

**MASSACHUSETTS
CONVENTION CENTER
AUTHORITY**

NOTICE OF MEETING & AGENDA

Pursuant to the Massachusetts Open Meeting Law, G.L. c30A, §§ 18-25, notice is hereby given of a meeting of the Massachusetts Convention Center Authority Administration, Finance & Personnel Committee. The meeting will utilize remote technology.

**November 17, 2025 – 12:30 p.m.
Massachusetts Convention Center Authority
Administration, Finance & Personnel Committee
VIA MICROSOFT TEAMS MEETING**

Join the meeting now

OR DIAL-IN: [1-857-702-2232](tel:18577022232) - Phone Conference ID: 584 481 497#

Please only use dial-in or computer and not both as feedback will distort meeting.

AGENDA

- I. Roll Call
- II. FY25 Audit (Bradley McMillin & Auditors CliftonLarsonAllen – 30 mins)
 1. Final Exit Presentation
 2. Executive Session - Members-Only Discussion for the purpose of complying with or acting under the authority of any general or special law see G. L. c. 29 § 29K(b)(1), (h).
 3. FY25 Audit Results [VOTE]
- III. September 2025 YTD budget to actual income statement (Bradley McMillin – 5 mins).
- IV. Internal Audit Charter [discussion] (Claudia Russell – 10 mins).
- V. Old Business
- VI. New Business
- VII. Adjournment

On this date, November 13, 2025 before 12:30 pm, this Notice was posted as Notice of Meeting - MCCA Administration, Finance & Personnel Committee Meeting at www.massconvention.com and e-mailed to: regs@sec.state.ma.us, contactanf@mass.gov.

Date Posted to Website: November 13, 2025

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Massachusetts Convention Center Authority

AF&P Exit Meeting – November 13, 2025

Year ended June 30, 2025

Agenda

- Audit scope and process
- Audit opinions and communications
- Engagement finalization
- Upcoming GASB Standards
- Questions



Audit Scope



Report on the Authority's financial statements



Internal control (GAO) report / management letter



Required governance communications letter



Audit Process

RISK-BASED APPROACH

Evaluating internal controls	Inquiries with management
Respond to Risk: Management override of controls	Respond to Risk: Revenue recognition
Analytical procedures	Document Inspection / Process Observation
Confirmations / Tracing and Vouching	Recalculation





AUDIT OPINIONS

Financial statement

Financial statement audit opinions expected to be unmodified.



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AUDIT RESULTS

Financial statement

One material weakness identified:

- Reconciliation of Significant Account Balances

No significant deficiencies identified.



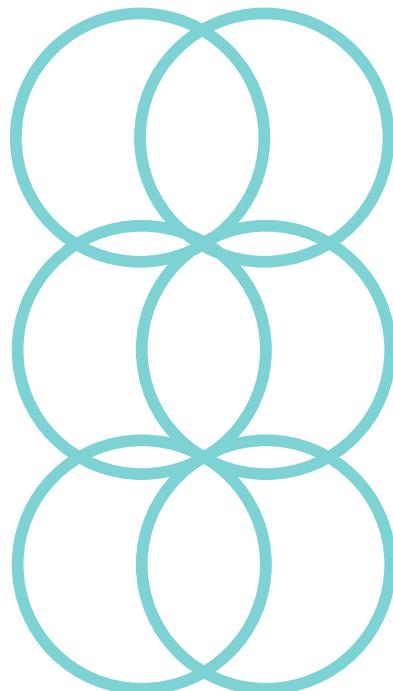
Governance Communications

Overall

- Significant Accounting Policies disclosed in Note 1.
- New GASB Implementation:
 - GASB 101 – Compensated Absences
 - GASB 102 – Certain Risk Disclosures
- No transactions that lacked authoritative guidance.
- No significant or unusual transactions identified.

Difficulties

- Completion of the audit was delayed as a result of delays in receiving timely and accurate reconciliations.



