



Risk and Audit Committee

Agenda Item 5c

February 13, 2023

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 September 30, 2022.

Strategic Plan

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

Background

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

Analysis

Employer Compliance Reviews

During the first quarter, OFAS completed 60 reviews with a total of 79 observations. Currently, 100 reviews are in progress.

The Employer Account Management Division (EAMD), Pension Contracts and Prefunding Programs (PCPP), and Retirement Benefit Services Division (RBSD) reported 28 observations were resolved, leaving 259 observations open as of September 30, 2022. In addition, OFAS validated 34 resolved observations during the quarter. Please refer to Attachments 1 and 2 for additional information on employer compliance observations.

Internal Audits

During the first quarter, OFAS completed three internal audits with four observations. The observations were in operational areas relating to monitoring dependent eligibility verification cycles, monetary credit lump sum payments, and PeopleSoft HCM system access.

As of September 30, 2022, there were no unresolved internal audit observations over one-year-old, continuing the enterprise's compliance with OFAS Audit Resolution Policy. During the quarter, seven observations were resolved, leaving 14 observations open. Please refer to Attachment 1 for additional information on internal audit observations.

Financial Statement Audit Report and Management Letter

The management letter prepared by BDO USA, LLP for the fiscal year ended June 30, 2022, was presented during the November 15, 2022 RAC. The observation in the Management Letter will be reported to RAC until its fully resolved. The summarized status of the current year observation is in Attachment 3.

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 Observations Over 1 Year

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

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