

Public Agenda Item #4

Consideration of Audit Administrative Items – (Action)

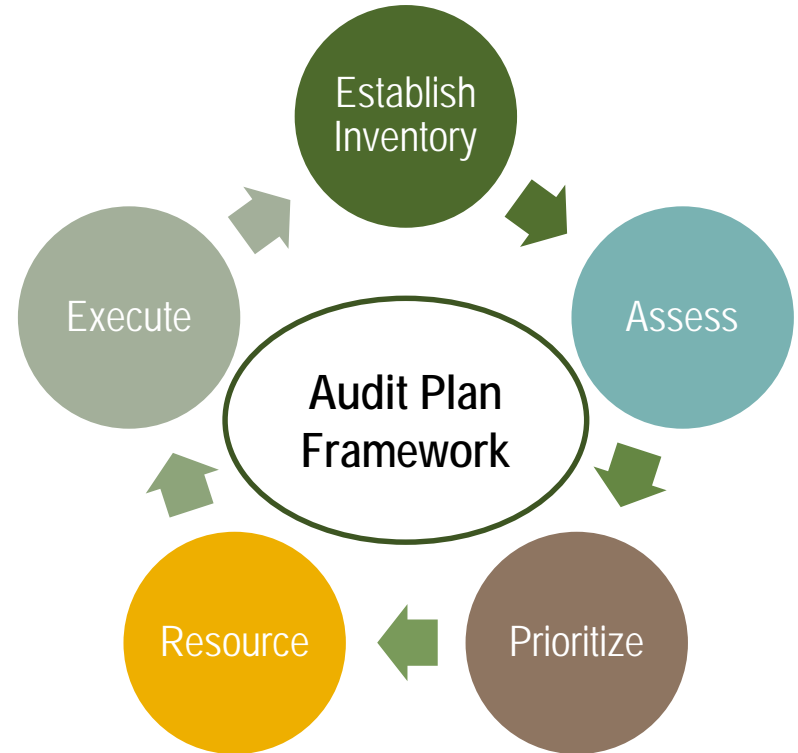
August 24, 2022

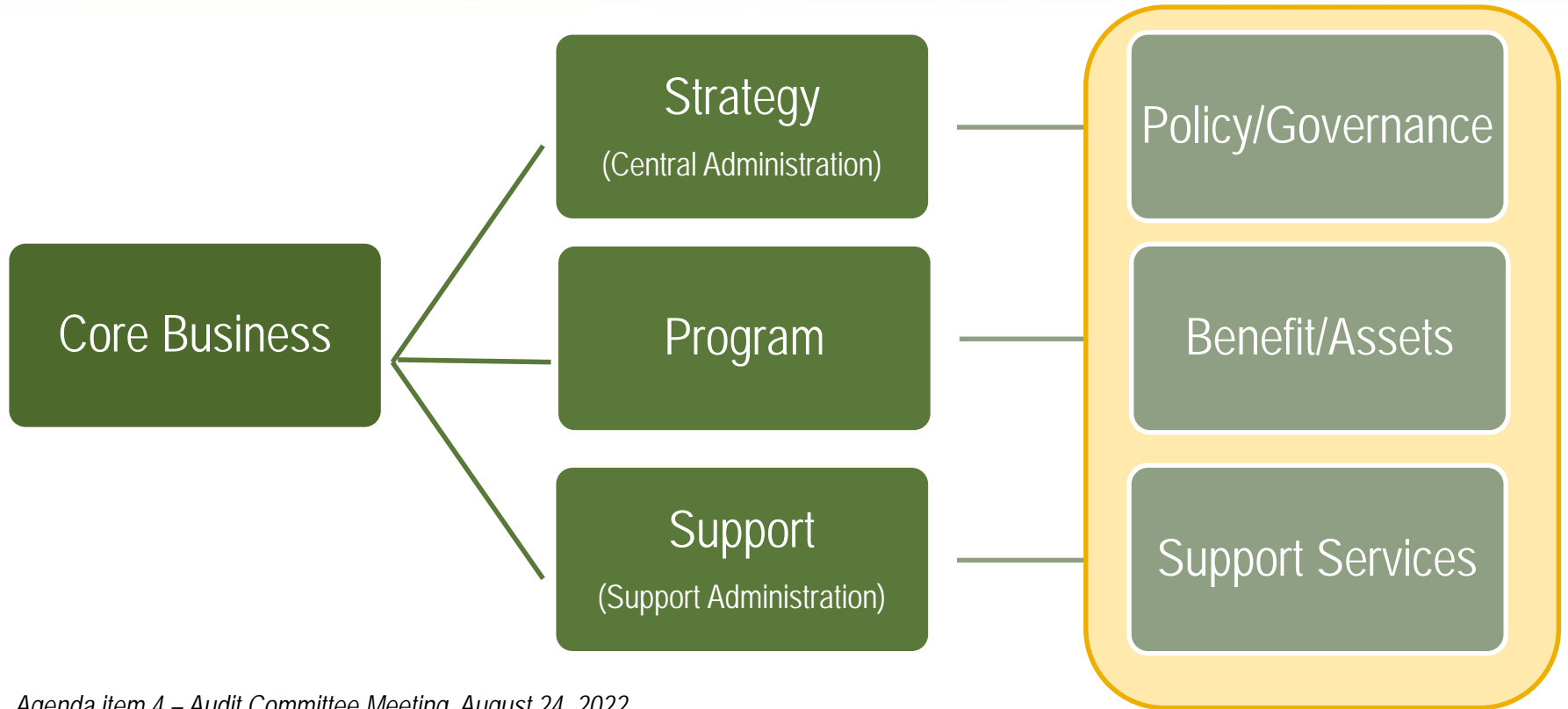
Tony Chavez, Director of Internal Audit

Tressie Landry, Internal Audit Manager




Overview

- 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





- Program/Asset additions or deletions
 - Health Maintenance Organizations
 - Opportunistic Credit
- Renaming of auditable units
 - Proxy Voting → Shareholder Governance
- Breakout of multi-faceted programs/assets
 - Public Equity
 - Workforce Management