Estimates

- Investments valuation

Other

- No uncorrected misstatements
- No consultations with other accountants



STEPS TO FINALIZE AUDIT ENGAGEMENT

Approval
from AF&P
committee and
full board

Signed
representation
letter



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Upcoming GASB Standards



GASB 103 Financial Reporting Module



Effective date
June 30, 2026



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Impacts financial statement presentation

Updated disclosure guidance for:

- MD&A consistency
- Clearer definition of unusual or infrequent items
- Presentation of proprietary fund statements
- Major component unit information
- Budgetary comparison information

CLA can help by
assisting with or
evaluating financial
statement
disclosure updates



GASB 104 Certain Disclosures for Capital Assets



Effective date
June 30, 2026



Will clarify how nonfinancial assets are presented in financials:

- Capital assets
- Leased assets
- Subscription assets
- Intangible assets



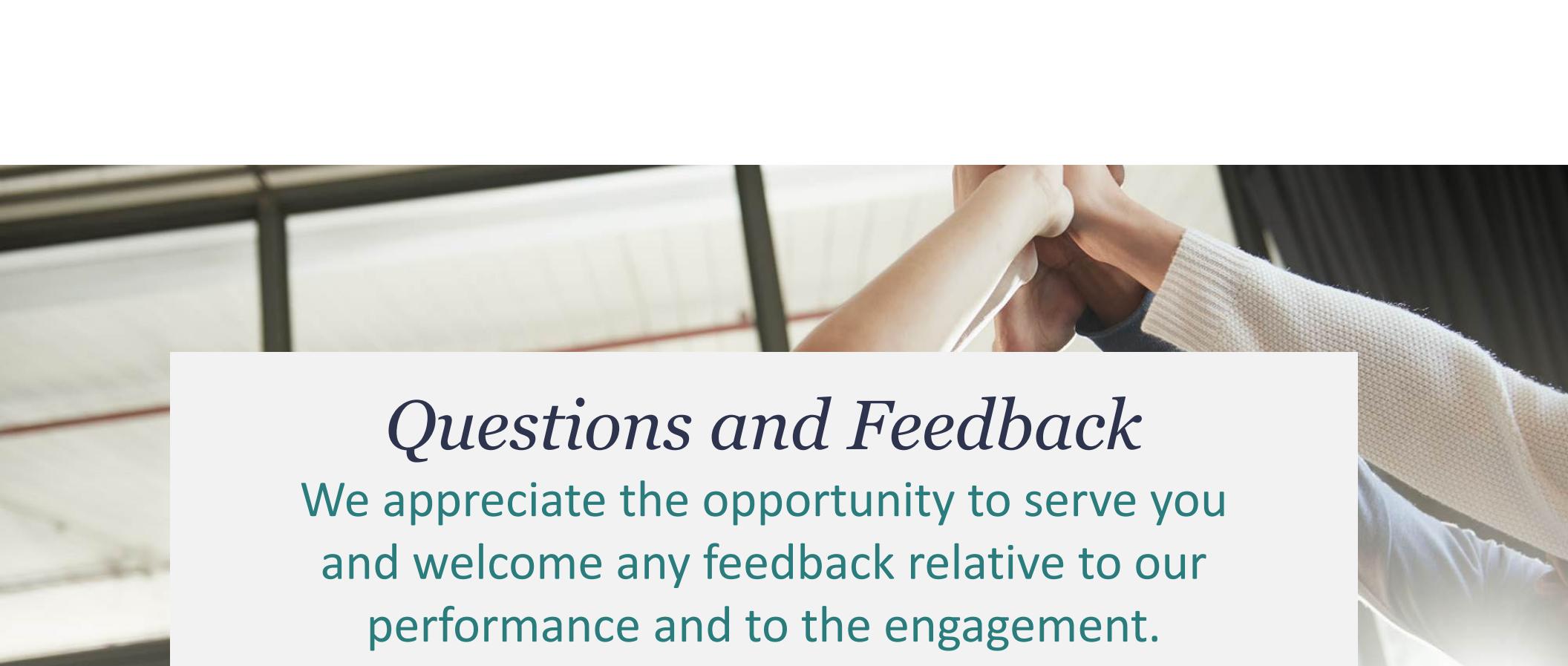
CLA can help by
assisting with or evaluating financial statement disclosure updates



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Questions and Feedback

We appreciate the opportunity to serve you and welcome any feedback relative to our performance and to the engagement.



