



Risk & Audit Committee

Agenda Item 5c

November 16, 2021

Item Name: Quarterly Status Report – Office of Audit Services

Program: Audit Services

Item Type: Information Consent

Executive Summary

In accordance with the International Standards for the Professional Practice of Internal Auditing (Standards), the Office of Audit Services (OFAS) presents its Quarterly Status Report of audit activity. The following provides the status of projects and activities as of June 30, 2021.

Strategic Plan

This item is not a specific product of the Strategic Plan but is required by OFAS Audit Resolution Policy and Charter.

Background

OFAS updates the Risk and Audit Committee (RAC) on audit activity and audit resolution status on a quarterly basis.

Analysis

Employer Compliance Reviews

During the fourth quarter, OFAS completed 60 reviews with a total of six findings. Currently, 121 reviews are in progress. The Employer Account Management Division (EAMD) and Health Account Management Division (HAMD) reported 38 findings were resolved, leaving nine findings open as of June 30, 2021. In addition, OFAS validated 35 resolved findings during the quarter. Please refer to Attachments 1 and 2 for additional information on the employer compliance observations.

Internal Audits

A total of three projects were completed in the quarter with seven observations. The findings were in operational areas such as maintaining accurate and complete records, and continuous management and monitoring of receivable accounts.

As of June 30, 2021, there were no unresolved internal audit observations over one-year-old, continuing the enterprise's compliance with the OFAS Audit Resolution Policy. During the quarter, five observations were resolved, leaving 20 observations open. Please refer to Attachment 1 for additional information on internal audit observations.

Financial Statement Audit Report and Management Letter

The draft management letter prepared by BDO USA, LLP for the fiscal year ended June 30, 2021 will be presented in Agenda Item 6b. The observations in the Management Letter will be reported to RAC until fully resolved. The summarized status of prior year's observation is in Attachment 3.

Status of 2020-21 Audit Plan

- OFAS completed 121 employer compliance reviews.
- OFAS completed 24 internal audit projects and issued four draft reports by June 30, 2021. The draft reports will be issued as final after we receive the division's responses.

Budget and Fiscal Impacts

Not Applicable.

Benefits and Risks

The Quarterly Status Report of audit activity provides periodic reporting to the Board regarding performance relative to the audit plan and other matters needed or requested. The periodic reporting of this information to the Board is in accordance with the Standards, OFAS Audit Resolution Policy, and OFAS Charter. The risk of not reporting periodically is non-compliance with the Standards.

Attachments

Attachment 1 – Status of Audit Observations Dashboard

Attachment 2 – Employer Compliance Review - Open Findings Over 1 Year

Attachment 3 – Summary of Financial Statement Audit Management Letter Comments Prior Year Report

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