

VSAC Audit Committee Minutes

September 21, 2020

12:30 p.m.

Zoom Videoconference Meeting

Attendance

Committee Members Present: John McSoley (Chair) and Beth Pearce

Committee Members Absent: Michael Smith

Other Board Members Present: Dodie Mitchell

External Auditors Present: Mark LaPrade, CPA, CGMA, Principal, Katharine Balukas, CPA, Manager, and Danielle Baron, CPA, Manager of BerryDunn

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

Chair John McSoley called the meeting to order at 12:38 p.m. on the Zoom virtual meeting platform with all present able to hear one another throughout the meeting. With a quorum established, the Committee took up the first order of business.

Approval of Minutes

Upon a motion made by Beth Pearce and seconded by John McSoley, the Committee voted to approve the minutes of the May 18, 2020 Committee meeting, as presented.

External Auditor FY20 Financial Statement and Uniform Guidance Audit Results

BerryDunn auditors Mark LaPrade, CPA, CGMA, Principal, Katharine Balukas, CPA, Manager, and Danielle Baron, CPA, Manager presented the previously distributed Auditor Communications to the Audit Committee.

- *Financial Statement* – Katharine Balukas stated that with the finalization of the financial statements, Berry Dunn is expected to issue an *Unmodified* opinion on the financial statements. Mark LaPrade recognized Bruce Hicken and the Finance team for their good work in relation to the financial statements.
- *Uniform Guidance Audit* – Danielle Baron explained that the Federal Family Education Loan Program (FFELP) and TRIO Cluster (Talent Search and Educational Opportunity Center) were the two major programs audited as part of Uniform Guidance Reporting. She noted that there were no compliance findings or internal control findings over compliance with each major program. She announced that BerryDunn is expected to issue an *Unmodified* opinion on compliance with the direct and material compliance requirements of each major program and

an *Unmodified* opinion on the Schedule of Expenditures of Federal Awards (SEFA) in relation to financial statements.

- *Required Auditor Communications* – Mark LaPrade reviewed the required Audit Communications, noting that they factored in the impact of COVID-19 and the resulting increase in forbearances when estimating the allowance for losses on student loans. Mark noted that there were no significant audit adjustments and no unrecorded audit adjustments.

Scott Giles congratulated the Finance team and BerryDunn for their efforts in completing the audit work within the required timeframe so we can meet our reporting obligations for certain state student loan servicing laws.

Chair John McSoley acknowledged BerryDunn and VSAC staff for their excellence in reporting and for a successful audit.

Upon a motion made by John McSoley and seconded by Beth Pearce, the Committee voted unanimously to recommend that the Board accept the FY20 External Audit Report and Uniform Guidance Report as presented.

Mark LaPrade, Katharine Balukas, and Danielle Baron exited the meeting at 1:03 p.m.

2019/2020 Form 990 Review

The Committee transitioned to the review of the previously distributed Form 990, prepared by Bruce Hicken. Bruce pointed out that the only notable difference from last year was an increase in revenue due to a new scholarship endowment contribution of over \$1 million. Tom Little noted that he and Sabina Haskell, Director of Public Affairs, will be reviewing the portion of the form that describes the organization's mission to see if it should be updated or expanded upon prior to filing in November.

In response to member questions, Tom confirmed that Form 990 must be sent to the full Board before filing.

Upon a motion made by John McSoley and seconded by Beth Pearce, the Committee voted unanimously to approve the 2019-2020 Form 990 for submission, as presented pending potential changes to the organizational mission description.

Legal Update

Tom Little briefed the Committee on the upcoming LIBOR replacement and provided an update on the Blackbaud cyber incident.

Internal Audit and Risk Management Status Report

Laurie Oliver directed the Committee to the previously distributed Internal Audit & Risk Management Status Report. She noted that COVID-19 prompted many states to reach out for data and information on our borrower relief activities and, as a result, Internal Audit spent time analyzing and responding to these requests.

Laurie highlighted several activities that Internal Audit is currently involved in including the lockbox process review & transition, FY21 NIST Annual Self-Assessment and New York Cyber Security requirements review, state licensing support, and motor vehicle record review. Laurie also

noted that the State of California approved an extension request of March 31, 2021 for the completion of the changes to the customer facing web portal (COA) needed to remediate the one compliance finding from the California Student Loan Servicing Exam. VSAC requested the extension due to business priorities and work supporting VSAC's response to the pandemic.

Other Business & Adjournment

There being no other business, the Committee adjourned at 1:30 p.m.

Respectfully submitted,

Tom Little
Assistant Secretary