

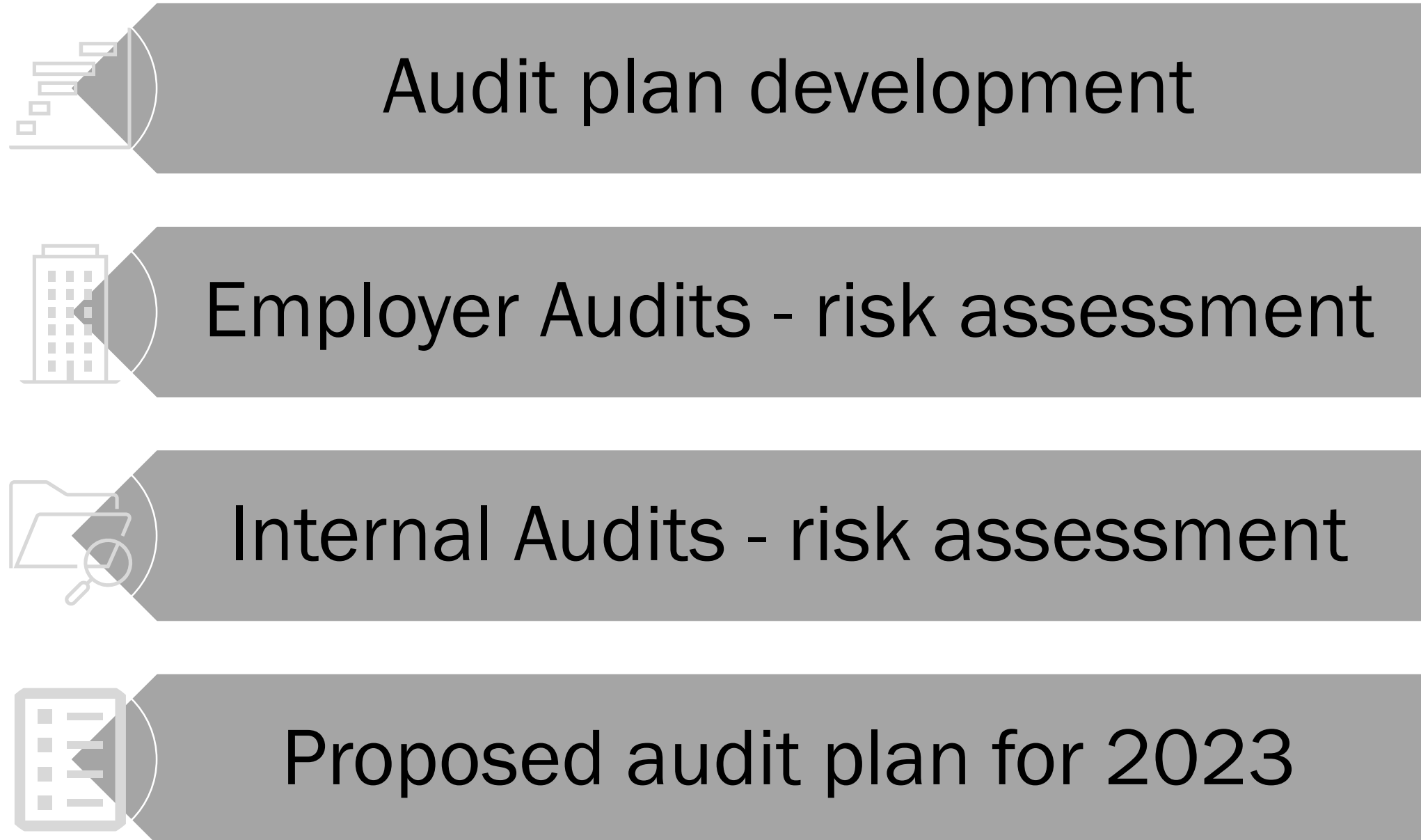


CALSTRS

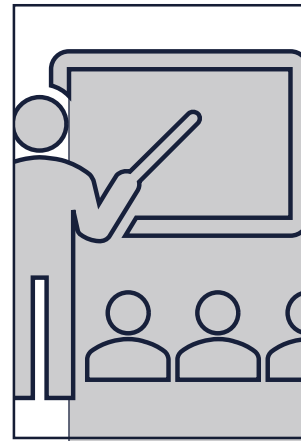
Audit Services

2023 Audit Services Risk-based Audit Plan

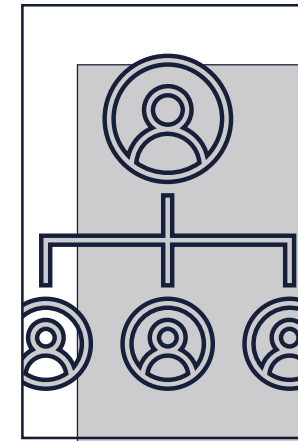
Presentation overview



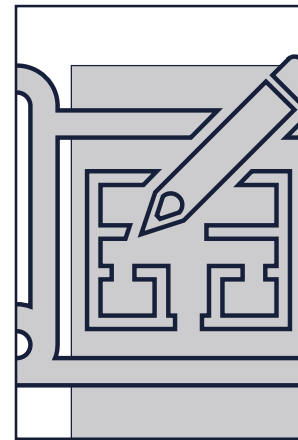
Audit plan development



**Employer
Audits**

