

Minutes

VSAC Audit Committee Meeting

May 18, 2015

9:00 a.m.

Board Room, VSAC Offices

10 East Allen Street

Winooski, VT

Attendance:

Committee Members Present: David Coates (Chair), Beth Pearce and Mike Smith,

Committee Members Absent: State Auditor Representative Tanya Morehouse
(non-voting member)

Other Board Members Present: Dodie Mitchell

External Auditors Present: Mark LaPrade and Kaylyn Landry, BerryDunn

Staff: Scott Giles, Tom Little, Mike Stuart, Laurie Oliver, Marilyn
Cargill, Patrick Leduc, and Kristi Rocheleau

The meeting was called to order at 9:04 a.m., and a quorum was declared present. The Chair reviewed the agenda with the Committee.

Approval of Minutes

Upon a motion made by Michael Smith and seconded by Beth Pearce, the Committee voted unanimously to approve the meeting Minutes of January 22, 2015, as presented.

David Coates, Chair	Aye
Beth Pearce	Aye
Michael K. Smith	Aye

Review and Approval of Audit Committee Charter

The Committee reviewed and discussed the latest version of the Audit Committee Charter, which reflects the changes discussed at the January 22, 2015, meeting. Laurie Oliver communicated that the Enterprise language adopted in the Charter was also added to the Work Plan for consistency.

Upon a motion made by Michael Smith and seconded by Beth Pearce, the Committee voted unanimously to approve the Audit Committee Charter as presented.

David Coates, Chair	Aye
Beth Pearce	Aye

Internal Audit & Risk Management

Laurie Oliver summarized and addressed questions regarding the Status Report, Internal Audit Plan Update, and the proposed FY16 Internal Audit & Risk Management budget previously distributed. Ms. Oliver emphasized that internal audit resources were primarily allocated to continued support of the existing federal loan servicing contract audit and monitoring requirements, including planning and coordination with FSA of the FY15 audit activities and implementation of the new FSA monitoring process. Those risk-based audits on the Audit Plan that have not been started will likely not be performed in the current year due to the allocation of resources to federal loan servicing. The Internal Audit team will re-evaluate the Internal Audit Plan in consideration of the enterprise risk assessment to confirm resources are allocated appropriately..

Risk Management Presentation

Scott Giles presented a working document that formalizes the risk management process in consideration of the strategic plan and core business functions. The Committee reviewed and discussed the material, and then communicated a favorable assessment of the process and the report. The Committee recommends that this report be shared with the full Board at the June meeting.

FY15 Financial Statement & A133 External Audit Presentation (BerryDunn)

Mark LaPrade and Kaylyn Landry of BerryDunn reviewed the previously distributed *Auditor Communications to the Audit Committee - 2015 Audit Planning Summary* report. This report covers the professional communication requirements and emerging issues that Berry Dunn is required to communicate to the Audit Committee about the audit. The Committee provided input with regards to the discussion points.

In response to a prior Committee meeting request, BerryDunn then presented the rules and requirements of auditor independence as defined by the American Institute of Certified Public Accountants (AICPA) Code of Professional Conduct. The content included government auditing standards, prohibited non-audit services, and assessing non-audit services. The independence of Berry Dunn was confirmed by the Committee.

Internal Audit and Risk Management Annual Evaluation

The Committee discussed the performance of the Internal Audit and Risk Management Director for annual performance purposes. David Coates indicated he would share the results of the Committee's evaluation with the staff member at the conclusion of the meeting.

Review of Audit Committee Evaluation Results

Laurie Oliver reviewed the summary of this year's Audit Committee evaluation results, noting the results indicate that the Committee appears to be functioning effectively. To support continued professional development, Laurie recommends the Committee identify training topics to schedule in the upcoming year, considering results of the enterprise risk assessment. The Committee recommends the full board be invited to the proposed trainings.

Legal Update

Tom Little provided a summary of where legal issues stand to date.

There being no other business, the meeting adjourned at 11:10 a.m.

Respectfully submitted,

Tom Little
Assistant Secretary