



State of Rhode Island and Providence Plantations
Office of Management and Budget
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August 9, 2019

Ms. Carol Ventura
Interim Executive Director
Rhode Island Housing and Mortgage Finance Corporation
44 Washington Street
Providence, RI 02903

Dear Ms. Ventura:

The Office of Internal Audit (OIA) has completed its limited scope performance audit of the Rhode Island Housing and Mortgage Finance Corporation (RIHMFC). The OIA reviewed the Corporation's compliance with the Quasi-Public Corporations Accountability and Transparency Act. In addition, the audit included procedures designed to evaluate RIHMFC's operations as they pertain to the multi-family risk share program. The audit was conducted in conformance with the International Standards (IIA) for the Professional Practice of Internal Auditing and by the authority given to the unit as stated in the Rhode Island General Laws (RIGL) §35.7.1-1

The OIA found RIHMFC to be in compliance with the Quasi-Public Corporations Accountability and Transparency Act and our additional procedures indicated compliance with regulations and internal procedures that govern the multi-family risk share program.

We would like to express our sincere appreciation to the staff of RIHMFC for the cooperation and courtesy extended to the members of our team during this audit.

Respectfully yours,

Dorothy Z. Pascale, CPA
Chief

c—Honorable William J. Conley, Chairperson, Senate Committee on Finance
Honorable Marvin Abney, Chairperson, House Finance Committee
Internal Audit Advisory Group
Steven Whitney, Senate Fiscal Office
David Trembly, Senate Fiscal Office

Audit Executive Summary

Why the Office of Internal Audit Did This Review

Rhode Island General Law §42-155-7, *Audit of quasi-public corporations*, requires the Office of Internal Audit to conduct a performance audit of all quasi-public corporations once every five years. The Office of Internal Audit established an initial five-year schedule; this audit was performed in compliance with the statute and the established schedule.

The Office of Internal Audit conducted a limited scope audit of the Rhode Island Housing and Mortgage Finance Corporation. The purpose of the audit was to determine if operations, as they pertain to the multi-family risk share program, are being administered efficiently and effectively, and that RIHMFC is complying with transparency requirements.

Background Information

The mission of RIHMFC is to provide, improve and expand housing and housing-related community development services. Specifically to address issues of sanitary, safe and decent housing for persons of low and moderate income. Additionally, another goal of the multi-family risk share program is to encourage the investment of private capital for the construction, rehabilitation, operation, retention, and maintenance of residential housing and housing-related community development efforts. RIHMFC also provides construction and mortgage loans and makes grants with regard to housing needs.

What we found

- Rhode Island Housing and Mortgage Finance Corporation (RIHMFC) is in compliance with the Quasi-Public Corporations Accountability and Transparency Act in all areas examined.
- The procedures performed to evaluate the multi-family risk share program did not reveal control weaknesses or issues that rise to the level of reportable.

Introduction

The Rhode Island Housing and Mortgage Finance Corporation (RIHMFC) was established in 1973 by an Act of the Rhode Island General Assembly. It was created to:

- Provide and improve housing to persons of low and moderate income
- Encourage the investment of private capital for the construction, rehabilitation, operation, retention, and maintenance of residential housing and health care facilities
- Provide constructions and mortgage loans, and
- Make grants in regard to housing needs.

Recommendations for Improvements

This audit did not reveal material control deficiencies associated with the multi-family risk share program. We find the agency to comply with the Quasi-Public Corporations Accountability and Transparency Act in all areas examined. Please refer to the Objective and Scope section of this audit report.

Objective and Scope

The Office of Internal Audit (OIA) conducted a limited scope audit of the Rhode Island Housing and Mortgage Finance Corporation (RIHMFC). The OIA did not audit every program of RIHMFC. The OIA reviewed the RIHMFC's compliance with the Quasi-Public Corporations Accountability and Transparency Act. Additionally, the OIA reviewed the operations of the multi-family risk share program for compliance with federal regulations and internal procedures. The scope of this limited audit covered the period of July 1, 2017 through March 31, 2019.

Methodology

As part of our audit work, the OIA gained an understanding of RIHMFC's operations as they pertained to the multi-family risk share program and the entity's overarching compliance with the accountability and transparency act requirements as specified in RIGL 42-155. To address our audit objective, we performed the following:

- Requested information required under the Quasi-Public Act
- Searched website for adequate transparency disclosures
- Read board meeting minutes
- Accessed compliance with federal requirements and internal procedures pertinent to the multi-family risk share program.

The results of this limited scope audit are communicated within this report. The OIA used an external audit firm, CliftonLarsonAllen LLP (CLA), to supplement its staff during the performance of this audit. CLA performed the detailed audit work and was selected using a competitive bidding process.