



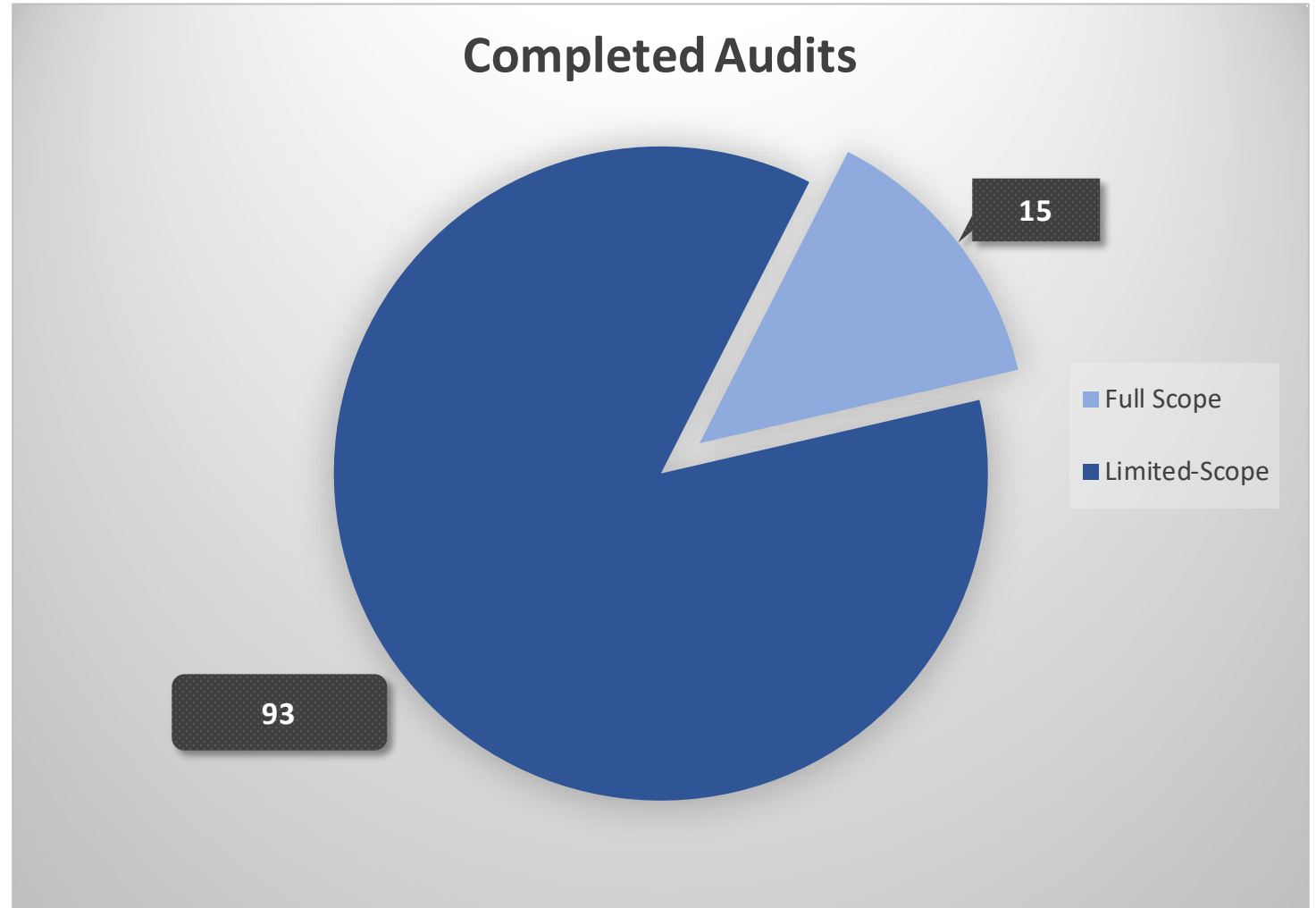
CALSTRS

Audit Services

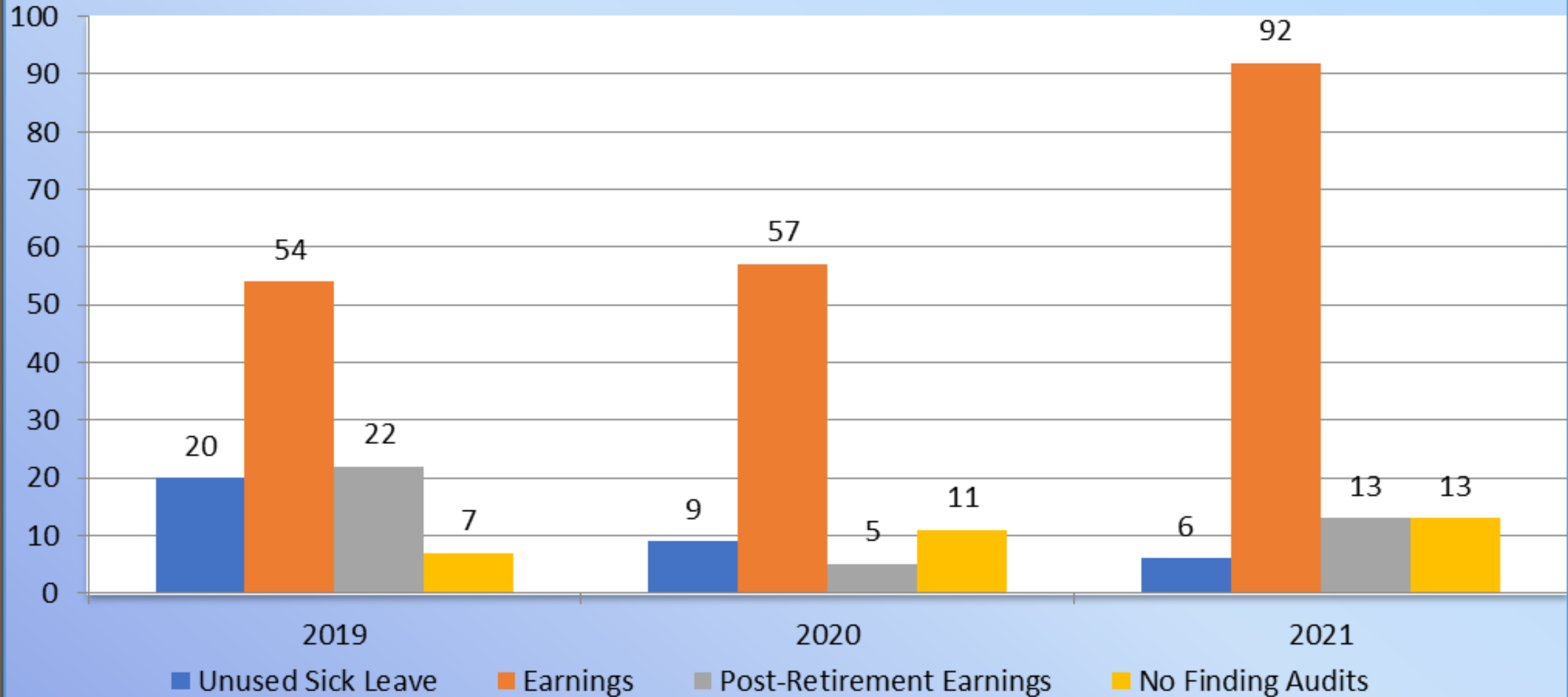
2021 Internal Audit Plan Results

2021 employer audit results

- Annual Goal – 106 Audits
- Completed – 108 Audits
- Approx. 45,000 Members



Number of Employers with Common Audit Findings January 2019 through December 2021



Audits with no findings in 2021

- Franklin-McKinley Unified School District
- Bonsall Unified School District
- Corcoran Joint Unified School District
- Central Elementary School District
- Las Lomas Elementary School District
- Wasco Union Elementary School District
- Calexico Unified School District
- Delano Joint Union High School District
- Seeley Union Elementary School District
- Ventura Community College District
- Santa Barbara Community College District
- Mission Vista Academy Charter
- Yosemite Valley Charter

Systemic Findings

108 Audits Completed

83 Audits with Systemic Findings



42 of the 83 Employers provided a list of members further impacted by the findings



