

## Minutes

### VSAC Audit Committee Meeting

January 24, 2022

2:00 p.m.

### Zoom Videoconference Meeting

**Committee Members Present:** John McSoley (Chair), Beth Pearce, Ryan Dulude

**Committee Members Absent:** Michael Smith

**Other Board Members Present:** Dodie Mitchell

**VSAC Staff Present:** Scott Giles, Mike Stuart, Tom Little, Marilyn Cargill, Patrick Leduc, Laurie Oliver, Bruce Hicken, Jodie Ducharme, Jaye O'Connell, Greg Severance

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The meeting was called to order at 2:06 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 September 20, 2021 Committee meeting, as presented.*

#### Annual Federal Trade Commission Red Flags Policy

Tom Little introduced Greg Severance, Senior Compliance Officer, who provided background on the Red Flags Identity Theft Prevention Program, directing the Committee to the previously distributed Summary Report and program documents. The Red Flags regulation requires covered businesses and organizations to implement a written identity theft prevention program designed to detect the “red flags” of identity theft in their day-to-day operations, take steps to prevent the crime, and mitigate its damage. Greg reviewed the 2021 Summary Report and noted that review of the program affirms that VSAC’s Red Flags Identity Theft Prevention Program is effective in identifying and preventing identify theft. Committee members engaged in a conversation about the policy and Tom Little, Greg Severance, and Laurie Oliver responded to questions.

*Upon a motion made by Ryan Dulude and seconded by Beth Pearce, the Committee voted unanimously to approve the Annual FTC Red Flags Policy as presented including both the summary report and the program documents.*

#### FY21 NIST Self-Assessment Report

Jaye O'Connell, Director of Collections, Compliance & Information Security Officer reviewed the previously distributed 2020-2021 Guarantor Services and Loan Servicing Information Security Assessment Report. Jaye noted that VSAC’s internal NIST Self-Assessment demonstrated that

VSAC's NIST compliant security policies, procedures, and controls are in place, effective, and operating as intended. Jaye pointed out that VSAC was able to leverage the existing NIST information security framework in the work that was done to comply with NY Cybersecurity requirements. Gaps identified from requirements in NY Cybersecurity requirements and the NIST framework were identified and remediated as detailed in the report provided.

Committee members discussed the annual report and Jaye O'Connell, Laurie Oliver, and Patrick Leduc responded to questions.

***Upon a motion made by Ryan Dulude and seconded by Beth Pearce, the Committee voted unanimously to recommend the Board accept the 2020-2021 Guarantor Services and Loan Servicing Information Security Assessment Report, as presented.***

Jaye O'Connell and Greg Severance exited the meeting at 2:52 p.m.

### **Risk Management**

Patrick Leduc reviewed the previously distributed materials on the Information Security Risk and the Business Continuity Risk, including the definition, current inherent risk, oversights and controls in place, and the residual risk.

Laurie Oliver reviewed the previously distributed materials on Fraud Risk, including the definition, current inherent risk, oversights and controls, and the residual risk.

Based on the assessments provided and responses to questions, the Committee agreed with the Executive Committee's probability and impact for the Information Security Risk, Business Continuity Risk, and Fraud Risk.

### **Whistleblower Policy**

Tom Little provided background and outlined the work done by both the Governance Committee and Executive Committee in relation to the review of the Whistleblower Policy. Tom directed the Committee to the previously distributed materials outlining the existing policy, thoughts about the changes to the policy, and a draft of the proposed revised policy. Tom noted that after review by the Audit Committee, the next step would be to submit to the full Board.

Committee members discussed the proposed draft and Tom responded to questions.

***Upon a motion made by Beth Pearce and seconded by Ryan Dulude, the Committee voted unanimously to approve the VSAC Employee Anti-Fraud Reporting/Whistleblower Policy as approved by the Governance Committee on November 22, 2021 and to submit the Policy for review and action by the full Board.***

### **Internal Audit and Risk Management Report**

#### *Status Report*

Laurie provided a snapshot of active audits highlighting the continuation of the defaulted FFEL loan collections pause, FFEL lender program review, the FY22 NIST Self-Assessment, the biennial lender review, and state licensing and reporting support. The change to the payment submission and approval policy was also reviewed with the Committee.

### **Charter Review**

Laurie Oliver directed the Committee's attention to the previously distributed Audit Committee Charter and Internal Audit & Risk Management Charter, noting there were no proposed changes to either charter.

The Committee discussed the charters and noted that the Audit Committee Charter should be revised to align with the changes to the Whistleblower Policy, after the Board approves the changes, and to remove references to the Human Resources Committee in the Work Plan. Laurie will work on revisions and will have a revised draft for the Committee to review at the May meeting.

### **Other Business & Adjournment**

John McSoley inquired about training opportunities for the Committee, with Risk Management a suggested topic. Laurie Oliver indicated she would follow up with John on identifying desired scope and objectives of this type of training and potential resources that might be available. Dodie Mitchell indicated that this is aligned with a discussion at the Governance Committee specific to training for the Board and/or Committees.

There being no other business, the Committee adjourned at 3:57 p.m.

Respectfully submitted,

Tom Little  
Assistant Secretary