

MINUTES OF A MEETING
OF THE
ILLINOIS STUDENT ASSISTANCE COMMISSION

AUDIT COMMITTEE

December 13, 2011

James R. Thompson Center
100 W. Randolph St.
Room 2-026
Chicago, Illinois

COMMISSIONERS PRESENT: Kendall Griffin
Paul Roberts
Kim Savage

STAFF PRESENT: Anita, Geter, Director, Internal Audit
Shoba Nandhan, Chief Financial Officer
Annie Pike, General Counsel
Debora Calcara, Commission Secretary

Ms. Geter welcomed everyone to the first meeting of the Illinois Student Assistance Commission's Audit Committee. She asked that a roll call be taken which established the three members of the Audit Committee were present. Those members were Mr. Roberts, Ms. Savage and Mr. Griffin.

Item 1. Audit Committee Charter

Ms. Geter stated that the Charter for the newly formed Audit Committee must be developed to be brought to the Commission for approval at its March meeting. To facilitate the development of the Charter, Ms. Geter provided the Audit Committee with Charter examples from the Institute of Internal Auditors, the Illinois Housing Development Authority and the Teacher Retirement System of the State of Illinois in order to develop a Charter for the Audit Committee.

Ms. Pike suggested that the Audit Committee review the examples with Ms. Geter for her to develop a draft Charter to be brought back to the Audit Committee for review and revisions.

Ms. Geter then went through the example Charters to determine from the Committee what they would like to be included in the ISAC Audit Committee Charter.

Ms. Geter inquired with Ms. Pike if the Audit Committee has the authority to retain outside counsel to conduct investigations. Ms. Pike indicated that they could, but would also confirm that and report back to Ms. Geter.

In reviewing the Composition section of the example Charters, the Audit Committee members were concerned that they should possess financial literacy, which is what the examples require. Ms. Pike felt that it was not a requirement for them to be financial experts as they will work closely with not only the Internal Auditor, but also the Chief Financial Officer and the Executive Director of the Commission and will be able to rely on their financial expertise.

Ms. Pike also felt that the Composition section of the Charter should reflect the terms which the Commissioners are serving under and indicated she will draft the language for it.

Ms. Geter moved to the section on the Charter for setting the meeting schedule of the Audit Committee. Ms. Pike stated that the Audit Committee is a three-member sub-committee of the Commission and therefore two members are required to meet the quorum and all meetings are open to the public to comply with the Open Meetings Act. She stated that there are also exceptions to the Open Meetings Act that allow the Committee to adjourn into closed session. Ms. Pike confirmed for Ms. Geter that she is allowed under the Open Meetings Act to have discussions with the Committee members on an individual basis. It was agreed that the Audit Committee would meet four times per year and preferably on the same day as the regularly scheduled Commission meetings.

Ms. Geter stated that in compliance with the Open Meetings Act the Secretary to the Commission audio will tape the meetings of the Audit Committee and will prepare the minutes of those meetings. Ms. Pike confirmed that the minutes of the Audit Committee are approved by the Committee at their meetings.

A brief discussion was held on the section of the Charter which outlines the appointment, replacement or dismissal of the Director of Internal Audit.

It was agreed that Ms. Geter would prepare a draft Audit Committee Charter to bring back to the Commission for review at its next meeting.

Item 2. Calendar of Events

Ms. Geter suggested the Audit Committee's next meeting be on January 27, 2012 and then again on March 26, 2012 immediately following the Commission meetings. She indicated that the Committee will receive a draft Audit Committee Charter in January, which will then be brought to the full Commission at its March 26 meeting for approval. Between April and June 2012, Ms. Geter stated that she will be working on the high-level risk assessment which will be used to develop the FY 2013 Internal Audit Plan. The FY2013 Internal Audit Plan will be brought to the Audit Committee for approval and then be taken to the Commission at its June meeting.

Item 3. Proposed Audit Committee Procedures

Ms. Geter informed the Audit Committee that the Governor has signed into law a bill allowing auditors to go into closed session at the Commission meetings beginning January 1, 2012. Ms. Pike explained that for specific reasons as outlined in the Open Meetings Act, the Commission will now be allowed to go into closed session in order to have a discussion with the Internal Auditor should she find a need to report such things as internal control weaknesses which may put the agency at high risk or any type of information she feels should be kept proprietary.

Ms. Geter then recommended that the Audit Committee appoint a Chair who would serve as a voice for the Committee when reporting to the Commission and facilitating Audit Committee meetings. Ms. Savage stated she would be willing to serve in that capacity. Mr. Roberts and Mr. Griffin agreed to appoint Ms. Savage as Chair of the Audit Committee.

Item 4. Employment Matters

Ms. Geter stated that the current audit plan requires that there be an IT database and applications control review. She said she would like to replace this review with an overall IT risk assessment, which would give them an indication of what the next two to four years will potentially look like in the IT arena. She stated that she would like to bring in a consultant with IT risk assessment experience.

Responding to Mr. Roberts, Ms. Geter confirmed that since the IT database and applications control review was approved in the Audit Plan presented to the Commission at its meeting in July 2011, Internal Audit will go back to the Commission for approval and will do so at the January 27, 2012 meeting should the Audit Committee approve the change. Ms. Geter stated that this would be a one-time consultant and will work with procurement in securing the consultant.

Ms. Pike suggested that an action item be addressed at the January 27, 2012 Commission Meeting to approve an amendment to the Internal Audit Plan approved during the July 2011 meeting

of the Commission with the understanding that an outside consultant will be procured to conduct an IT Risk Assessment of the agency. Ms. Savage agreed with the suggestion and Mr. Griffin also agreed.

Ms. Savage **SO MOVED** that the December 13, 2011 meeting of the Audit Committee be adjourned. Mr. Griffin seconded the motion which was approved unanimously. The meeting adjourned at 4:17 pm.

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