

**STATE COMPENSATION INSURANCE FUND
AUDIT COMMITTEE**

MINUTES OF OPEN SESSION MEETING

May 25, 2016

The Audit Committee met on May 25, 2016 at the State Fund Corporate Office, 333 Bush Street, 7th floor, San Francisco, California.

AGENDA ITEM 1: CALL TO ORDER AND ROLL CALL

The meeting was called to order at 2:00 p.m. and the following Members were present: Sheryl A. Chalupa (Chair); Sen. Michael J. Machado (Ret.) (joined during the Closed Session); Steven L. Rank; and Scott K. Reid.

Absent by prior arrangement: William M. Zachry.

There was a quorum.

Also present: President and CEO Vernon L. Steiner; General Counsel and Corporate Secretary Margie R. Lariviere; Chief Financial Officer Peter A. Guastamachio; Chief of Internal Affairs Dante Robinson; Board Liaison and Assistant Corporate Secretary Hilda B. Padua; and Counsel and Assistant Corporate Secretary Judith D. Sapper.

AGENDA ITEM 2: ANTITRUST ADMONITION

Ms. Chalupa called attention to and requested confirmation that the Audit Committee members read State Fund's Antitrust Admonition, which is included in each Committee member's meeting materials.

AGENDA ITEM 3: CONSENT CALENDAR

- a. **Approval of February 17, 2016 Open Meeting Minutes**
- b. **Annual Review of Audit Committee Charter**
- c. **Annual Review of Internal Audit Charter and Compliance with International Internal Audit Standards**

Ms. Chalupa asked whether any Committee member had any comments on the items on the Consent Calendar of which there were none. Ms. Chalupa called for a Motion.

MOTION: Mr. Reid

SECOND: Mr. Rank

To approve the Consent Calendar as presented.

Ms. Chalupa requested public comment of which there was none. Ms. Chalupa called for the vote.

YES: 3

NO: 0

Abstain: 0

Motion carried.

AGENDA ITEM 4: COMPLETED CLOSED AUDITS

Ms. Chalupa noted that this item is read only, unless questions. She asked Chief of Internal Affairs Mr. Robinson if there was any new information from the time the report was published. Mr. Robinson noted that the report is current and there are no changes.

AGENDA ITEM 5: WHISTLEBLOWER HOTLINE

Ms. Chalupa noted that this item is read only, unless questions. She requested a brief update from Executive Vice President and Chief Administrative Officer Andreas Acker.

Mr. Acker noted that unlike previous reports to the Board, this quarter included reports originating through the new Case Management System (CMS), which can be received via online or telephone submissions. There have been fewer NAVEX reports so employees feel they can report issues directly.

AGENDA ITEM 6: PUBLIC COMMENT ON APPROPRIATENESS OF CLOSED SESSION FOR ITEMS 9 THROUGH 15

Ms. Chalupa requested public comment on the appropriateness of Closed Session Agenda Items 9 through 15, of which there was none.

AGENDA ITEM 7: PUBLIC COMMENT

Ms. Chalupa requested other public comment, of which there was none. The Audit Committee immediately convened into Closed Session at 2:05 p.m.

AGENDA ITEM 16: CALL TO ORDER AND ROLL CALL

The meeting reconvened at 5:30 p.m. following the conclusion of the Closed Session and the following Members were present: Sheryl A. Chalupa (Chair); Sen. Michael J. Machado (Ret.); Steven L. Rank; and Scott K. Reid.

Absent by prior arrangement: William M. Zachry.

There was a quorum.

Also present: President and CEO Vernon L. Steiner; General Counsel and Corporate Secretary Margie R. Lariviere; Chief Financial Officer Peter A. Guastamachio; Chief of Internal Affairs Dante Robinson; Board Liaison and Assistant Corporate Secretary Hilda B. Padua; and Counsel and Assistant Corporate Secretary Judith D. Sapper.

AGENDA ITEM 17: COMMITTEE MEMBER PRESENTATIONS

Ms. Chalupa requested presentations from the Committee members, of which there were none.

AGENDA ITEM 18: PROPOSALS AND SUGGESTIONS FOR JULY 27, 2016 AGENDA

Ms. Chalupa requested suggestions for agenda items for the July 27, 2016 Audit Committee meeting other than the standing agenda items, of which there were none. Ms. Chalupa requested public comment, of which there was none, and she noted that the next Audit

Committee meeting is scheduled for July 27, 2016 at The Renaissance Lodge at Sonoma, 1325 Broadway, Sonoma, California unless noticed for a new date and time.

ADJOURNMENT

There being no further business before the Audit Committee, the meeting adjourned at 5:35 p.m.

Respectfully submitted,

Hilda B. Padua
Board Liaison and Assistant Corporate Secretary