Illinois Housing Development Authority
Internal Audit Department
Audit Committee Minutes
December 16, 2016

The Audit Committee of the Illinois Housing Development Authority met on December 16, 2016 at the Authority's offices in the Executive Conference Room. Attendance included:

- **For the Audit Committee:**   Karen Davis, Committee Chairperson
Alyssa Rapp, Committee Member (via phone)
King Harris, Chairman of the Board

- **For the Authority:**   Audra Hamernik, Executive Director
Kevin O'Connor, Chief Internal Auditor
Michaela Angeles, Department Administrator

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

I. Approval of Audit Committee Minutes from September 16, 2016
Ms. Davis introduced the minutes from the September 2016 Audit Committee meeting and made the motion for approval. Ms. Rapp seconded the motion. The minutes were approved as submitted.

II. Internal Audit Activity Charter
Mr. O'Connor presented the Internal Audit activity charter. The charter was presented due to several changes of members on the Board, Executive staff and within the internal audit department.

III. Audit Committee Charter
Mr. O'Connor presented the Audit Committee Charter. The charter is being presented and approved as a formality, with no changes.

IV. FY2017 Audit Plan Status Report
Mr. O'Connor presented the FY2017 Audit Plan Status Report. Eight reports have been completed and issued. There are currently four reviews in progress and four reviews to be initiated. The department does not anticipate any issues with completing the FY2017 audit plan and may start the FY2018 plan if needed.

V. FY2016-07 Audit Plan with Proposed Changes
Mr. O'Connor presented the FY2016-2017 Audit Plan. The Data Management System (DMS) upgrade has been added and replaces the GAAP Package review, which is no longer a requirement.

VI. FY2016-17 Internal Audit Reports & Follow-up

A. Current Period Final Reports
Six reports have been completed and are included in the package. Mr. O'Connor noted there were no significant issues.

Section 8 and 236 Activities Review 236 #2017-002
The review received a report level of "deficiency." The first observation relates to the Accounting department and has been addressed by the department.

Low Income Housing Tax Credits Review #2017-004
The review received a report level of "satisfactory" as there were no observations noted.

MITAS Release 35 Update Review #2017-001
Mr. O'Connor noted the release was a standard upgrade to the MITAS system.

CAMRA 8.0 Conversion Review #2017-006
Mr. O'Connor noted that the review went well and received a "satisfactory" report level.

Benedict System Update Review #2017-007
The review received a report level of "satisfactory".

Authority Data Management System (DMS) Conversion Review #2017-011
Mr. O'Connor stated DMS is utilized by Asset Management and the system reduces much of the manual process performed by property managers.

B. Prior Internal Audit Observations Follow-up
Mr. O'Connor stated that Internal Audit is continuing to meet regularly with directors and observations are being cleared in a timely fashion. He added there are less significant deficiency observations.

VII.   Informational Updates
Mr. O'Connor presented the informational updates.

The Internal Control Certification annual process will commence in January.

The Risk Assessment process will be initiated in February, which will determine the FY2018-2019 Audit Plan. Internal Audit will meet with major department heads to review their risk assessments.

The Quality Assurance Review (QAR) of the Internal Audit department is required to be undertaken at least every five years. The department will perform a self-assessment and an external and independent validator will review the department's performance.

The 2015-2016 CPE period will end in December. All auditors have successfully fulfilled their CPE requirements for the 2015-2016 CPE period.

Mr. O'Connor discussed the status of the strategic plan and briefly described the initiatives.

The meeting concluded at approximately 9:50 A.M.