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Action/Information Item

Audit Committee

Approval of March 21, 2005 and April 14, 2005 Minutes

Recommended Action: The Committee is asked to approve the minutes.

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**CALIFORNIA STUDENT AID COMMISSION
AUDIT COMMITTEE**

MINUTES OF MEETING

March 21, 2005

A meeting of the Audit Committee was convened on Monday, March 21, 2005, at 11:00 a.m. at 333 Market Street, Suite 3200, San Francisco, California.

Commission Members Present:

James Fousekis, Chair
Josefina Baltodano, Vice Chair
Louise McClain
Charles Moore
David Roth, Commission Chair, Ex-Officio Member of Audit Committee

Other Commission Members Present:

James Sandoval
Adele Levine

AGENDA ITEM – PUBLIC COMMENT

The Committee received no comments from the public.

RECESS TO CLOSED SESSION

The Committee recessed the open session of the meeting at 11:10 a.m. and reconvened in closed session.

RECONVENE OPEN SESSION

The Committee reconvened in open session at 12:35 p.m. and adjourned.

James Fousekis
Chair

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**CALIFORNIA STUDENT AID COMMISSION
AUDIT COMMITTEE**

MINUTES OF MEETING

April 14, 2005

Commission Members Present:

James Fousekis, Chair
Josefina Baltodano, Vice Chair
Louise McClain, Committee Member
Charles Moore, Committee Member

Additional Commission Members Present:

David Roth
Maria Elena Serna
Michele Dyke
Sally Furay
Adele Levine
James Sandoval

Call to Order and Chair's Report

Chair Fousekis called the meeting to order at 2:53 P.M. and announced that the Committee would only be receiving informational updates during this meeting.

Chair Fousekis stated in his Chair's report to the committee that no investigation should be carried out by the staff of the Commission unless they inform the Audit Committee and he expects the same for EDFUND. He pointed out that there had been a recent situation concerning a matter, which had already been dealt with by the Audit Committee, but was later resurrected. Chair Fousekis stated that he did not want this to occur again.

Cal SOAP Update

Janet McDuffie, Management Services Division Chief, and Charles Wood, Program Compliance Branch Audit Manager, presented a summary report on compliance reviews performed on Cal SOAP consortiums conducted by Mr. Wood and his staff over the past two years. Ms. McDuffie pointed out the status of each compliance report indicating that a review had been conducted of each consortium and that many consortiums needed to improve their governance structures, their fund accountability, and their reporting compliance. Ms. McDuffie stated that the Program Compliance Branch staff

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will be performing follow-up visits of each consortium over the next year to review their implementation of corrective actions.

Ms. McDuffie stated that Commission staff revised the consortium contracts and will probably make further revisions in the 2005-2006 contracts to strengthen accountability and address other issues identified during the compliance reviews.

Ms. McDuffie reminded the committee that the Outreach staff updated the Cal SOAP manual which has been helpful to the consortiums.

Ms. McDuffie also reminded the committee that there had been certain issues with the San Jose and the South Coast consortiums previously in November 2003. Since that time, a new fiscal agent exists for the San Jose Consortium and a new consortium for the area previously served by the South Coast Consortium is now in place which is Cal State Long Beach.

Information Security Update

Diane Manning, Director and Chief of Audit Services, and Gregory High, EDFUND's Information Security Officer, briefed the committee on the information security risk assessment currently being performed of both CSAC and EDFUND.

Ms. Manning reminded the committee that EDFUND secured the services of the consultants through a competitive bid using a team of EDFUND and CSAC staff on the selection committee. Ms. Manning stated that the consultants have completed their field work and are working on the draft reports at this time. She provided examples of various areas reviewed by the consultants during this very thorough assessment. The assessment included interviewing over 100 CSAC and EDFUND employees.

Ms. Manning informed the committee that she is anticipating the reports to be finalized in May and cautioned that the reports are proprietary and highly confidential as they contain information about CSAC and EDFUND's systems and processes. Ms. Manning stated that the consultant's reports will be used to enhance each organization's information security program plan.

There being no further business, the meeting adjourned at 3:15.

James Fousekis
Chair