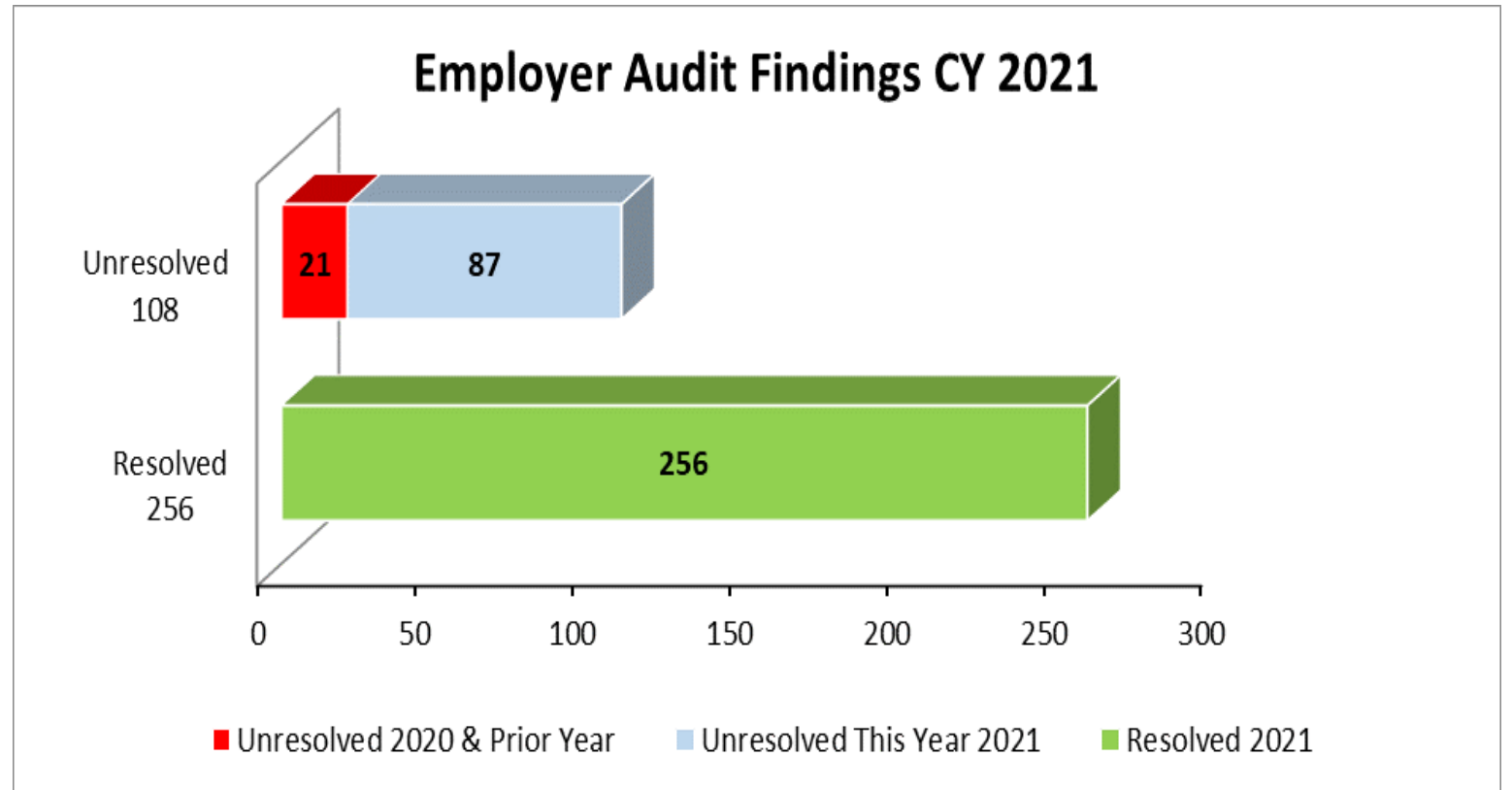
272 Members
Sampled during the audit



4,507 Members
Identified by Employer that were impacted by the finding

Employer audit finding resolution status

- 232 new audit findings
- 256 audit findings resolved
- 108 findings in-progress
 - 21 prior year
 - 87 current year

