

VERMONT ECONOMIC DEVELOPMENT AUTHORITY

AUDIT COMMITTEE MEETING

Minutes

October 31, 2023

A meeting of the Vermont Economic Development Authority's Audit Committee convened by video conference on October 31, 2023 at 1:00 p.m. Members of the Committee present: R. Shippee, Chair; K. Hale; S. Voigt and T. Gallagher. Staff present: C. Polhemus, Chief Executive Officer; T. Richardson, Chief Financial Officer; P. Samson, Chief Lending Officer; R. Grzankowski, Chief Operations Officer; C. Houchens, Chief Risk & Resource Officer, and H. Hook, Senior Accountant. Also present by video conferencing from BerryDunn: R. Smalley, Principal; K. Balukas, Senior Manager and K. Landry, Senior Manager

Approval of June 30, 2023 Minutes

On a motion by T. Gallagher, seconded by S. Voigt, the Minutes of June 30, 2023 Audit Committee meeting were approved by those Members of the Committee present by a vote of 3 to 0 with the Chair abstaining.

BerryDunn Presentation

R. Smalley, K. Balukas and K. Landry of BerryDunn presented their 2023 Audit Report Communications. R. Smalley described the scope of the audit, which included the financial statement and 5 federal programs in the uniform Guidance Audit. R. Smalley noted several areas of improvement from the FY22 audit where findings were properly addressed, and noted the financial statements would receive an unmodified opinion.

K. Landry reviewed the required communications letter, noting one finding related to loan file maintenance of items outside the loan system, which would be identified in the financial statements and uniform guidance reports. The other items from the prior year were closed out, including general journal entries, payroll processes, and loan system file maintenance. Management will provide a formal action plan with the final report, which will be distributed to Members upon completion. VEDA staff indicated the plan to revisit the current year finding with

Berry Dunn in early calendar year 2024 to ensure appropriate actions have been taken to fulfill the requirements.

Additional advisory comments related to the loan loss reserve calculation and the loan tracking sheet were reviewed. The calculation language for the LLR will be included with the ALCO policy going forward, with documentation relating to any deviation from the calculation results.

K. Hale suggested that the policy language be reviewed for relevance going forward if we continue to believe the results are not properly indicative of the reserve levels that VEDA should carry.

K. Balukas reviewed the financial statements and related notes, along with the Yellow Book report requirements and uniform guidance report results.

R. Smalley discussed the plan to rotate program review in future years to prevent the need for 5 programs in one year; the introduction of SSBCI and FLP caused this situation in FY23, and moving forward it should be possible to accommodate no more than three programs per year.

With no further discussion, on a motion by S. Voigt seconded by T. Gallagher, the Committee voted 3 to 0 with the Chair abstaining, to recommend the audit report to the full board for approval.

At 1:30, on a motion by K. Hale seconded by S. Voigt, the Committee voted to enter executive session. The motion was approved 3 to 0 with the Chair abstaining, VEDA Staff left the meeting. The Members exited executive session at 1:38 p.m.

There being no other business to properly come before the Committee, on a motion by K. Hale seconded by S. Voigt, the Committee approved adjourning the meeting at 1:38 p.m.

ATTEST:

Audit Committee

By: _____
Thaddeus G. Richardson, Chief Financial Officer