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## Audit Committee Charter

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References: FCA Regulations 611.210, 612.2180, 618.8430, 620.5, 620.11, 620.30, 621.30, 621.31, 621.4, 630.20, 630.40, 651.50, IM 7/7/2015, and EM-31.1, EM-31.3, WP-31.3-1, EM -1.3 FIRS, EM-31.8, EM-31.9, Audit Committee Guide (AUD-REF-0002), General Financing Agreement

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### I. **Mission Statement**

The Audit Committee (Committee) of Golden State Farm Credit, ACA (Association) is established by and reports to the Board of Directors (Board) to assist the Board in fulfilling its fiduciary and oversight responsibilities and to comply with FCA Regulations.

The mission of the Committee is to oversee management's preparation of the report to shareholders; review the impact of any significant accounting and auditing developments; review accounting policy changes related to preparation of financial statements; and review annual and quarterly reports prior to release.

The Committee also reviews and supervises the external and internal audit functions and oversees the Association's system of internal controls related to preparation of financial reports, including controls relating to the institution's compliance with applicable laws, regulations, and the Global Internal Audit Standards from The Institute of Internal Auditors (IIA)' Standards for the Professional Practice of Internal Auditing International Professional Practices Framework, the IIA's Three Lines Model, and other applicable guidance as set forth in FAQs About Governance Changes in 2006 #s 14, 17, 53-57, FAQs About the Disclosure and Reporting Rule #s 11-13, the FCA Informational Memorandum on Whistleblower Programs dated July 9, 2015, and the FCA's The Director's Role.

### II. **Membership**

The Committee shall consist of at least three (3) directors, including all directors designated by the Board to be financial experts. All members of the Committee should be knowledgeable in at least one of the following: public and corporate finance, financial reporting and disclosure, or accounting procedures.

The Board Chairperson shall have the responsibility of appointing all members of the Committee following the annual reorganization of the Board. Each year the Committee will have at least one new member, unless a majority of the Board approves an exception to this Charter requirement. A newly elected director whose predecessor served on the Committee will assume that position on the Committee until the Board Chair makes Committee appointments. Any Board member may attend Committee Meetings.

Every Committee member must be free from any relationship that, in the opinion of the Board, would interfere with the exercise of independent judgement as a Committee member.

### III. **Terms of Office**

The term of office for each position on the Committee shall be for three (3) years. The Board, upon the recommendation of the Committee, may remove any Committee member at any time and may fill any vacancy on the Committee. A director may serve multiple and/or consecutive terms on the Committee.

#### **IV. Officers**

The Committee will select a Committee Chair and Vice Chair from within its membership during the annual Committee restructure. As set forth in the Board Charter, subject to the director term limits set forth in Association bylaws, the Board's philosophy is that the Committee Chair position should not be limited to any term or expected rotation.

#### **V. Voting and Quorum**

Quorum. A majority of the Committee members shall constitute a quorum.

Voting. Voting on Committee matters shall be on a one member-one vote basis. When a quorum is present, the vote of a majority of the Committee members present shall constitute the action or decision of the Committee.

#### **VI. Meetings**

Committee meetings will be held as determined by the Board and typically will be held in connection with regularly scheduled meetings of the Board, and any Board member may attend any meeting of the Committee. The Committee will meet at least quarterly, with authority to convene additional meetings as circumstances require as determined by the Chairperson. Meetings are held per approved schedule. The Committee will invite members of management, auditors, or others to attend meetings and provide pertinent information, as necessary. Attendance of members at Committee meetings shall be noted in the minutes of the Committee.

Meeting agendas will be prepared in consultation with the Chair or Vice Chair and provided in advance to members, along with appropriate briefing materials. The Committee may, at times, handle duties and responsibilities of the Committee in concert with the Board during, before, or after Board meetings.

Minutes of all Committee meetings will be prepared and approved by the Committee and will be retained in accordance with the Association's record retention schedule, and no less than three fiscal years.

#### **VII. Resources**

The Association is responsible for providing monetary and non-monetary resources to the Committee, as necessary and requested (for example to pay for expert advisors, legal counsel, administrative expenses, etc.). A two-thirds majority vote of the full Board is required to deny the Committee's request for resources.

