

Illinois Housing Development Authority
Internal Audit Department
Audit Committee Minutes
March 16, 2018

- For the Audit Committee: King Harris, Chairman of the Board
Karen Davis, Committee Chairperson
Alyssa Rapp, Committee Member

- For the Authority: Audra Hamernik, Executive Director
Debbie Olson, Chief of Staff
Nandini Natarajan, Chief Financial Officer
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 December 15, 2017
Ms. Davis presented the December 15, 2017 audit committee minutes for approval. Mr. Harris made a motion for approval. Ms. Rapp seconded the motion. The minutes were approved as submitted.

- II. FY2018 Audit Plan Status Report
Mr. O'Connor presented the status report for the FY2018 audit plan. Four reports have been issued in FY2018. The two reports are delayed due to issues with director cooperation. Issues have been discussed with the Executive Director and the reviews are expected to be issued soon. Mr. O'Connor noted that the procurement audit will be re-initiated soon. A review of COOP is also scheduled this year and isn't expected to take up too many resources. Mr. O'Connor noted three special projects will still be determined and he is discussing potential consultations with the Executive Director. Additional changes to the audit plan will be presented at the June Audit Committee meeting.

- III. FY2018 Revised Audit Plan
Mr. O'Connor presented one proposed change to the FY2018 audit plan. The time and attendance consultation has replaced the previously scheduled administrative budget audit. Infrastructure issues will be addressed first before performing the budget audit.

- IV. Internal Audit Observation Follow-up
Mr. O'Connor presented the observation follow-up worksheet. He commended directors for taking timely corrective action on outstanding observations.

- V. Internal Audit Informational Updates
Mr. O'Connor presented the informational updates.

Internal Audit will be performing a self-assessment of the quality assurance review due to changes in the auditing standards. The review will be submitted by the end of the month.

Internal Control Certification questionnaires were sent to departments in February. A letter compiling the information from the questionnaires is filed with the Auditor General at the end of March 2018 in compliance with FCIAA (Federal Control and Internal Auditing Act) standards.

The Risk Assessment worksheet was distributed to departments in March. The worksheet is due March 27 and department changes to risk levels will help determine any revisions to the FY2019 audit plan.

Internal Audit staff are on track to be in compliance with their CPE (continuing professional education) requirements for the 2017-2018 period.

- VI. FY2018 Internal Audit Reports

#2018-005 Hardest Hit Fund - Homeowner Emergency Loan Program and Down Payment Assistance Review

Mr. O'Connor presented the review and went over the observations. The report received a deficiency rating level due to high dollar amounts involved. Procedures will be put in place to ensure independent verification. Mr. Harris inquired about the deficiency rating system and proposed a color coding system for rating levels.

#2018-002 Property and Equipment Review

Mr. O'Connor presented the review and went over the observations. The risk rating is high due to susceptibility in fraud. He noted the policies and procedures manual needs to be updated and controls for asset dispositions should be in place.

- VII. FY2017 External Audit Compliance report

Mr. O'Connor presented the external audit. He noted four findings that were repeat from last year. Mr. O'Connor and Ms. Hamernik addressed the findings.

The meeting concluded at approximately 9:20 A.M.