

1 ILLINOIS FINANCE AUTHORITY  
2 AUDIT PLUS COMMITTEE MEETING

3  
4 REPORT OF PROCEEDINGS of the Special Meeting of  
5 the Illinois Finance Authority Audit Plus Committee  
6 HELD IN PERSON and VIA AUDIO and VIDEO CONFERENCE on  
7 Monday, April 11, 2022 at 10:00 a.m.

8  
9 PRESENT VIA AUDIO AND VIDEO CONFERENCE:

- 10 COMMITTEE CHAIR PETER AMARO  
11 MEMBER DREW BERES  
12 MEMBER GEORGE OBERNAGEL  
13 MEMBER ROGER POOLE  
14 MEMBER TIM RYAN  
15 CHAIRMAN WILL HOBERT, ex-officio, non-voting

16  
17 ALSO PRESENT:

- 18 MARK MEYER, Assistant Secretary  
19 CHRISTOPHER MEISTER, Executive Director (in person  
20 and via audio and video conference)  
21 XIMENA (SIX) GRANDA, Manager of Finance and  
22 Administration  
23 JACK RAKERS, Chief Internal Auditor at Central  
24 Management Services
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1           COMMITTEE CHAIR AMARO: This is Peter Amaro,  
2 Chair of the Illinois Finance Authority Audit Plus  
3 Committee. I'd like to call the meeting to order.

4           ASSISTANT SECRETARY MEYER: Good morning. This  
5 is Mark Meyer, Assistant Secretary of the Authority.  
6 Today's date is Monday, April 11, 2022, and this  
7 special meeting of the Authority's Audit Plus Committee  
8 has been called to order by Committee Chair Amaro at  
9 the time of 10:01 a.m.

10                           The Governor of the State of Illinois  
11 issued a Gubernatorial Disaster Proclamation on  
12 April 1, 2022, finding that, pursuant to the provisions  
13 of the Illinois Emergency Management Agency Act, a  
14 disaster exists within the State of Illinois related to  
15 public health concerns caused by COVID-19 and declaring  
16 all counties of the State of Illinois as a disaster  
17 area which remains in effect for 30 days from its  
18 issuance date.

19                           In accordance with the provisions of  
20 Subsection (e) of Section 7 of the Open Meetings Act,  
21 as amended, the Chair of the Authority, Will Hobert,  
22 has determined that an in-person meeting of this  
23 committee today, April 11, 2022, is not practical or  
24 prudent because of the disaster declared. Therefore,

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1 this meeting is being conducted via video and audio  
2 conference, without the physical presence of a quorum  
3 of the Members.

4 Executive Director Chris Meister is  
5 currently in the Authority's Chicago office at the  
6 location of the meeting and also participating via  
7 video and audio conference; all Members will attend  
8 this meeting via video or audio conference.

9 As we take the roll calls, the response  
10 of the Members will be taken as an indication that they  
11 can hear all other Members, discussion, and testimony.

12 COMMITTEE CHAIR AMARO: This is Peter Amaro.  
13 Thank you, Mark. Will the Assistant Secretary please  
14 call the roll?

15 ASSISTANT SECRETARY MEYER: Certainly. This is  
16 Mark Meyer. With all Members attending via video or  
17 audio conference. I will call the roll.

18 Mr. Beres?

19 MEMBER BERES: Here.

20 ASSISTANT SECRETARY MEYER: Ms. Nava?

21 (No verbal response.)

22 ASSISTANT SECRETARY MEYER: Mr. Obernagel?

23 MEMBER OBERNAGEL: Yes.

24 ASSISTANT SECRETARY MEYER: Mr. Poole?

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1 MEMBER POOLE: Yes. Present, I mean.