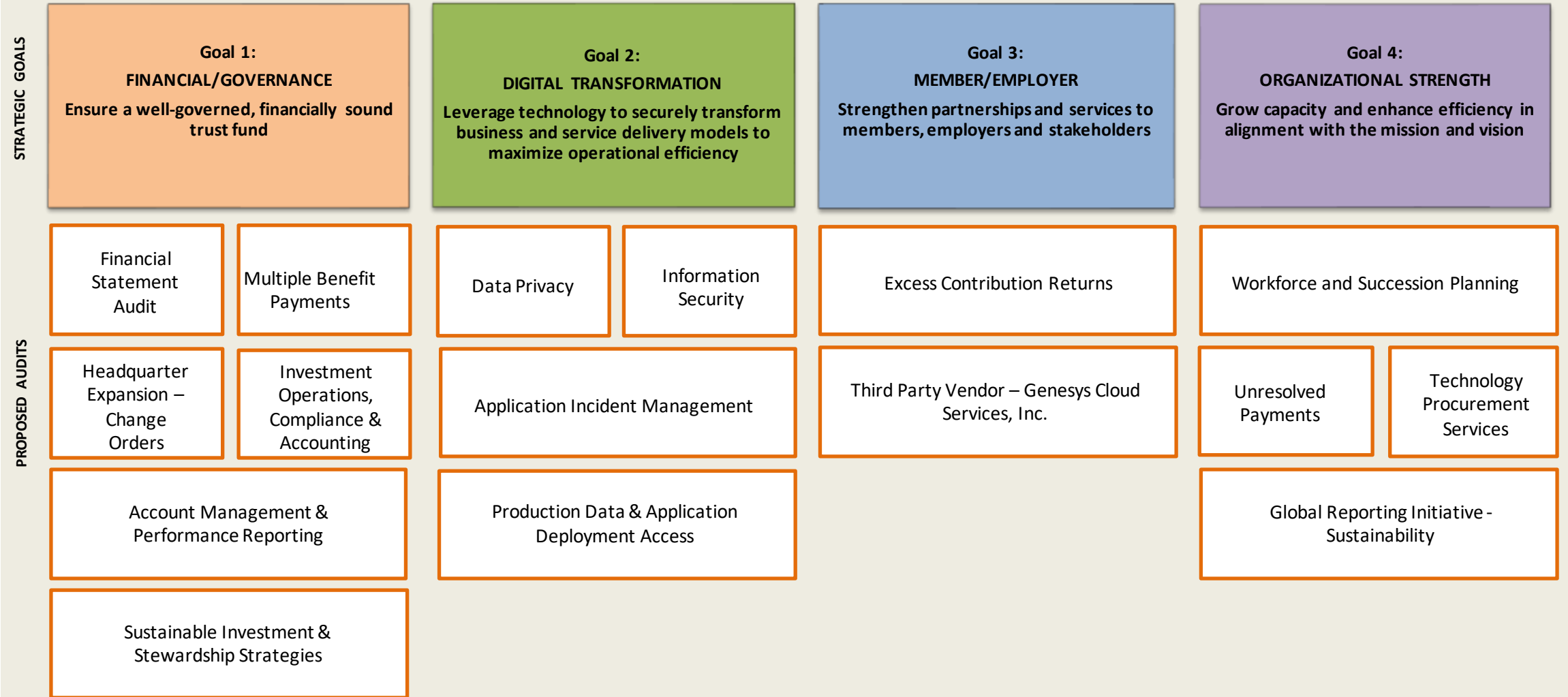


2021 internal audit results

- Governance
- Process Improvements
- Risk Mitigation
- Oversight and Monitoring
- Compliance
- Internal Controls

| Internal Audits | Contracted Audits |
|---|---|
| ○ Workforce and Succession Planning | ○ Sustainable Investment & Stewardship Strategies |
| ○ Headquarter Expansion – Change Orders | ○ Account Management and Performance Reporting |
| ○ Data Privacy | ○ Information Security |
| ○ Genesys Cloud Services, Inc. | ○ Global Equity* |
| ○ Production Data & Application Deployment Access | ○ Innovative Strategies* |
| ○ Technology Procurement Services | ○ Cash Management* |
| ○ Excess Contribution Returns | ○ Business Direct – IT Application Controls* |
| ○ Global Reporting Initiative – Sustainability | ○ Independent Financial Statement Audits |
| ○ Unresolved Payments | *2020 Audit Plan |
| ○ Multiple Benefit Payments | |

