconded by Member Gianola, and, upon the affirmative vote of two (2) members present, the Chair declared the motion adopted.

A copy of the Fiscal Year 2021 Program Funding Allocation is attached as Exhibit B.

FISCAL YEAR 2021 PROJECTION OF REVENUES  
AND EXPENSES

Ms. Toney presented the Fiscal Year 2021 Projection of Revenues and Expenses and stated that it is based on several factors, including anticipated production, historical revenues and expenses, and anticipated changes in those historical amounts.

Ms. Toney further stated that projected net earnings is \$10.5 million for the Fiscal Year ending June 30, 2021. As compared to 2020 estimated net income, projected earnings will decrease approximately \$3.6 million in Fiscal Year 2021. The decrease is primarily due to an increase in program expenses, a decrease in investment income, an increase in the operating budget and an increase in interest and debt expense.

This item is for informational purposes only.

A copy of the Fiscal Year 2021 Projection of Revenue and Expenses for the Fund is attached as Exhibit C.

PROPOSED CHANGE TO WHISTLEBLOWER POLICY

Erica Boggess informed the Board that effective May 18, 2020, the State's Whistleblower law was amended to extend the time period for which an employee may file a civil action for a violation of the Whistleblower Law from 180 days to 2 years after the occurrence of the alleged violation. Staff proposes amending the Fund's Whistleblower Policy in accordance with this change.

Representative Stowers moved to approve the amendment to the Fund's Whistleblower Policy in accordance with the State's Whistleblower Law. His motion was seconded by Member Gianola, and upon the affirmative vote of the two (2) members present, the Chair declared the motion adopted.

A copy of the Whistleblower Policy and the Whistleblower Procedures are attached as Exhibit D.

INTERNAL AUDIT DEPARTMENT WORK PLAN – 2020

Kelley Ridling presented the 2020 Work Plan of the West Virginia Housing Development Fund's Internal Audit Department. She noted that hours presented for January through May reflect actual time recorded and the hours presented for the remainder of the year are estimates based on prior year activities and scheduled time available. Ms. Ridling stated that the hours proposed for June through December are subject to adjustment due to changes in audit strategy and methodology, staff's ongoing education of Fund processes and procedures, the uncertainty related to the current COVID-19 pandemic, and the resignation of the employee in the internal auditor position.

Representative Stowers moved to approve the 2020 Internal Audit Work Plan as presented. His motion was seconded by Member Gianola, and, upon the affirmative vote of two (2) members present, the Chair declared the motion adopted.

A copy of the 2020 Internal Audit Department Work Plan is attached as Exhibit E.

PROPOSAL TO REMOVE CERTAIN PEIA DISCLOSURES  
FROM AUDIT REPORT

Ms. Boggess informed the Board that the Fund has participants in two separate Other Post Employment Benefit plans – the Fund’s Welfare Benefit Plan (the Plan) and the West Virginia Public Employees Insurance Agency Plan (PEIA Plan). Prior to July 1990, the Fund was a participating agency in the PEIA Plan. In July 1990, the Fund became self-insured and ceased participating in the PEIA Plan. At that time, all active staff were transferred from the PEIA Plan to the Fund’s self-insured plan. However, in 1996, WV Code § 5-16-22 was amended to allow a non-participating state agency employees who were insured under PEIA for five or more years and who had ten or more years of service as of July 1, 2008, to enroll in PEIA when they retire. The Fund currently has 8 retirees and 6 retirees’ spouses enrolled or eligible for coverage in the PEIA and 2 current employees that are eligible upon retirement.

Ms. Boggess stated that due to the relative immateriality of the PEIA Plan in relation to the Fund’s financial statements, staff proposes the elimination of the actuarial assumptions related to the PEIA Plan provide that the proposed change would not cause an unmodified opinion or create any other audit issues. The goal for the prosed changes is to simplify the notes and to enhance readability.

Representative Stowers moved to approve the elimination of actuarial assumptions related to the PEIA Plan. His motioned was seconded by Member Gianola, and, upon the affirmative vote of the two (2) members present, the Chair declared the motion adopted.

ADJOURNMENT

There being no further business, Representative Stowers moved to adjourn the meeting. His motion was seconded by Member Gianola, and upon the affirmative vote of the two (2) members present, the Chair declared the meeting adjourned at 9:00 a.m.

  
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Martha Lilly  
Assistant Secretary