



CALSTRS®



A photograph of a modern building interior. The walls are covered in light-colored wood paneling. In the foreground, there is a long, low reception desk with a glass top and a wooden base. The word "CALSTRS" is visible on the glass. In the background, there is a colorful, abstract wall made of many small, square tiles in various shades of blue, green, and yellow. The floor is a light-colored, polished material.

Audit Services

2022 Risk-Based
Proposed Internal Audit Plan

Employer Audit - Annual Risk Assessment

- Assess payroll data
- Statistical analysis of risk factors
- Total score determines if employer is assessed as high, medium or low risk
- Selection is based on the risk assessment score

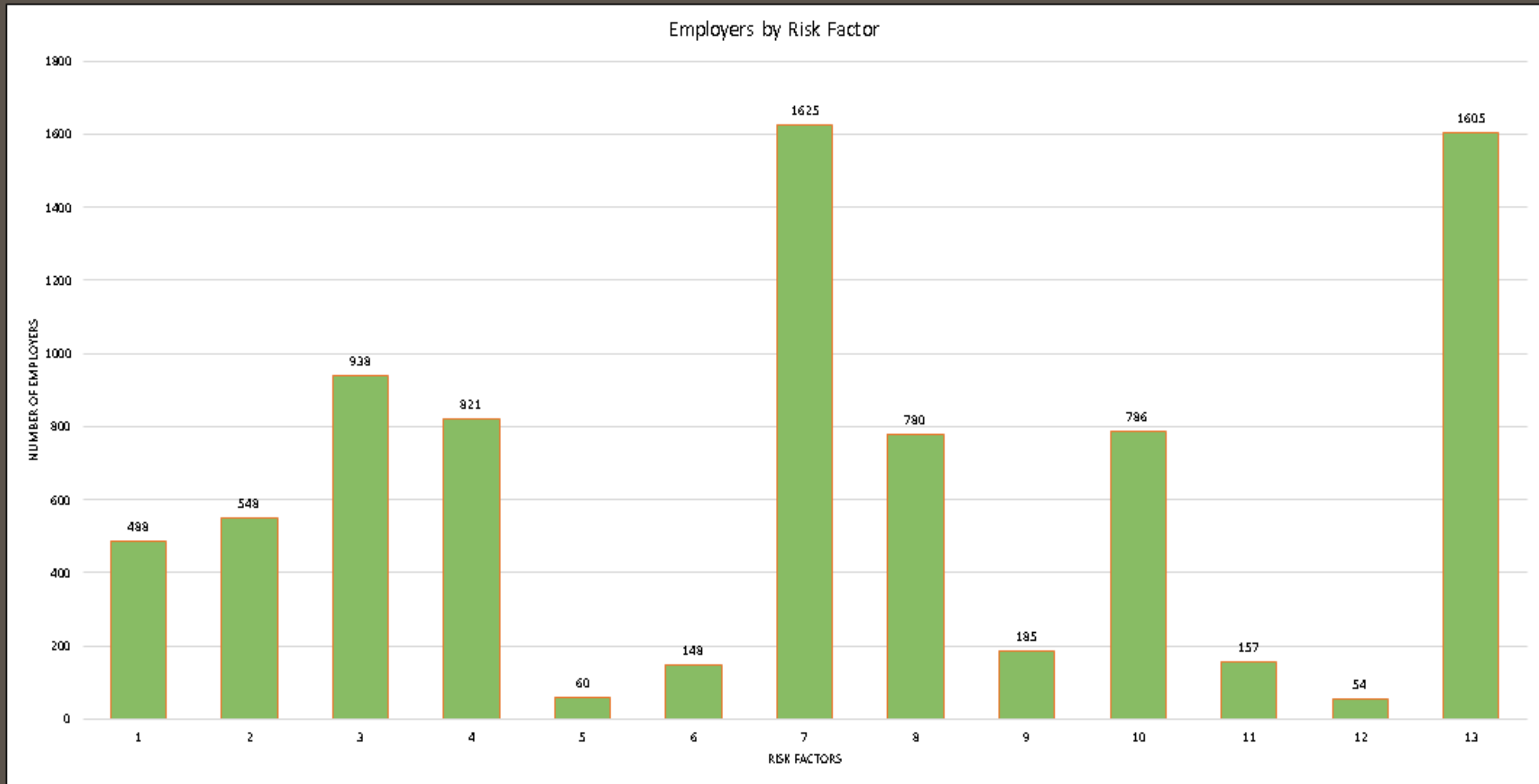


Employer Audits Risk Factors

- 1) Retirees with increased Annual Compensation Earnable while active