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FY 2025 Financial Highlights

Administration, Finance and Personnel Committee

November 17, 2025

**MASSACHUSETTS
CONVENTION CENTER
AUTHORITY**

Financial Statement Overview

- Prepared in accordance with GAAP as defined by the Governmental Accounting Standards Board (GASB)
- The MCCA is a component unit of the Commonwealth of Massachusetts
- Prepared on the full accrual basis accounting
 - Includes all long-term assets and liabilities
 - Revenues are recorded when earned and expenses when the liabilities are incurred
- Financial statements include the pension trust fund as a blended component unit; OPEB trust as a fiduciary fund and a custodial fund related to the Boston Tea Ship, Inc. pursuant to the loan agreement

Financial Statement Overview

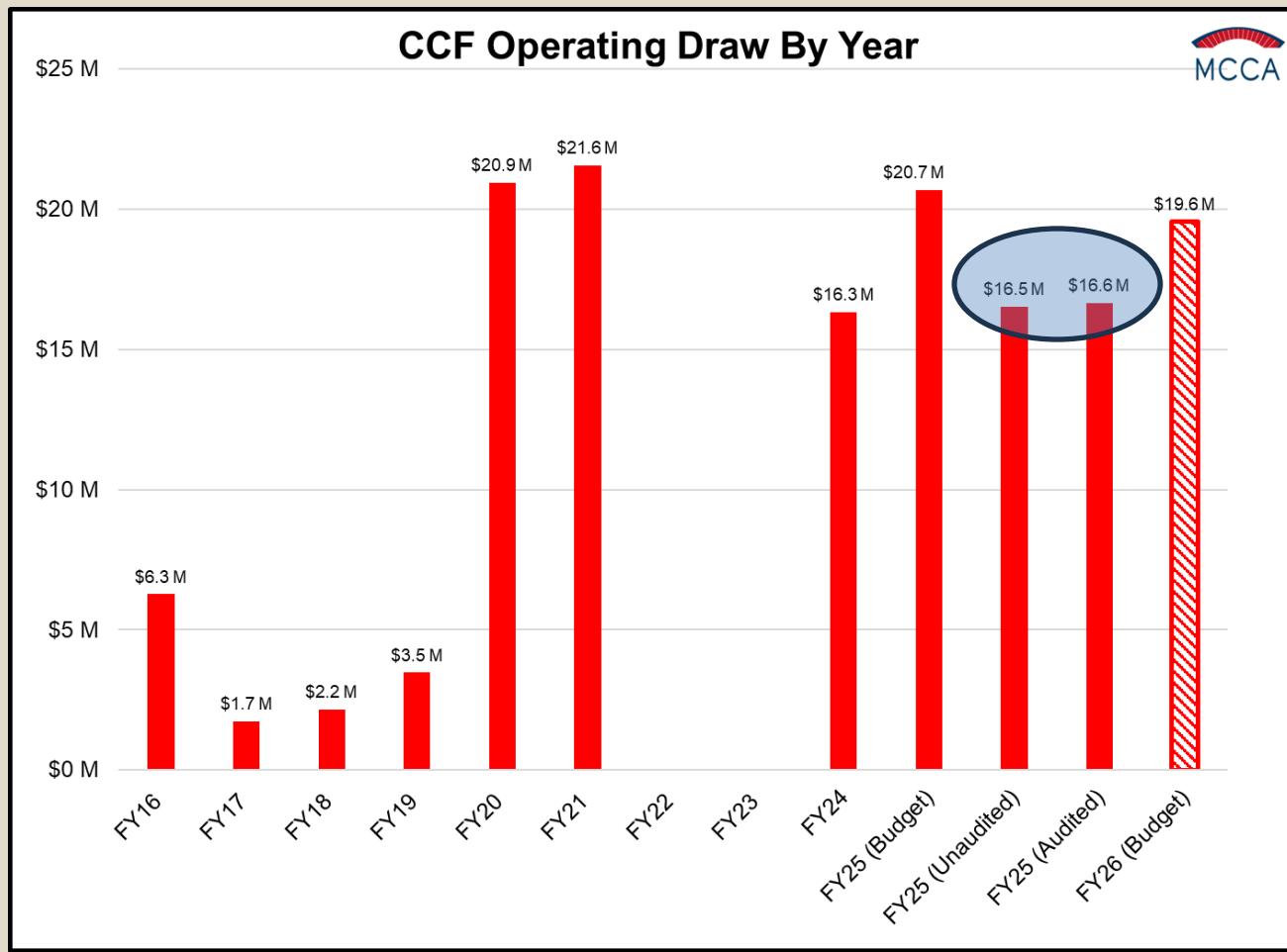
Pension Trust:

- Reported as a blended component unit as its activities “are so intertwined with the primary government that they are, in substance, the same as the primary government.”
- Assets as of June 30, 2025: \$64.9M
- Net pension liability: \$43.5M (7% discount rate)
 - Calculated by PERAC, compiled and allocated by the State Comptroller’s Office and audited by the State’s independent auditors