2021 audit plan alignment with CalSTRS strategic plan



Audit plan mapped to enterprise risk 2018 - 2021

| | | | | |
|---|--|---|---|---|
| <p>Pension Fund - Investments</p> | <ul style="list-style-type: none"> • Sustainable Investment & Stewardship Strategies • Account Management & Performance Reporting (State Street Global Services) | <ul style="list-style-type: none"> • Fixed Income • Global Equity • Innovative Strategies | <ul style="list-style-type: none"> • Private Equity • Real Estate • Risk Mitigation Strategies • Internal & External Manager Due Diligence | <ul style="list-style-type: none"> • Securities Lending • Inflation Sensitive • Currency management • Corporate governance • Account Management & Performance Reporting (State Street Global Services) |
| <p>Pension Fund - Actuarial</p> | <p>Program Audit</p> | | | |
| <p>Pension Fund - Contribution Rate</p> | <p>Program Audit</p> | | | |
| <p>Pension Administration</p> | <ul style="list-style-type: none"> • Excess Contribution Returns • Unresolved Payments • Multiple Benefit Payments | <ul style="list-style-type: none"> • Employer Reporting | <ul style="list-style-type: none"> • Community Property • Refunds • Member Direct Deposits • Member Sick Leave • Employer Training • Retiree Validation | <ul style="list-style-type: none"> • IRC 415 Replacement Benefit Program |
| <p>Financial Reporting</p> | <ul style="list-style-type: none"> • Financial Statement | <ul style="list-style-type: none"> • Financial Statement • BusinessDirect – IT Application Controls | <ul style="list-style-type: none"> • Financial Statement | <ul style="list-style-type: none"> • Financial Statement • Pension Program Allocation • BusinessDirect - IT General Controls |

ENTERPRISE RISK: ■ high ■ medium ■ low ■ very low

AUDIT PLAN YEAR: 2021 2020 2019 2018

Audit plan mapped to enterprise risk 2018 – 2021 (cont.)

| | | | | |
|-------------------------|---|---|--|---|
| Information Security | <ul style="list-style-type: none"> Information Security Data Privacy | <ul style="list-style-type: none"> Information Security | <ul style="list-style-type: none"> Information Security Data Governance | <ul style="list-style-type: none"> Information Security |
| Operational | <ul style="list-style-type: none"> Workforce & Succession Planning Headquarters Expansion – Change Orders Technology Procurement Services Production Data & Application Deployment Access | <ul style="list-style-type: none"> Business Continuity Operational Performance Reporting Headquarters Expansion Billing Incentive Compensation Telework Cash Management | <ul style="list-style-type: none"> CalSTRS System of Internal Controls Vendor Registration Internal Control over Member Data: Contributions Data Governance IT Service Management Secure Employer Website Access | <ul style="list-style-type: none"> Field Offices Internal Controls over Member Data: <ul style="list-style-type: none"> Actuarial Data Service Retirement Benefits Employer Reporting Enterprise Risk Management |
| Reputational | <ul style="list-style-type: none"> Global Reporting Initiative – Sustainability Report | <ul style="list-style-type: none"> Global Reporting Initiative – Sustainability Report | <ul style="list-style-type: none"> Global Reporting Initiative – Sustainability Report | <ul style="list-style-type: none"> Global Reporting Initiative – Sustainability Report |
| Transformational Change | <ul style="list-style-type: none"> Other Audit | <ul style="list-style-type: none"> Pension Solution – START System Findings | <ul style="list-style-type: none"> Pension Solution – User Acceptance Testing | <ul style="list-style-type: none"> Pension Solution - Budget |
| Third Parties | <ul style="list-style-type: none"> Genesys Cloud Services, Inc. | <ul style="list-style-type: none"> Pension Benefit Information, LLC | <ul style="list-style-type: none"> TCG Administrators On-site Contractors | <ul style="list-style-type: none"> Voya Third Party Risk Management Assessment |

ENTERPRISE RISK: ■ high ■ medium ■ low ■ very low

AUDIT PLAN YEAR: _____ 2021 _____ 2020 _____ 2019 _____ 2018

Internal audit finding resolution trend

