MINUTES

ALASKA HOUSING FINANCE CORPORATION
AUDIT COMMITTEE

June 18, 2014 8:30 a.m.

Anchorage

The Audit Committee met June 18, 2014 at the Alaska Housing Finance Corporation, 4300 Boniface Parkway, Anchorage, Alaska at 8:30 a.m. Committee members in attendance were:

MARTY SHURAVLOFF Anchorage	Committee Chairman
BRENT LEVALLEY Anchorage	Committee Member
ANGELA RODELL Anchorage	Commissioner Department of Revenue Committee Member
FRANK ROPPEL Anchorage	Ex-Officio Committee Member

I. **ROLL CALL.** CHAIR SHURAVLOFF called the meeting to order. A quorum was declared present and the meeting was duly and properly convened for the transaction of business.

II. **APPROVAL OF AGENDA.** CHAIR SHURAVLOFF asked for any additions or changes to the agenda. Seeing and hearing no objections, the agenda was approved as presented.

III. **MINUTES OF APRIL 2, 2014.** CHAIR SHURAVLOFF asked for revisions or acceptance. Seeing and hearing no objections, FRANK ROPPEL moved the minutes be approved as submitted. BRENT LEVALLEY seconded the motion. The minutes were approved as presented.

IV. **PRESENTATION BY BDO AHFC'S FY14 EXTERNAL AUDITORS.** CHAIR SHURAVLOFF read the item into record and Kevin Tune introduced Alex Beckman with BDO to present, Mr. Beckman gave a PowerPoint presentation of the Audit Plan year ending June 30, 2014 with an overview of the year ending plan. Discussion followed. No action was requested of or taken by the Committee.

V. PRESENTATION AND APPROVAL OF THE FOLLOWING INTERNAL AUDIT REPORTS:

A. ARIBA Travel and Expense, Audit Report 14-26. Kevin Tune introduced the item and Kristian Beckner presented. Mr. Beckner stated that the primary purpose of this internal audit was to determine AHFC's staff compliance with AHFC's Travel Guide. The audit resulted in two observations to discuss with the Committee of which one was a repeat condition from our previous audit; the internal audit opinion was determined as in need of improvement. Discussion followed. Seeing and hearing no objections the report was unanimously accepted by the Committee.

B. Risk Management, Audit Report 14-27. Kevin Tune introduced the item and Rich McKinstry presented. Mr. McKinstry stated that the primary purpose of this internal audit was to assess the effectiveness of operations of the Risk Management Department. The audit resulted in no observations to discuss with the Committee; the internal audit opinion was determined as satisfactory. Discussion followed. Seeing and hearing no objections the report was unanimously accepted by the Committee.

C. IS Operations, Audit Report 14-28. Kevin Tune introduced the item and Sarah Burrows presented. Ms. Burrows stated that the primary purpose of this internal audit was to assess the effectiveness of the Information Systems (IS) Department in the management of the IS Department. The audit resulted in one observation that was discussed with the Committee; the internal audit opinion was satisfactory. Discussion followed. Seeing and hearing no objections the report was unanimously accepted by the Committee.

D. IS Strategic Plan, Audit Report 14-29. Kevin Tune introduced the item and Sarah Burrows presented. Ms. Burrows stated that the primary purpose of this internal audit was to assess the effectiveness of the Information Systems (IS) Department in managing the IS Strategic Plan. The audit resulted in no observations to report to the Committee; the internal audit opinion was determined as satisfactory. Discussion followed. Seeing and hearing no objections the report was unanimously accepted by the Committee.

E. Fairbanks Neighborhood Housing LTS Program, Audit Report 14-30. Kevin Tune introduced the item and Kristian Beckner presented. Mr. Beckner stated that the primary purpose of this internal audit was to assess Fairbanks Neighborhood Housing Services, Inc. (FNHS) compliance with AHFC's Loans to Sponsor (LTS) Program requirements. The audit resulted in four observations, three of which are repeat findings from previous audits to discuss with the Committee; the internal audit opinion was determined as unsatisfactory. Discussion followed. Seeing and hearing no objections the report was unanimously accepted by the Committee.

F. Warehouse Operations, Audit Report 14-33. Kevin Tune introduced the item and Rich McKinstry presented. Mr. McKinstry stated that the primary purpose of this internal audit was to assess the Warehouse Operations staffs' effectiveness in managing corporate stock inventory, including receipt and delivery. The audit resulted in no observations to discuss with the Committee. The internal audit opinion was determined as satisfactory. Discussion followed. Seeing and hearing no objections the report was unanimously accepted by the Committee.

VI. PRESENTATION AND DISCUSSION OF THE FY14 INTERNAL AUDIT ACTIVITY: KEVIN TUNE introduced and presented the report. Mr. Tune provided a summary of the FY 14 Audit Activity Reports. No action was requested of or taken by the Committee.

VII. REVIEW AND DISCUSSION OF THE FY13 AND FY14 OBSERVATION AGING REPORT AND FOLLOW-UP ACTIVITY: KEVIN TUNE introduced and presented. Mr. Tune provided a summary of the FY13 and FY14 Follow-Up Activity and Open Audit Project Status reports. No action was requested of or taken by the Committee.

VIII. PRESENTATION AND DISCUSSION FY14 THIRD QUARTER COMPLIANCE ACTIVITIES: KEVIN TUNE introduced and DAVE WHITE presented. Mr. White provided a summary of the FY14 Third Quarter Compliance activities. No action was requested of or taken by the Committee.

IX. PRESENTATION AND APPROVAL OF THE FY15 INTERNAL AUDIT PLAN: KEVIN TUNE introduced and presented the item. Mr. Tune gave an overview of the FY15 Internal Audit Plan to the Committee. Discussion followed. No action was requested of or taken by the Committee.

X. EXECUTIVE SESSION: Corporation's operational matters that may have an impact on the Corporation's financial matters. Committee action related to this matter, if any, will take place in public session following the Executive Session.

Off Record: 9:10 a.m. EXECUTIVE SESSION

On Record: 9:25 a.m.

CHAIR SHURAVLOFF reconvened the meeting and announced that during the Executive Session nothing needing Committee action was discussed.

X. ANY OTHER MATTERS TO COME BEFORE THE COMMMITTEE. CHAIR SHURAVLOFF asked if there were any other matters to come before the Committee. There was none brought before the Committee.

X. ADJOURNMENT: Seeing and hearing no objections, the meeting was adjourned at 9:27 a.m.

ATTESTED:

Marty Shuravloff - Chair