2 ASSISTANT SECRETARY MEYER: Mr. Ryan?

3 MEMBER RYAN: Here.

4 ASSISTANT SECRETARY MEYER: Committee Chair  
5 Amaro.

6 COMMITTEE CHAIR AMARO: Yes. Here.

7 ASSISTANT SECRETARY MEYER: And Chair Hobert, ex  
8 officio, non-voting.

9 CHAIR HOBERT: Here.

10 ASSISTANT SECRETARY MEYER: Again, this is Mark  
11 Meyer. Committee Chair Amaro, in accordance with  
12 Subsection (e) of Section 7 of the Open Meetings Act as  
13 amended, a quorum of the Authority's Audit Plus  
14 Committee Members has been constituted.

15 Before we begin making our way through  
16 today's agenda, I would like to request that each  
17 Member mute their audio when possible, to eliminate any  
18 background noise unless you're making or seconding a  
19 motion, voting, or otherwise providing any comments for  
20 the record. If you are participating via video, please  
21 use the mute button found on your task bar on the  
22 bottom of your screen. You will be able to see the  
23 control bar by moving your mouse or touching the screen  
24 of your tablet.

1                   For any Member or anyone from the  
2 public participating via phone, to mute and unmute your  
3 line, you may press star 6 on your keypad if you do not  
4 have that feature on your phone.

5                   As a reminder, we are being recorded  
6 and the court reporter is transcribing today's  
7 proceedings. For the consideration of the court  
8 reporter, I would also like to ask that each Member  
9 state their name before making or seconding a motion or  
10 otherwise providing any comments for the record.

11                   Finally, I would like to confirm that  
12 all Members of the public attending in person or via  
13 video or audio conference can hear this meeting  
14 clearly. Chris, can you confirm that this video and  
15 audio conference is clearly heard at the physical  
16 location of this meeting?

17                   EXECUTIVE DIRECTOR MEISTER: Yes. This is  
18 Executive Director Chris Meister. Thank you, Mark.  
19 I'm physically present in the conference room on the  
20 tenth floor of 160 North LaSalle in Chicago. I can  
21 confirm that I can hear all discussions, presentations,  
22 and votes at this morning's meeting's physical  
23 location. I've advised security on the first floor  
24 that we have a public meeting today. The agenda for

1 this meeting has been posted both on this floor and on  
2 the first floor of this building as well as on the  
3 Authority's website as of last Thursday, April 7, 2022,  
4 and building security has been advised that any Members  
5 of the public who choose to do so and who choose to  
6 comply with the building's public health and safety  
7 requirements, may take the elevator, come to this room,  
8 and listen to this morning's proceedings. At the  
9 moment, there is nobody with me in the room. There are  
10 no Members of the public physically present. Back to  
11 you, Mark.

12 ASSISTANT SECRETARY MEYER: This is Mark Meyer.  
13 Thank you, Chris. If any Members of the public  
14 participating via video or audio conference find that  
15 they cannot hear these proceedings clearly, please call  
16 (312) 651-1300, or write info@il-fa.com immediately to  
17 let us know and we will endeavor to solve the audio  
18 issue.

19 COMMITTEE CHAIR AMARO: This is Peter Amaro.  
20 Thank you, Mark. Next on the agenda is public comment.

21 ASSISTANT SECRETARY MEYER: This is Mark Meyer.  
22 If anyone from the public participating via video  
23 wishes to make a comment, please indicate your desire  
24 to do so by using the "Raise Hand" function. Click on

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1 the "Raise Hand" option located at the center of your  
2 control bar at the bottom of your screen. You will be  
3 able to see your task bar by moving your mouse or  
4 touching the screen of your tablet.

5 If you're participating via phone and  
6 wish to make a comment, please indicate your desire to  
7 do so by using the "Raise Hand" function by pressing  
8 star 9.

9 COMMITTEE CHAIR AMARO: This is Peter Amaro. Is  
10 there any public comment for the committee?

11 (No verbal response.)

12 COMMITTEE CHAIR AMARO: Hearing none, I would now  
13 like to ask for the general consent of the Members to  
14 consider New Business Items 1 and 2 collectively and to  
15 have the subsequent recorded vote applied to each  
16 respective, individual New Business Item, unless there  
17 are any specific New Business Items that a Member would  
18 like to consider separately. If there's a need to  
19 recuse or abstain or any expectation that you're going  
20 to vote "no" on any New Business Item, now is the time  
21 to inform the other Members.

