

VSAC Audit Committee Minutes

May 21, 2018

2:00 p.m.

**Board Room, VSAC Offices
10 East Allen Street
Winooski, VT**

Attendance

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

Committee Members Absent: State Auditor Representative Tanya Morehouse

Other Board Members Present: Dodie Mitchell

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

External Auditors Present: Mark LaPrade, CPA, CGMA and Katy Balukas, CPA, BerryDunn

The meeting was called to order at 1:51 p.m. and a quorum was declared present. Chair David Coates recommended starting the agenda with the audit plan presentation by BerryDunn. There being no objection, the Committee took up the first order of business.

Audit Plan Presentation

Mark LaPrade, and Katy Balukas of BerryDunn reviewed the *Pre-Audit Communications to the Audit Committee* report previously distributed. The communication covered the required auditor communications, audit timing, significant audit areas planned, and planning questions.

Balukas noted that interim fieldwork was completed May 14, and the draft reports are expected to be completed and presented to the Audit Committee by October 2108.

The Committee then provided input to BerryDunn with regards to the annual planning inquiries

At the close of the presentation (2:10 p.m.), LaPrade and Balukas exited the meeting.

Approval of Minutes

Upon a motion made by Michael Smith and seconded by Beth Pearce, the Audit Committee voted to approve the minutes of the January 22, 2018 meeting, as presented.

Legal Update

Tom Little reported that although there is no material threatened or pending litigation, Management continues to monitor the state licensing requests and the national efforts to oppose this practice. This includes a civil action lawsuit filed in federal court in the District of Columbia by the Student Loan Servicing Alliance (SLSA). VSAC supports strong, uniform, consumer protections that apply to all federal student loan borrowers regardless of where they live.

Risk Management

The Committee then turned its attention to the Business Interruption/Continuity Information Security risk. Patrick Leduc defined the risk and communicated that recent improvements continue to support the controls. Upon his review, Patrick noted that there are no material changes, and that the controls in place continue to effectively reduce the probability to a low level and the impact to a medium level.

The Committee then heard from Ms. Oliver on the summary of the insurance coverage of the VSAC Cyber Security policy.

Tom Little then provided a line-by-line review of the Legislative and Regulatory risk changes. The controls in place reduce the probability to a moderate level and the impact to a low level.

Internal Audit and Risk Management Report

Laurie Oliver noted that the primary focus of the Internal Audit work was the Private Loan Origination System Replacement Project, with the remaining time allocated to supporting the Department of Education Lender Program Review that took place in March, and coordination and planning of the Biennial Lender Review. Ms. Oliver then walked the Committee through the IARM activity report since the prior Audit Committee meeting on January 22, 2018, and then reviewed the proposed timeline for planned activity. The Committee agreed with Ms. Oliver's prioritization approach.

Audit Committee Self-Evaluation and Internal Audit & Risk Management Annual Evaluation

The Committee then engaged in its annual performance evaluation, running through a series of questions and reflections, and brainstorming on possible ways to improve performance.

Other Business & Adjournment

There being no other business, the Committee adjourned at 3:22 p.m.

Respectfully submitted,

Tom Little
Assistant Secretary