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**PUBLIC BUILDING COMMISSION OF CHICAGO
MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON
JULY 1, 2021**

The Audit Committee Meeting of the Public Building Commission of Chicago was held via Zoom on July 1, 2021, at 1:00 p.m.

The following Committee members attended

Meeting Chair: Commissioner Samuel Wm. Sax
Commissioner Arnold Randall

Also attending:

Carina E. Sánchez
Lori Lypson
Tanya Foucher – Weekley
Ray Giderof
Bryant Payne
Mary Pat Witry
Rudy Manning
Allen Truesdell, Deloitte
Juliana Salles, Deloitte
Langdon Neal, Neal & Leroy
Anne Fredd, Neal & Leroy

The meeting was called to order. The reading of the minutes of the September 16, 2020, meeting, which had previously been distributed, was dispensed with and upon motion duly made and seconded the minutes of said meeting were unanimously adopted.

Pursuant to Section 2.06(g) of the Open Meetings Act, a public comment period was held. No comments or statements were presented by any persons.

The PBC's Director of Finance, Tanya Foucher-Weekley reported the Public Building Commission of Chicago's Comprehensive Annual Financial Report (CAFR) for fiscal years ended 2020 and 2019 will be submitted on time to the Government Finance Officers Association. PBC is on track to receive the Certificate of Achievement for Excellence in Financial Reporting for the 10th year in a row. Completing this task in a virtual environment was made possible by our partners at Deloitte working diligently with the Finance team at the PBC.

The full details of her report are found in the Basic Financial Statements as of and for the Years Ended December 31, 2020, and 2019, and Independent Auditors' Report.

The Audit Committee accepted the report from PBC's Director of Finance.

Allen Truesdell, Deloitte's Lead Client Service Partner, provided his background as a local Chicago partner with Deloitte for twenty-seven years focusing in the public sector professional service industries where he serves government, Not for Profit, higher education, healthcare, and professional service firms. He is also the firms' U.S. Public Sector National Audit Leader who has worked with the PBC for several years.

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Mr. Truesdell introduced Juliana Salles with the Deloitte team. This is her sixth year with Deloitte and her third year working with the PBC. This year Deloitte successfully worked with their MBE/WBE partners on their audit services contract with the PBC. Washington, Pittman, and McKeever, LLC and Velma Butler & Co. have been instrumental in the audit process and results. Chairman Sax commended the team efforts for working together to achieve these great results.

Mr. Truesdell stated that the purpose of the meeting is to review the results of the FY 2020 external audit. The communications are prepared in accordance with Deloitte's professional standards and cover many of the communications the group is accustomed to seeing. The materials have been discussed with management and Chairman Whittley, prior to today's meeting. Mr. Truesdell acknowledged the Deloitte team as well as PBC management by stating that given the unique remote work environment this year, the audit is on track, on time, essentially complete and Deloitte is ready to issue an unmodified opinion on the financial statements. Last year, in the remote environment, the team requested an extension on the submission of the CAFR, this year, still in a remote environment, the team is on schedule with the submission. He stated that this is a testament to the quality of the books and records they receive from management, the professional working relationship and management's ability to stay focused on the audit. He reviewed the GASB pronouncements that were due for implementation in the current year and those on the horizon. The GASB standards that were due for implementation for the current year did not have an impact on the financial statements and were not relevant to the PBC operations.

Juliana Salles reported on the results of Areas of Audit Emphasis. Deloitte is required by the AICPA to consider the potential of fraud in a financial statement audit, which is a presumed significant risk for all entities, not just the Commission. In order to address this presumed risk, Deloitte had discussions with management, evaluated estimates for potential bias and looked at any significant transactions. Deloitte noted that after these evaluations, there were no significant unusual transactions during the audit.

Deloitte also evaluated the design and implementation of Controls over Financial Close and Reporting, especially given the virtual work environment. Deloitte found the controls to be soundly in place.

Deloitte evaluated journal entries with characteristics of audit interest, which Deloitte identified by using their optimization tool Cortex. By implementing Cortex to evaluate the population of journal entries, Deloitte can focus on individual entries that show characteristics of audit interest and can also derive insights from the population as a whole. Ms. Salles reviewed the slide indicating the team can see the account with the most postings throughout the year and can determine that the population of entries follow Benford's law.

Ms. Salles reviewed Required Communications and affirmed that Deloitte is independent from the PBC and noted Deloitte's responsibility under auditing standards is to provide reasonable assurance that the financial statements are not materially misstated. The financial statements are the responsibility of management. Deloitte noted that the PBC accounting policies are in Note 1 of the financial statements and have not changed from the previous year. The estimate specific to the PBC include depreciation, the value of investments, and other revenue project fees.

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Deloitte believes that financial statements are presented fairly and in accordance with GAAP. During the audit, Deloitte was not made aware of any significant or unusual transactions.

Ms. Salles reported that other Required Communications are included in the slides and in summary stated that the audit process went very well and that the PBC finance team was very responsive and helpful during the audit process.

Next Mr. Truesdell reviewed Appendix B and noted that there were no audit adjustments, recorded or unrecorded and no material weaknesses or significant deficiencies in the internal controls over financial reporting.

Ms. Salles reviewed Appendix D and noted that Deloitte has invested in their processes and technology to make virtual work more efficient and has learned how to better collaborate using virtual tools which have been used for status meetings and throughout the course of the audit. The team has also maximized the use of virtual project management and information exchange tools using Deloitte Connect. Using these virtual work tools, the team was able to obtain the same level of support that they would historically obtain, even in things that were usually physical audit evidence, and were also able to conduct virtual walkthroughs in controlled environments to verify that controls remained in place. The presentation also outlined the impact of COVID and noted that Deloitte did not identify any indicators of concern for the Commission and there does not appear to have been a significant impact to the Commission's revenue streams for the year ended December 31, 2020.

In conclusion, Mr. Tuesdell reviewed Appendix E which includes Diversity, Equity, and Inclusion. Deloitte released their first Transparency Report this year which shares the composition of their workforce and talent lifecycle. The report will be issued annually, and the Commissioners have a link to review the report.

The Committee members thanked the team for their hard work and professionalism.

The Audit Committee accepted the reports.

The meeting was adjourned.

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