22 (No verbal response.)

23 COMMITTEE CHAIR AMARO: Hearing no need for  
24 recusal, I would like to consider New Business Items 1

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1 and 2 under the consent agenda and take a roll call  
2 vote.

3 EXECUTIVE DIRECTOR MEISTER: And now we turn it  
4 over to Ms. Granda to make the presentation on the  
5 resolution.

6 MS. GRANDA: Thank you, Chris. Thank you, Chair  
7 Amaro. This is Six Granda. The Authority two year  
8 compliance examination for fiscal year 2020 and fiscal  
9 year 2021 was released by the Office of the Auditor  
10 General on March 29, 2022. The audit contained eight  
11 material findings, of which, four are new findings and  
12 four are repeat findings. Out of the eight findings,  
13 one is considered a Category 1, which is a material  
14 weakness in internal controls and/or a qualification on  
15 compliance with state laws and regulations. The other  
16 seven findings are considered Category 2, which is a  
17 significant deficiency in internal controls and  
18 noncompliance with state laws and regulations.

19 Finding 1: Internal audit is  
20 considered a Category 1. On August 9, 2019, the  
21 Attorney General ruled in Opinion Number 19-001 that  
22 multiple designated state agencies may not appoint the  
23 same individual as their chief internal auditor through  
24 the execution of an intergovernmental agreement.



1 Before the opinion was issued, the Authority believed  
2 that entering into an intergovernmental agreement with  
3 CMS to be their full internal auditor was in compliance  
4 with the Act. At this time, the Authority continues to  
5 pursue strategies that both complies with the statutory  
6 mandates and appropriately secure scarce public  
7 resources.

8 Findings 2 through 8 are Category 2.  
9 They are: Weakness in cybersecurity programs and  
10 practices, delinquent in accurate reporting of bond  
11 activity, control over property and equipment,  
12 inaccurate quarterly summary of accounts receivable,  
13 noncompliance with the Illinois Finance Authority Act,  
14 noncompliance with the Environmental Facilities  
15 Financing Act, and lack of adequate controls over the  
16 review of internal controls for service providers or  
17 also known as a SOC 1 report.

18 The Authority is currently working on a  
19 corrective action plan for these findings. A couple of  
20 these findings have been corrected already. The  
21 corrective action plan will be ready for the June  
22 meeting.

23 Moving on, the Authority has three  
24 immaterial findings. These findings don't get

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1 published with a compliance report, but they are  
2 reported in a separate letter. The findings are:  
3 Personal testing, access positioning, Board Members  
4 with expiring terms. These immaterial findings would  
5 also be included in the corrective action plan, as  
6 well, when we present them in the June meeting.

7           Moving on, the audit cycle usually  
8 begins around mid-April. Due to the new procurement  
9 being considered by the Office of the Auditor General,  
10 the financial audit for fiscal year 2022 won't begin  
11 until after June 20, 2022.

12           Moving on to Item 2. The financial  
13 audit for fiscal year 2021 was released on December 22,  
14 2021, by the Office of the Auditor General. The  
15 auditors expressed an unmodified opinion on The  
16 Authority's basic financial statement. There were no  
17 governmental auditing standards findings. The  
18 financial highlights are: The financial -- I'm sorry.  
19 The Authority has two major funds, the General Fund and  
20 the Other State of Illinois Debt Fund and all other  
21 funds are aggregated and reported as a non-major.

22           The net position in the General Fund  
23 decreased by point five million, while the net position  
24 in the non-major fund increased by point three million,

1 resulting in a net position of 124.2 million, which was  
2 a decrease of .2% compared to fiscal year 2020. Our  
3 total assets and deferred outflows equal 2.3 billion  
4 in fiscal year 2021. While total liabilities equal 2.2  
5 billion. Our total assets increased by 523.9 million  
6 and our total liabilities increased by 524.1 million  
7 for fiscal year 2020.

