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Action/Information Item

California Student Aid Commission

Discussion of the Process for Hiring a Chief Internal Auditor

At its May 1, 2007 meeting, the Commission Chair formed an Ad Hoc Committee, consisting of Commissioners Friedlander and Johnston to work in consultation with The Results Group to address outstanding concerns regarding CSAC's Chief Internal Auditor. The Commission requested that the Ad Hoc Committee make a report at its June 21-22, 2007 meeting.

The Ad Hoc Committee, in consultation with Chair McClain, proposed that the Commission obtain outside consultation to review and make recommendations regarding the internal audit issues.

Based on the State Contracting Manual, Janet McDuffie, the Commission's Procurement Officer, determined that seeking outside contracting services is not justifiable. Most of the work identified in the proposed scope is readily available. The remaining items can be completed by CSAC staff at the request of the Commission.

The table below illustrates the information requested by the Ad Hoc Committee and CSAC staff's comments.

#	Information Requested by the Ad Hoc Committee	CSAC Staff Comments
1.	A current CSAC and EDFUND organizational chart including the reporting relationship of Internal Audits.	Organizational charts are readily available upon request from both CSAC and EDFUND.
2.	A recommended organizational chart showing the reporting relationship of CSAC Internal Audit Unit based on best practices research and the unique statutory relationship of CSAC and its auxiliary organization, EDFUND.	CSAC staff previously contacted the Institute of Internal Auditors (IIA) to request specific information regarding conflict of interest concerns. IIA provides expert advice regarding internal auditing standards and can be contacted again to obtain additional advice to meet the Commission's needs. The organizational charts can be easily revised if there is a request to do so.

#	Information Requested by the Ad Hoc Committee	CSAC Staff Comments
3.	An outline and brief bullet-point content outline of a recommended Internal Audit Charter for CSAC.	The CSAC Internal Audit Charter already exists and follows IIA standards. Upon direction from the Commission, CSAC staff can make appropriate changes.
4.	An outline and brief bullet-point content outline, of a recommended Internal Audit Plan for CSAC and methodology for setting priorities.	CSAC currently has an internal audit plan approved by the Audit Committee. Any changes to this plan should be recommended by the CSAC Chief Audit Executive, once hired, and based on the standards and methodology contained within the State's Financial Integrity and State Manager's Accountability Act (FISMA). Any revisions to the internal audit plan would be presented to the Commission for approval.
5.	An Internal Auditor job description and duty statement.	The California Department of Personnel Administration (DPA) has already approved a duty statement for the CSAC Chief Audit Executive. Any changes to this approved duty statement will require compliance with State classification specifications and DPA approval. The CSAC Personnel Manager can assist with any revisions to these documents.
6.	A menu of performance measures for assessing an internal audit function, such as input, output, efficiency, and outcome measures.	Performance measurements must be in compliance with applicable DPA rules and procedures for civil service employees. The CSAC Personnel Manager can provide guidance to the Commission and Executive Director on performance evaluations.