



## Risk and Audit Committee

# Agenda Item 5c

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**February 18, 2025**

**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, 2024.

### **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 had 46 reviews in progress.

The Employer Account Management Division (EAMD), Pension Contracts and Prefunding Programs Division (PCPP) and Retirement Benefit Services Division (RBSD) reported 32 observations were resolved, of which 15 were aged two to three years, 16 were aged one to two years, and 1 was aged less than one year. This leaves 179 observations open as of September 30, 2024, of which 7 were aged two to three years, 21 were aged one to two years, and 151 were aged less than one year. In addition, OFAS validated 33 resolved observations during the quarter. Please refer to Attachment 1 for additional information on employer compliance observations.

#### Internal Audits

During the first quarter, OFAS completed three internal audits with one observation. The observation was in an operational area relating to controls over modified and expedited reviews for special compensation and reporting.

As of September 30, 2024, there were three unresolved internal audit observations over one-year-old. Two observations are related to the Review of Compliance Program, which we reported in the prior RAC meeting in November of 2023. The third is related to the PeopleSoft HCM User Access Management review. In each of the three cases, the divisions have provided corrective action plans and will continue working toward resolving the observations. During the quarter, three observations were resolved, leaving 8 observations open.

### **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 – Employer Compliance Review - Open Observations Over 1 Year

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