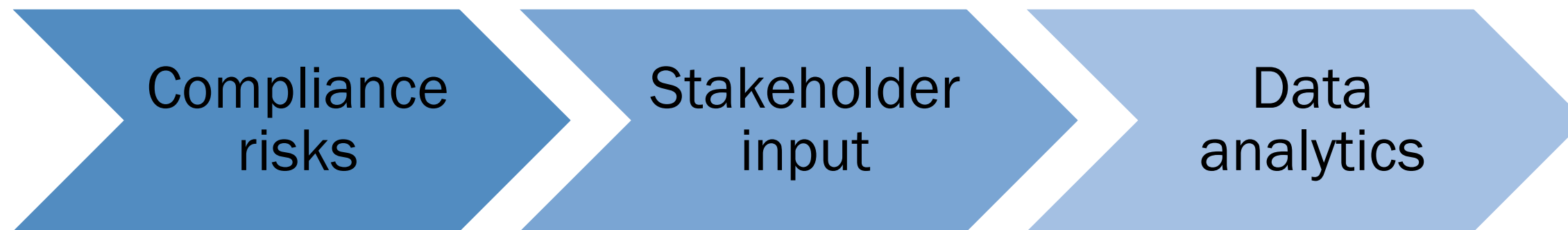


Internal Audits

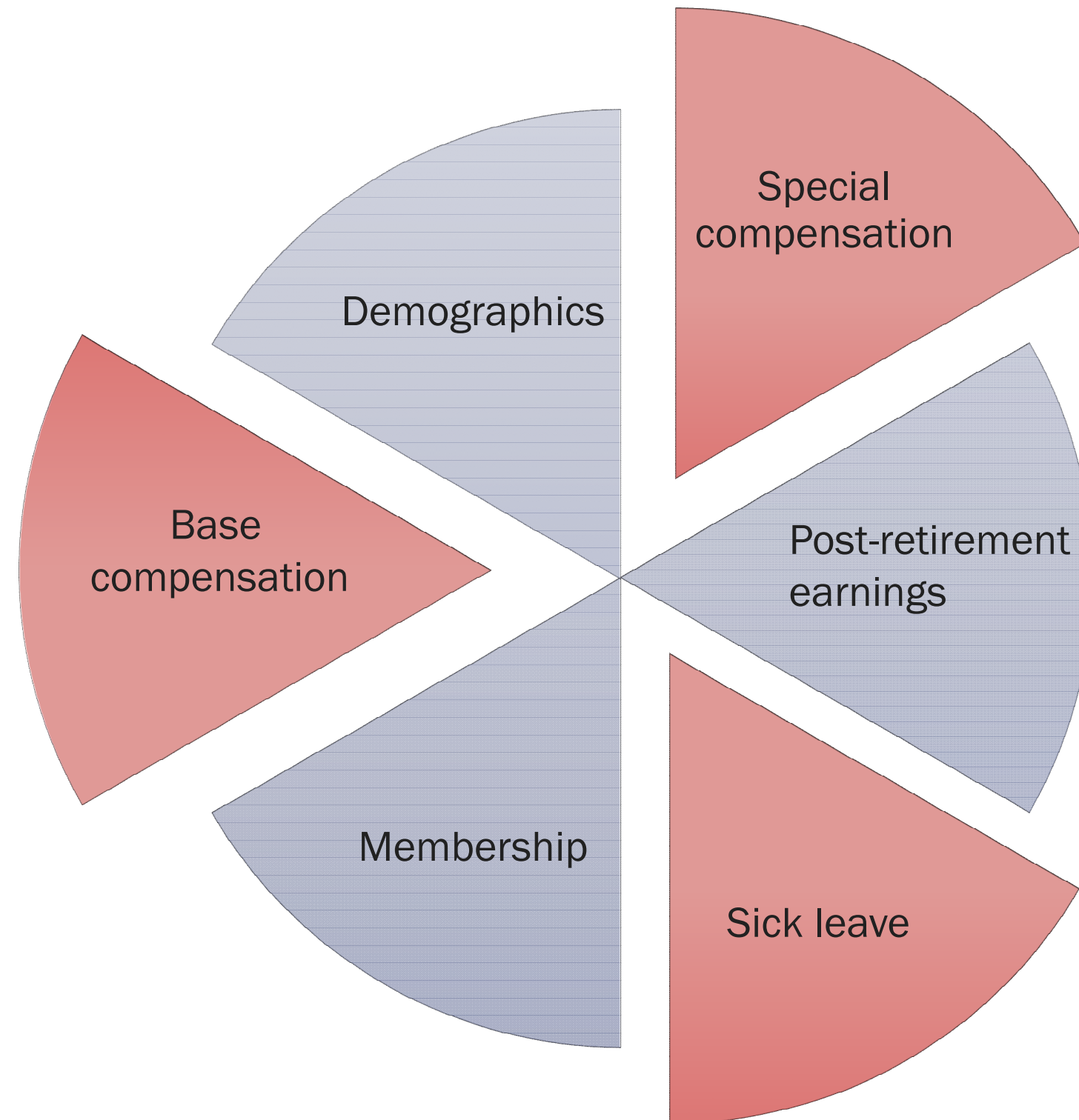


**Risk-based
audit plan**

Employer Audits - risk assessment process



Risk area universe



High risk areas

SC

Special compensation

- Annual special compensation over \$2,500
- PEPRA members with special compensation over \$1,200
- One-time bonus payments

BC

Base compensation

- Retired members with annual compensation increase greater than 10%
- Retire members with annual compensation over \$120,000
- Active members with annual compensation increase greater than 20%
- Active members near retirement age with annual compensation increase greater than 10%