8           The transmittal letter gives the  
9 Authority an opportunity to highlight the various  
10 programs and projects done in the fiscal year. It also  
11 provides additional descriptions on our programs and  
12 products. The highlights are: The Authority issued  
13 more than 2.5 billion in conduit bonds across a variety  
14 of economic sectors. On December 30, 2020, on behalf  
15 of the Illinois Environmental Protection Agency. The  
16 Authority successfully closed 500 million on series  
17 2020 green bonds netting the Illinois Environmental  
18 Protection Agency SRF program -- excuse me, a total of  
19 634 million in bond proceeds and premiums that finances  
20 essential safe drinking water and wastewater  
21 infrastructure at a lower cost.

22           On February 25, 2021, a special meeting  
23 was held to allow the Authority to provide assistance  
24 to local governments due to the winter disaster in

1 Texas, Oklahoma, and Kansas. In response, the  
2 Authority acted quickly and within 65 days, the  
3 Authority made 14 direct loans to local governments in  
4 a total estimated amount of 7.9 million.

5 Moving on to the total cost of the  
6 audit. The total estimated audit expense for fiscal  
7 year 2022 will be roughly around, \$290,000. After  
8 allocating staff time, which is estimated at  
9 approximately 25 percent of the annual all-in employee  
10 cost for designated employees, or \$250,000 in all-in  
11 staff time cost, the total estimated cost of the  
12 Authority's fiscal year 2020 audit would be, roughly,  
13 about \$500,000.

14 Today, April 11, the Authority received  
15 a communication from the Legislative Audit Commission  
16 requesting updates on the material findings. This will  
17 be the basis for the Legislative Audit Commission to  
18 determine whether a public hearing is necessary. The  
19 responses are due by April 13 of 2022.

20 At this time, I would like to introduce  
21 Dawn Meier of CMS Bureau of Internal Audit for a brief  
22 comment. And after Dawn Meier's comments, Director  
23 Meister, myself, and Dawn will be available to answer  
24 any questions.

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1 Dawn.

2 MR. RAKERS: Six, I think I'm going to take it,  
3 if that's okay.

4 MS. GRANDA: Oh. Okay. I'm sorry.

5 MR. RAKERS: No, no worries.

6 I'm Jack Rakers. I'm the Chief  
7 Internal Auditor at Central Management Services. We  
8 provide support for the Illinois Finance Authority.  
9 Since the end of June 2017, we've been your internal  
10 auditors. Our bureau is made up of 19 staff and two  
11 interns with experience ranging from trainees to  
12 16-plus years of auditing experience. We have  
13 expertise in all the 11 transactional cycles common to  
14 the State of Illinois, such as purchasing,  
15 expenditures, revenues, grant administration,  
16 information technology. In fact, we are the team that  
17 updated the internal control checklist that is used  
18 across the State of Illinois when reviewing and  
19 assessing their fiscal and administrative controls.

20 During the time period covered during  
21 the last two-year compliance cycle, we performed nine  
22 internal audits. Since the beginning, we've issued a  
23 total of 18 internal audits. We're on track to have  
24 another three issued by the end of the fiscal year. We

1 feel our service has provided a great management tool  
2 for the Illinois Finance Authority by proactively  
3 addressing the risk that could potentially affect the  
4 Illinois Finance Authority and by being able to be your  
5 leadership team for consultation on any matters that  
6 may arise. We look forward to a continuing  
7 relationship with the Illinois Finance Authority.

8 MS. GRANDA: Thank you, Jack. Is there any  
9 comments or questions that we may answer for the Board?

10 EXECUTIVE DIRECTOR MEISTER: Hey, Six, this is  
11 Chris. If I may have just a quick moment.

12 MS. GRANDA: Okay.

13 EXECUTIVE DIRECTOR MEISTER: We did want to  
14 highlight the cyber finding. This is obviously a  
15 sensitive subject, but I think Six, our IT lead, Rob,  
16 and Jack Rakers and his team will agree that we devote  
17 a substantial amount of time and resources to this  
18 question. And Six and Rob and the internal audit team  
19 are available to brief Members individually outside of  
20 the open session, but we've paid appropriate attention  
21 and we can go into detail on those offline. Thank you.

