

AUDIT & FINANCE COMMITTEE MEETING
BOARD OF ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 519
Counties of Stephenson, Ogle, Jo Daviess and Carroll

CALL TO ORDER/ROLL CALL

A meeting of the Audit & Finance Committee of the Board of Illinois Community College District No. 519 was called to order by Mr. Shawn Boldt, Committee Chair, 3:02 p.m. on May 23, 2023, in the Robert J. Rimington Board Room in the Highland Community College Student/Conference Center, 2998 West Pearl City Road, Freeport, Illinois in said district.

The following members were physically present: Mr. Doug Block, Mr. Jim Endress, Mr. Shawn Boldt (departed 3:43 p.m.), and Ms. Mary Kaufman

The following members attended virtually: None

The following members were absent: None

Others physically present: Ms. Chris Kuberski, President; Ms. Jill Janssen, Vice President/CFO, Administrative Services, Board Treasurer; Mr. Pete Fink, Director, ITS; and Ms. Terri Grimes, Board Secretary

Others virtually present: Ms. Sara McKenna, Wipfli, LLP; Mr. Aaron Shum, Wipfli, LLP; Ms. Vicki Warthen, Director, Marketing & Annual Giving, HCC Foundation; and, Dr. Andy Dvorak, Retired Faculty

APPROVAL OF COMMITTEE MEMBER(S) ATTENDING MEETING VIA ELECTRONIC MEANS

There were no committee members who requested to attend by electronic means.

APPROVAL OF AGENDA

Mr. Endress moved and Mr. Block seconded the motion to approve the agenda, as presented. The vote being unanimous, the motion carried.

PUBLIC COMMENTS

There were no public comments.

GENERAL DISCUSSION AND OVERVIEW OF AUDIT SERVICES FOR FY23

Ms. Jill Janssen introduced Ms. Sara McKenna and Mr. Aaron Shum of Wipfli, who provided an overview of the FY23 annual audit process. Mr. Shum will be in charge of the audit and will oversee the staff when they are on campus. Ms. McKenna asked if there were any questions about

the audit engagement letter and there were none. Mr. Shum reviewed the timing of the audit, noting that the field work will be completed between July 17 and August 18, with the student financial aid testing currently in process. The financial aid testing and enrollment audit are being completed by Ms. Sam Walker. The auditors will spend the first week gathering data and reviewing the information submitted by the College and plan to be on site the weeks of July 24 and 31. The audit will be presented to the Audit & Finance Committee on October 24, with information to Ms. Janssen by October 6 in order to include the audit in the Board packet. Drafts of the audit will be ready by September 22.

GASB 7 was effective last year and affects leases, and this year GASB 96 will be effective for subscription-based IT. Ms. Janssen and Ms. McKenna have been in communication regarding applicable contracts. Ms. Janssen supplied a list that included nine IT contracts, although Ms. McKenna reported that some were short-term contracts or had no end date, so they do not apply. The cost for these audit services will be about \$5,500, and there will be a separate engagement letter. It was further explained that the cost for the additional services is \$3,000, so the original \$2,500 listed in the current audit engagement letter should be replaced by \$5,500. The agenda item for these additional services will be on the June 21, 2023, Board retreat agenda. Ms. McKenna suggested that Ms. Janssen strike through the \$2,500 on the original engagement letter before sending it back to Wipfli.

CLOSED SESSION

Mr. Block moved and Mr. Endress seconded the motion to move into Closed Session for the purpose of a meeting between internal and external auditors and governmental audit committees, finance committees, and their equivalents, under Open Meetings Act exception 2 (c) (29). The roll call on the motion was as follows:

AYES: Endress, Boldt, Kaufman, Block
NAYS: None

Whereupon the Chairperson declared the motion carried.

Mr. Boldt explained that the public attendees through Zoom would remain in the meeting, with the video and audio muted, while the Board was in Closed Session. The video stream and meeting would resume after the Closed Session.

At 3:23 p.m., the Committee Chairperson declared the meeting in Closed Session.

Ms. Kaufman moved and Mr. Block seconded the motion to end the Closed Session. The roll call on the motion was as follows:

AYES: Boldt, Kaufman, Block, Endress
NAYS: None

At 3:29 p.m., the Committee Chairperson declared the motion carried and the Closed Session ended.

OLD BUSINESS

There was no old business

NEW BUSINESS

There are some required communications with the Board prior to the audit, including Statements of Auditing Standards (SAS) 114 and 134, which Mr. Shum reviewed. He reported that the timing of the audit would be between July 17 and August 18, 2023. The auditors do not look at every transaction or audit every account but based on financial data, they calculate materiality limits to determine how large a financial misstatement would need to be before users of the financial statements would be persuaded. The audit approach is to obtain a broader and deeper understanding of the entity and its environment. They perform substantive audit procedures for all significant accounts, looking at any new areas that may not have been tested before. The new GASB standards will strengthen and enhance the quality of the audit. Some of the new GASB standards are the risk of a missing material agreement, management override of controls for fraud, and misstatement of revenues, which could always be an issue because of inflation of operating results to show better performance. Ms. McKenna explained that the risk of management override of controls and misstatement of revenues are risks for every audit and are not unique to Highland. The third risk with GASB 96 is new for this year. Mr. Block asked for more information on GASB 96, and Ms. McKenna explained that this is for subscription-based information technology arrangements, which is the right to use the software license for the term of the agreement. With the subscription-based agreements, the subscription is now capitalized over the length of the term and is amortized over the length of the agreement, similar to a piece of equipment. Ms. Janssen explained that this will be for contracts such as our agreement for our Ellucian Banner Enterprise Resource System. Ms. McKenna noted there are exceptions to this, such as short-term agreements and open-ended contracts. The adjustments for GASB 96 will only be effective for the government-wide statements but would not have any effect on the fund financials that Ms. Janssen provides to the Board. Mr. Pete Fink reviewed the contracts, and he and Ms. Janssen determined that around a \$14,000 threshold captured about 80 percent of the contracts. Ms. McKenna suggested it might be good to have a written policy that states the threshold, either creating a new policy or adding it to an existing policy.

Mr. Endress asked if the Audit & Finance Committee wanted to continue to the practice of reviewing the bills on a monthly basis. He believes this is a decision the whole Board needs to make but asked if the Audit & Finance Committee wanted to weight in. Mr. Boldt stated that the entire Board should have the opportunity but if not, it falls on the committee. Mr. Block said it gives the committee members insight when the Audit & Finance Committee meets but it is also informative for the Board. Ms. Kaufman noted that it is a good opportunity for anyone to be able to sit in on the review. Following discussion, it was agreed that Mr. Endress will bring this up to the entire Board during the regular meeting.

APPOINTMENT OF CHAIR PRO TEM

Mr. Boldt needed to leave the meeting unexpectedly, so Mr. Block moved and Ms. Kaufman seconded the motion to appoint Mr. Jim Endress Chair Pro Tem. The roll call on the motion was as follows:


AYES: Kaufman, Block, Endress
NAYS: None

Whereupon Mr. Endress declared the motion carried.

ADJOURNMENT

Mr. Block moved and Ms. Kaufman seconded the motion to adjourn the meeting of the Audit & Finance Committee. At 3:44 p.m., the vote being unanimous and there being no further business, the Chair Pro Tem declared the motion carried and the meeting adjourned.

Respectfully submitted,



Terri A. Grimes, Board Secretary
Illinois Community College District No. 519