SL

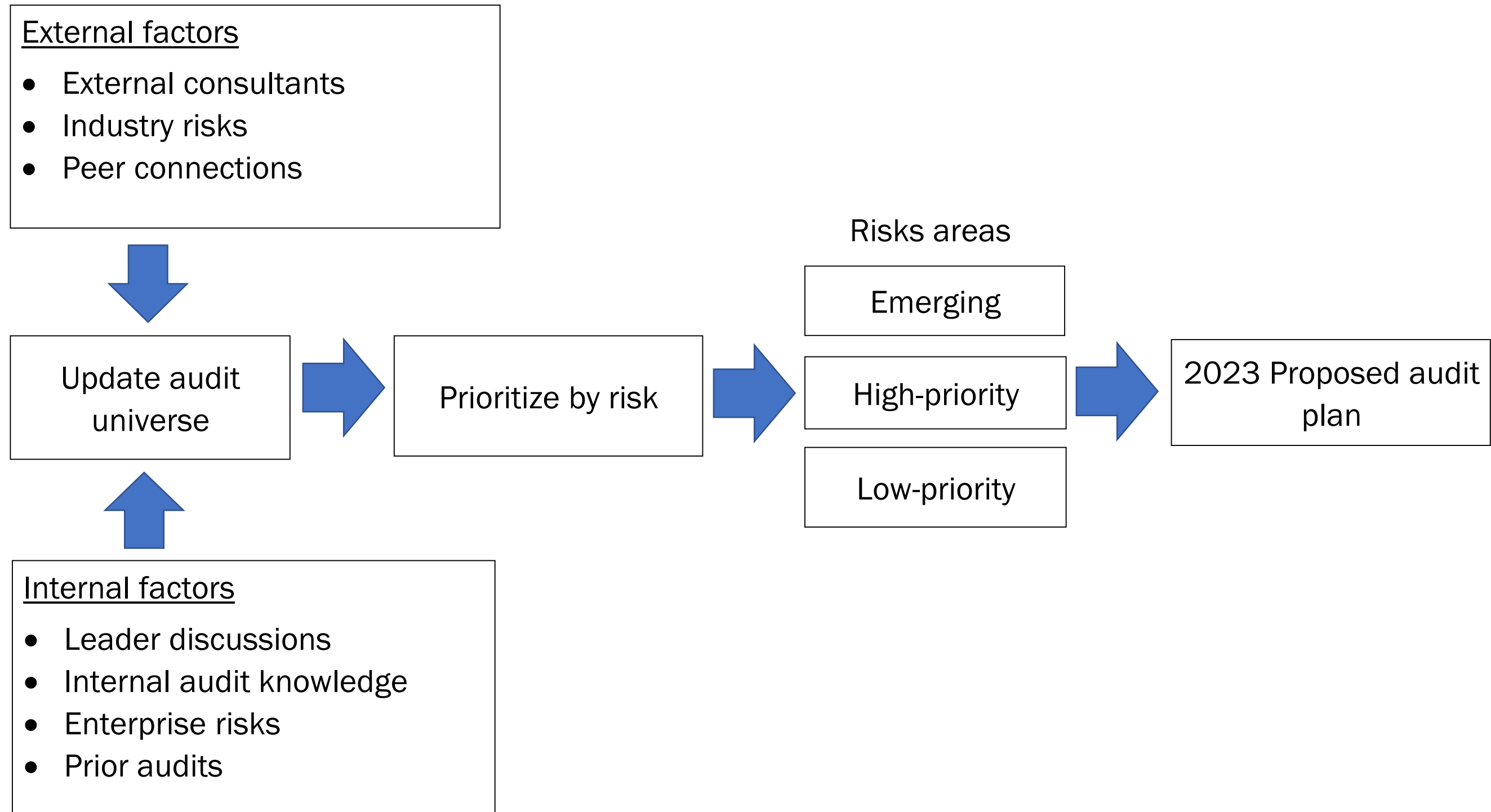
Sick leave

- Retiree's with high unused basic sick leave reported
- Retiree's with excess sick leave reported

Number of employers ranked by risk areas

| Risk area | High | Medium | Low | Total | Audits to be assigned |
|----------------------|------|--------|-------|-------|-----------------------|
| Special compensation | 152 | 582 | 1,063 | 1,797 | 60-70 |
| Base compensation | 194 | 302 | 1,301 | 1,797 | 10-15 |
| Sick leave | 49 | 98 | 1,650 | 1,797 | 20-25 |
| | | | | | 90-110 |

Internal Audits - risk assessment



Audit plan coverage

2023 Audit plan

Strategic plan goal color legend:

| | |
|--|--|
| | Goal 1: Trusted stewards |
| | Goal 2: Leading innovation & managing change |
| | Goal 3: Sustainable organization |

| <i>Enterprise risks</i> | Board election | Cal cards | Financial statement | Inflations sensitive | Investments risk assessment | Private equity | Risk mitigating strategies | Tax compliance & reporting | Third party vendor | Benefit disbursement | Disability benefits | Information security | Information security & it risk assessment | Member services | Pension solution | Procurement services | Service retirement benefits | Survivor benefits - Performance measures | GRI sustainability | Headquarters expansion - closeout | Incident response | Path forward - technology | Talent recruitment & retention |
|-------------------------|----------------|-----------|---------------------|----------------------|-----------------------------|----------------|----------------------------|----------------------------|--------------------|----------------------|---------------------|----------------------|---|-----------------|------------------|----------------------|-----------------------------|--|--------------------|-----------------------------------|-------------------|---------------------------|--------------------------------|
| Pension funding | | | | ✓ | ✓ | ✓ | ✓ | | | | | | | | | | | | | | | | |
| Pension administration | | | | | | | | | | | ✓ | | | ✓ | | | ✓ | ✓ | | | | | |
| Financial reporting | | | ✓ | | | | | ✓ | | ✓ | | | | | | | | | | | | | |
| Information security | | | | | | | | | | | | ✓ | ✓ | | | | | | | | ✓ | | |
| Operational | | | | | | | | | | | | | | | | ✓ | | | | ✓ | | | ✓ |
| Reputational | ✓ | ✓ | | | | | | | | | | | | | | | | | ✓ | | | | |
| Transformational change | | | | | | | | | | | | | | | ✓ | | | | | | | ✓ | |
| Third party | | | | | | | | | ✓ | | | | | | | | | | | | | | |

