

VSAC Audit Committee Minutes

September 20, 2021

3:00 p.m.

Zoom Videoconference Meeting

Attendance

Committee Members Present: John McSoley (Chair), Beth Pearce, Michael Smith

Committee Members Absent: Matthew Derr

Other Board Members Present: Dodie Mitchell

External Auditors Present: Mark LaPrade, CPA, CGMA, Principal, Katharine Balukas, CPA, Manager, and Danielle Bedard, 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 3:03 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 24, 2021 Committee meeting, as presented.

External Auditor FY21 Financial Statement and Uniform Guidance Audit Results

BerryDunn auditors Mark LaPrade, CPA, CGMA, Principal, Katharine Balukas, CPA, Manager, and Danielle Bedard, 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.
- *Uniform Guidance Audit* – Mark LaPrade explained that the Federal Family Education Loan Program (FFELP), Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP), and Coronavirus Relief Fund were the three major programs audited as part of Uniform Guidance Reporting. He noted that there was one compliance finding with the FFELP program and confirmed the finding was due to a human data entry error, which the Department of Education confirmed could be corrected in the next report. Mark confirmed there were no additional controls they would recommend as a result of the finding. Mark also clarified that the classification of the finding was changed subsequent to the distribution of the

audit materials. It is no longer considered a “significant deficiency” and the Schedule of Findings and Questioned Costs within the Uniform Guidance report will be revised to reflect this. He announced that BerryDunn is expected to issue an *Unmodified* opinion on the compliance with the requirements of each major program and an *Unmodified* opinion on the Schedule of Expenditures of Federal Awards (SEFA).

- *Required Auditor Communications* – Danielle Bedard 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. Danielle noted that there were no significant audit adjustments and no unrecorded audit adjustments.

Upon a motion made by Michael Smith and seconded by Beth Pearce, the Committee voted unanimously to recommend that the Board accept the FY21 External Audit Report and Uniform Guidance Report as presented.

Mark LaPrade, Katharine Balukas, and Danielle Bedard exited the meeting at 3:26 p.m.

2020/2021 Form 990 Review

The Committee transitioned to the review of the previously distributed Form 990, prepared by Bruce Hicken. Bruce noted that the form is used only for the Vermont Student Development Fund, Inc. and not for all of VSAC. Bruce walked the Committee through the form and responded to member questions, confirming that the form would be filed after it has been provided to the full Board in October.

Upon a motion made by Michael Smith and seconded by Beth Pearce, the Committee voted unanimously to approve the 2020-2021 Form 990 for submission, as presented.

Internal Audit Status Report

Laurie Oliver directed the Committee to the previously distributed Internal Audit & Risk Management Status Report. She noted that all planned FY21 Internal Audit engagements have been completed. Laurie also noted that since the last meeting, an Advancement Grant School review was conducted, at management’s request, on one school and pointed out that materials detailing this review were included in the meeting materials.

Laurie highlighted several activities that Internal Audit is currently involved in including: the remote federal lender program review currently in progress that covers the period from October 1, 2017 to June 30, 2021, defaulted loan borrower relief, biennial lender review, and state licensing support.

FY22 Proposed Internal Audit Plan

Laurie Oliver presented a draft of the FY22 proposed Internal Audit Plan, previously distributed. She noted the plan is a combination of corporate, regulatory, and risk-based priorities and reflects what we know as of today.

Upon a motion made by Michael Smith and seconded by Beth Pearce, the Committee voted unanimously to approve the proposed FY22 Internal Audit Plan, as presented.

Risk Management Update – Information Security Risk

Laurie Oliver noted that information security continues to be high risk. Scott Giles and Patrick Leduc provided the Committee with an update on current information security risks, including updates on cyber security and actions that VSAC is taking in response.

Other Business & Adjournment

There being no other business, the Committee adjourned at 4:41 p.m.

Respectfully submitted,

Tom Little
Assistant Secretary