

AUDIT COMMITTEE MEETING (OPEN)

AGENDA ITEM 8

ATTACHMENT 8-I

MINUTES OF November 12, 2009 OPEN AUDIT COMMITTEE MEETING

PRESENTED BY: Frank Quinlan

January 21, 2010

**STATE COMPENSATION INSURANCE FUND
AUDIT COMMITTEE**

MINUTES OF OPEN SESSION MEETING

November 12, 2009

The Audit Committee met on November 12, 2009 in the Auditorium of the Milton Marks Conference Center, State Building, 455 Golden Gate Ave, San Francisco, California.

AGENDA ITEM 1: CALL TO ORDER AND ROLL CALL

The meeting was called to order at 12:40 p.m. and the following members were present: Francis (Frank) E. Quinlan, Chair; Vincent E. Mudd; Steven Rank and Alternate Thomas E. Rankin.

There was a quorum.

Also present: Chief Financial Officer Jay Stewart; Senior Vice President of Internal Affairs Lisa Middleton; General Counsel and Corporate Secretary Carol Newman; and Chief Counsel and Assistant Corporate Secretary Suzanne Ah-Tye.

AGENDA ITEM 2: PUBLIC COMMENT ON APPROPRIATENESS OF CLOSED SESSION ITEMS 4 THROUGH 6

There was no public comment.

The Committee immediately convened into Closed Session.

AGENDA ITEM 3: APPROVAL OF MINUTES OF SEPTEMBER 10, 2009 CLOSED MEETING Closed Session

AGENDA ITEM 4: INDEPENDENT AUDITOR'S 20090 AUDIT PLAN

Closed Session

AGENDA ITEM 5: INTERNAL AUDIT MANAGER'S BRIEFING ON PENDING AUDITS AND INVESTIGATIONS Closed Session

AGENDA ITEM 6: DRAFT 2010 AUDIT PLAN

Closed Session

The meeting was called to order at 2:00 p.m. following the conclusion of the Closed Session and the following members were present: Francis Quinlan,

Chair; Vincent E. Mudd; and Alternate Thomas E. Rankin. Absent was Steven Rank.

There was a quorum.

Also present: Interim President and CEO Doug Stewart; Chief Financial Officer Jay Stewart; Senior Vice President of Internal Affairs Lisa Middleton; General Counsel and Corporate Secretary Carol R. Newman; and Chief Counsel and Assistant Corporate Secretary Suzanne Ah-Tye.

AGENDA ITEM 8: APPROVAL OF September 10, 2009 OPEN MEETING MINUTES

MOTION: Mr. Rankin Second: Mr. Mudd

To approve the minutes of the September 10, 2009 Open meeting of the Audit Committee as presented.

AYES: 3 NOES: 0 Motion carried.

AGENDA ITEM 9: REPORT ON COMPLETED AUDITS

Mr. Quinlan requested Ms. Middleton to report on the status of the Completed Audits. There was a recommendation regarding case make up handling and the 14 day payment process. The Claims Processing Center (CPC) accepted the recommendations. A recommendation was made to improve records retention with a time table for the destruction of documents. There was a payroll audit regarding overtime, compensating time off (CTO) and salary advances. Recommendations were made and accepted by HR. There was a finding made regarding HR's Oracle system whereby timekeepers could make changes to their own leave usage. There were no discovered abuses, but a new procedure was implemented to ensure there are internal controls. Mr. Rank joined the meeting.

HR has obtained the services of a new company to perform and improve timeliness of background checks for new hires. In regard to merit rating plans, State Fund is complying with its own internal policy. Another audit was performed on the building access monitoring systems at state wide offices. Internal Audit found that threat management and response needs to be strengthened. Real Property has accepted Internal Audit's recommendations and will make changes. A finding was made in regard to wire transfers which must be accurate and timely. Recommendations were made to Fiscal Services which were accepted. There was an audit finding regarding insurance certification of an employee using a personal vehicle for business travel. Corrections have been made by Fiscal Services. Ms. Middleton also reported completion of the control assessment report regarding information security

processes. There is an ongoing project to work with the Ethics and Compliance Manager regarding Enterprise Risk. In regard to Internal Audit's records retention and management, there is a project to move its reports to a secure site. Mr. Quinlan requested public comment of which there was none.

AGENDA ITEM 10: COMMITTEE MEMBER PRESENTATIONS.

Mr. Quinlan requested Committee Member presentations of which there were none. Mr. Quinlan requested public comment of which there was none.

AGENDA ITEM 11: PROPOSALS AND SUGGESTIONS FOR JANUARY 2010 AGENDA

In addition to standing agenda items and recurring calendar items, the Committee requested receiving a "close out" report outlining what action was taken on audits. Mr. Quinlan requested public comment of which there was none.

AGENDA ITEM 12: PUBLIC COMMENT

There was no public comment.

The next Audit Committee meeting is scheduled for January 21, 2010 at noon in San Francisco, California.

ADJOURNMENT

There being no further business before the Audit Committee, the meeting adjourned at 2:30 p.m.

Respectfully submitted,

Suzanne Ah-Tye,
Assistant Corporate Secretary