FY25 Financial Highlights

- Total assets and deferred outflows of resources increased \$38.3M or 5% during FY25 from \$754.0M to \$792.3M primarily driven by grants receivable from the Commonwealth and an increase in restricted pension investments.
- Total liabilities and deferred inflows of resources increased \$3.6M or 3%, from \$108.3M to \$111.9M driven by accounts payable and accrued expenses due to capital accruals at year end and an increase in pension liability.
- Net Position: \$680.4M, \$34.7M or 5% increase from prior year

FY25 Financial Highlights (continued)



During the September 18, 2025 Board meeting, we reported net operating loss (draw on the CCF):

FY2025 Budget
\$20,688,298

FY2025 (unaudited)
\$16,507,767

Based on the past three months of audit work:

FY2025 (audited)
\$16,648,578

FY25 Key Performance Metrics

	2025	2024	variance
Operating Revenues (1)	\$86.9M	\$83.0M	\$3.9M
Operating Expenses (2)	\$104.7M	\$103.9M	\$0.8M
Coverage Ratio:	0.83	0.80	0.03
Revenue per square foot:			
- MCEC	\$69.01	\$66.88	\$2.13
- Hynes	\$48.11	\$44.64	\$3.47
- MMC	\$31.95	\$28.80	\$3.15
- MMC (Arena per attendee)	\$27.96	\$30.91	(\$2.95)
- BCG (per space per day)	\$25.19	\$23.39	\$1.80
- SCCG (per space per day)	\$2.12	-	\$2.12

(1) Including investment income and interest on loans

(2) Excluding depreciation, certain amounts paid for restricted net position and amounts paid from the capital budget

FY25 Summary

1. The MCCA financial statements are presented fairly, in all material respects as of June 30, 2025.
2. Repeat finding from previous year(s): The MCCA has inadequate internal controls, policies, and procedures surrounding the reconciliation process.

Management response:

Management agrees with the recommendation and has initiated a review of our controls, policies, and procedures governing the general ledger (GL) review and maintenance process. Our objective is to ensure that all balance sheet account balances are reconciled accurately and timely on both a monthly and year-end basis.

Specifically, the Authority is enhancing its GL control framework across the following areas:

1. Cost Centers and Departments – Aligning department structures with financial reporting and ensuring cross-validation of valid combinations.
2. Posting and Journal Entry Controls – Strengthening dual authorization and monthly exception reporting for non-standard journal entries.
3. User Access and Segregation of Duties – Conducting periodic access reviews to ensure appropriate segregation between preparers, approvers, and posters.
4. Period Close and Reporting – Standardizing close calendars, ensuring Controller and CFO review before final reporting.
5. External and Management Reporting Links – Validating report mappings to ensure consistency between the GL, financial statements, and Power BI reports.

In addition, the Authority has created Key Performance Indicators (KPIs) and a Power BI dashboard to monitor progress and performance across key financial processes. The Authority is also in the process of either updating or creating policies, procedures, and internal controls governing its financial operations to ensure consistency, compliance, and accountability.

Together, these actions strengthen our monthly and annual reconciliation process and improve the overall governance of the general ledger environment. The Authority anticipates completing this review and formalizing updated documentation and procedures during the current fiscal year.

Acceptance of Financial Statements and Independent Auditor's Report

VOTE: The Administration, Finance & Personnel Committee of the Massachusetts Convention Center Authority recommends that the full Board adopt the following vote:

The Massachusetts Convention Center Authority hereby votes to accept Financial Statements for the Year Ended June 30, 2025 and Independent Auditors Report and Report on Internal Control and Compliance for the Year Ended June 30, 2025 prepared by CliftonLarsonAllen, LLP.



FY 2026 September YTD versus Budget Administration, Finance and Personnel Committee

