

Minutes

VSAC Audit Committee Meeting

January 27, 2025
2:00 p.m. – 3:30 p.m.

Boardroom, VSAC Offices
10 East Allen Street
Winooski, Vermont 05404

Committee Members Present: John McSoley (Chair), Michael Smith, Ryan Dulude, Mike Pieciak

Committee Members Absent: N/A

Other Board Members Present: Dodie Mitchell

VSAC Staff Present: Scott Giles, Tom Little, Patrick Leduc, Meghan Metzler, Laurie Oliver, Jeffery Kellar, Brad Fallon, Jaye O’Connell, Greg Severance

Chair John McSoley called the meeting to order at 1:33 p.m. With a quorum established, the Committee took up the first order of business.

Approval of September 16, 2024, Minutes

Upon a motion made by John McSoley and seconded by Ryan Dulude, the Committee voted to approve the minutes of the September 16, 2024, Committee meeting, as presented.

Public Comment

There were no public comments given during the public comment period.

Annual Federal Trade Commission Red Flags Policy Review and Approval

Greg Severance, Senior Compliance Officer, directed the Committee to the previously distributed Federal Trade Commission Annual Summary Report and program documents. Greg reviewed the 2024 Summary Report, pointing out that VSAC tracks fraud activity over all programs, and noting that review of the programs affirms that VSAC’s Red Flags Identity Theft Prevention Program is effective in identifying and minimizing identify theft. Greg highlighted that there were no major changes to the program during the year and that the transfer of FFEL loans had no large impact on the Red Flags program. Committee members engaged in a conversation about the policy which Greg Severance and Jaye O’Connell responded to questions.

Upon a motion made by John McSoley and seconded by Mike Smith, the Committee voted unanimously to approve the Annual FTC Red Flags Policy as presented including both the summary report and the program documents.

FY24 NIST Self-Assessment Report

Jaye O'Connell, Director of Compliance & Information Security Officer reviewed the previously distributed 2023-2024 Guarantor Services and Loan Servicing Information Security Assessment Report. Jaye pointed out that VSAC's internal NIST Self-Assessment demonstrated that VSAC's NIST security policies, procedures, and controls are in place, effective, and operating as intended. Jaye noted that with our FFEL loans and NY student loan servicing license, VSAC was accountable to comply with NIST and NY Cybersecurity regulations. In working with NY there were three security related findings identified that have now been remediated. The Committee members discussed the annual report and Jaye O'Connell, and Laurie Oliver responded to questions.

Upon a motion made by Ryan Dulude and seconded by Mike Pieciak, the Committee voted unanimously to recommend the Board accept the 2023-2024 Guarantor Services and Loan Servicing Information Security Assessment Report, as presented.

Jaye O'Connell and Greg Severance exited the room at 2:15 p.m.

Risk Management

Patrick Leduc presented information on security risks. He spoke on our cyber security trends and how we continue to update our security systems and conduct security testing. Patrick answered questions from the Committee.

Internal Audit

John McSoley announced that Laurie Oliver will be leaving VSAC. On behalf of the Committee, he thanked Laurie for her diligent and professional service to VSAC and for her support of the Committee's work.

Laurie Oliver reviewed the previously distributed materials; Status Report, FY25 Internal Audit Plan Update, and the FY24 Single Audit Report. She highlighted her work on system access and vendor management controls specific to PHEAA as the new servicer of FFEL loans. There are currently two projects underway for a new loan servicing system and a refinance loan. Laurie recommended that the Committee and management review the Internal Audit Plan in consideration of the transition. There is only one open audit finding remaining from the NY exam regarding board training which Jaye O'Connell will bring to the Board in February 2025.

Laurie then spoke on the Single Audit Report. With the transition of the FFEL portfolio to PHEAA, the external auditors were waiting on the FFEL compliance report from PHEAA in order to issue their report. The report was received and contained no findings. Laurie reminded the Committee that the Single Audit report will continue to be issued separately from the audited financial statements.

Upon a motion made by John McSoley and seconded by Mike Smith, the Committee voted unanimously to accept the Single Audit Report from CLA, as presented.

Executive Session

John McSoley moved that the Audit Committee enter executive session in order to consider confidential information and to obtain confidential and privileged advice from legal counsel. The Committee unanimously agreed to enter an executive session.

The following were requested to remain in the room, as they have information needed for the executive session: Scott Giles, Patrick Leduc, Meghan Metzler, Tom Little, Laurie Oliver and Jeffrey Kellar.

The Committee entered the executive session at 2:24 p.m.

The Committee exited the executive session at 3:05 p.m.

Internal Audit & Audit Committee Charter Review

Scott Giles spoke on the Director position of Internal Audit & Risk Management in light of Laurie Oliver leaving. He said the position will be reimaged and the Executive Committee will report directly to the committee on risk in the interim.

Other Business & Adjournment

There being no other business, the Committee adjourned at 3:15 p.m.

Respectfully submitted,

Tom Little
Assistant Secretary