

Public Agenda Item #4

Consideration of Internal Audit Administrative Items– (Action)

August 25, 2021

Tony Chavez, Director of Internal Audit

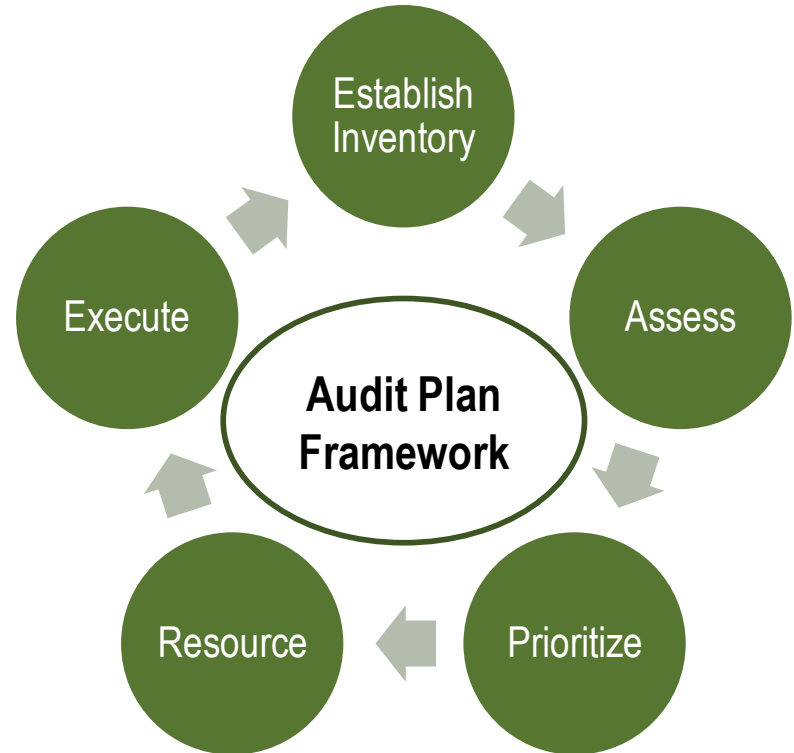
Internal Audit Proposed FY22 Annual Audit Plan *(Action)*

Tony Chavez, Director of Internal Audit

Tressie Landry, Audit Manager

Overall Approach

- Statute requires a risk-based annual audit plan be developed and approved by the Board of Trustees
- The Plan is designed to provide coverage of key program risks given the existing staff and approved budget
- Overall framework remains the same with continuous enhancement



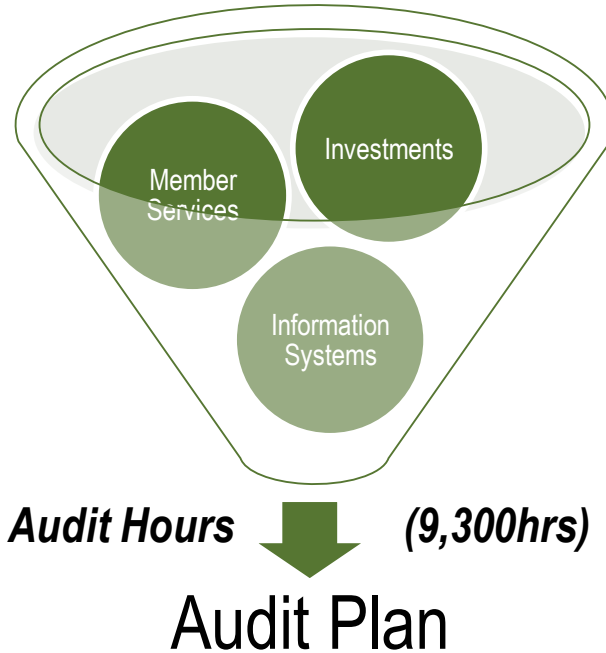
Risk Assessment Criteria

Core Business	Strategic	Operational	Financial	Regulatory
Investments	<ul style="list-style-type: none"> Stakeholder interest 	<ul style="list-style-type: none"> Investment complexity 	<ul style="list-style-type: none"> Percent of total fund balance 	<ul style="list-style-type: none"> Legislative interest Time since last audit
Member Services	<ul style="list-style-type: none"> Population served 	<ul style="list-style-type: none"> Transaction volume, staffing levels 	<ul style="list-style-type: none"> Total program expenditures 	
Information Technology	<ul style="list-style-type: none"> Criticality of system 	<ul style="list-style-type: none"> Internal/external data source 	<ul style="list-style-type: none"> Direct cost of system 	

Prioritization

- Time since last review
- Board and Executive Office input
- Division management input
- Stakeholders
- Engagements suggested by leading practices

Resource Planning



Proposed FY22 Audit Plan



CORE BUSINESS	ENGAGEMENT
INVESTMENTS	<ul style="list-style-type: none">• Private Real Estate ¹• Public Equity – Externally Managed
MEMBER SERVICES	<ul style="list-style-type: none">• Dental Insurance ¹• Agency Budgeting ²• ERS Performance Measure Management• Contact Center• Pension Forecasting¹• Financial Opinion Audit
INFORMATION SYSTEMS	<ul style="list-style-type: none">• Security Monitoring & Event Analysis (Cybersecurity) ¹• Cybersecurity Framework• Disaster Recovery
<ol style="list-style-type: none">1. Audit began in FY21 and carried forward to FY22 Audit Plan2. FY21 carryover, audit was not started	

Questions?
Action Item