November 13, 2025

**MASSACHUSETTS
CONVENTION CENTER
AUTHORITY**

FY 2026 September YTD versus Budget

	FY 26 Budget Board approved	Budget	Actual	Variance	
		Year to Date	Year to Date	\$	%
Revenues:					
MCEC	\$ 48,857,108	\$ 12,576,166	\$ 13,288,715	\$ 712,549	6%
Lawn on D	1,018,332	759,165	608,191	(150,974)	-20%
Hynes	10,070,896	1,853,125	1,250,141	(602,984)	-33%
Boston Common Garage	12,622,200	3,438,300	3,306,816	(131,484)	-4%
MassMutual Center	8,328,560	1,805,971	1,486,637	(319,334)	-18%
Springfield Civic Center Garage	690,931	137,750	79,416	(58,334)	-42%
Other Income	1,040,080	266,118	215,285	(50,833)	-19%
Total revenues	82,628,107	20,836,595	20,235,201	(601,394)	-3%
Expenses:					
MCEC	47,804,011	11,527,604	12,820,320	(1,292,716)	-11%
Lawn on D	906,362	240,313	182,112	58,201	24%
Hynes	14,258,028	3,430,707	2,402,533	1,028,174	30%
Boston Common Garage	2,922,624	707,125	573,588	133,537	19%
MassMutual Center	13,636,472	3,339,515	2,999,097	340,418	10%
Springfield Civic Center Garage	1,252,451	316,080	144,462	171,618	54%
Subtotal operations	80,779,948	19,561,344	19,122,111	439,233	2%
Central administration	12,976,125	3,411,081	4,008,216	(597,135)	-18%
Sales and marketing	8,922,500	2,230,625	1,573,175	657,450	29%
Subtotal administration	21,898,625	5,641,706	5,581,391	60,315	1%
Total expenses	102,678,573	25,203,049	24,703,502	499,547	2%
Net income from/(cost of) operations	<u>\$(20,050,466)</u>	<u>\$ (4,366,454)</u>	<u>\$ (4,468,301)</u>	<u>\$ (101,847)</u>	<u>2%</u>

September full year revenue was **\$20.2M**

- \$0.6M unfavorable to the Budget

September full year expenses were **\$24.7M**

- +0.5M favorable to the Budget

September 2025 YTD is **ON** the Budget (-0.1M unfavorable).

FY 2026 Financial Update September YTD

Revenue: Unfavorable to the Budget by -\$0.6M

- **MCEC** revenue is favorable to budget by +0.7M primarily as a result of:
 - Convention Center revenue (+\$0.1M)
 - Water Ferry Services (+\$0.3M)
 - Internet/IT Revenue (+\$0.3M)
- **Hynes** revenue is unfavorable to budget by -\$0.6M primarily as a result of food and beverage (-\$0.6M) due to the lack of events at the Hynes during July and August
 - As a reminder, the Hynes was closed for capital projects from May 27 – September 13
- **MassMutual Center (MMC)** revenue is unfavorable to budget by -\$0.3M primarily as a result of convention center rental (-\$0.3M).
- **Lawn on D, Boston Common Garage (BCG), and Springfield Civic Center Garage (SCCG)** revenue are materially on budget.

FY 2026 Financial Update September YTD

Expenses: Favorable to the Budget by +\$0.5M

- **Hynes** expenses were favorable (+\$1.0M) primarily due to:
 - Utilities (+\$0.6M) and Cleaning (+0.2M) and Rubbish Removal (+\$0.1M) due to the zero event activity
 - Compensation (+\$0.2M) due to the timing of headcount
- **MassMutual Center (MMC)** expenses were favorable (+\$0.3M) comprised of compensation (+\$0.1M), legal/fiscal fees (+0.1M), and utilities (+0.1M) primarily due to timing.
- **MCEC** expenses were unfavorable (-\$1.3M) primarily due to:
 - Overtime compensation (-\$0.3M)
 - Security (-\$0.4M), cleaning services (-\$0.4M), and rubbish (\$0.2M) driven by overtime.
- **Central Administration** expenses were unfavorable (-\$0.6M) primarily due to compensation and benefits (-\$0.4M) from the timing of hiring but was offset by favorability in Sales and Marketing (+\$0.7M) due to fewer contracted third-party services.

Internal Audit Charter

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Internal Audit Charter

I. Overview

The operation of internal audit (IA) for the Massachusetts Convention Center Authority (MCCA) is governed by the Internal Audit Charter.

Internal Audit, in accordance with the Institute of Internal Auditors (IIA) Standards definition of internal auditing, provides independent assurance to the Administration, Finance and Personnel Committee (AF&P) of the MCCA Board of Directors (the Board) and executive management on the quality and effectiveness of MCCA's governance, risk management, and internal control.

II. Mission

Internal Audit Mission: Help MCCA serve its customers effectively, protect its assets, and achieve its strategic goals by assessing and monitoring the risks, processes, and policies that matter most to its mission.

MCCA's Mission: We are committed to delivering world-class event experiences that drive statewide economic growth, foster innovation, and exceed customer expectations all while cultivating a workplace culture that values excellence, inclusivity, and employee well-being.