22 COMMITTEE CHAIR AMARO: Great. Is there anything  
23 else, Six?

24 MS. GRANDA: No. Any questions that I could

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1 answer?

2 (No verbal response.)

3 MS. GRANDA: Okay. Hearing none, I'll turn it  
4 over to you.

5 COMMITTEE CHAIR AMARO: Great. Thank you. And  
6 thank you Chris, and Six, for all the tremendous work  
7 here on both the compliance and the normal financial  
8 audit here. A lot went into it in terms of getting it  
9 done, but also responding and there's a path forward to  
10 kind of resolving some of these issues. So thank you.

11 So I'd like to request a motion to  
12 recommend for approval New Business Items 1 and 2. Is  
13 there such a motion?

14 MEMBER BERES: This is Drew Beres. So moved.

15 MEMBER RYAN: This is Tim Ryan. Second.

16 COMMITTEE CHAIR AMARO: Will the Assistant  
17 Secretary please call the roll?

18 ASSISTANT SECRETARY MEYER: This is Mark Meyer.  
19 On the motion by Member Beres and second by Member  
20 Ryan, I will call the roll.

21 Mr. Beres.

22 MEMBER BERES: Yes.

23 ASSISTANT SECRETARY MEYER: Mr. Obernagel.

24 MEMBER OBERNAGEL: Yes.

1 ASSISTANT SECRETARY MEYER: Mr. Poole.

2 Mr. Poole, I think you're on mute.

3 (No verbal response.)

4 ASSISTANT SECRETARY MEYER: All right. Mr. Ryan.

5 MEMBER RYAN: Yes.

6 ASSISTANT SECRETARY MEYER: And Committee Chair  
7 Amaro.

8 COMMITTEE CHAIR AMARO: Yes.

9 ASSISTANT SECRETARY MEYER: Again, this is Mark  
10 Meyer. Committee Chair Amaro, the ayes have it and the  
11 motion carries.

12 COMMITTEE CHAIR AMARO: This is Peter Amaro.  
13 Thank you, Mark. Does anyone wish to make any  
14 additions, edits, or corrections to the Minutes from  
15 January 12, 2021?

16 (No verbal response.)

17 COMMITTEE CHAIR AMARO: Hearing none, I would  
18 like to request a motion to approve the minutes. Is  
19 there such a motion?

20 MEMBER OBERNAGEL: Yes. This is George  
21 Obernagel. So moved.

22 MEMBER POOLE: This is Roger Poole. Second.

23 COMMITTEE CHAIR AMARO: This is Peter Amaro.  
24 Will the Assistant Secretary please call the roll?



1 ASSISTANT SECRETARY MEYER: This is Mark Meyer.  
2 On the motion by Member Obernagel and second by Member  
3 Poole, I will call the roll.

4 Mr. Beres.

5 MEMBER BERES: Yes.

6 ASSISTANT SECRETARY MEYER: Mr. Obernagel.

7 MEMBER OBERNAGEL: Yes.

8 ASSISTANT SECRETARY MEYER: Mr. Poole.

9 MEMBER POOLE: Yes.

10 ASSISTANT SECRETARY MEYER: Mr. Ryan.

11 MEMBER RYAN: Yes.

12 ASSISTANT SECRETARY MEYER: And Committee Chair  
13 Amaro.

14 COMMITTEE CHAIR AMARO: Yes.

15 ASSISTANT SECRETARY MEYER: Again, this is Mark  
16 Meyer. Committee Chair Amaro, the ayes have it and the  
17 motion carries.