- 2) Retirees with high ACE
- 3) Special compensation
- 4) Active members with ACE increases
- 5) One-time payments
- 6) Retirees reported with excess sick leave days
- 7) Prior audits
- 8) Active members eligible to retire with ACE increases
- 9) Retirees with high unused sick leave days reported
- 10) PEPRA members with high special compensation
- 11) Number of active members reported
- 12) New employer
- 13) Employers within a county that has a high occurrence of systemic findings



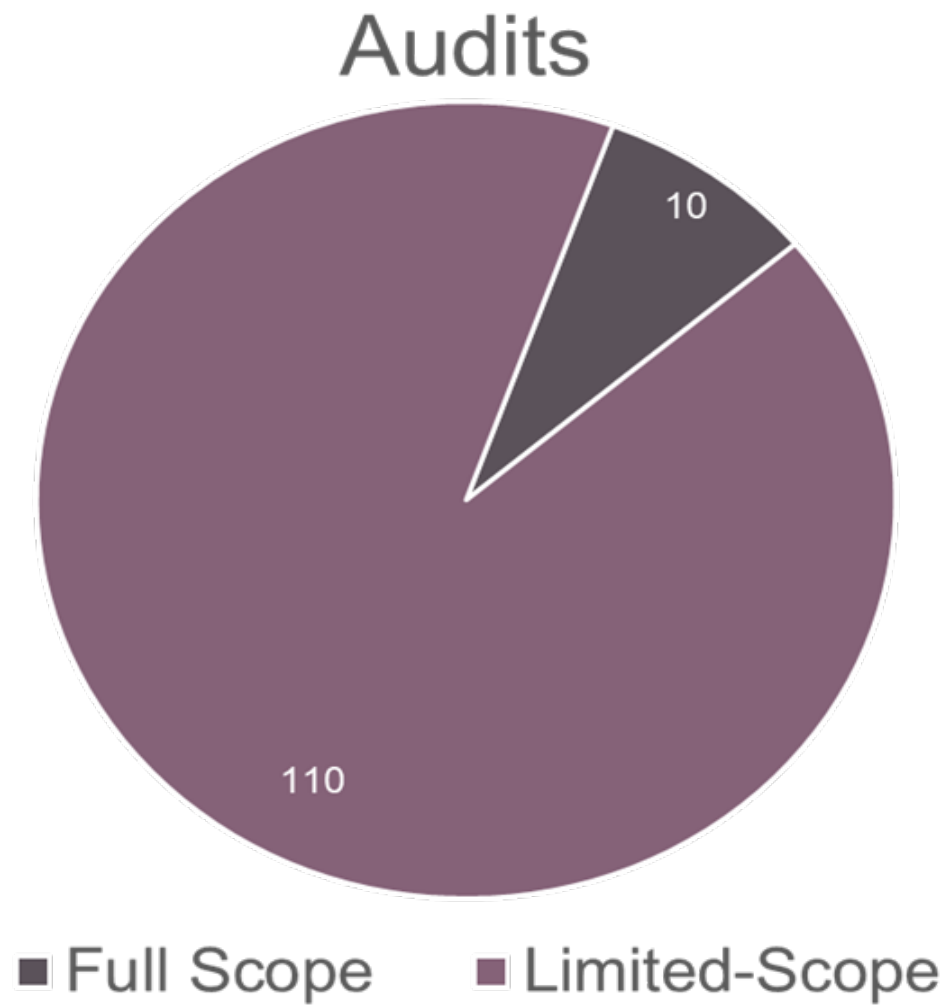
Number of Employers in Each Risk Factor



Risk Ranking by Employer Type

School/Employer	High-Risk	Medium-Risk	Low-Risk	Total
Community Colleges	61	11	1	73
K12 Schools	349	387	197	933
K12 Charter Schools	40	391	267	698
State Agencies	0	8	13	21
Regional Occupational Centers	1	9	6	16
County Superintendents	33	19	2	54
Grand Total	484	825	486	1795