III. Vision and Goals

Internal Audit's vision is to become a trusted partner in delivering the best possible value in Internal Audit, Internal Control, and Security management with the goal of providing independent assurance that MCCA's risk management, governance, and internal control processes are operating effectively, support accurate and complete financial reporting, and comply with applicable laws and regulations.

IV. Coverage

To fulfill its mission, Internal Audit is authorized to have complete and unrestricted access to any and all of MCCA's records, physical properties, and personnel in support of fulfilling the following responsibilities and in compliance with Massachusetts Public Records Law:

- Evaluating risk exposure related to achievement of MCCA's financial, operational, and strategic objectives; regulatory requirements; and compliance with MCCA's risk appetite.
- Evaluating reliability and integrity of information and the means used to identify, measure, classify, and report such information.
- Evaluating the systems established to ensure compliance with those policies, plans, procedures, limits, laws, and regulations which could have a significant impact on MCCA.
- Evaluating the means of safeguarding assets and, as appropriate, verifying the existence of such assets.
- Evaluating the adequacy of financial, operational, and administrative internal controls and the impact of control issues on the risk profile.
- Evaluating the effectiveness and efficiency with which resources are employed.
- Evaluating operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.
- Monitoring, evaluating and opining on governance processes, including appropriateness of policies, procedures, and limits.
- Monitoring, evaluating, and opining on the effectiveness of MCCA's risk management framework and processes including the risk culture, adequacy of risk assessments and the quality of the independent audit function.
- Monitoring, evaluating, and opining on MCCA's response to emerging risks.

Internal Audit Charter

- Providing input into management scorecards on the effectiveness of risk identification and remediation by MCCA departments.
- Evaluating the alignment of MCCA policies, processes, performance, compensation plans, and compensation decisions with the risk appetite.
- Maintaining a complete and current inventory of all MCCA's operations, services, and functions, and assess their risk, including emerging risks, to inform the audit plan.
- Reporting periodically on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan.
- Reporting significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by the AF&P¹ or the Board, including the adequacy of corrective action plans.
- Evaluating specific operations at the request of the AF&P¹, the Board, the CEO, or management, as appropriate.

Internal Audit provides assurance on:

- The state of the control environment.
- The design and operational effectiveness of MCCA governance structures and processes.
- MCCA's risk management framework.
- Strategic and management information (including regulatory compliance information) presented to the AF&P¹, the Board, the CEO, and Executive Management.
- The setting of, monitoring and adherence to, risk appetite.
- The risk and control culture of MCCA.
- The risk of poor customer outcomes, giving rise to conduct or reputational risk.
- Capital and liquidity risks, including capital planning.
- Key events, including significant process changes, introduction of new services, outsourcing decisions, expense management initiatives, and acquisitions/divestments.
- The appropriateness, effectiveness, and sustainability of the implementation of action plans developed by MCCA to improve risk related controls.
- MCCA's significant remediation efforts.
- The accuracy and timeliness with which transactions are recorded and the accuracy and completeness of financial and regulatory reports.

Internal Audit may conduct investigations on sensitive matters raised by the CEO, an executive, the AF&P¹, a Board member, or based on concerns raised from an Internal Audit review or brought to Internal Audit through a whistleblower and/or MCCA's employee complaint program.

The frequency and scope of audit coverage is determined using an assessment of risk. Execution of the audit plan includes obtaining an understanding of the processes and systems, evaluating the adequacy, and testing the effectiveness of key controls. Regulatory guidance is also leveraged in the execution of audit coverage and Internal Audit considers the auditable entity structure in audit planning, execution, and conclusions.

All engagements are performed in accordance with IIA's Global Internal Audit Standards (IIA Standards), which are built into Internal Audit's methodology and procedural operations.

V. Rights and Authority

Internal Audit derives its authority from the CEO and through the Administration, Finance and Personnel Committee (AF&P) of the Board of Directors. Authority for access is vested in the Director of Internal Audit, who is responsible for

Internal Audit Charter

making sure that this authority is exercised responsibly. The Director of Internal Audit is authorized by the CEO and the AF&P¹ to have full and unrestricted access to any of MCCA's records, properties, and personnel, including senior management, the AF&P¹, and the Board, for the purpose of Internal Audit fulfilling its roles and responsibilities in compliance with Massachusetts Public Records Law. While providing excellent customer service remains MCCA's top priority, it is important that all employees fully cooperate with Internal Audit in the performance of its duties as employee support ensures MCCA maintains the integrity, accountability, and effectiveness of its operations.

