

**MINUTES OF THE JUNE 14, 2011, 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 June 14, 2011, at the Chicago Office of the Illinois Finance Authority, 180 North Stetson Avenue, Suite 2555, Chicago, IL 60601.

**Board Members Participating:**

Gila J. Bronner, Madam Committee Chairman  
William A. Brandt, Jr., Board Chairman  
Terrence M. O'Brien

**IFA Staff Participants:**

Christopher B. Meister, Executive Director  
Brendan M. Cournane, General Counsel  
Arthur S. Friedson, Chief HR Officer  
Ximena Granda, Assistant CFO  
Joy Kuhn, Assistant Treasurer  
Ahad F. Syed, Administrative Assistant

**GENERAL BUSINESS**

***I. Call to Order***

Madam Chairman Bronner called the Committee meeting to order at 8:36 a.m. with the above Board Members and IFA staff Madam Chairman Bronner asked Mr. Cournane to call the roll. There being three members present, Mr. Cournane declared the quorum met.

***II. Review and Approval of the April 13, 2010 Minutes***

The Minutes from the Audit Committee meeting held on April 13, 2011, were reviewed. Madam Chairman Bronner asked for a motion to approve the Minutes. Mr. Brandt moved to approve the Minutes and Mr. O'Brien seconded the motion. The Committee unanimously agreed to approve the Minutes.

***III. Fiscal Year 2010 Matters***

**A. Findings**

Madam Chairman Bronner asked Ms. Granda to present the audit findings to the Committee.

Ms. Granda presented the following findings to the Committee:

1. Non-Compliance
  - a. Working with Trustee to provide an e-mail in order to make sure we are in compliance. 100% completed.
2. Non-Compliance with the program
  - a. The report that was in the \_\_\_\_\_ was corrected and now is obsolete as USDA no longer requests for this report.
3. Full (???) analysis performed
  - a. \_\_\_\_\_ will be adjusted by June 30, 2011. \_\_\_\_\_K and comptroller report will be adjusted by \$294,000.
4. Administration reports
  - a. Reports were submitted and an Agency report is created to avoid this \_\_\_\_\_ again.
5. Untimely signing of written contracts
  - a. With the addition of the procurement officer this finding would not occur
6. ??Double Check with Joy
7. New Travel Policy

DRAFT

- a. Accounting must double check before processing???
8. Check with Chris

Immaterial

1. Telecommunication policy
  - a. Telecommunication policy is amended and quarterly random checking will occur.
2. Cost of federal audit
  - a. Allocated to the appropriate funds

B. Remediation Plan

Madam Chairman Bronner asked Ms. Granda to present the Remediation Plan to the Committee.

Ms. Granda presented the following Remediation Plan to the Committee:

**[LIST REMEDIATION PLAN]**

Madam Chairman Bronner stated that the entrance conference has already begun. The Madam Chairman also stated that the IFA plans to be very proactive about the findings by communicating early and directly with the auditors.

Ms. Granda stated that the IFA has not consistently engaged with the auditors in side visits. Director Meister stated that Mr. Jim Senica, Senior Funding Manager will be doing these side visits.

***IV. Fiscal Year 2011 Matters***

**[INSERT FY11 MATTERS]**

***V. Internal Audit Plan***

Madam Chairman Bronner suggested that it would be helpful for the IFA, in communicating to the auditors, to draft and implement an internal risk assessment plan in order to strengthen the IFA internal record-keeping. Mr. O'Brien expressed his agreement with Madam Chairman's suggestion and stated that the IFA is doing well in that regard and should continue to implement such procedures.

