

Standing Committees

In an effort to strengthen its ability to provide policy direction and management oversight, the Commission adopted the standing committee structure outlined below. Commission members indicate their preferences for committee assignments and the Chair of the Commission determines the membership of each standing committee.

All Commission members are welcome to attend committee meetings, even if they are not members of a particular committee. However, only formally approved committee members may vote on matters before the committee and receive a stipend for attendance. The Chair of the Commission serves as an ex-officio member of all standing committees. A Staff Liaison is assigned to each standing committee.

Executive Committee

The Executive Committee consists of the Chair, Vice-Chair, Secretary, and Treasurer as voting members. The Chairs of the standing committees of the Commission are non-voting members. A majority of the voting members shall constitute a quorum of the Executive Committee. The Chair of the Commission is also the Chair of the Executive Committee.

The Executive Committee is empowered to act for the Commission when it is not possible to convene the Commission between regular meetings. All actions of the Executive Committee are subject to report and ratification at the subsequent meetings of the full Commission. The Executive Committee convenes only when necessary.

Grants and Programs Committee

The Grants and Programs Committee presides over matters regarding the grant programs, including award policies, grant operations, and grant program development, as well as the specialized programs of the Commission. The Grants and Programs Committee ensures that the Commission maintains and fosters effective relations with the beneficiaries and participants of the Cal Grant Programs (students and schools) and all other state and federal programs of the Commission, except the FFEL Program. The Grant Advisory Committee (GAC) provides input to this Committee.

Fiscal Policy and Long-Range Planning Committee

The Chair or Vice Chair of the Fiscal Policy and Long-Range Planning Committee is usually the Commission's Treasurer. The Committee is responsible for the Commission's long-range strategic planning efforts and new program development and reviews the fiscal implications of plans proposed by other committees. The Committee recommends the annual budget change proposals (BCPs), oversees the budget development process including the development of a Capital Utilization Plan for the Student Loan Operating Fund, and approves contracts and contract amendments, including the Operating Agreement with the Commission's auxiliary, EDFUND. When the Federal Loan and EDFUND Oversight (FLEO) Committee was abolished by action of the Commission in November 2003, the responsibility for financial planning and oversight of EDFUND was transferred to this committee.

Governmental Relations Committee

The Governmental Relations Committee is responsible for ensuring that the Commission maintains effective channels of communication and understanding with the state and federal governments. The Committee is responsible for review of legislation, the development of Commission-sponsored legislation, and the development of the Commission's official positions on legislation, as well as updating the Commission's annual Statement of Legislative Principles. Its membership should include at least three public members of the Commission appointed by the Governor, the Assembly and the Senate.

Audit Committee

The Audit Committee ensures that the Commission maintains the proper monitoring and oversight of all audits and/or program reviews conducted on the California Student Aid Commission. The Committee also ensures that all internal operations of the Commission are monitored and reviewed through its Internal Audit Services Division.

The Audit Committee is responsible for ensuring that the required audits of the Commission and EDFUND are completed and for assessing the status of any audit findings and corrective actions.

Personnel, Evaluation and Nominations Committee

The Personnel, Evaluation and Nomination (PEN) Committee conducts regular evaluations of the Executive Director; nominates the annual slate of new Commission officers; and periodically assesses the effectiveness of the Commission organization and procedures. It reviews Committee appointment packages and recommends appointments to the Commission's Advisory Bodies and the EDFUND Board. In addition, this Committee exercises general oversight of the administrative concerns of the Commission and staff. This Committee also considers employee appeal matters.

Outreach Committee

The purpose of the Outreach Committee is to ensure awareness of educational opportunity and financial aid assistance among Californians in coordination with other entities. The Outreach Committee is responsible for general oversight of the Commission's outreach activities and programs, evaluation of outreach programs; development and implementation of strategic plans for outreach; and the establishment of outreach policies.

Ad Hoc Committees

The Commission may appoint ad hoc committees as deemed necessary.

AUDIT COMMITTEE CHARTER

February 2004

Purpose

The purpose of the Audit Committee (Committee) is to assist the California Student Aid Commission (Commission) in fulfilling its responsibilities for the following:

1. Integrity of the Commission's financial statements
2. Compliance with legal and regulatory requirements
3. Independent auditor's qualifications, independence and performance
4. Performance of the Commission's internal audit function
5. Evaluation and resolution of audits and or program reviews
6. Condition of the system of internal controls
7. Oversight of EDFUND

Authority

The Committee has authority to conduct or authorize investigations into any matters within its scope of responsibility. It is empowered to:

1. Oversee the work of the audit agency or firm contracted to conduct the annual independent audits. The independent auditor will report directly to the Audit Committee.
2. Resolve any disagreements between management and auditors.
3. Monitor all audit and non-audit services performed by external audit agencies and firms.
4. Retain independent counsel, accountants, or others to advise the Committee or assist in the conduct of an investigation.
5. Meet with Commission and/or EDFUND management, external auditors, or outside counsel, as necessary.

Composition

The Audit Committee is a permanent standing committee of the Commission consisting of at least three members of the Commission. The Chair of the Commission appoints the members of the Committee annually, and designates a Chair and Vice Chair for the Committee. The Chair of the Commission will, to the extent available, seek to appoint a financial expert to the Committee from the membership of the Commission. Each member of the Committee shall be free from any relationship that would interfere with the exercise of his or her independent judgment as a member of the Committee.

The Internal Audit Services (IAS) Director and CAE (Chief Audit Executive) is the staff liaison to the Committee and is responsible, in consultation with the Committee Chair, for developing and presenting agenda items for the Committee meetings and for keeping members informed of audit issues. The CAE reports functionally to the Committee and administratively to the Executive Director to ensure independence of action. For Loan Program and EDFUND matters the CAE also reports to the President and Audit Committee of EDFUND.