Employer Audits 2022 Goal: Complete 120 Audits

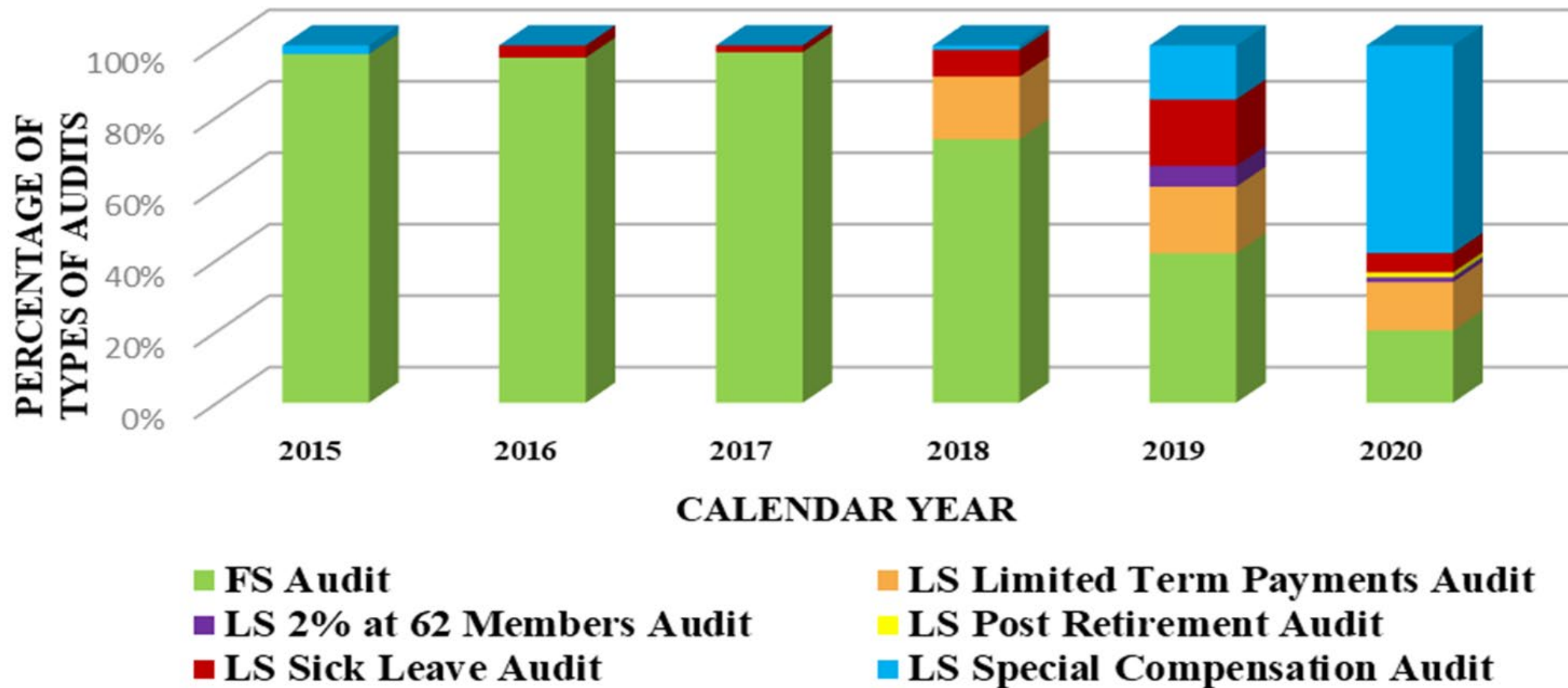


- Full-scope Audits: 10
