

2023 Completed Internal Audit Reports

The following audits resulted in key audit findings.

Third Party Vendor – Jones Lang Lasalle Americas, Inc. (JLL)

Objective & Scope: Evaluate Jones Lang LaSalle Americas, Inc. (JLL) compliance with specific provisions of its agreement with CalSTRS.

Results: Audit resulted in three audit findings with two key findings listed below to be addressed by June 2024.

1. JLL billing practice did not align with contract language to bill in arrears.
Management planned action: Update the invoicing practice or amend the contract to align with current practice.
2. JLL did not consistently submit written training requests for approval prior to training dates.
Management planned action: Ensure training requests are submitted timely and properly approval received.

Information Security

Objective & Scope: Assess controls over CalSTRS information security for adequacy and effectiveness.

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.

Procurement Administration over Contract Terms

Objective & Scope: Evaluate controls of Procurement Management's administration over contract terms for adequacy and effectiveness.

Results: Audit resulted in one audit finding. Procurement Management indicated that the finding has been resolved. Audit Services has not yet validated.

Service Retirement Manual Adjustments

Objective & Scope: Evaluate controls over service retirement manual adjustments for adequacy and effectiveness.

Results: Audit resulted in two findings that will be addressed by July 2024.

Disability Benefit Earning Limits & Payments

Objective & Scope: Evaluate controls over disability benefits process for adequacy and effectiveness, specifically those related to earning limits and payments.

Results: Audit resulted in one finding that will be addressed by August 2024

Private Equity performed by Weaver & Tidwell

Objective & Scope: Assess the adequacy and effectiveness of internal controls over CalSTRS' Private Equity process by reviewing governance documents and processes; verifying compliance and due diligence around selection of new investments; and fee oversight, among others.

Results: Audit resulted in one finding that will be addressed by March 2024.

Incident Response performed by Weaver & Tidwell

Objective & Scope: Evaluate adequacy and effectiveness of controls over incident response to varying types of incidents that can impact the availability, confidentiality, and/or integrity of the organizations network systems, and data.

Results: Audit resulted in five findings that will be addressed by December 2024.

The following audits did not have any audit findings.

Tax Compliance for Non-Periodic Payments

Objective & Scope: Assess the controls over the tax withholdings process of non-periodic payments, such as service retirement defined benefit or cash balance payments, for validity and authorization.

GRI Sustainability

Objective & Scope: Independently verify the value and statements in CalSTRS Sustainability Report.

Talent Recruitment and Retention

Objective & Scope: Assess the controls over talent and recruitment and retention practices for adequacy and effectiveness by researching best practices; reviewing the recruiting and hiring process; and assessing the outreach process to candidates.

Risk Mitigating Strategies performed by Macias Gini & O'Connell

Objective & Scope: Assess controls over the risk mitigating strategies 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.