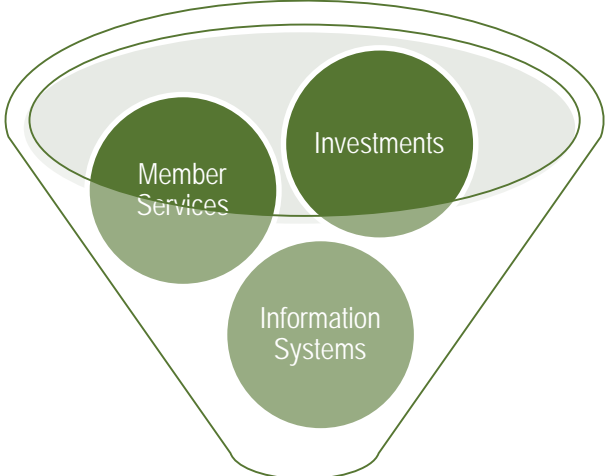
Risk Factor	Risk Trend	Risk Considerations
Strategic (Directive)		<ul style="list-style-type: none"> • Macroeconomics
Operational (Implementation)		<ul style="list-style-type: none"> • Workforce
Financial (Dollars)		<ul style="list-style-type: none"> • Legacy Payment • Inflation (Healthcare)
Regulatory (Mandates)		<ul style="list-style-type: none"> • Group 4 • Scrutinized Investments

Audit Rankings

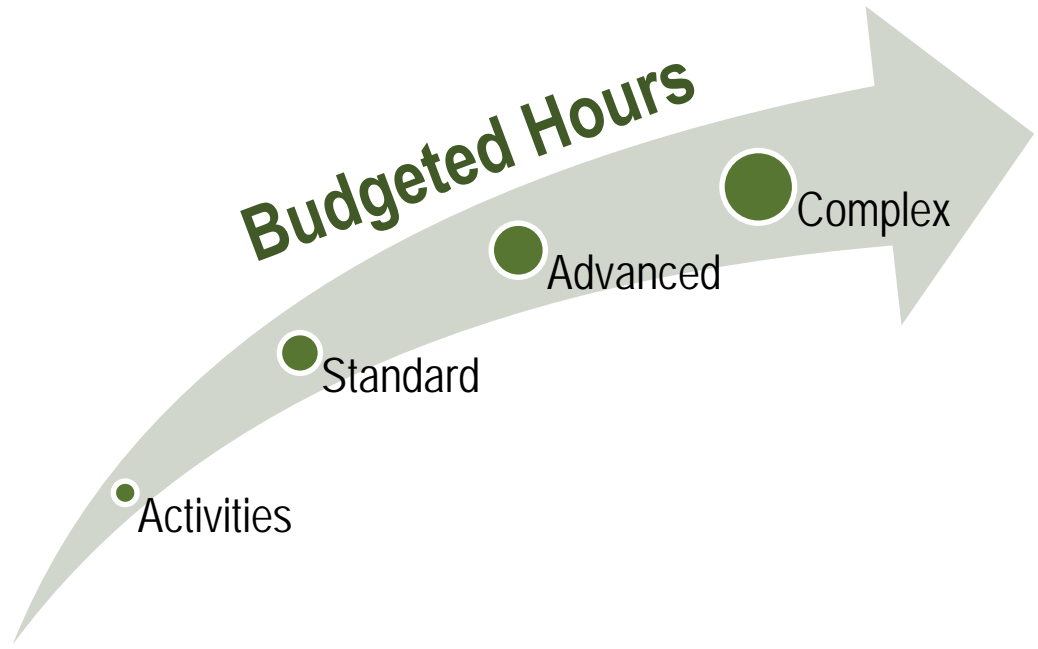
- Time since last audit
- Operational capacity
- Stakeholder input
- External interest
- Engagements suggested by leading practices



Audit Capacity



Audit Hours  **(9,300 hours)**
Audit Plan



Proposed FY23 Audit Plan

CORE BUSINESS	ENGAGEMENT
INVESTMENTS	<ul style="list-style-type: none"> • Global Credit – Internal High Yield • Operational & Financial Due Diligence
MEMBER SERVICES	<ul style="list-style-type: none"> • Group Benefits Rate Development • Retirement Account Withdrawals • Contact Center (carryover from FY22) • External Call Center (carryover from FY22)
INFORMATION SYSTEMS	<ul style="list-style-type: none"> • Cloud Management
ENTERPRISE-WIDE	<ul style="list-style-type: none"> • Financial Opinion Audit • Business Continuity • Ethics

Questions?
Action Item