

**Illinois Housing Development Authority**  
**Internal Audit Department**  
**Audit Committee Minutes**  
**September 21, 2018**

- For the Audit Committee: King Harris, Board Chairman  
Karen Davis, Committee Chair  
Alyssa Rapp, Committee Member  
Mary Kane, Board Member
  
- For the Authority: Audra Hamernik, Executive Director  
Debbie Olson, Chief of Staff  
Maureen Ohle, General Counsel  
Kevin O'Connor, Chief Internal Auditor  
Michaela Angeles, Senior Department Administrator  
Nandini Natarajan, Chief Financial Officer  
Peter Sellke, Hardest Hit Fund Director  
Scot Berkey, Information Technology Director

The meeting was called to order at 9:00 A.M.

Mr. O'Connor stated the audit committee package was prepared one week earlier than regularly scheduled. Verbal updates at the meeting were provided for any changes that occurred after the package was issued.

- I. Approval of Audit Committee Minutes from June 15, 2018  
Ms. Davis presented the June 15, 2018 audit committee minutes for approval. Ms. Rapp made a motion for approval. Mr. Harris seconded the motion. The minutes were approved as submitted.
  
- II. FY2018 Audit Plan Status Report  
Mr. O'Connor presented the status report for FY2018 and noted two audits are due to be completed. The procurement audit is in fieldwork and a draft report will be issued soon. The IT audit originally planned to review a system update but was expanded. Testing will continue through October.
  
- III. FY2019 Audit Plan Status Report  
Mr. O'Connor presented the FY2019 status report. The Multifamily audit is in progress and a draft report will hopefully be completed by the end of next week. The First Mortgage and Downpayment Assistance review has been initiated.

The Asset Servicing audit will be initiated soon. Victoria Seay, the newly promoted senior internal auditor, will be assigned to the review.

- IV. Internal Audit Observation Follow-up  
Mr. O'Connor noted directors are doing an excellent job completing follow-up for their outstanding observations.

## V. Internal Audit Informational Updates

Mr. O'Connor presented the informational updates.

He explained the contents of the Year-End Summary report which is annually prepared every September. The report includes a list of reports performed throughout the year and provides an overview of significant deficiencies.

Mr. O'Connor noted the FY2018 external audit is still scheduled for issuance at the end of October. The compliance report is scheduled to commence in February.

Treasury is scheduled to perform an annual compliance audit on the Hardest Hit Fund (HHF). They will be onsite at the Authority for approximately one week.

Mr. O'Connor noted a few department staffing changes. Jesse Bermudez, a Senior Internal Auditor, has a new position in the Accounting department. Victoria Seay has been promoted to Senior Internal Auditor. Ms. Rapp inquired about the recruiting process. Mr. O'Connor stated that LinkedIn and Indeed are utilized, and a considerable amount of candidates have applied.

Mr. O'Connor will be attending the SIAAB government auditing conference in October. The conference will provide 17 credits toward his continuing professional education (CPE) requirement.

## VI. FY2018 Internal Audit Reports

Time and Attendance Records Review #2018-013

Mr. Sellke attended the meeting for discussion of this review only.

Mr. O'Connor provided an overview of the audit. IDEA software was used to compare two databases of information, covering the start times of 251 employees. The review received a report level of significant deficiency.

Ms. Rapp asked if only time physically spent at the office was audited. She noted a review of timekeeping is challenging, being in a digital age. Ms. Hamernik added the audit provides an indicator of issues but not a full picture.

Executive is working on messaging to the Authority to put an emphasis on accurately inputting time and correctly coding it, if needed. She noted individuals are responsible for inputting their own time accurately.

Mr. O'Connor noted the department's recommendation is to require employee to swipe every morning, and for Internal Audit to perform quarterly follow-up audits.

Continuity of Operations Plan and Disaster Recovery Plan Review #2018-012  
Mr. Berkey attended the meeting for discussion of this review only.

Mr. O'Connor presented the review. The risk level for this area is high and the audit received a deficiency report rating. The COOP and DR plan was previously a responsibility of the Administrative Services department. Mr. Berkey noted a plan for the boardroom exercise will be in place in the next 6-12 months.

Section 811 Review #2018-010

The review received a report level of "needs improvement".

Low Income Housing Tax Credits 2018-2019 Awards Consultation Processes  
#2018-014

Mr. O'Connor presented the report and provided a background of the consultation. The evaluation process was reviewed in the consultation.

The meeting concluded at approximately 9:28 A.M.