AGENDA ITEM 8B.

REPORT OF REDETERMINATION REGARDING CONFIDENTIALITY, AMENDMENT AND OPENING OF CLOSED MINUTES

Submitted for: Action

Summary:

While the Illinois Open Meetings Act, [5 ILCS 120] (the "**Open Meetings Act**") generally requires that public bodies conduct their business at meetings that are open to the public, the Open Meetings Act also provides various exceptions for matters to be discussed in a closed session. In compliance with the Open Meetings Act, the Audit Committee has, from time to time, held closed meetings to discuss certain confidential matters that are exempt from public disclosure under the Open Meetings Act.

Under the Open Meetings Act, the Audit Committee is required to periodically meet to review minutes of closed meetings to determine (1) whether the need for confidentiality still exists as to all or a part of the closed meeting minutes or (2) whether the minutes or portions thereof no longer require confidential treatment and are available for public inspection. (5 ILCS 120/ 2.06(d))

The Office of the General Counsel and Chief Information Officer have made the determination that the minutes of the closed meetings from: March 6, 2012, June 25, 2012, and June 21, 2013, contain small amounts of detailed confidential information that, if released, could present a risk to the security of the student data within ISAC's system. As long as those details remain in the minutes, it is anticipated that the need for confidentiality will continue to exist.

To release the minutes to the public while maintaining appropriate data security, the Audit Committee has been provided, attached hereto as Exhibit A, the rationale for maintaining the confidentiality of the minutes of the closed sessions from the March 26, 2012, June 25, 2012, and June 21, 2013 meetings. In closed session the Committee was provided with a redline copy of the proposed Amended Minutes for the closed sessions of those meetings, and a copy of the proposed Amended Minutes with the changes accepted.

The detailed information identifying issues and remedies and results in the previously approved minutes has been replaced in the Amended Minutes with the same information explained in general terms within brackets to ensure the maximum amount of information is released to the public. With specific, confidential information identified in more general terms, the need for confidentiality would no longer exist and the minutes could be open allowing public inspection and awareness of the discussion without compromising security.

Based on the foregoing legal authority and determination by the Office of the General Counsel, ISAC staff asks that the committee approve the following resolutions in open session:

Action requested: That the Committee approve the following resolutions:

"**BE IT RESOLVED** that the Committee approves the Amended Minutes of the closed sessions of the March 26, 2012, June 25, 2012, and June 21, 2013, meetings and adopts them as the minutes of the body to replace the prior approved closed minutes for those sessions."

"**BE IT FURTHER RESOLVED** that the Committee has determined that the need for confidentiality does not exist for the Amended Minutes of the closed sessions of the March 26, 2012, June 25, 2012, and June 21, 2013, meetings and approves the opening of those minutes to the public."

EXHIBIT A

GENERAL COUNSEL DETERMINATION

A. PREVIOUSLY APPROVED MINUTES

MEETING DATE	DESCRIPTION	SHOULD MINUTES REMAIN CLOSED? & REASON FOR REMAINING CLOSED
3/26/12	1. Internal Control Weaknesses 2. Closed Minutes	Yes Security & Confidential Internal Audit findings
6/25/12	1. Internal Control Weaknesses	Yes Security reasons
6/21/13	1. Internal Control Weaknesses	Yes Security reasons.

B. AMENEDED MINUTES IF APPROVED

MEETING DATE	DESCRIPTION	SHOULD MINUTES REMAIN CLOSED?
3/26/12	3. Internal Control Weaknesses 4. Closed Minutes	No
6/25/12	2. Internal Control Weaknesses	No
6/21/13	2. Internal Control Weaknesses	No

AGENDA ITEM 7C.

REPORT OF REDETERMINATION REGARDING CONFIDENTIALITY, AMENDMENT AND OPENING OF CLOSED MINUTES

Submitted for: **REVIEW** – Note – Action to be taken after returning to open session

Summary: While the Illinois Open Meetings Act, [5 ILCS 120] (the "**Open Meetings Act**") generally requires that public bodies conduct their business at meetings that are open to the public, the Open Meetings Act also provides various exceptions for matters to be discussed in a closed session. In compliance with the Open Meetings Act, the Audit Committee has, from time to time, held closed meetings to discuss certain confidential matters that are exempt from public disclosure under the Open Meetings Act.

