COVERED CALIFORNIA AUDIT COMMITTEE MINUTES
Thursday, November 20, 2025

**Location:**
Covered California Tahoe Auditorium
1601 Exposition Blvd.
Sacramento, CA 95815

## Agenda Item I: Call to Order, Roll Call, and Welcome

Kirk Marston, Chief Audit Executive, Office of Audit Services (OAS) at Covered California, welcomed everyone to the meeting.

Mr. Marston called the meeting to order at 2:10 PM.

**Audit Committee Members Present During Roll Call:**
Craig Cornett
Sumi Sousa

**Conflict Disclosure:** A conflict disclosure was performed and there were no conflicts from the Committee members that needed to be disclosed.

## Agenda Item II: August 21, 2025 – Audit Committee Meeting Minutes

**Audit Committee Discussion:** None

**Motion/Action:** Sumi Sousa moved to approve the amended Audit Committee Meeting Minutes for August 21, 2025. Craig Cornett seconded the motion.

**Public Comment:** None

**Vote:** The motion was approved by unanimous vote.

## Agenda Item III: Internal Audit Charter

Mr. Marston presented the revised Internal Audit Charter (Charter), a document required to be updated annually per the Institute of Internal Auditors (IIA) standards. The Charter outlines the Office of Audit Services' role, purpose, authority, independence, and responsibilities, as well as the Audit Committee's responsibilities. Extensive revisions were made last year to align the charter with the IIA's updated Global Internal Audit Standards. The previous Charter was approved by the audit committee in August 2024.

The revised Charter remains largely unchanged, with one minor update on page 6 to modify communication protocols. The language was revised from quarterly communication to ongoing, as-needed communication between the Office of Audit Services and the Audit Committee.

**Audit Committee Discussion:** Ms. Sousa asked if the Charter could be amended at any time. Mr. Marston replied that it could.

**Motion/Action:** Ms. Sousa moved to approve the revised Internal Audit Charter. Mr. Cornett seconded the motion.

**Public Comment:** None

**Vote:** The motion was approved by unanimous vote.

## Agenda Item IV: Advisory Engagement Results – Invoice Management Evaluation

Mr. Marston introduced Colin Buttarazzi from BerryDunn to present the results of the Invoice Management Evaluation Advisory Engagement. Mr. Marson thanked Mr. Buttarazzi for his willingness to present the information given the time difference and later hour at his location on the East Coast.

Mr. Buttarazzi explained that the purpose of the advisory engagement was to bring clarity to the roles and responsibilities of the various departments involved in invoice processing. Additionally, the engagement aimed to develop a deeper understanding of the specific activities carried out by the Office of System Technology and Integration (OTSI) and the California Healthcare Eligibility, Enrollment, and Retention System (CalHEERS) within the invoice management process. The timeframe reviewed was between July 1, 2024 and December 31, 2024. Mr. Buttarazzi provided details on the engagement's findings and recommendations.

**Audit Committee Discussion:** Mr. Cornett noted that the advisory engagement was added to the Audit Plan prior to his joining the Audit Committee. He asked for more information on how it came about. Mr. Marston explained that this engagement was not on the Audit Plan but was requested by Kevin Cornish, the Chief Information Officer in the Information Technology Division. Mr. Cornish was present and provided additional background. He stated that CalHEERS is complex and over their 12-year history, the invoice management process has become less than optimal. To address this, a third party was engaged to conduct a comprehensive review of the invoice process. Jessica Altman, Covered California's Executive Director, noted that although the engagement was not directly tied to the new Request for Proposal (RFP) process, this was an opportune time to align with the RFP process and collectively look at governance, efficiencies, and broader operational processes.

**Public Comment:** None

## Agenda Item V: Audit Results

Kevin Cathy, Branch Chief of the Office of Audit Services, presented the internal audit results. Mr. Cathy explained that the two audits presented had similar objectives and findings. Early last year, the annual audit plan was developed with input from executives, division leadership, and other stakeholders. Contract and contractor management emerged as a high-priority issue during the planning process.

An initial audit was conducted with the Business Services branch (BSB), focusing on administrative processes to ensure compliance with state and federal laws, regulations, and procedures. The findings from that audit highlighted potential risks related to contract management from a programmatic perspective across other divisions.
Due to the broad scope of agency-wide contract audits, the focus was narrowed to two divisions (Marketing and the Policy, Eligibility, and Research Division (PERD)) based on factors such as risk levels, audit history, contract value, and complexity of services.

**Internal Audit Results – Advertising Contracts Audit**
Kevin Cathy, Branch Chief of the Office of Audit Services, presented the Advertising Contracts Audit results. The Marketing Division's advertising contractor, with expenditures totaling approximately $52 million for fiscal year 2023-2024, was selected for audit due to its significant value and scope. This contractor supports Covered California's efforts to advertise to the public, aiming to increase enrollment and renewals.

The audit focused on assessing the management processes of the Marketing Division to ensure proper oversight of the contractor. Key objectives included verifying that contractual deliverables were met, ensuring charges were accurate, and evaluating the quality of services provided.

Mr. Cathy noted one low-risk observation. Some contractor employees did not complete an annual Form 700 and complete the ethics training every two years. Mr. Cathy noted that the corrective action had been reportedly implemented. The Office of Audit Services planned to follow up with the BSB and the Marketing Division to validate that the updated procedures address the issue.

**Audit Committee Discussion:**
Mr. Cornett noted that similar issues have been documented in other audits. Mr. Cathy agreed, stating that the difference is that the issue stemmed from the division rather than from the BSB.

Ms. Sousa stated that the clarifications were helpful as she did not fully understand the purpose of the audit prior to the presentation.

**Public Comment:** None

**Internal Audit Results – Contract Management Audit**
Mr. Cathy reminded the Committee that this audit would appear similar to the previous. The audit of PER's contracts focused on data analysis and consultation services that support various enterprise needs. While distinct from marketing's advertising contracts, this audit's objectives were similar, emphasizing effective contract management and oversight.

Similar to findings in the Marketing Division, some contractors failed to complete the required Form 700 filings and ethics training. The BSB was notified and is working with program areas to improve communication and compliance regarding these requirements. PERD is also developing internal procedures to ensure that contractors within its area fulfill all necessary forms and trainings moving forward.

**Audit Committee Discussion:** None

**Public Comment:** None

## Agenda Item VI: Wrap-Up and Next Steps

Mr. Marston outlined the potential dates for future meetings as well as the potential meeting topics.

Mr. Marston announced that this was his last Audit Committee meeting as he would be retiring at the end of the month. Mr. Marston was congratulated by the Committee and other attendees.

The meeting adjourned at 2:50 PM.