

## Minutes

### VSAC Audit Committee Meeting

January 23, 2023  
2:00 p.m. – 3:30 p.m.

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

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

**Committee Members Absent:** N/A

**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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Chair John McSoley called the meeting to order at 1:45 p.m. With a quorum established, the Committee took up the first order of business.

#### Approval of September 19, 2022 Minutes

*Upon a motion made by Michael Smith and seconded by Ryan Dulude, the Committee voted to approve the minutes of the September 19, 2022 Committee meeting, as presented.*

#### Public Comment

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

#### Annual Federal Trade Commission Red Flags Policy Review and Approval

Tom Little provided background on the Red Flags Identity Theft Prevention Program and introduced Greg Severance, Senior Compliance Officer, who directed 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 2022 Summary Report, pointing out that VSAC tracks fraud activity over all their programs, and noting that review of the program affirms that VSAC’s Red Flags Identity Theft Prevention Program is effective in identifying and preventing identify theft. Greg noted that VSAC also monitors debt relief scams and has taken steps to increase consumer awareness. 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 Michael Smith, the Committee voted unanimously to approve the Annual FTC Red Flags Policy as presented including both the summary report and the program documents.*

Greg Severance exited the meeting at 2:19 p.m.

### **FY22 NIST Self-Assessment Report**

Jaye O'Connell, Director of Collections, Compliance & Information Security Officer reviewed the previously distributed 2021-2022 Guarantor Services and Loan Servicing Information Security Assessment Report. Jaye pointed out 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 noted there were no repeat findings from the prior year's internal self-assessment, which indicates that remediation actions and related security trainings have been effective. Jaye reviewed with the Committee that this is reporting required under NY Cybersecurity law and in support of the related annual compliance certification.

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

*Upon a motion made by John McSoley and seconded by Ryan Dulude, the Committee voted unanimously to recommend the Board accept the 2021-2022 Guarantor Services and Loan Servicing Information Security Assessment Report, as presented.*

Jaye O'Connell exited the meeting at 2:31 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. Patrick also presented an overview of the information security trainings required at regular intervals from all VSAC staff to ensure they are aware of the risks and know how to avoid them.

Laurie Oliver reviewed the previously distributed materials on Fraud Risk.

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

#### *Status Report*

Laurie provided a snapshot of active audits highlighting the MA and NY State Compliance exams, and the external audit services transition to CliftonLarsonAllen (CLA) noting that initial transition activities have started with CLA. Laurie noted Internal Audit's involvement in several internal projects, including the LIBOR transition project, and cosigner release project. Laurie also announced that since the last Audit Committee meeting in September 2022, the audit of the Vermont State Incentive Grant awarding process has been completed.

Laurie reported that she completed the 40 hours of continuing professional education required in calendar year 2022 for renewal of Internal Audit certification with the Institute of Internal Auditors.

### **Charter Review**

This item was deferred to the May 2023 meeting.

**Other Business & Adjournment**

There being no other business, the Committee adjourned at 3:12 p.m.

Respectfully submitted,

Tom Little  
Assistant Secretary