Under the Open Meetings Act, the Audit Committee is required to periodically meet to review minutes of closed meetings to determine (1) whether the need for confidentiality still exists as to all or a part of the closed meeting minutes or (2) whether the minutes or portions thereof no longer require confidential treatment and are available for public inspection. (5 ILCS 120/ 2.06(d))

The Office of the General Counsel and Chief of Information Technology have made the determination that the minutes of the closed meetings from: March 6, 2012, June 25, 2012, and June 21, 2013, contain small amounts of detailed confidential information that, if released, could present a risk to the security of the student data within ISAC's system. As long as those details remain in the minutes, it is anticipated that the need for confidentiality will continue to exist.

To release the minutes to the public while maintaining appropriate data security, the Audit Committee has been provided, attached hereto as Exhibit A, the rationale for maintaining the confidentiality of the minutes of the closed sessions from the March 26, 2012, June 25, 2012, and June 21, 2013 meetings, along with a redline copy of the proposed Amended Minutes for the closed sessions of those meetings, and a copy of the proposed Amended Minutes with the changes accepted.

The detailed information identifying issues and remedies and results in the previously approved minutes has been replaced in the Amended Minutes with the same information explained in general terms within brackets to ensure the maximum amount of information is released to the public. With specific, confidential information identified in more general terms, the need for confidentiality would no longer exist and the minutes could be open allowing public inspection and awareness of the discussion without compromising security.

After the meetings at issue today, the agency took steps to draft minutes that inform the public of the discussions without identifying confidential information or security risks and the processes implemented to remedy them.

Based on the foregoing legal authority and determination by the Office of the General Counsel, ISAC staff asks that the committee approve the following resolutions in open session:

Action requested: That the Committee approve the following resolutions after returning to open session:

"**BE IT RESOLVED** that the Committee approves the Amended Minutes of the closed sessions of the March 26, 2012, June 25, 2012, and June 21, 2013, meetings and adopts them as the minutes of the body to replace the prior approved closed minutes for those sessions."

"**BE IT FURTHER RESOLVED** that the Committee has determined that the need for confidentiality does not exist for the Amended Minutes of the closed sessions of the March 26, 2012, June 25, 2012, and June 21, 2013, meetings and approves the opening of those minutes to the public."

EXHIBIT A

GENERAL COUNSEL DETERMINATION

A. PREVIOUSLY APPROVED MINUTES

MEETING DATE	DESCRIPTION	SHOULD MINUTES REMAIN CLOSED? & REASON FOR REMAINING CLOSED
3/26/12	1. Internal Control Weaknesses 2. Closed Minutes	Yes Security & Confidential Internal Audit findings
6/25/12	1. Internal Control Weaknesses	Yes Security reasons
6/21/13	1. Internal Control Weaknesses	Yes Security reasons.

B. AMENEDED MINUTES IF APPROVED

MEETING DATE	DESCRIPTION	SHOULD MINUTES REMAIN CLOSED?
3/26/12	3. Internal Control Weaknesses 4. Closed Minutes	No
6/25/12	2. Internal Control Weaknesses	No
6/21/13	2. Internal Control Weaknesses	No

PROPOSED AMENDED MINUTES WITH CHANGES ACCEPTED

AMENDED MINUTES OF A MEETING
OF THE
ILLINOIS STUDENT ASSISTANCE COMMISSION
AUDIT COMMITTEE

March 26, 2012

University of Illinois Chicago
Student Services Building
Conference Rooms B & C
1200 W. Harrison St.
Chicago, Illinois

COMMISSIONERS PRESENT: Paul Roberts
Kim Savage

COMMISSIONERS ABSENT: Kendall Griffin

STAFF PRESENT: Eric Zarnikow, Executive Director
Ramnath Cidambi, Managing Director, Information Technology
Carol Cook, Director, Program Services
Kent Custer, Chief Investment Officer
Wendy Funk, Director, Accounting
Anita Geter, Director, Internal Audit
Chris Gorman, Staff Attorney
Shoba Nandhan, Chief Financial Officer
Annie Pike, General Counsel
Karen Salas, Deputy General Counsel

CLOSED MINUTES

Item 7. Internal Control Weaknesses

Mr. Cidambi, Managing Director for ISAC's Information Technology, provided the Committee background regarding the software that has been used for the Monetary Award Program (MAP) for the last 11 years and stated that in early 2011 it was decided that the system should be reengineered using a new technology platform. He stated that in March 2012 the new MAP system went into production and is being used by ISAC staff and school users. He indicated that historical MAP data will remain in the old system.