Other top auditable activities not in the plan

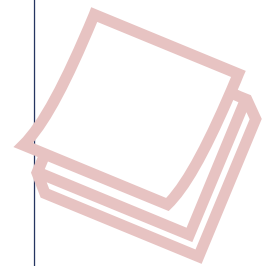
Current/prior year audits

- Contract management
- Cloud security
- Data governance
- Death benefits
- Production data & application deployment access

Potential future audits

- Collaborative model/pillars
- Compliance oversight
- Policy management

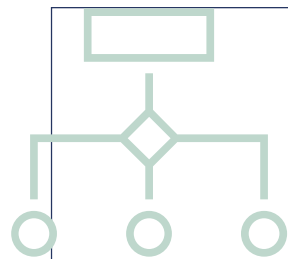
2023 Proposed audit plan



Employer & internal audits



Other audit activities



Audit administration & oversight



Management requests & special projects

Questions & comments



Appendix

Potential employers for 2023 employer audits

Potential employers for 2023 employer audits

ABC USD

ACCELERATED CHARTER ELEMENTARY

ACCELERATED ELEMENTARY CHARTER

ALAMEDA CITY USD

ALLAN HANCOCK JOINT CCD

ALPINE COUNTY USD

ALVORD USD

ANTELOPE VALLEY CCD

APPLE VALLEY USD

ARISE HIGH

AZUSA USD

BAKERSFIELD CITY SD

BELLA VISTA ELEMENTARY

BURBANK USD

CALIFORNIA ONLINE CCD

CAMPBELL UNION ELEMENTARY

CARMEL USD

CENTINELA VALLEY UNION HIGH

CENTURY COMMUNITY CHARTER

CERES USD

CERRITOS CCD

CHABOT-LAS POSITAS CCD

CHAFFEY CCD

CHARTER OF MORGAN HILL

CHINO VALLEY USD

CITRUS CCD

CITY ARTS AND TECH HIGH

CITY COLLEGE OF SAN FRANCISCO

COACHELLA VALLEY USD

COLLEGE OF MARIN

COLLEGE OF THE SEQUOIAS

COLTON JOINT USD

COLUSA USD

COMPASS CHARTER SCHOOLS OF YOLO

COMPTON CCD

CONTRA COSTA CCD

CORNING UNION ELEMENTARY

CORNING UNION HIGH

DA VINCI SCIENCE CHARTER SCHOOL

DAVIS JOINT USD

DEL MAR UNION SD

DESERT CCD

DESERT SANDS USD

DIXON USD

DOWNEY USD

DRY CREEK JOINT ELEMENTARY

EASTERN SIERRA USD

EL CAMINO CCD

EL MONTE UNION HIGH

ELK GROVE USD

EMPIRE SPRINGS CHARTER

ENCINITAS UNION ELEMENTARY

ENTERPRISE ELEMENTARY

ENVIRONMENTAL CHARTER HIGH GARDENA

ENVIRONMENTAL CHARTER MIDDLE SCHOOL

ENVIRONMENTAL CHARTER MIDDLE SCHOOL INGLEWOOD

ESCONDIDO UNION ELEMENTARY

ESCONDIDO UNION HIGH

EVEREST VALUE SCHOOL

EVERGREEN ELEMENTARY

EXCEL ACADEMY CHARTER

FALLBROOK UNION ELEMENTARY

FOOTHILL DE ANZA CCD

FRESNO COE

GATEWAY COMMUNITY CHARTERS

GAVILAN JOINT CCD

GILROY USD

GLENDALE CCD

GRASS VALLEY ELEMENTARY

GROSSMONT UNION HIGH

GUAJOME PARK ACADEMY CHARTER

HARTNELL CCD

HOLLISTER SD

IMPERIAL CCD

IMPERIAL COE

Potential employers for 2023 employer audits (cont.)

