

Exhibit 13

Action Item

Approval of minutes of April 26, 2013

**CALIFORNIA STUDENT AID COMMISSION
AUDIT COMMITTEE
MEETING MINUTES**

April 26, 2013

A meeting of the California Student Aid Commission's Audit Committee was held on Friday, April 26, 2013 at the Commission's Boardroom located at 11040 White Rock Road in Rancho Cordova, California.

Committee Chair Ishan Shah called the meeting to order at 2:25 p.m.

The following Committee Members were present:

Ishan Shah, Chair
Cris Arzate
John R. McDowell, Jr., Ex Officio

The following Committee Member was absent:

Ana Beltran

Roll Call was taken and a quorum was recognized.

PUBLIC COMMENT

Committee Chair Shah called for public comment and, hearing none, proceeded to the next agenda item.

CONSIDERATION OF A CHARTER FOR THE AUDIT COMMITTEE

MOVED (Arzate), **SECONDED** and **CARRIED** unanimously, the Committee **APPROVED** the draft charter, as follows:

Draft Charter

The audit committee shall be responsible for:

1. Examining and making recommendations on a comprehensive risk assessment to identify and prioritize potential audit areas which pose the greatest risk and liability to the Commission;

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2. Establishing an audit plan based on the comprehensive risk assessment, which identifies those audits that could be performed by existing audit resources and evaluating the plan annually to determine if changes are warranted;
3. Monitoring the status of audits, including the implementation of audit recommendations, and informing the Commission of significant external audit issues;
4. Reviewing with management, the plans and activities of the internal audit function, including evaluating the effectiveness of the internal control systems;
5. Reviewing with management any Commission response to audits performed by various state agencies (Bureau of State Audits, Department of Finance, State Controller), including the internal control reviews required by the Financial Integrity and State Manager's Accountability Act of 1983 (FISMA).

In Favor: Committee Members Arzate, Shah and Ex Officio McDowell

Absent: Committee Member Beltran

OVERVIEW OF THE ACTIVITIES OF THE OFFICE OF PROGRAM COMPLIANCE

Ms. Keri Tippins, General Counsel and Chief, Legal & Audit Services Division, presented an overview of the functions, duties and activities of the Commission's Office of Program Compliance, including auditing the Cal Grant Program, Assumption Program of Loans for Education (APLE), and the California Student Opportunity & Access Program (Cal-SOAP).

Discussion followed about the process that occurs when the Commission finds that an institution is not in compliance, or when a student wishes to file a complaint or report suspected fraud. In addition, there was some discussion about increasing the frequency of program reviews.

Committee Member Arzate recommended that Commission staff present a report to the Commission to consider what it would take to operate ideally, i.e. increase the number of reviews, with appropriate levels of staff.

PRESENTATION ON "WHAT TO EXPECT FROM A CAL GRANT REVIEW" (Information)

Ms. Melanie Wong, Program Compliance Interim Manager, presented an overview of a Cal Grant program review. Some discussion ensued regarding random compliance checks, fraud investigations, as well as the posting of old audit reports on the Commission's website for the public.

NEW BUSINESS TO BE CONSIDERED AT FUTURE COMMITTEE MEETINGS (Action)

The Committee may consider the following topics at a future meeting:

- Committee's name change; and
- Comprehensive risk assessment and establishment of a project plan.

ADJOURNMENT

There being no further business, the meeting of the Audit Committee was adjourned at 3:14 p.m.

CRIS ARZATE, SECRETARY