AUDIT COMMITTEE CHARTER

Deepshikha Kumar, Chief Audit Executive

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PURPOSE

The Audit Committee assists Covered California in fulfilling its oversight responsibilities regarding:

- Compliance with legal, regulatory, and internal policies.
- The performance and independence of Office of Audit Services (OAS).
- Other responsibilities outlined in this Charter.

MANDATE:

Established pursuant to Government Code:

- 13886 (a) states, "Any governing body that oversees a state agency that performs or reviews internal audits shall establish an audit committee that generally meets the frameworks recommended by the American Institute of Certified Public Accountants, as set forth in the publication entitled "AICPA Audit Committee Toolkit: Government Organizations."
- 13887 (b) states, "In order to achieve independence and objectivity as required by the standards identified in Section 13886, for any state agency that is overseen by a governing body, the internal audit operations shall meet all of the following requirements:
  1. The chief internal auditor shall be accountable to the audit committee of the governing body.
  2. The chief internal auditor shall report audit findings and recommendations made under his or her jurisdiction to the audit committee and the general counsel to the governing body.
  3. The operations shall be organizationally outside the staff or line management function of the unit under audit."

MEMBERSHIP

- The members of the Audit Committee shall be appointed by the Board.
- Audit Committee members may be replaced by the Board at any time.
- The Audit Committee consists of two members.
- The Board shall designate one member with financial expertise.
- The Board shall designate the chairperson of the Audit Committee.

AUDIT COMMITTEE RESPONSIBILITIES

Meeting

The Audit Committee shall meet as often as it determines necessary or appropriate to fulfill its responsibilities, but no fewer than twice annually. In addition, the Audit Committee members shall meet individually with the Chief Audit Executive (CAE), at least annually and as needed, without Covered California management present.

Audit Committee Oversight

To establish, maintain, and ensure that OAS has sufficient authority to fulfill its duties, the Audit Committee will:

- Discuss with the CAE and senior management the appropriate authority, role, responsibilities, scope, and services (assurance and/or advisory) of the OAS function.
- Ensure the CAE has unrestricted access to direct communication and interaction with the Audit Committee, including in private meetings without senior management present.
- Discuss with the CAE and senior management other topics that should be included in the internal audit charter.
- Participate in periodic discussions with the CAE and senior management about the "essential conditions" described in the Global Internal Audit Standards, which establish the foundation that enables an effective internal audit function.
- Review the internal audit charter, which includes the internal audit mandate and the scope and types of OAS services, periodically with the CAE to consider changes affecting Covered California. Such changes could include the employment of a new CAE or changes in the type, severity, and interdependencies of risks to Covered California. Approve the internal audit charter annually.
- Review and approve the risk-based internal audit plan.
- Review and approve the OAS budget.
- Review with the CAE significant findings on internal audits and management responses, any difficulties the OAS encountered, and any changes required to the scope of OAS internal audit.
- Review with the CAE the adequacy of Covered California's internal controls including the computerized information system controls and security, and any related significant findings, recommendations and management responses of the independent auditors and internal audits.
- Review with the General Counsel and the CAE legal and regulatory matters.
- Approve the appointment and removal of the CAE, ensuring adequate competencies and qualifications and conformance with the Global Internal Audit Standards.
- Review and approve the CAE's performance.

- Receive communications from the CAE about the internal audit function, including its performance relative to its plan.
- Ensure a quality assurance and improvement program has been established and review its results annually.
- Make appropriate inquiries of management and the CAE to determine whether scope or resource limitations are inappropriate.
- Periodically review with the CAE and General Counsel Covered California's code of conduct and compliance with this Charter.

The CAE shall provide the Audit Committee with information, correspondence, guidance, expected due dates, etc. to assist the members in adhering to their responsibilities.

Approved _______________, 2026