CALSTRS

Audits and Risk Management Committee

Item number 4 – Open session

Subject: Audit Services Update

Presenter(s): Chairperson

Item type: Consent action

Date and time: November 5, 2026 – 0 minutes

Attachment(s): None

PowerPoint presentation(s): None

Item purpose

The purpose of this item is to present an update on Audit Services activities and propose modifications to the Fiscal Year (FY) 2026-27 audit plan.

Recommendation

Staff recommend the Audits and Risk Management (ARM) Committee approve adding the SWIFT Customer Security Controls Framework assessment to Audit Services FY 2026-27 audit plan.

Executive summary

In accordance with the ARM Committee Charter and the Global Internal Audit Standards, Audit Services provides periodic updates on its activities to fulfill its mandate.

Internal Audits: Consistent with the Audit Services Charter, Audit Services is responsible for updating the audit plan in response to changing conditions and emerging risks. Accordingly, Audit Services recommends amending the FY 2026–27 Audit Plan to include an assessment of the SWIFT Customer Security Controls Framework (CSCF). As a user of the SWIFT investment technology platform, the organization is required to complete this assessment to evaluate compliance with applicable security controls.

Additionally, the in-progress Center for Internet Security (CIS) Critical Controls Assessment includes procedures that address technology asset management, which is also within the scope of the proposed audit. To avoid duplicative audit work, Audit Services will leverage the results of

CIS Controls 1 and 2 as evidence of coverage for the applicable technology asset management controls. Audit Services will provide the ARM Committee with the relevant results and identify any remaining gaps or areas requiring additional review.

The following FY audit plan engagements are in progress:

- Generative Artificial Intelligence – Microsoft Copilot Part 2
- Third Party Vendor Contract Compliance – ABL Technologies
- Legislative Process – Mandated Reports
- Information Security - CIS Critical Controls Assessment

Data Solutions & Quality Assurance: As of September 30, 2026, the following user access reviews have been completed as part of the 2026-27 audit plan:

- Semi-annual user access review of BenefitConnect (including Employer Self-Service Portal)
- Semi-annual user access review of START 2.0
- Semi-annual user access review of Ariba
- Annual user access review of the softphone system
- Annual user access review of Privacy Bee

There are three user access reviews in progress:

- Quarterly user access review of Contractor Access
- Annual user access review of the Enterprise Data Management System
- Semi-annual user access review of BusinessDirect

Employer Audits: Employer audit staff completed 41 of the 125 audits in the FY 2026-27 audit plan. These included audits of remuneration in addition to salary (special pay), pay rate and earnings (salary), and unused sick leave. Audit Services identified 70 findings as a result of the completed audits.

Strategic Plan linkage: Strategic Plan - CalSTRS

Board Policy linkage: Board Governance Manual (calstrs.com)
