

**MINUTES OF A MEETING**  
**OF THE**  
**ILLINOIS STUDENT ASSISTANCE COMMISSION**  
**AUDIT COMMITTEE**

**January 27, 2012**

**Loyola University**  
**Lewis Towers, Room 1704**  
**111 E. Pearson Street**  
**Chicago, Illinois**

**COMMISSIONERS PRESENT:** Kendall Griffin  
Paul Roberts  
Kim Savage

**STAFF PRESENT:** Anita Geter, Director, Internal Audit  
Annie Pike, General Counsel

## CLOSED MINUTES

Ms. Savage noted for the record that the Audit Committee was now in closed session. She then recognized Ms. Geter.

Ms. Geter noted that Governor Quinn has signed into law the change to the Open Meetings Act giving public bodies the opportunity to adjourn into closed session to discuss internal control weaknesses. She provided the Audit Committee with a presentation to facilitate the discussion. She indicated the first audit of the fiscal year was the General Agency Administration Organization Management Audit which has been rectified by the establishment of this Audit Committee.

### Item 6. First Half FY12 Internal Control Weaknesses

Ms. Geter stated there was a lack of leadership over the College Illinois! Prepaid Tuition Program due to the vacancy of the Chief Investment Officer, which has now been rectified by the hiring of Kent Custer as Chief Investment Officer. She informed the Audit Committee that the Prepaid Tuition Program had a Director in past years prior to the hiring of a Chief Investment Officer and asked that the Audit Committee consider if that leadership is needed today.

She briefed the Audit Committee on the draft report from the Auditor General for the fiscal year ending June 20, 2011, which has not yet been published. She stated that she will keep the Audit Committee informed.

Ms. Geter stated that the current audit plan schedule is to review the College Illinois! Prepaid Tuition Program in two ways; the day-to-day operations and the investments.

Responding to Ms. Savage's concern regarding duplication of the forensic audit Ms. Pike stated that there are currently several audits being performed on the College Illinois! Prepaid Tuition Program.

Ms. Geter stated that due to the short tenure of the new Chief Investment Officer she felt it would not be practical to look into that program yet and indicated she may have to go to the full Commission to ask for a revision in the audit plan to postpone the review of the College Illinois! Prepaid Tuition Program due to the current investigations being performed by outside firms.

Mr. Pike stated that the forensic audit report is due within the next couple weeks and she will provide that confidential information to Ms. Geter. She stated that the College Illinois! Prepaid Tuition Program is under more scrutiny than anything in the agency or what most agencies experience and she feels that with the new Investment Committee, all new Investment Advisory Panel members, and a new investment advisor the program is headed in the right direction. She informed the Audit Committee that Representative Durkin has introduced legislation to have investment discussions taken place in open session.

Continuing, Ms. Geter informed the Audit Committee that she has brought the issue of external and internal audit findings to the attention of Chair Hubbard at her first initial meeting upon her appointment as Chair. She indicated that about 60 percent of the findings were addressed timely,

but left 40 percent to be addressed. She stated some of those findings pertaining to the College Savings Plan which she has brought to the attention of the General Counsel, Ms. Pike. Ms. Pike indicated this is unfunded legislation that has to be repealed but ISAC's efforts so far in that regard have not been successful.

Ms. Geter indicated there were findings regarding former employees still having authorization to petty cash accounts due to a bank's internal procedure not being implemented. She indicated a response has been given on this finding and how management has handled the implementation. Ms. Savage suggested they review this at the next meeting to insure management is taking proper actions on these types of procedures.

Ms. Geter briefly mentioned the ECSI issue which is currently brought to the full Commission. Ms. Pike indicated she is working closely with the Commission on this issue.

Continuing, Ms. Geter stated that a formal records management and record retention policy does not exist for the agency which was a finding. She indicated legal staff of the agency are working on this and are in a holding pattern until the return of the Deputy Executive Director who is currently on leave and then it will be submitted to the Secretary of State.

Ms. Geter stated that four retired employees are still appearing on the Deerfield facility Emergency Team Roster. That issue is being addressed.

Ms. Geter reviewed with them the Unified Web Site IT project which was included in the Internal Audit Plan and the need for an IT Risk Assessment.

Ms. Geter reviewed with the Audit Committee the security issues regarding MyZone and MapNet.

Ms. Pike indicated there is new law regarding use of social security numbers. that applies to state agencies which she will provide to the Audit Committee.

Ms. Pike recommended that the Commission invite members of ISAC's IT division to discuss computer security. She stated that should the Audit Committee decide upon a recommendation on best practices it will need to be presented to the full Commission for final action. Mr. Griffin suggested with other members agreeing to have a member of the IT staff present at their next meeting to discuss this issue. MS. Pike also agreed to update the Committee on other internal controls and practices related to confidential information.

## **Item 7. External Quality Assessment**

Ms. Geter reviewed with the Audit Committee the External Quality Assessment report which they were provided in November.

Ms. Geter asked the Audit Committee to consider hiring an additional staff member for Internal Audit. She intends to make a recommendation after the risk assessment is completed. She

has looked at other state agencies who manage over \$1 billion and those agencies normally have two or more staff auditors.

Ms. Savage asked for a motion to return to open session. Mr. Roberts **SO MOVED** and Mr. Griffin seconded the motion, which was approved unanimously. The Audit Committee returned to open session at 5:25 p.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Debora A. Calcara". The signature is written in black ink on a light-colored background.

Debora A. Calcara  
Secretary to the Commission