Mr. Cidambi stated that the new MAP system addresses the following issues: [specific data security weaknesses]. He stated that Central Management Services (CMS) has performed a penetration test on the new system with zero findings.

Mr. Cidambi stated that the database has been [changed to increase security] into what is called [database name] with a future of a single student's view of all [database name] scholarships. He then responded to questions from the Committee regarding the information in the old system and the new.

Ms. Geter stated that she has not yet reviewed the system but has met with some IT staff and it sounds like the issues which were brought up in the audit report have been addressed.

Ms. Geter then referred to Mr. Zarnikow and Mr. Custer to address the postponing of the College Illinois! ® Prepaid Tuition Program audit.

Mr. Zarnikow stated that with the current audits being conducted on the College Illinois! program's past practices, and with the changes surrounding the program, which include an entirely new Commission, new Investment Advisory Panel members; new Executive Director, new Chief Investment Officer, new investment adviser and actuary, it is his wish to have internal audit review the program going forward. He stated that since there is going to be a new investment policy and asset allocation study done, rather than conduct an audit on what has already been audited by outside sources, it would be better to devote resources to the future and the new practices which will be in place.

Mr. Custer echoed Mr. Zarnikow's comment and feels that another audit performed internally might inhibit staff from putting corrective actions in place on other areas of improvement.

Responding to Ms. Savage, Mr. Zarnikow suggested the audit be performed as part of the Fiscal Year 2013 audit plan, which would be in the later part of 2013.

Ms. Geter indicated she sees benefits to doing the audit now and also for waiting but will do whatever the Audit Committee decides and is there to help management and the Commission.

Ms. Savage stated that it was discussed previously about postponing the College Illinois! audit and is looking forward to seeing it on the FY 2013 plan.

Continuing, Ms. Geter stated that Mr. Gorman from ISAC's legal division will discuss data privacy.

Mr. Gorman indicated that they are initiating a process of risk assessment of the agency's practices in accordance with the Attorney General's risk assessment guidelines for information collection and information privacy. He stated that the legal division has completed most of the interviews with the managing directors for each division in Deerfield and is currently in the process of reviewing the practices in the general counsel's office in Chicago and then will move to the Springfield office for review.

He stated that they are discussing at length the collection practices and the collection security with each division and the next step will be to review those practices for what is generally accepted in terms of legal standards for retaining and safeguarding information.

He stated the other aspect of the review will be a records practice noting that the agency is in the process of finalizing a records retention policy. He stated that when the record retention policy is in place they will work with the Secretary of State to dispose of records in a timely manner.

Responding to Mr. Roberts, Mr. Gorman indicated he should complete the division assessments within two to three weeks and at these division meetings he is determining the amount of risk within each division and to date, is relatively satisfied with the systems security.

Staff not relevant to the remaining agenda was then asked to leave the room in order for the closed session to continue.

Ms. Geter reviewed with the Committee the document she presented to them on FY2011 audit findings. There was a discussion on clarification of whether or not the schools can still access the old MAP data system.

Ms. Geter indicated the same reviews will be conducted in FY2013 as were done in FY2011 and she will provide the Commissioners with details at a later meeting. She stated that the FY2012 audit is roughly 60 percent complete, which she then reviewed a few of the items briefly with the Committee. A discussion was held on the international phone calls that had been made by an employee and is in the process of being paid back to the agency.

Continuing, Ms. Geter stated that she is working on the compliance audit which is auditing the department responsible for external compliance. She indicated external compliance division audits the appropriated funds received by a school to ensure the funds are distributed to qualified students. She stated that the state statute requires these reviews to be done every three years but not all schools have been reviewed within the three-year time period. She indicated about 20 percent of the schools have not had their MAP appropriated funds reviewed, which is an estimated $85 million. Responding to Ms. Savage, Ms. Geter stated the reviews are anticipated to be addressed by June 2012. A brief discussion was held on the scheduling of the external compliance audits.

Item 6. Closed Minutes and Report of Determination Regarding Confidentiality

Ms. Savage **MOVED THAT** the Audit Committee approve the minutes from the January 27, 2012 closed session and follow the recommendation of the General Counsel to keep the minutes closed. Mr. Roberts seconded the motion, which was approved.

Ms. Savage **MOVED THAT** the Audit Committee return to open session. Mr. Roberts seconded the motion, which was approved. The Audit Committee returned to open session at 4:05 p.m.