In addition, the Director of Internal Audit has:

- The right to be informed promptly of any major potential or actual control failures relevant to MCCA, including any identified by the external auditors, regulators, or other external parties;
- The right of attendance at any committees; and
- The right to be informed promptly of any major strategic initiatives, including acquisition/re-organization or disposal that may have a material impact on the risk management and control environment of MCCA.

Internal Audit has the appropriate level of access to third parties through the inclusion of agreed wording in contracts and service level agreements. Internal Audit ensures that confidentiality is maintained over all information and records obtained while carrying out audit activities.

VI. Independence and Objectivity

The Director of Internal Audit has an administrative reporting line reporting directly to the CEO and a functional reporting line to the AF&P¹. The CEO approves the staffing and budget for Internal Audit and is responsible for the appointment and termination of Director of Internal Audit. The objectives, performance, review, and the compensation of the Director of Internal Audit are also determined by the CEO with an expectation that it is commensurate with other executive roles.

Internal Audit executes its duties freely and objectively in accordance with the IIA's Code of Ethics and Standards on independence and objectivity, specifically the Global Internal Audit Standards, Domain II: Ethics and Professionalism (effective January 9, 2025), herein "IIA Ethics Standards".

Internal Audit staff members have no direct operational responsibility or authority over any of the activities they review and do not undertake activities for areas of previous responsibility, in line with the Massachusetts' Conflict of Interest Law (M.G.L. c. 268A) and IIA Ethics Standards. Internal Auditors do not implement internal controls, install systems or procedures, prepare records, or engage in any other activity that may impair their judgement.

Internal Audit does not:

- Set the risk appetite for MCCA;
- Impose risk management processes;
- Replace management's quality assurance activities;
- Make decisions on risk mitigation, including designing action plans and risk acceptance;
- Implement risk mitigation actions on behalf of management; or
- Serve as a substitute for management's risk management responsibilities.

Internal Audit should provide input and challenge to risk and governance practices; however, Internal Audit does not provide consulting or advisory services that could impede its independence.

¹ AF&P is the Administration, Finance and Personnel Committee of the MCCA Board of Directors.

Internal Audit Charter

Any real, perceived and potential conflicts of interest are identified, recorded and evaluated in line with the Massachusetts' Conflict of Interest Law (M.G.L. c. 268A) and IIA Ethics Standards. Internal auditors will exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors will make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interest or by others in forming judgements.

VII. Professional Practices

Internal Audit complies with the IIA's Standards, Definition of Internal Auditing and its Code of Ethics in relation to integrity, objectivity, confidentiality, due professional care, and competency. The definition of Internal Audit per IIA's Standards is an independent, objective assurance and advisory service designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

Internal Audit also follows the IIA guidance established on the Public Sector Knowledge Brief "Internal Audit's role in Enterprise Risk Management". In addition, Internal Audit adheres to all applicable jurisdictional, internal audit-specific requirements, and to MCCA's relevant policies and procedures. Internal Audit also maintains dialogue with professional auditing firms, professional industry groups, and applicable key regulators, as considered necessary, to ensure operating processes and standards are in line with current thinking and guidance.

There may be specific instances in which it is necessary for Internal Audit to provide engagement results to parties outside of MCCA, such as to regulators, external auditors, or the State Auditor's Office. Internal Audit provides the information through specifically defined channels in line with Information Security Policy and protocols, and in compliance with Massachusetts Public Records Law.

Any instances of non-conformance with the requirements above for which there is an impact to the overall scope of operation of Internal Audit or engagement results will be disclosed to the CEO and to the AF&P¹.

VIII. Resources

The Director of Internal Audit is responsible for making sure Internal Audit is sufficiently resourced, or has access to resources, to fulfill its mission and that Internal Audit considers the following factors and takes action as appropriate: Integrity; Independence and Objectivity; Competency; Due Professional Care; Confidentiality; Accountability; Professionalism; Collaboration; Respect; Methodology; and Supervision.

Internal Audit operates an environment of continuous professional development to make sure skills and knowledge are maintained to a high standard and supports professional certifications and qualifications, so that Internal Audit staff possess the skills and other competencies to perform their responsibilities. Internal Audit will also consider succession planning for key roles.

