

**MINUTES OF THE FEBRUARY 18, 2015, MEETING OF THE AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS OF THE ILLINOIS FINANCE AUTHORITY**

The Board of Directors (the "Board") of the Illinois Finance Authority (the "IFA"), pursuant to notice duly given, held an Audit Committee (the "Committee") Teleconference Meeting at 8:30 a.m. on February 18, 2015, at the Chicago Office of the Illinois Finance Authority, 160 North LaSalle Avenue, C-800, Chicago, IL 60601.

IFA Staff Participants:

Board Members Participating:

Others Participating:

Chairwoman Gila Bronner
Chairman William Brandt
(Phone)
Mike Goetz
Terry O'Brien
Roger Poole (Phone)

Melinda Gildart, Chief Financial
Officer
Ximena Granda, Controller

Dan Nugent, Office of the Auditor
General

GENERAL BUSINESS

I. Call to Order and Roll Call

The Committee meeting was called to order at 8:30 with the above Board Members, IFA staff and other participants present. Chairwoman Bronner asked Ms. Granda to call the roll. Three board members present and two by telephone.

II. Review and Approval of the June 5, 2014 Minutes

The minutes from the Audit Committee meeting held on June 5, 2014, were reviewed. Chairwoman Bronner moved to approve the minutes Mr. Goetz accepted and Mr. Pool second. The committee approved the above referenced minutes.

III. Consideration and Acceptance of Office of the Illinois Auditor General Financial Report FY14

Chairwoman Bronner presented the financial audit findings and the progress that has been made. The audit report was issued in January 2015. There were two repeat findings by the Office of the Auditor General. These findings have been accepted and are being addressed. The first finding is related to the perspective of the IFA where we followed previous/existing guidance from the Illinois Comptroller's Office in regards to financial presentation. The second finding involves the write-off of uncollectibles, in which the Authority needs to secure approvals from the Office of the Attorney General.

Ms. Gildart stated that they have accepted the findings and are working toward solutions. They have received progress from the Attorney General's Office where several of the outstanding write offs have been officially received.

Motion entertained by Chairwoman Bronner to accept the OAG Financial Report for FY14. Accepted by Mr. O'Brien and seconded by Mr. Goetz, roll call done by Ms. Granda. The motion carried.

IV. Consideration and Acceptance of the IFA Comprehensive Annual Financial Report for FY14

Chairwoman Bronner advised that this is the first time the Authority prepared a comprehensive annual financial report which was undertaken by Ms. Gildart's leadership. The Authority is very excited about this and the staff should be very proud about this comprehensive and thorough document.

Motion entertained by Chairwoman Bronner to accept the IFA Comprehensive Annual Financial Report, accepted by Mr. O'Brien and seconded by Mr. Goetz.

V. Legislative Audit Commission Hearing

Chairwoman Bronner pointed out that the Legislative Audit Commission hearing is set for March 24, 2015 - will be presenting these reports and keep you apprised of any developments coming out of the Legislative Audit Commission.

VI. Consideration and Acceptance of Internal Audits That Were Conducted

Internal IT audits were conducted by Adelphia, LLC for the Authority's Docuware and Kanban Tool applications.

Ms. Gildart advised that the audits were conducted to comply with the Fiscal Control and Internal Auditing Act (FCIAA), which requires audits on any changes and or prior to the implementation of any new software.

Kanban Tool is an online project management application which allows the Authority to manage projects, such as the annual audits and assign tasks, receive approvals and can be accessed anywhere as long you have the applicable user rights. The external auditors were also given access to the system as this allowed for an audit trail of documents submitted and tracking the progress of specific tasks.

Docuware is a records management software, originally purchased from a master contract with the State of Illinois and is being used to scan thousands of Authority documents. The Authority also separately procured document imaging services with the vendor.

Update:

Ms. Gildart advised that Com Microfilm was contacted by the auditors and the Authority in regards to some of the findings and to move toward contract compliance. The areas being questioned included: Workflow analysis and other documentation and verification of the number of documents to be/being scanned. The Authority has subsequently terminated the separate document imaging agreement and has now engaged the vendor under the state's master contract. The Authority estimates project completion prior to June 30, 2015.

Motion entertained by Chairwoman Bronner to accept the internal audits, accepted by Mr. O'Brien, seconded by Mr. Goetz.

VII. Other Business

Ms. Gildart advised that the Conduit Debt Watch list is in the Audit Committee folder. Part of the ongoing compliance requirement for the conduit bond issuances is to track when the trustee makes the principal & interest payments on the bonds. There are also other documents required to be submitted to the Authority as far as our responsibility to make sure the trustees are compliant to the bond holders. There have been issues with several trustees complying with the requirements to provide the Authority various documents. The Authority, in performing its due diligence, communicates with our trustees regularly regarding compliance issues. Those deficiencies are noted on the Authority's audits. The Authority does not control when the trustee provides the information and it is on the trustee to comply. The Authority maintains a system of tracking bond compliance and continue to work with auditors. The system is working; Docuware will help streamline our process.

VIII Public Comment

There was no public comment.

VII. Adjournment

Chairwoman Bronner moved to adjourn the meeting Mr. Goetz accepted and Mr. O'Brien second.

The meeting adjourned at 9:22a.m.