#### **VIII. Duties**

**Responsibilities and Authorities.** The Committee must report only to the Board. In its capacity as a committee of the Board, and for the purpose of achieving the Committee's objectives, the Committee shall have the following responsibilities and authorities. These responsibilities will be discharged with the assistance of appropriate Association management and independent auditors. The Committee shall have the authority to take corrective action and/or conduct or authorize special or investigative audits into matters within the Committee's scope of responsibilities. The Committee shall have access to all books, records, facilities, and personnel of the Association necessary to fulfill its responsibilities. Unless otherwise authorized by an amendment to the Charter, the Committee shall not delegate any of its authority to any subcommittee.

##### **A. Financial Reports**

- The Committee must oversee management's preparation of the report to shareholders;
- Review the impact of any significant accounting and auditing developments;

- Review accounting policy changes relating to preparation of financial statements; and
- Review and approve annual and quarterly reports prior to issuance.

Evidence of the Committee's agreement or disagreement with a financial policy, procedure, or report must be recorded in the minutes.

#### B. External Auditors

- The Committee will determine the appointment, compensation, and retention of external auditors issuing audit reports of the institution, including complying with conflict of interest and rotation requirements;
- Review the external auditor's work;
- Give prior approval for any non-audit services performed by the external auditors, except the Committee may not approve those non-audit services specifically prohibited by FCA regulation; and
- Ensure that all qualified public accountants conducting the Association's audit are independent, qualified, and reputable and that the accountants maintain high standards of honesty, integrity, and impartiality in the performance of their services.

The external auditor must report directly to the Committee.

#### C. Internal Controls Over Financial Reporting

- The Committee will oversee the institution's system of internal controls relating to preparation of financial reports, including controls relating to compliance with applicable laws and regulations.

#### D. Internal Audit

- The Board establishes, approves, and supports the mandate of the internal audit function.
- All internal audit functions of the Association are subject to Committee review and supervision.

#### **Internal Audit Department Purpose, Authority, and Responsibility**

**Purpose.** The Internal Audit (IA) Department of the Association serves as an independent function to examine and evaluate the Association's activities as a service to the Board and management by providing Internal Audit services including Risk Assessment, direct audits, third-party review oversight, consultation, and other services as prescribed herein. The IA Department will furnish the Board and Association management with analyses, recommendations, counsel, and information concerning activities reviewed. The IA Department will support the Association in its achievement of business objectives, risk management, and mission.

**Authority.** The Vice President of Internal Audit (VPIA) reports administratively to the CEO and functionally to the Audit Committee of the Board. In conducting assigned duties and responsibilities, the VPIA has access to records, personnel, and physical properties relevant to the performance of engagements.

**Responsibility.** The VPIA has the overall responsibility for coordinating the Internal Audit service to the Association. Included within this service are the following duties:

- Develop and implement an annual Audit Plan using an appropriate risk-based methodology.

- Identify and report to management areas of noncompliance with the Association's policies, industry standards, regulations, and laws.
- Make appropriate recommendations and follow up to assure that recommendations are implemented on a timely basis.
- Coordinate with external auditors, third-party auditors, CoBank, and the Farm Credit Administration to provide a comprehensive review and evaluation of significant Association operations.

#### E. Whistleblower Program

- The Committee will receive, handle, and investigate accounting, internal control, and auditing matters communicated through the Association's Whistleblower Program. The Committee's review, investigation and reporting of any fraud related threats or vulnerabilities and any potential criminal or ethics violations communicated through the Association's Whistleblower Program shall be undertaken in coordination with the Standards of Conduct Official and in compliance with FCA regulations.

#### F. Cyber Risk Management (CRM) Program. The Audit Committee shall assist the Board in the oversight of the implementation of the CRM Program including:

- Periodic review of the efficacy of the management's implementation of the CRM Program.
- Recommending changes to the CRM Program to keep the Program commensurate with the Association's capital structure, risk appetite complexity, activities, size, and other appropriate risk-related factors; and,
- Receiving and reviewing regular reports directly from the Director of Information Technology and other Association personnel responsible for implementing the CRM Program.

#### G. Internal Audit Program Quality Assurance Review

- Every 3 to 5 years the Association's internal audit program must be subject to an independent quality assurance review to ensure that the processes and activities are ethical, effective, and add value to the Association. The Committee will ultimately be responsible for hiring and supervising the quality assurance reviewer.