Ms. Savage **MOVED THAT** the Audit Committee approve the minutes from the January 27, 2012 closed session and follow the recommendation of the General Counsel to keep the minutes closed. Mr. Roberts seconded the motion, which was approved.

Ms. Savage **MOVED THAT** the minutes of the January 27, 2012 closed minutes be kept confidential as provided for under the Section 2.06(d) of the Illinois Open Meetings Act. Mr. Roberts seconded the motion, which was approved

Ms. Savage **MOVED THAT** the March 26, 2012 meeting of the Audit Committee be adjourned. Mr. Roberts seconded the motion, which was approved. The Audit Committee adjourned at 4:10 p.m.

Respectfully submitted,

Debora A. Calcara

Debora A. Calcara
Secretary to the Commission

AMENDED MINUTES OF A MEETING
OF THE
ILLINOIS STUDENT ASSISTANCE COMMISSION
AUDIT COMMITTEE

June 25, 2012

Illinois Student Assistance Commission
1755 Lake Cook Road
Deerfield, IL

COMMISSIONERS PRESENT:	Kendall Griffin Paul Roberts Kim Savage
STAFF PRESENT:	Anita Geter, Director, Internal Audit Eric Zarnikow, Executive Director
PUBLIC PRESENT:	Linda Abernethy, McGladrey & Pullen Rolake Adedera, McGladrey & Pullen Ramnath Cidambi, Managing Director, Information Services Carol Cook, Director, Program Services and Compliance Mary Pat Burns, Burke, Burns & Pinelli Jon Fox, Office of the Auditor General Dan Sethness, McGladrey & Pullen

CLOSED SESSION

Ms. Geter introduced the external audit members who were present at the meeting, Mr. Jon Fox with the Office of the Auditor General, Ms. Linda Abernethy and Rolake Adedara, with McGladrey & Pullen.

Mr. Fox addressed the Audit Committee to discuss the internal control weaknesses as a result of the fiscal year 2011 financial audit of the Commission, the Illinois Designated Account Purchase Program (IDAPP) and College Illinois! ® Prepaid Tuition Program, which were released on April 17, 2012.

Mr. Fox explained that the Office of the Auditor General contracts out about 80 percent of the audits to CPA firms around the state, which is why McGladrey & Pullen have been performing the three audits for the past 10 years. He then explained to the Committee the background of the Auditor General and its function.

Mr. Fox stated that there are three types of audits performed on the Commission, first the financial audit, the yearly Federal single audit and every two years a State compliance examination. He explained to the Audit Committee the schedule the audits are performed, and the processes taken when performing the audits.

Ms. Abernathy then provided the Audit Committee information pertaining to the findings in the three audits performed and the suggested action to be taken.

Mr. Zarnikow stated that he and the management staff of ISAC take the audit findings very seriously and have processes in place to address those findings.

Continuing, Ms. Abernathy reviewed with the Audit Committee the accounting practices with respect to the previous fiscal year. Ms. Abernathy then asked that management staff not be present for the remainder of the closed session in order to address fraud inquiries with the Audit Committee.

At this point only, the Audit Committee and the outside auditors were present in the room.

Ms. Abernathy asked members of the Audit Committee if they were aware of any fraud that has occurred for this fiscal year or through today. Ms. Savage, Mr. Roberts and Mr. Griffin each expressed that they were not aware of any fraud or abuse. Ms. Savage reminded the auditors that the Committee was formed just in July of 2011 and they are aware of the investigations from the SEC but have not been involved in that investigation.

Ms. Abernathy encouraged the Audit Committee that should they become aware of fraud or abuse that they contact either Mr. Fox or herself at McGladrey & Pullen and not wait until the next scheduled Audit Committee meeting. Ms. Savage reminded the Audit Committee that they cannot violate the Open Meetings Act by talking to each other, so they should contact Ms. Abernathy directly should they have the need.
Ms. Savage then asked that management staff be asked to return to the closed session.

Ms. Geter stated that the next item to discuss is the MAP upgrade project. She provided the Audit Committee background information related to the MAP upgrade and the findings related to the MAPnet system.

