

Minutes

VSAC Audit Committee Meeting

September 19, 2022
12:30 p.m. – 2:00 p.m.

Boardroom, VSAC Offices
10 East Allen Street
Winooski, Vermont 05404

Attendance

Committee Members Present: John McSoley (Chair), Michael Smith, Ryan Dulude

Committee Members Absent: Beth Pearce

Other Board Members Present: Dodie Mitchell

External Auditors Present: Mark LaPrade, CPA, CGMA, Principal, Katharine Balukas, CPA, Senior Manager, and Danielle Bedard, CPA, Senior 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 12:30 p.m. With a quorum established, the Committee took up the first order of business.

Approval of Minutes

Upon a motion made by Michael Smith and seconded by Ryan Dulude, the Committee voted to approve the minutes of the May 31, 2022, Committee meeting, as presented.

Public Comment

There were no public comments given during the public comment period.

External Auditor FY22 Financial Statement and Uniform Guidance Audit Results

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

- *Financial Statement* – Mark LaPrade 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* – Danielle Bedard explained that the Federal Family Education Loan Program (FFELP), University of Vermont Medical Student Incentive Scholarship/Loan Forgiveness Program, and American Rescue Plan Act (ARPA) Highschool Grad Advancement

Program were the three major programs audited as part of Uniform Guidance Reporting. She 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 during 2022, VSAC adopted the requirements of GASB 96, Subscription-Based Information Technology Arrangements, which required a retroactive restatement of all prior periods presented. She also pointed out 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 Ryan Dulude, the Committee voted unanimously to recommend that the Board accept the FY22 External Audit Report and Uniform Guidance Report, as presented.

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

Mark LaPrade, Katharine Balukas, and Danielle Bedard exited the meeting at 12:52 p.m.

2021/2022 Form 990 Review

The Committee transitioned to the review of the previously distributed Form 990, prepared by Bruce Hicken. Bruce noted that the form represents only the Vermont Student Development Fund, Inc., a wholly owned subsidiary of VSAC. Bruce reviewed the form with the Committee 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 John McSoley, the Committee voted unanimously to approve the 2021-2022 Form 990 for submission, as presented.

External Auditor Transition

Laurie Oliver provided an update on the transition to VSAC's new auditing firm, CliftonLarsonAllen(CLA), noting that the Finance team has a list of materials and information used in previous audits, which will be used as a resource to help facilitate the transition.

Internal Audit Status Report

Laurie Oliver directed the Committee to the previously distributed Internal Audit & Risk Management Status Report. She noted that Internal Audit resources have been focused on the completion of the FY22 Internal Audit plan, which included the finalization of testing and documentation of the In-School Refinance loan product. Laurie pointed out that the grant portion of the FY22 plan was deferred to FY23 and is now in the planning phase. She also announced that since the last meeting, Internal Audit also facilitated a servicing exam by the State of California, which occurred in July. Laurie noted there were no findings at the completion of the exam.

Laurie stated that Internal Audit continues to work with Compliance to support state law student loan servicer licensing and renewal and that licenses for Virginia and Minnesota were approved since the May Audit Committee meeting.

FY23 Proposed Internal Audit Plan

Laurie Oliver presented a draft of the FY23 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 John McSoley and seconded by Michael Smith, the Committee voted unanimously to approve the proposed FY23 Internal Audit Plan, as presented.

Risk Management Update – Information Security Risk

Patrick Leduc provided the Committee with an update on current information security risks, including updates on cyber security and additional controls, security trainings, and tools that have been implemented and are planned to further reduce this risk.

The Committee discussed the information security risk and Patrick Leduc and Laurie Oliver responded to questions.

Other Business & Adjournment

There being no other business, the Committee adjourned at 1:55 p.m.

Respectfully submitted,

Tom Little
Assistant Secretary