#### H. Committee Self-Evaluation

- At least annually, a self-evaluation analysis will be performed by the Committee that details the Committee's strengths, weaknesses, developmental needs, and highlights any potential changes to membership needed.

#### I. Risk Assessment and Audit Planning

- The Committee will develop a thorough understanding of the Association's risk profile and will be involved in the development of the risk profile. The Committee will ensure that the Association's risk assessments adequately address all significant business activities, appropriately identify and prioritize risks, and are completed in accordance with institution guidelines.
- The Committee will review and approve the Association's internal audit plan on an annual basis.

#### J. Audit Reporting

- The Committee will develop expectations of quality, content, and timeliness for all audit reports and ensure that management has established audit reporting processes that identify and meet these expectations. The Committee will also receive regular updates on audit progress from the internal audit department and/or external auditors.

## K. Audit, Examination, and Review Oversight

- The Committee will oversee the institution's audit, examination, and review activities including, but not limited to:
  - CPA financial statement audit
  - ICFR audit
  - Internal operations review (IOR)
  - Internal credit review (ICR)
  - FCA examination(s)
  - CoBank examination(s)
  - Cyber Risk Management Program (CRM) and technology plan audits
  - Appraisal practices review
  - Other internal audits (for example, business plan audit, payroll audit, business continuity plan audit, etc.)

## IX. **Audit Committee Training and Onboarding**

The Director Training Policy outlines operating principles and direction for Board and Committee continuing education and training, including approval of an annual training plan by the Governance Committee, on behalf of the Board and Board Committees.

New Committee members participate in an onboarding process and should strive to attend recommended training.

## X. **Committee Charter**

This Charter will be reviewed annually in accordance with the Association's policy review schedule.

This Charter will be posted on the "public" area of the Association website and copies made available in printed form upon request.

## XI. **Reporting Requirements**

The Committee will:

- A. Make quarterly reports to the Board regarding any material matters related to the CRM Program including specific risk and threats.
- B. Prepare and make available meeting minutes and otherwise report to the Board related to the work performed by the Committee to discharge its responsibilities and authorities.
- C. Ensure that the Board is kept informed of substantial or exceptional matters or developments pertaining to major areas of its responsibility in a timely manner and, if decision making is involved or a recommendation is developed, report on the process followed, the options considered, and the rationale used to support the Committee's decision or recommendation.

## Revision History

Version	Date	Owner	Summary of Changes
N/A	1/1/2014; 2/18/2015; 10/19/2016; 2/21/2018; 12/19/2018; 12/18/2019	ELT	N/A  12/19/2018, 12/18/2019: No change
1.0	1/22/2020	CEO	Administrative Update Only. Initial release to PolicyTech, added Document Number, added Board review schedule
2.0	12/16/2020	CEO	<b>Annual Review</b> – Added to section VIII. - G. Audit Committee Training recommended by the board
3.0	11/18/2021	CFO	<b>Annual Review.</b> Significant revisions to charter (primarily in duties section) to align charter with FCA guidance, and provide reference to the new Audit Committee Guide. NOTE: Ownership changed from Executive to Finance/CFO. Document Number changed to FIN-POL-5130
4.0	12/21/2022	VP Internal Audit	<b>Scheduled Review.</b> Ownership changed from Finance/CFO to Internal Audit/VP Internal Audit. Document Number changed to AUD-POL-0001. Added Internal Audit Department Purpose, Authority, and Responsibility to Section VIII. D.
5.0	10/13/2023	VP Internal Audit	<b>Scheduled Review.</b> Updated Section VI to include meetings are held per approved schedule and attendance is tracked, and non-substantive edits.
6.0	3/20/2024	VP Internal Audit	<b>Scheduled Review.</b> Review and update of Authorities, additional language added to E to reflect update to FCA EM guidance on Whistleblower Programs and required role of SOCO, changed length of term, and non-substantive edits.
7.0	6/26/2024	VP Internal Audit	<b>Off-Cycle Review.</b> Review of applicable regulations. Revised to reflect revisions to Section 609 (cyber risk management program) and non-substantive edits
8.0	6/25/2025	VP Internal Audit	<b>Scheduled Review.</b> Review and update of regulatory references, minor changes to Sections I, II, III, IV, VI, VIII and IX, and non-substantive edits