

2023 Completed Internal Audit Reports

The following audits resulted in key audit findings.

CAL-Card

Objective & Scope: Evaluate controls over CAL-Card administration for adequacy and effectiveness, including evaluating the administration of the CAL-Card program and reviewing a sample of CAL-Card transactions to determine whether purchases were approved and processed appropriately.

Results: Audit resulted in five audit findings with three key findings listed below to be addressed by December 2023.

1. CAL-Card policy requirements were not always followed.
Management planned action: Review policy requirements with the business areas and assess the feasibility of complying with the Policy, considering the urgency of some requests.
2. CAL-Card policy is not reviewed periodically to ensure information, criteria and guidance are up-to-date, relevant and adhere to statewide requirements.
Management planned action: Update the policy to include the Administrator's role and responsibilities.
3. A CAL-Card account was not closed properly. Although the purchases were for valid business purposes, a cardholder made nine charges after role termination.
Management planned action: Update the Policy to specify when and how accounts will be terminated; document and store account closure verifications.

Disaster Recovery performed by Weaver & Tidwell

Objective & Scope: Evaluate the adequacy and effectiveness of CalSTRS' Disaster Recovery process, specifically in IT Infrastructure & Operations.

Results: Confidential information to be shared in the Teachers' Retirement Board March 2024 closed session.

Cloud Security Phase 2 & 3 performed by Weaver & Tidwell

Objective & Scope: Evaluate the adequacy and effectiveness of internal controls over cloud security processes by reviewing current policies, procedures, and processes; interviewing CalSTRS personnel; and testing samples for compliance with CalSTRS policies and procedures.

Results: Confidential information to be shared in the Teachers' Retirement Board March 2024 closed session.

The following audits did not have any key audit findings.

Real Estate performed by Grant Thornton

Objective & Scope: Assess the adequacy and effectiveness of internal controls over CalSTRS' Real Estate process by reviewing governance documents and processes; verifying compliance and due diligence around selection of new investments; and validating capital call requests, among others.

Results: Audit resulted in one finding that was addressed during the audit.

Board Election

Objective & Scope: Evaluate controls over and administration of the election process for adequacy and effectiveness by interviewing Ombuds staff; validating compliance with applicable law and regulations; and testing candidate campaign forms for completeness, eligibility, and adherence to election timelines.

Results: Audit resulted in three findings that have been resolved.

Member Services

Objective & Scope: Evaluate controls over member services for adequacy and effectiveness by interviewing staff; reviewing relevant policies, procedures, and processes; evaluating authentication methods; and evaluating the effectiveness of the account takeover identification and response methods.

Results: Audit resulted in three findings that will be addressed by January 2024.

The following audits did not have any audit findings.

Benefit Disbursement

Objective & Scope: Assess whether benefit disbursements were appropriately paid to members by reviewing a sample of benefit payments to verify that they were paid to eligible members and beneficiaries.

Financial Statement performed by Crowe, LLP

Objective & Scope: The objective of the audit is the expression of opinions on the Schedule of Proportionate Share of Contributions for Employers of CalSTRS and specified captions included in the Schedule of Aggregate Pension Amounts for Employers and Nonemployer Contributing Entity for the CalSTRS and the related notes for the year ending June 30, 2023.

Inflation Sensitive performed by Weaver & Tidwell

Objective & Scope: Assess controls over the inflation sensitive portfolio for adequacy and effectiveness by obtaining an understanding of the current processes, interviewing staff; reviewing documentation; and testing compliance with applicable policies, laws and regulations.