- Limited-scope audits: 110

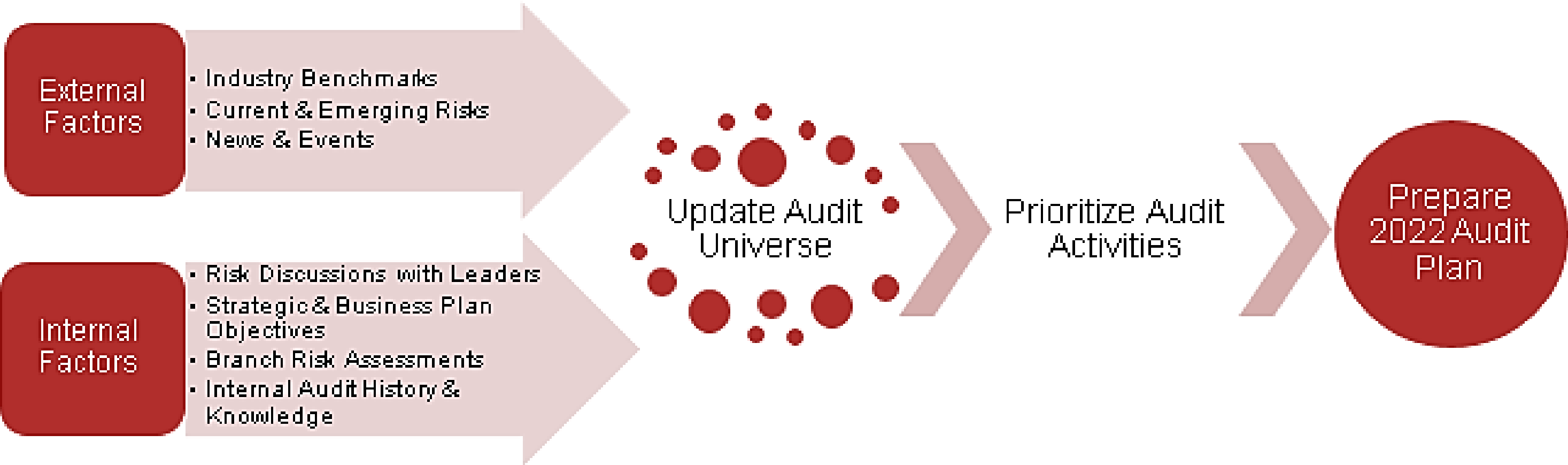


Five-Year Trend: Full vs. Limited Scope Audits

