



Audits & Risk Management Committee

Item Number 3 – Open Session

Subject: 2022 Audit Services Audit Plan Progress Report

Presenter(s): Chairperson

Item Type: Consent Information

Date & Time: November 2, 2022 – 0 minutes

Attachment(s): Attachment 1 – 2022 Employer Audit Progress Report

Attachment 2 – 2022 Internal Audit Progress Report

PowerPoint(s): None

Item Purpose

This item's purpose is to present the Audit Services Calendar Year 2022 audit plan progress report.

Recommendation

Staff recommends the Audits and Risk Management (ARM) Committee accept the Calendar Year 2022 audit plan progress report for the record.

Executive Summary

The ARM Committee approved the Calendar Year 2022 Audit Services Audit Plan at the November 2021 meeting. In accordance with the Audit Services Charter and International Standards for the Professional Practice of Internal Auditing, Audit Services presents periodic reports to inform the ARM Committee on the status of the annual audit plan and results.

Employer Audit Plan Progress

As of September 30, 2022, employer audit staff completed 96 of the 120 employer audits in the plan. This includes 5 full-scope audits and 91 limited-scope audits. Of the 96 employers audited, the employer audit team identified 199 findings. Sixty eight percent of the audited employers appear to have at least one systemic finding. Additionally, staff did not identify any findings for

17 (18 percent) of the 96 employers audited. Additional information on the audit reports issued and findings summary related to those audits is provided in Attachment 1.

Status of Employer Audit Findings

For the period ended September 30, 2022:

- 125 employer audit findings were resolved
- 183 findings remain in progress, 35 which are from the prior year

CalSTRS Employer Services assists employers in making the necessary corrections to resolve any outstanding audit findings. Audit Services validates that the employers make the corrections before classifying the findings as resolved.

Internal Audit Plan Progress

As of September 30, 2022, Internal Audits completed 11 audits of which 4 were carry over from the prior year plan. For this reporting period, Internal Audits issued five final audit reports. Of those five reports, the internal audit team identified nine findings. Audit report summaries are in Attachment 2. Currently, Internal Audits has seven audits in progress.

Status of Internal Audit Findings

For the period ended September 30, 2022,

- 10 internal audit findings were resolved
- 21 findings remain in progress; 1 is older than one year old

Audit Services has an established follow-up process to monitor audit finding resolution. Without timely and effective resolution, management is essentially accepting the risks associated with those findings that are in progress of being resolved. The status of management's corrective actions is summarized in Attachment 2.

Strategic Plan Linkage: [Strategic Plan - CalSTRS](#)

Board Policy Linkage: <https://www.calstrs.com/files/f3854845f/BoardGovernanceManual-August2022.pdf>