IX. Audit Plan and Reporting Cadence

The Audit Plan will be reviewed and approved annually by the CEO and the AF&P¹. Intermittent changes to the Audit Plan will be submitted to the CEO and the AF&P¹ for review and approval. The Director of Internal Audit will also furnish the CEO and the AF&P¹ with quarterly status updates of the Audit Plan.

X. Interaction with the Administration, Finance and Personnel Committee (AF&P)

With respect to Internal Audit, the AF&P¹ oversight responsibilities include:

Internal Audit Charter

- Approving the Internal Audit Charter, after CEO approval.
- Reviewing, challenging, and approving the annual Audit Plan, including the appropriateness of proposed risk coverage, after the CEO's approval.
- Reviewing, challenging, and approving key changes to the Audit Plan driven by risk assessment changes, after the CEO's approval.
- Monitoring the scope, nature, and timeliness of Internal Audit work, and effectiveness of Internal Audit.
- Assessing and confirming the independence of Internal Audit.
- Reviewing Internal Audit's periodic opinion of the overall effectiveness of the governance, risk management, and internal control framework, iterative issues (such as misalignment, scope creep, perfection paralysis, miscommunication, team fatigue, etc.), and the adequacy of remediation activity.
- Meeting with the Director of Internal Audit outside of the presence of management to discuss areas of concern.
- Providing support to Internal Audit, including making determinations on issues escalated because of disagreement on the recognition of risk, the severity of risk, insufficient action plans and delayed responses, if resolution is not first reached with management.
- Making appropriate inquiries of management and the Director of Internal Audit to determine whether there are inappropriate scope or resource limitations.

XI. Reliance on the Work of Others

Internal Audit may place reliance on the work of other functions after performing a thorough evaluation of the effectiveness of the function, including its independence. Internal Audit will work with external auditors to ensure coverage is maximized and duplication of efforts is avoided, where possible.

XII. Quality Assurance

On behalf of the AF&P¹, Internal Audit will commission a qualified independent external quality assurance review of the function, an Internal Audit group from an out-of-state Convention Center, another State of Massachusetts audit function, or another qualified group to perform a quality assurance review every five years after commencing audits, as required by IIA's Standards, to make sure Internal Audit's judgements and opinions are adequately supported and evidenced. A summary of this report will be provided to the CEO and the AF&P¹.

XIII. Internal Audit Plan

The Director of Internal Audit submits the internal audit plan to the CEO and the AF&P¹ annually for review and approval. The Audit Plan consists of a work schedule, as well as budget and resource requirements for the next fiscal year and highlights the impact of resource limitations. The annual Audit Plan is also reviewed with MCCA's senior management.

The Audit Plan is developed based on a prioritization of the audit universe using a risk-based methodology, including input from senior management and the AF&P¹. Adjustments to the risk assessments of auditable entities in the audit universe may be made in response to changes in MCCA's risks, operations, programs, systems, and controls. The Director of Internal Audit communicates significant changes to the Annual Audit Plan to the CEO and the AF&P¹ for approval.

XIV. Reporting and Monitoring

A written report is prepared and issued timely by the Director of Internal Audit or a designee following conclusion of reviews and distributed as appropriate. A summary of Internal Audit results is communicated to the CEO and the AF&P¹

Internal Audit Charter

through quarterly presentations of Audit Opinion, highlighting significant risk exposures and controls issues, including fraud risks, governance issues, or any other matter needed or requested by senior management and AF&P¹.

The Internal Audit report may include management's response and corrective action taken or to be taken in regard to the specific issues and recommendations. Management's response, whether included within the original audit report or provided thereafter (i.e., within thirty days) by management of the audited area, includes a timetable for anticipated completion of action to be taken and an explanation for any corrective action that will not be implemented.

Internal Audit is responsible for appropriate follow-up on issues. All audit identified issues remain "open" until validated by Internal Audit. Internal Audit Report ratings and issue ratings cannot be changed without the Director of Internal Audit's approval.

Internal Audit also has input into the management scorecards used to evaluate management performance, which includes ratings relative to the control environment and the strength of the management control approach used in identifying, managing, and resolving risks identified by the department, independent risk management, Internal Audit, external auditors, or regulators.

The Director of Internal Audit periodically reports to the CEO and the AF&P¹ on Internal Audit's purpose, authority, and responsibility, as well as performance relative to the Plan, quality assurance reviews, and regulatory findings, if any.

XV. Revisions

Version	Date	Author	Description of Change
1.0	11/7/2025	Claudia R. Russell	CEO Approval