

## VSAC Audit Committee Minutes

October 15, 2018

10:30 a.m.

Board Room, VSAC Offices

10 East Allen Street

Winooski, VT

### Attendance

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

Committee Members Absent: N/A

Other Board Members Present: Dodie Mitchell

External Auditors Present: Mark LaPrade, CPA, CGMA, Principal and Rob Smalley, CPA, Senior Manager of BerryDunn

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

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The meeting was called to order at 10:33 a.m. and a quorum was declared present. The Committee reviewed the agenda and reorganized the Internal Audit & Risk Management topic to start after the Approval of Minutes to allow time for all Committee members to be present for the BerryDunn presentation.

### Approval of Minutes

*Upon a motion made by Beth Pearce and seconded by David Coates, the Committee voted to approve the minutes of the May 21, 2018, Committee meeting, as presented.*

Mike Smith joined the meeting at 10:42 a.m.

### Internal Audit and Risk Management Report

Laurie Oliver reported on the work completed to close out FY18 Internal Audit Plan activities. Internal Audit Resources since the prior meeting in May were primarily allocated to finalization of testing and documentation for the private loan origination system implementation and conversion project; and completion of the Biennial Lender Review.

At the recommendation of David Coates, the Committee deferred the balance of the Internal Audit & Risk Management updates until after the External Auditor's presentation.

## **External Auditor FY18 Financial Statement and Uniform Guidance Audit Results**

BerryDunn auditors Mark LaPrade, CPA, CGMA, and Robert Smalley, CPA, presented the previously distributed Audit Communications to the Audit Committee

- *Financial Statement* – Rob Smalley communicated that with the finalization of the financial statements, Berry Dunn is expected to issue an Unmodified opinion. There were no material weaknesses or significant deficiencies noted in internal controls over financial reporting identified and there were no proposed audit adjustments, or uncorrected adjustments.
- *Uniform Guidance Reports* – Rob Smalley communicated that Family Education Loan Program (FFELP) and Gaining Early Awareness and Readiness for Undergraduate Program (GEAR UP) were the two major programs audited as part of Uniform Guidance Reporting. BerryDunn issued an *Unmodified* opinion on compliance with the requirements of each major program. No noncompliance with laws, regulations, contracts, and grant agreements, or compliance findings. BerryDunn also issued an unmodified opinion that the SEFA is fairly stated in relation to financial statements.
- *Required Communications* – Mark LaPrade reviewed the required Audit Communications, highlighting responsibilities, qualitative aspects of accounting policies, corrected and uncorrected misstatements, and other required disclosures.

The Committee then discussed the overall audit proceedings with Mark LaPrade and Rob Smalley. Chair David Coates noted that the Management’s Discussion & Analysis (MD&A) provides a good synopsis of VSAC’s financial operations and is well done. The Committee also recognized the efforts of Bruce Hicken’s proactive early adoption of GASB 87, Leases. The audit is once again expected to come in under budget and under hours as a result of efforts by both parties.

The Committee then met alone with the auditors to discuss the audit process and results.

Mark LaPrade and Rob Smalley exited the meeting at 11:14 a.m.

*Upon a motion made by Michael Smith and seconded by Beth Pearce, the Committee voted unanimously to recommend that the Board accept the FY18 External Audit Report and Uniform Guidance Report as presented.*

## **Risk Management – Legal & Regulatory Risk Update**

The Committee then directed their attention to the Legal & Regulatory Risk presented to the Board on May 21, 2018. There was discussion on the emerging state licensing legislation. No further changes were made.

## **Internal Audit and Risk Management Report, cont’d**

Laurie Oliver continued with her IARM Status Report. Ms. Oliver then updated the Committee that the FY19 proposed Internal Audit Plan is under development. There are no required regulatory audits for FY19. Ms. Oliver noted the audit plan will be risk-based and shared some preliminary audit areas with the Committee. The formal plan will be available for the Committee in January.

## **2016/2017 Form 990 Review**

The Committee transitioned to the review of the Form 990 prepared by Bruce Hicken and previously distributed. David Coates communicated that he reviewed the report line by line and noted nothing

out of line. In response to questions about whether the Audit Committee or Board has final authority for approving the Form 990 for filing, Tom Little recommended that the Board formally delegate the authority of the Form 990 filing to the Audit Committee. David and Tom agreed to address this topic at the Board Meeting scheduled for the same day.

*Upon a motion made by Mike Smith and seconded by Beth Pearce, the Committee voted unanimously to recommend to the Board of Directors the approval of the 2017-2018 Form 990 for submission, as presented.*

### **Other Business & Adjournment**

There being no other business, the Committee adjourned at 12:00 p.m.

Respectfully submitted,

Tom Little  
Assistant Secretary