JOHN SWETT USD
JURUPA USD
KERN UNION HIGH
KINGS CANYON JOINT USD
KNIGHTSEN ELEMENTARY
KONOCTI USD
LA MESA-SPRING VALLEY
LAKE TAHOE CCD
LAKE TAHOE USD
LAKEPORT USD
LAKESIDE UNION ELEMENTARY
LAMMERSVILLE USD
LASSEN CCD
LASSEN COE
LONG BEACH CCD
LOOMIS UNION ELEMENTARY
LOS ANGELES CCD
LOS ANGELES COUNTY
SUPERINTENDENT
LOS BANOS USD
LUCIA MAR USD
LYNWOOD USD
MARIPOSA COUNTY USD
MENDOCINO-LAKE CCD

MENLO PARK CITY ELEMENTARY
MESA UNION ELEMENTARY
MODOC JOINT USD
MONTEBELLO USD
MONTEREY PENINSULA USD
MORGAN HILL USD
MOUNTAIN EMPIRE USD
MOUNTAIN VALLEY USD
MOUNTAIN VIEW ELEMENTARY
MT. DIABLO USD
MT. SAN ANTONIO CCD
MT. SAN JACINTO CCD
NAPA VALLEY COMMUNITY COLLEGE
NAPA VALLEY USD
NATOMAS USD
NEW HAVEN USD
NEWPORT-MESA USD
NORWALK-LA MIRADA USD
NOVA ACADEMY COACHELLA
OAKLEY UNION ELEMENTARY
OCEAN CHARTER
OCEAN VIEW ELEMENTARY
OCEANSIDE USD
OHLONE CCD

ORCUTT UNION ELEMENTARY
PACIFIC SPRINGS CHARTER SCHOOL
PAJARO VALLEY USD
PALM SPRINGS USD
PALMDALE ELEMENTARY
PALO ALTO USD
PANAMA-BUENA VISTA UNION SD
PASADENA AREA CCD
PLACENTIA-YORBA LINDA USD
PLEASANT RIDGE UNION ELEMENTARY
PLUMAS USD
POWAY USD
PUC COMMUNITY CHARTER MIDDLE & EARLY COLLEGE HIGH
PUC EARLY COLLEGE ACADEMY FOR LEADERS AND
SCHOLARS
RANCHO SANTIAGO CCD
REACH LEADERSHIP ACADEMY
REDWOODS CCD
RIALTO USD
RICHLAND UNION ELEMENTARY
RIO HONDO CCD
RIVERSIDE CCD
RIVERSIDE USD
ROBLA ELEMENTARY

Potential employers for 2023 employer audits (cont.)

ROCKLIN USD
SACRAMENTO CITY USD
SAGE OAK CHARTER SCHOOL-SOUTH
SAN DIEGO CCD
SAN DIEGO USD
SAN FRANCISCO USD
SAN GABRIEL VALLEY ROP
SAN JACINTO USD
SAN JOAQUIN DELTA CCD
SAN JOSE/EVERGREEN CCD
SAN LEANDRO USD
SAN MARCOS USD
SAN MATEO COE
SAN RAMON VALLEY USD
SANGER USD
SANTA ANA USD
SANTA CLARA COE
SANTA CLARITA CCD
SANTA MONICA CCD
SANTA RITA UNION ELEMENTARY
SANTA ROSA
SANTEE ELEMENTARY
SCHOOL OF ARTS AND ENTERPRISE
SEQUOIA UNION HIGH

SIATECH
SISKIYOU JOINT CCD
SOLANA BEACH ELEMENTARY
SOUTHERN KERN USD
SOUTHWESTERN CCD
STATE CENTER CCD
STREAM CHARTER SCHOOL
SUNNYVALE
SUNOL GLEN USD
TIPTON ELEMENTARY
TRACY JOINT USD
TRAVIS USD
TRINITY COE
TULARE JOINT UNION HIGH
UPPER LAKE USD
VACAVILLE USD
VAL VERDE USD
VALLEY CENTER-PAUMA USD
VENTURA CCD
VENTURA COE
VICTOR ELEMENTARY
VISALIA USD
VISTA UNIFIED SD
VOICES COLLEGE-BOUND ACADEMY

VOICES COLLEGE-BOUND LANGUAGE
WEST HILLS CCD
WEST KERN CCD
WEST VALLEY-MISSION CCD
WHITTIER UNION HIGH
WILLIAM S. HART UNION HIGH
WILSONA ELEMENTARY
YOSEMITE CCD
YREKA UNION HIGH
YUBA CCD