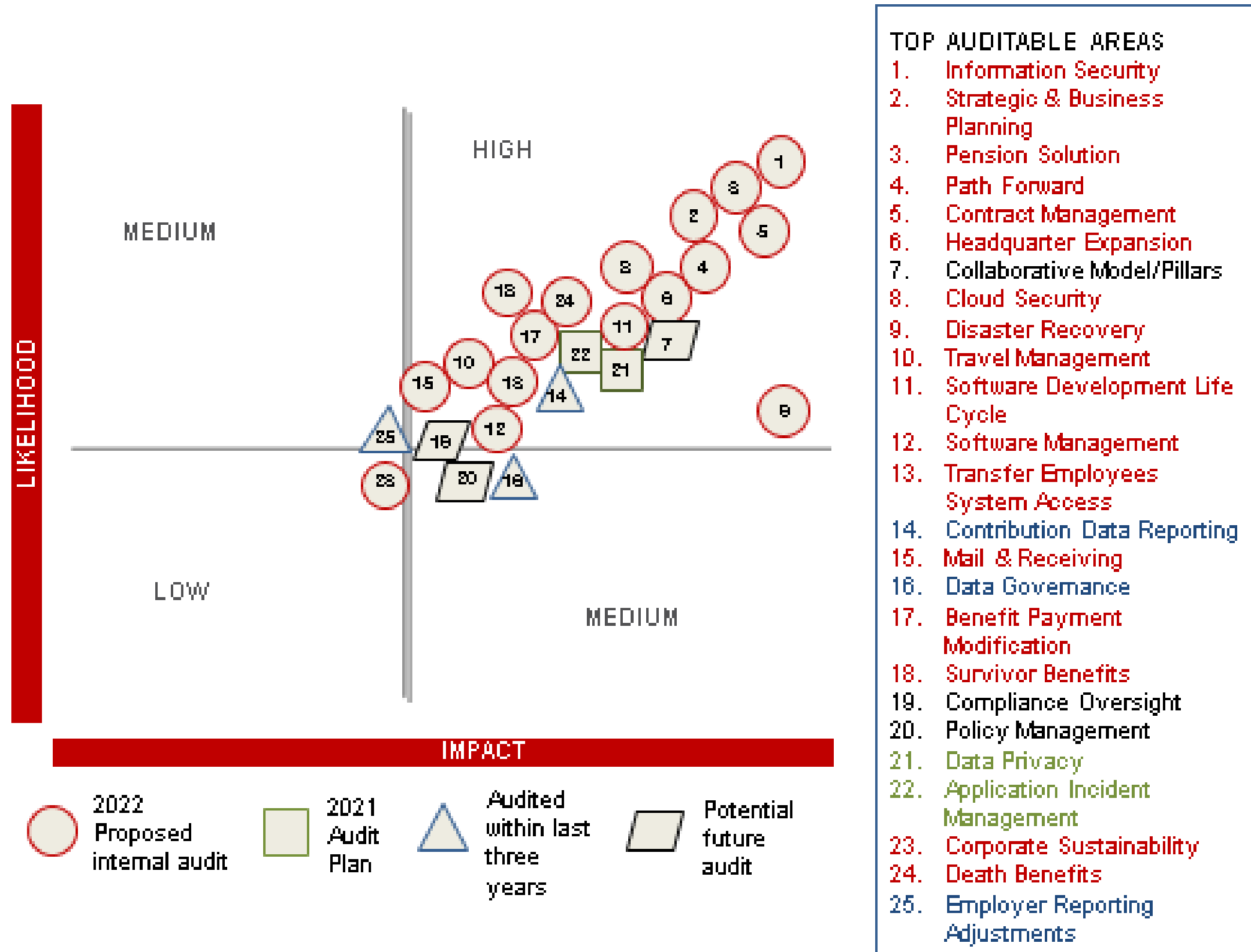
**Types of Audits Performed for
Final Audit Reports Issued
Between 2015 - 2020**



