

BOARD OF ILLINOIS COMMUNITY COLLEGE DISTRICT #523
Audit Committee Meeting
September 26, 2017

CALL TO ORDER	The Audit Committee meeting of the Board of Illinois Community College District #523, held at Kishwaukee College, Malta, Illinois, was called to order at 9:00 a.m. by Audit Committee Chair, Robert Johnson, on Tuesday, September 27, 2017, in room C-2175.	
ROLL CALL	<u>Members Present:</u> Robert Johnson Kathy Watkins Laurie Borowicz Kevin Fuss - left at 10:15 am	<u>Visitors:</u> <u>Sikich, LLP</u> Raymond Krouse Anthony Cervini
	<u>Member(s) Absent:</u> Bobbi Burke	
	<u>Others present were:</u> Jill Hansen, Controller – left at 10:15 am RJ McGarry, Executive Director of IT - left at 10:15 am Bill Nicklas, Executive Director of Development – left at 10:15 am Kevin Fuss – Vice President of Administration – left at 10:15 am Cindy McCluskey, Executive Director Board Relations & Human Resources – left at 10:15 am	
WELCOME/OPENING COMMENTS	Mr. Johnson welcomed everyone and asked for brief introductions.	
MINUTES	The minutes of the Board of Trustees Audit Committee meeting from February 28, 2017, were presented for approval. On a motion by Ms. Watkins seconded by Dr. Borowicz and unanimously carried, the Audit Committee approved the minutes of the Board of Trustees Audit Committee meeting on February 28, 2017.	
Recap of FY17 Audit Process (Sikich)	Representatives from Sikich, LLP, reviewed the results of the audit of the financial statements of Kishwaukee College for the year ended June 30, 2017. Mr. Cervini provided an overview of the correspondence received from Sikich, Auditor's Communication to the Board Of Trustees, Single Audit Report, and the CAFR. Mr. Cervini stated they did not encounter any difficulties in completing the College's audit. There were no disagreements with management during the audit.	
COMPREHENSIVE ANNUAL REPORT	Mr. Cervini reviewed the CAFR report. He commended us for preparing the document for the College and our community. The management discussion and analysis along with the letter of transmittal are the primary documents that the Board should review. The state of Illinois has not yet finalized the optional hybrid SURS plan or the employer cost shift. We are required to show our SURS on-behalf payments in our financial statements. Mr. Johnson asked if we could see a Revenue by Source report from the MD&A that excludes the SURS on-behalf payments. Ms. Hansen indicated that we could report the revenue by source without these payments for informational purposes. The college's OPEB (Other Post Employment Benefits) liability is included in the notes to the financial statements. The college has made efforts in reducing this liability by reducing post-employment insurance coverage. We are seeing the impact of these OPEB changes as the liability is decreasing.	

FY17 Audit Recommendations &
Management Responses

Mr. Krouse reviewed the Single Audit Report and the Auditors' Communication to the Board of Trustees. Mr. Krause provided a quick summary of the single audit. The College had no material weakness. They identified no significant deficiencies and four deficiencies. Ms. Hansen reviewed the College's response.

There were no issues of non-compliance in financial award findings and questioned costs.

Mr. Krouse thanked the College staff and Board of Trustees for their cooperation in completing the audit.

The Board discussed bad debt and the way we are calculating the debt.

Plan for October 10, 2017 Presentation
to Board of Trustees

The Board will be provided a presentation of the audit report at the October 10, 2017, Board meeting.

On a motion by Ms. Watkins seconded by Mr. Fuss and on a unanimous voice vote the Audit Committee agreed to recommend the Board approve the audit as presented.

Other Business

None

Adjourn to Closed Session

On a motion by Ms. Watkins, seconded by Dr. Borowicz, and on a roll call vote, the Audit Committee adjourned to closed session "for a meeting between internal or external auditors and governmental audit committees, finance committees, and their equivalents, when the discussion involves internal control weaknesses, identification of potential fraud risk areas, known or suspected frauds, and fraud interviews conducted in accordance with generally accepted auditing standards of the United States of America."

Those voting "aye" were: Bob Johnson, and Kathy Watkins.

Closed session began at 10:30 am.

Bob Johnson and Kathy Watkins, were in attendance at the closed session. Raymond Krouse, Anthony Cervini from Sikich were invited to stay for closed session.

Resume Open Session

The open session resumed at 10:30 am.

Adjournment

With no further business coming before the audit committee, Mr. Johnson asked to adjourn the meeting at 10:31 am. On a motion by Ms. Watkins, seconded by Mr. Johnson and on a unanimous vote, the meeting was adjourned.

The next meeting of the audit committee will be scheduled as needed.

Chair, Board of Trustees