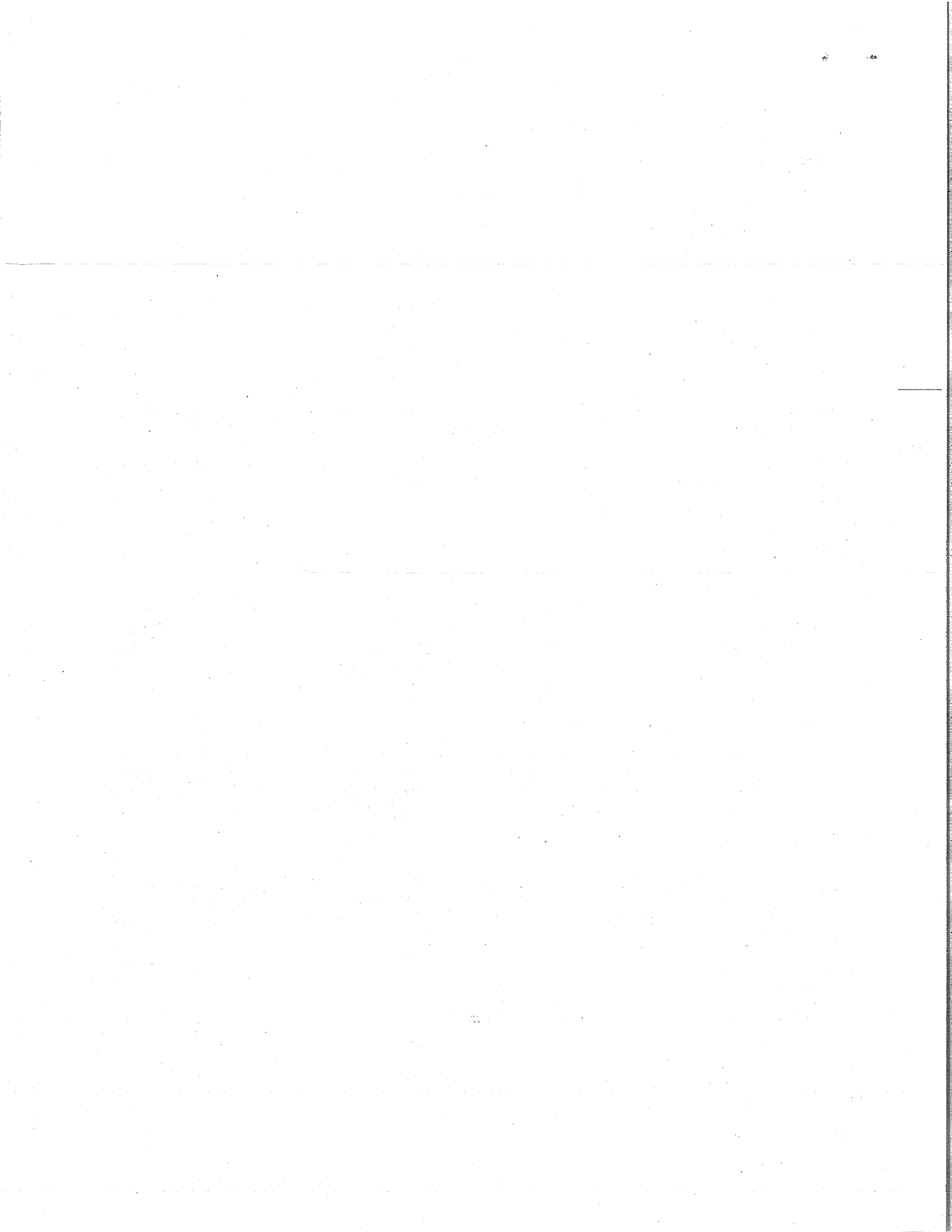
***VI. Other Business***

Director Meister explained that the IFA is working diligently to recruit a Chief Financial Officer. Mr. Brandt stated that he would need a detailed assessment from the Compensation Committee of the current overhead burden before recruiting a Chief Financial Officer. Mr. Brandt also floated the idea of promoting a qualified IFA staff member to the position of Chief Financial Officer subsequent to the overhead burden assessment.

***VII. Adjournment***

Madam Chairman Bronner thanked the Committee Members and IFA staff for appearing at the meeting and asked if there were any additional matters for the Committee's consideration. Hearing none, she asked for a motion to adjourn the meeting. Mr. O'Brien moved to adjourn and Mr. Brandt seconded the motion. The Committee adjourned at 9:26 a.m.

Minutes submitted by:  
Ahad Syed  
Administrative Assistant  
Assistant Board Secretary



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**A. Findings**

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Ms. Granda presented the following findings to the Committee:

**LIST FINDINGS**

*En Material Findings  
1) - Jim Senica see back.*

**B. Remediation Plan**

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**LIST REMEDIATION PLAN**

*see attached*

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Ms. Granda stated that the IFA has not consistently engaged with the auditors in side visits. Director Meister stated that Mr. Jim Senica, Senior Funding Manager will be doing these side visits.

*v. Fundy 2*

- 1) Non compliance with the investment -
- 2)
- 3)
- 4)
- 5)
- 6)
- 7)
- 8)

1) Non Compliance - working with Trustee to provide an email in order to make sure we are in compliance.  
 - 100% completed

2) Non-Compliance with the program.  
 1) - The report that was in the funding was corrected and now is obsolete as U.S.D.A no longer request for this report

2) Loan agreement compliance will be completed by 6/30 as site visits will be done next week and the end of June

3) Fuel analysis performed, gl ~~both~~ will be adjusted by 6/30. \$45K and Controller report will be corrected by \$294K.

4) Administrative reports - reports were submitted, and a Agency report is created to avoid this funding again.

**IV. Fiscal Year 2011 Matters**

**INSERT FY11 MATTERS**

?? Act??

**V. Internal Audit Plan**

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- 5) ~~@@@~~ Untimely signing of written contracts.  
with the addition of the Procurement  
Officer this finding would not occur.
- 6) ?? Double check with Joy
- 7) ~~@@@~~ King's New Travel policy and  
accounting is double checking before  
processing.
- 8) check with ARIS.

Immaterial.

- 1) Telecommunication policy ~~@@@~~ <sup>amended</sup>  
and quarterly randoms. checking will  
occur.
- 2) Cost of the Federal Audit  
allocated to the appropriate  
funds.