Ms. Cook provided the Audit Committee an update on the timeline of the new MAP upgrade. She stated that June 4, 2012 was the last date that data was received on the MAPnet for 2011-12 from the U.S. Department of Education from students who were filing FASFAs or making corrections to their previously filed FASFA. July 1, 2012 will be the final day for submission of payment requests through MAPnet for 2011-12. She stated that July 27, 2012 will be the last date to submit any changes to 2011-12 MAP records. On August 1, 2012 the interactive capability from MAPnet from the school users will be removed and can only view MAP records in what is called the historical view capacity and on August 1, 2013 MAPnet will be removed completely.

Ms. Cook stated that on February 22, 2012 the [database name] system was launched. On March 16, 2012 data from the U.S. Department of Education was received for the first time and loaded into the new system to determine MAP eligibility. She stated that they are currently working on the development to allow MAP payment and hopeful in mid-August school users will be using the new system going forward.

Responding to Ms. Savage, Mr. Cidambi stated [that data security upgrades had been made]. He stated the [there were specific benefits to upgrades].

Responding to Mr. Griffin, Ms. Cook stated that the communication focus on the rollout of the new system has been with the school partners as all the institutions in Illinois participate in MAP. She stated that the communication to schools started in late January via the e-message technology ISAC uses to communicate with schools and upon the launch of the system in February, ISAC conducted webinars to provide training in using the new system.

Mr. Roberts inquired if the new system addresses the audit issues that were outstanding with the old MAPnet system. Mr. Cidambi stated that [the issue was resolved by certain actions].

Responding to Mr. Griffin, Ms. Cook stated that the decision was made from a development perspective to not convert data from MAPnet into the new MAP Upgrade. She stated that users of the old MAPnet would have to work with ISAC to retrieve data from the MAPnet system. Mr. Cidambi stated that those records will be kept on a database backup, which can be restored if needed

Ms. Cook then provided the Audit Committee background and an update on the external Compliance Department including the status of hiring part time staff to conduct the compliance audits. She reminded the Audit Committee that the Compliance Department is responsible for the oversight of the post-secondary institutions.

Continuing, Ms. Geter updated the Audit Committee on prior audit findings, which include the records management retentions policy issued in May.

Ms. Geter then gave an update on the data processing project, which is included in the FY2013 Proposed Internal Audit Plan.

Ms. Geter requested only the Audit Committee be present in the closed session to briefly reviewed the FY 2013 Proposed Internal Audit Plan and what it encompasses.

Ms. Savage stated that the Audit Committee must take action on the plan in open session and then it will be brought to the full Commission for approval at today's meeting.

Mr. Roberts **MOVED THAT** the Audit Committee return to open session. Mr. Griffin seconded the motion, which was approved by roll call vote. The Audit Committee returned to open session at 11:06 a.m.

Respectfully submitted,

Debora A. Calcara

Debora A. Calcara
Secretary to the Commission

AMENDED MINUTES OF A MEETING
OF THE
ILLINOIS STUDENT ASSISTANCE COMMISSION
AUDIT COMMITTEE

Michael A. Bilandic Building
Room N-505
160 N. LaSalle St.
Chicago, IL

June 21, 2013

COMMISSIONERS PRESENT:	Paul Roberts Kim Savage
COMMISSIONERS ABSENT:	Kendall Griffin
STAFF PRESENT:	Eric Zarnikow, Executive Director Ramnath Cidambi, Managing Director, Information Technology Kishor Desai, Director, Internal Audit Annie Pike, General Counsel

CLOSED SESSION

Mr. Desai provided the Committee with an update on the FY 2013 audit findings and noted that all the FY 2012 findings have been resolved.

Responding to Ms. Savage, Mr. Zarnikow provided an overview to the Committee on the audit findings where management had disagreed with the finding by internal audit.

Continuing, Ms. Savage recognized Mr. Cidambi, Managing Director for Information Technology. Mr. Cidambi briefed the Committee on a [possible security issue related to a specific program]. He indicated [that specific action had been taken in response to the issue]. Mr. Cidambi stated that [additional actions were taken, and the issue was resolved without consequence].

Mr. Cidambi assured the Committee that in conjunction with ISAC's legal staff, steps are being taken [in response to the security issue]. He noted that [additional action was taken to upgrade data security].

Mr. Cidambi then discussed with the Committee the IT server [and its intended use in a certain location].

Ms. Savage asked for a motion to return to open session. Mr. Roberts **SO MOVED**, Ms. Savage seconded the motion, which was approved unanimously. The Committee returned to open session at 12:44 p.m.

Respectfully submitted,

Debora A. Calcara

Debora A. Calcara
Secretary to the Commission