When considering Loan Program or EDFUND related audit matters, the Committee meets with the Audit Committee of EDFUND in joint session.

Meetings

The Committee will meet at least four times a year, with authority to convene additional meetings, as circumstances require. All Committee members are expected to attend each meeting, in person or via tele- or videoconference. The Committee will invite members of management, auditors, or others to attend meetings and provide pertinent information, as necessary. It may meet periodically with management, internal auditors and external auditors.

The meetings must be publicly noticed in accordance with the Bagley-Keene Open Meeting Act whenever three or more of the Committee members will be present. Formal minutes will be produced for each meeting. The CAE and the General Counsel will attend the Committee meetings.

Responsibilities

The responsibilities of the Committee include audit governance for the State and Federal programs that the Commission administers. Specific areas of responsibility are as follows:

Financial Statements

The committee shall:

1. Review significant accounting and reporting issues and understand their impact on the financial statements. These issues include:
 - Complex or unusual transactions and highly judgmental areas

- Major issues regarding accounting principles and financial statement presentations, including any significant changes in the Commission's selection or application of accounting principles
 - The effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Commission
2. Review analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative Generally Accepted Accounting Principles (GAAP) methods on the financial statements.
 3. Review with management and the independent auditors the results of the audit, including any difficulties encountered. This review will include any restrictions on the scope of the independent auditor's activities or on access to requested information, and any significant disagreements with management.
 4. Discuss the annual audited financial statements with management and the independent auditors, including the Commission's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Internal Control

The Committee shall:

1. Consider the effectiveness of the internal control systems, including information technology security and control.
2. Understand the scope of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.
3. Review appraisal of the performance of the external auditors and provide comments or recommendations.

Internal Audits

Regular internal audits of the Commission are required by the State of California. These audits are conducted by the Commission's Internal Audit Services department. The Committee shall:

1. Review with management and the CAE, the charter, plans, activities, staffing and organizational structure of the internal audit function on an annual basis.
2. Understand the scope of audits and monitor their completion.
3. Ensure there are no unjustified restrictions or limitations on audit staff or audit processes.

4. Review the appointment, replacement, or dismissal of the CAE within the guidelines of relevant employment practices.
5. Ensure the independence of internal audit staff such that staff may report to the Committee instances of fraud, abuse, and illegal acts by senior management and/or conduct internal audits without management interference. Protect internal audit staff against possible reprisals.
6. Review the effectiveness of the internal audit function, including compliance with The Institute of Internal Auditors' *Standards for the Professional Practice of Internal Auditing*. As necessary, meet separately with the CAE to discuss any matters that the Committee or the CAE believes should be discussed privately.

External Audits

External audits and program reviews of the Commission including those of the Loan Program may be conducted by various State agencies (Department of Finance, State Controller, Bureau of State Audits), by federal agencies (U.S. Department of Education, Office of the Inspector General), or by contractors hired by these entities to audit the Commission and its programs. These audits and program reviews are coordinated by the Commission's Internal Audit Services.

The Committee shall:

1. Establish policies and guidelines for the conduct of audits by external audit agencies.
2. Monitor the status of audits, the implementation of audit recommendations, and inform the full Commission of significant external audit issues.
3. Review the formal responses to external audits and program reviews.
4. Review reports of inspections, examinations, and investigations by State and federal regulatory agencies and the consideration given or corrective action taken by management on any criticisms in such reports.
5. Request audits and/or investigations of specific areas as needed.
6. Confirm with Commission and EDFUND management, annually, the independence of the independent auditors.
7. Consider the opinions of management and the CAE.

Compliance

The Committee gives special emphasis to compliance with State and federal laws, rules, regulations, and policies and procedures developed and administered by the Commission.

The Committee shall:

1. Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up of any instances of noncompliance.
2. Establish procedures, which ensure confidentiality, for:
 - a. The receipt, retention, and treatment of complaints received by the Commission regarding accounting, internal accounting controls, or auditing matters; and
 - b. The confidential, anonymous submission by employees of the Commission or EDFUND of concerns regarding questionable accounting, auditing or ethical issues.
 - c. Discuss and agree upon with EDFUND that similar procedures are in place for EDFUND.
3. Review the findings of any examinations by regulatory agencies and any auditor observations.
4. Monitor compliance with and review the process for communicating a code of conduct that will be reviewed and reaffirmed annually.
5. Obtain regular updates from management and the Commission's General Counsel regarding compliance matters.
6. Notify the Office of State Audits and Evaluations (OSAE) and the Bureau of State Audits (BSA) of all cases of actual or suspected fraud, defalcation, theft or other irregularities the Committee has become aware of either internally or by referral. SAM 20080.

Reporting Responsibilities

The Committee shall:

1. Regularly report to the Commission about Committee activities and issues that arise with respect to the quality or integrity of the Commission's and EDFUND's financial statements, compliance with legal or regulatory requirements, the performance and independence of the independent auditors, and the performance of the internal audit function.
2. Provide an open avenue of communication between Internal Audit Services, the external auditors, and the Commission.

Other Responsibilities

The Committee shall:

1. Discuss with management the Commission's major policies with respect to risk assessment and risk management.
2. Perform other activities related to this charter as requested by the Commission.
3. Institute and oversee special investigations as needed.
4. Review and assess the adequacy of the Audit Committee Charter annually, request Commission approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.
5. Confirm annually that all responsibilities outlined in this charter have been carried out.

The Audit Committee Charter is adopted by:



Vice Chair, California Student Aid Commission: David Roth 2-20-04
Date



Chair, Audit Committee: James Fousekis 2/27/04
Date



Executive Director: Diana Fuentes-Michel 2-20-04
Date