

DRAFT Minutes
VSAC Audit Committee Meeting

May 22, 2017
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: NA

Other Board Members Present: NA

External Auditors Present: Mark LaPrade, CPA, CGMA and Rob Smalley, CPA, BerryDunn

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

The meeting was called to order at 9:01 a.m. Chair David Coates reviewed the agenda and proposed that the meeting start with the Audit Plan Presentation while waiting for the remaining Committee members to join.

FY16 Audit Plan Presentation (BerryDunn)

Mark LaPrade and Rob Smalley of BerryDunn reviewed the previously distributed *Pre-Audit Communications to the Audit Committee* report. The communication covered the required professional standards and items of interest.

Mike Smith joined the meeting at 9:12 a.m.

Smalley noted that interim fieldwork is currently in progress, and a final Financial Statements report is expected to be issued after the Board accepts the reports in October 2017.

Beth Pearce joined the Committee at 9:22 a.m.

The Committee then provided input with regards to the planning questions outlined.

Legal update

Tom Little provided a legal update, noting no threatened or pending litigation.

Risk Management Update

Cyber Risk

Laurie Oliver outlined the risk, the potential impacts, the controls in place, and responded to questions. The Committee discussed the risk, and recommended that the Board of Directors be briefed on this subject during the fall meeting.

Legislative and Regulatory Risk

Tom Little briefed the Committee on state licensing activities, specifically with regards to its student loan servicer license with Connecticut. Scott Giles informed the Committee of the trend towards states requiring student loan servicer licenses to regulate activity, and provided an update on talks to dismantle or overhaul the Consumer Finance Protection Bureau.

Internal Audit & Risk Management

Laurie Oliver summarized the audit work plan status since the January 23, 2017 meeting, noting the internal and external audit activities in progress and two activities that are deferred until the next fiscal year. She then addressed questions regarding the Status Report and the Internal Audit Plan Update previously distributed.

In consideration of the Request for Quote (RFQ) for External Audit Services and the Internal Audit & Risk Management Annual Evaluation items on the agenda, Chair Coates recommended the Committee enter Executive Session.

Upon a motion made by Mike Smith and seconded by Beth Pearce, the Committee voted unanimously to enter executive session at 10:10 a.m. in order to consider contractual matters for which premature public knowledge would clearly place VSAC at a substantial disadvantage; and to obtain confidential and privileged advice from General Counsel. Scott Giles, Mike Stuart, Bruce Hicken, Tom Little, and Laurie Oliver were requested to remain in the room, as they have information needed for the executive session: 1 V.S.A. sec. 313 (a).

The Committee exited the session at 10:31 a.m.

Request for Quote – External Audit Services

Upon a motion made by Beth Pearce and seconded by Mike Smith, the Committee voted unanimously to retain external auditors Berry Dunn for a period of five years.

Internal Audit and Risk Management Annual Evaluation

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

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 23, 2017, as presented.

There being no other business, the meeting adjourned at 10:33 a.m.

Respectfully submitted,

Tom Little
Assistant Secretary