Internal Audit Planning Process



Risk Map

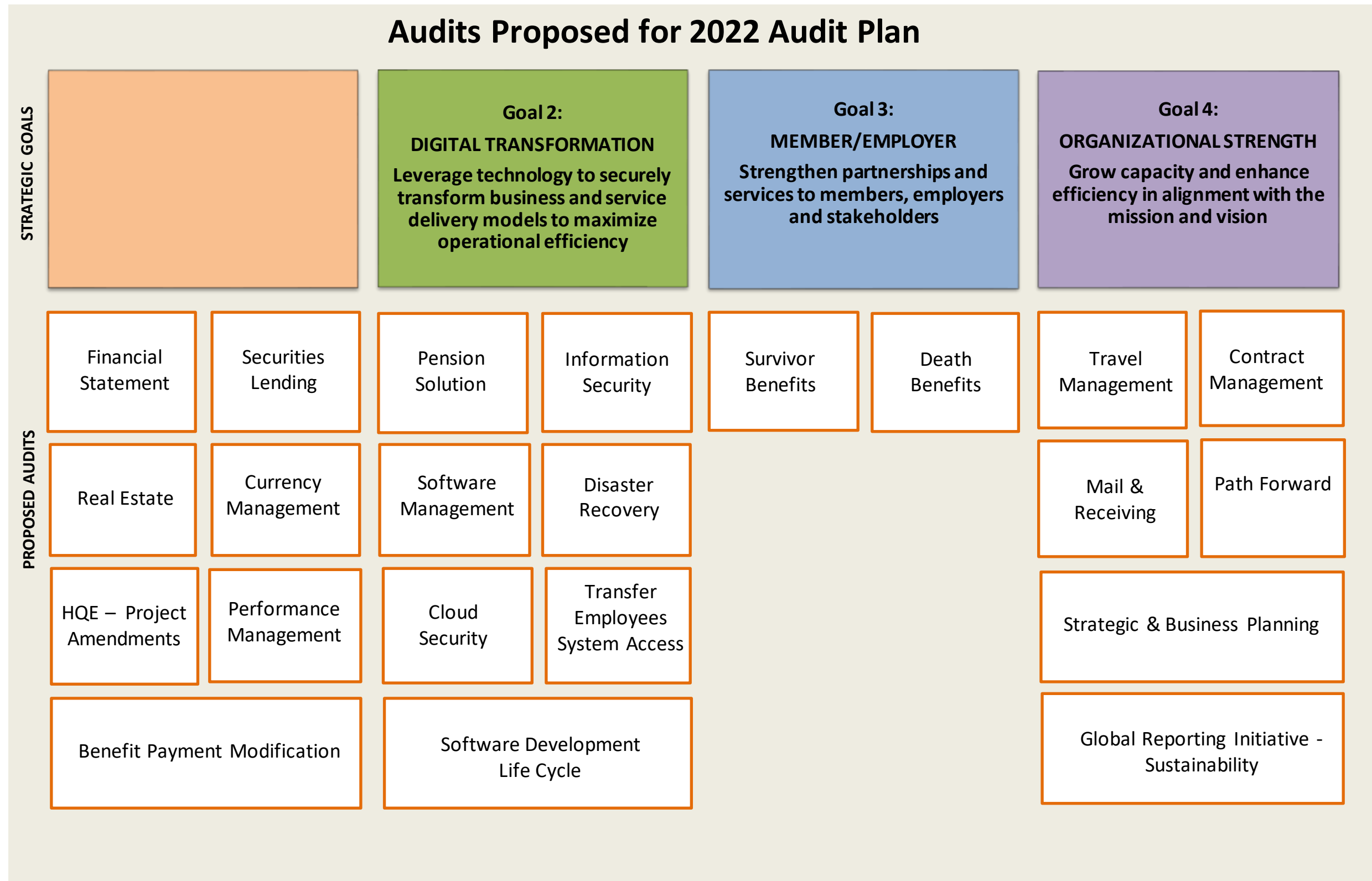


2022 Audit Plan Coverage

2022 AUDIT PLAN

ENTERPRISE RISKS	INFORMATION SECURITY	STRATEGIC & BUSINESS PLANNING	PENSION SOLUTION	PATH FORWARD	CONTRACT MANAGEMENT	SECURITIES LENDING	CURRENCY MANAGEMENT	REAL ESTATE	PERFORMANCE MANAGEMENT	FINANCIAL STATEMENT	HEADQUARTER EXPANSION	CLOUD SECURITY	DISASTER RECOVERY	TRAVEL MANAGEMENT	SOFTWARE DEVELOPMENT LIFE CYCLE	SOFTWARE MANAGEMENT	TRANSFER EMPLOYEES' SYSTEM ACCESS	MAIL & RECEIVING	BENEFIT PAYMENT MODIFICATION	SURVIVOR BENEFITS	DEATH BENEFITS	CORPORATE SUSTAINABILITY	
PENSION FUNDING						X	X	X	X														X
PENSION ADMINISTRATION			X																	X	X		
FINANCIAL REPORTING										X									X				
INFORMATION SECURITY	X											X					X						
OPERATIONAL		X		X							X		X	X				X					
REPUTATIONAL																							X
TRANSFORMATIONAL CHANGE															X	X							
THIRD PARTY					X																		

Audit Plan Strategic Plan Alignment



2022 Proposed Audit Plan

- 120 Employer Audits
Community College Districts, Charter Schools, School Districts
- 22 Internal Audits
Investments, Information Technology, Financial Statement
- Management Requests & Special Projects
- Audit Follow Up
- Quality Assurance & Improvement Program
- Risk Assessment & Audit Plan
- Continuing Professional Education & Training
- Administration

2022 Proposed Audit Plan

