

AUDIT COMMITTEE MEETING

AGENDA ITEM 8

ATTACHMENT

SEPTEMBER 10, 2008 AUDIT COMMITTEE MEETING MINUTES –
OPEN SESSION

PRESENTED BY: Frank Quinlan

November 20, 2008

**STATE COMPENSATION INSURANCE FUND
AUDIT COMMITTEE**

MINUTES OF MEETING

September 10, 2008

The Audit Committee met on September 10, 2008 in the Milton F. Marks Auditorium, State Building, 455 Golden Gate Ave, San Francisco, California.

The meeting was called to order at 1:45 p.m. and the following members were present:

AGENDA ITEM 1: ROLL CALL

Present: Francis (Frank) E. Quinlan, Chair; Sheryl A. Chalupa; Vincent E. Mudd.

Also present: KPMG Audit Partner Mark McMorrow; President Janet Frank; Executive VP Jim Neary; Acting Chief Financial Officer Jay Stewart; Internal Audit Manager Barbara Simmons; Senior Vice President of Internal Affairs Lisa Middleton; Assistant Chief Counsel and Secretary Judith D. Sapper; Randall Keen, Esq. of Manatt Phelps & Phillips; Board Chair Jeanne Cain (3:30 p.m.); Don Moulds (3:00 p.m.).

The Committee immediately convened into Closed Session.

AGENDA ITEM 2: INTERNAL AUDIT MANAGER'S REPORT ON PENDING AUDITS AND INVESTIGATIONS

Closed.

AGENDA ITEM 3: INDEPENDENT AUDITOR INTERNAL CONTROLS AND PEER/QUALITY ASSURANCE ASSESSMENT

Closed.

AGENDA ITEM 4: INDEPENDENT AUDITOR ENGAGEMENT 2008 FY

Closed.

AGENDA ITEM 5: RISK ASSESSMENT PROCESS

Closed.

AGENDA ITEM 6: APPROVAL OF JULY 9, 2008 MEETING MINUTES

MOTION: Mr. Mudd Second: Mr. Quinlan

To approve the minutes as presented.

AYES: 3 NOES: 0 Motion carried.

AGENDA ITEM 7A: INDEPENDENT AUDITOR STATUS OF 2007-08 GAAP BASIS FINANCIAL REPORTS--STATE CONTROLLER'S OFFICE

KPMG Audit partner Mark McMorro reported that KPMG issued the statutory basis financial statements with the State Controller's Office schedules in the back.

AGENDA ITEM 7B: INDEPENDENT AUDITOR ENGAGEMENT 2008 FY

Internal Audit Manager Barbara Simmons confirmed that KPMG had been engaged for the independent audit for the 2008 fiscal year.

AGENDA ITEM 8A: INTERNAL AUDIT QUARTERLY STATUS REPORT

Ms. Simmons noted that the Quarterly Status report lists the areas of overlap with the CDI and CHP TaskForce and that Internal Audit needed agreement to pull those items out of the Audit Plan. No objections were raised to approving the Plan as changed. All audits have been completed except for the overlapping items. Internal Audit will do a variance analysis.

AGENDA ITEM 8B: INTERNAL AUDIT CHARTER ANNUAL REVIEW

Ms. Simmons presented modifications to the Internal Audit Charter. No objections were raised.

MOTION: Ms. Chalupa Second: Mr. Mudd

To approve the revisions to the Internal Audit Charter as presented.

AYES: 3 NOES: 0 Motion carried.

AGENDA ITEM 8C: AUDIT COMMITTEE CHARTER ANNUAL REVIEW

The Audit Committee Charter was discussed as part of the annual review. There were no suggested revisions and the Committee will bring up the Charter as a future Agenda item and will continue to review the provisions during the year.

MOTION: Mr. Mudd Second: Ms. Chalupa

To approve the Audit Committee Charter as presented.

AYES: 3 NOES: 0 Motion carried.

AGENDA ITEM 9: PROPOSED NOVEMBER 2008 AGENDA

Introductions and Committee Member Comment will be added to the standing suggested Agenda items.

AGENDA ITEM 10: PUBLIC COMMENT

There was no public comment.

The next Audit Committee meeting is scheduled for November 20, 2008 at 1:00 p.m. in San Francisco, California.

ADJOURNMENT

There being no further business before the Audit Committee, the meeting adjourned at 3:45 p.m.