18 COMMITTEE CHAIR AMARO: This is Peter Amaro.  
19 Thank you, Mark --

20 EXECUTIVE DIRECTOR MEISTER: Sorry, Chair. Mark,  
21 could you just clarify with Member Poole his vote on  
22 Resolution 1 and 2? I apologize.

23 ASSISTANT SECRETARY MEYER: Sure.

24 Member Poole, would you like to vote on

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1 Resolutions 1 and 2? The motion was by Member Beres,  
2 and the second was by Member Ryan.

3 MEMBER POOLE: Thank you. Yes, I would. And I  
4 concur.

5 ASSISTANT SECRETARY MEYER: Thank you.

6 COMMITTEE CHAIR AMARO: Great. Well, this is  
7 Peter Amaro. Thank you, Mark. Is there any other  
8 business to come before the committee?

9 (No verbal response.)

10 COMMITTEE CHAIR AMARO: Hearing none, I would  
11 like to request a motion to adjourn. Additionally,  
12 when responding to the roll call for this motion, I  
13 would ask each Member to confirm that they were able to  
14 hear the participants, discussions, and testimony of  
15 the proceedings. Is there such a motion?

16 MEMBER POOLE: Yes. This is Roger Poole. So  
17 moved.

18 MEMBER BERES: This is Drew Beres. Second.

19 COMMITTEE CHAIR AMARO: This is Peter Amaro.  
20 Will the Assistant Secretary please call the roll?

21 ASSISTANT SECRETARY MEYER: This is Mark Meyer.  
22 On the motion by Member Poole and second by Member  
23 Beres, I will call the roll.

24 Mr. Beres.

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1 MEMBER BERES: Aye. And I confirm that I could  
2 hear all participants, discussion, and testimony.

3 ASSISTANT SECRETARY MEYER: Mr. Obernagel.

4 MEMBER OBERNAGEL: Aye. And I confirm that I  
5 could hear all participants, discussion, and testimony.

6 ASSISTANT SECRETARY MEYER: Mr. Poole.

7 MEMBER POOLE: Aye. And I confirm that I could  
8 hear all participants, discussions, and testimony.

9 ASSISTANT SECRETARY MEYER: Mr. Ryan.

10 MEMBER RYAN: Aye. And I confirm I could hear  
11 all participants, discussions, and testimony.

12 ASSISTANT SECRETARY MEYER: Committee Chair  
13 Amaro.

14 COMMITTEE CHAIR AMARO: Aye. And I can confirm  
15 that I could hear all participants, discussion, and  
16 testimony.

17 ASSISTANT SECRETARY MEYER: Chair Hobert,  
18 ex-officio, non-voting.

19 CHAIR HOBERT: I confirm that I could hear all  
20 participants, discussions, and testimony.

21 ASSISTANT SECRETARY MEYER: Again, this is Mark  
22 Meyer. Committee Chair Amaro, the ayes have it and the  
23 motion carries. The time is 10:21 a.m. The committee  
24 meeting is adjourned.

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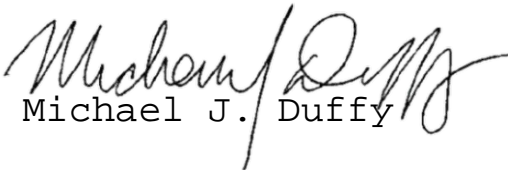
(Which were all the proceedings had at  
this time, date and place.)

1 STATE OF ILLINOIS )  
2 ) SS.  
3 COUNTY OF DUPAGE )

4 Michael Duffy, being first duly sworn, on oath  
5 says that he is a Certified Electronic Reporter doing  
6 business in the City of Wheaton, County of DuPage and  
7 State of Illinois.

8 That he reported the proceedings had at the  
9 foregoing Illinois Finance Authority special meeting of  
10 the Audit Plus Committee.

11 And that the foregoing is a true and correct  
12 transcript of the reported proceedings so taken  
13 aforesaid and contains all the proceedings had at said  
14 meeting.

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16   
17 Michael J. Duffy  
18 Certified Electronic Reporter  
19 Notary Public  
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