



Risk and Audit Committee

Agenda Item 7b

February 18, 2025

Item Name: Office of Audit Services Strategic Plan

Program: Audit Services

Item Type: Information Item

Executive Summary

This agenda item presents the 2025-27 Office of Audit Services (OFAS) Strategic Plan.

Strategic Plan

This item is not a specific product of the CalPERS Strategic Plan but is required by the Institute of Internal Auditors (IIA) Global Internal Audit Standards (Standards) and supports the CalPERS Strategic Plan.

Background

Government Code section 13886.5 requires all state agencies that have their own internal auditors, or that conduct internal audits to conduct internal audit activity under the standards of the IIA or the Government Auditing Standards issued by the Comptroller General of the United States, as appropriate.

OFAS conducts internal audits under the Standards issued by the IIA. In January 2024, the IIA released a significant update to the International Professional Practices Framework, now known as the Global Internal Audit Standards. The Standards now require the Chief Auditor to develop and implement a strategy for the internal audit function that supports the strategic objectives and success of the organization and aligns with the expectations of the board, senior management, and other key stakeholders. The Standards require that the Chief Auditor review the internal audit strategy with the board and senior management periodically.

Analysis

OFAS developed its first Strategic Plan to adhere to Standards. To develop the strategic plan, we first refined OFAS' vision and mission statements to solidify how OFAS supports the broader vision and mission of CalPERS.

We then considered the strategic objectives of the organization from the 2022-27 Strategic Plan and the associated annual business plan initiatives to align OFAS' objectives with the organization. We also considered our recent quality assurance and improvement program (QAIP) to identify opportunities for improvement. Ultimately, we identified three strategic objectives and associated initiatives that OFAS will focus on for calendar years 2025 through 2027.

OFAS will report our progress towards these initiatives in quarterly status updates to the RAC and senior management. Standards require OFAS to adjust the internal audit strategy whenever changes occur in the organization's strategic objectives or stakeholder expectations. OFAS has included the strategic plan as attachment 7c.

Budget and Fiscal Impacts

Not Applicable

Benefits and Risks

The OFAS Strategic Plan will allow OFAS to effectively carry out the responsibilities of internal audit activity and add value to the organization. Implementing the Strategic Plan would ensure internal audit activity's continued compliance with Standards.

Attachments

Attachment 1 – OFAS Strategic Plan

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