



Audits & Risk Management Committee

Item Number 8 – Open Session

Subject: 2024 Six-Month Audit Plan

Presenter(s): Cheryl Cervantes Dietz, Roseanne Oyoung, and Chris Wall

Item Type: Action

Date & Time: November 2, 2023 – 10 minutes

Attachment(s): 2024 Six-Month Audit Plan

PowerPoint(s): Six-Month Audit Plan Summary

Item Purpose

This item presents Audit Services proposed Six-Month Audit Plan covering the period of January 1, 2024, through June 30, 2024. Due to the change in the board meeting calendar and to better align with CalSTRS financial, risk and compliance reporting, Audit Services is changing its annual audit plan from a calendar year to a fiscal year. This Six-Month Audit Plan will transition Audit Services into a fiscal year audit plan.

Recommendation

Staff recommends the Audits and Risk Management Committee (ARM committee) approve the Six-Month Audit Plan (Attachment 1).

Executive Summary

In conformance with the International Standards for the Professional Practice of Internal Auditing (Standards), Audit Services establishes and presents a risk-based audit plan to the ARM committee. The proposed Six-Month Audit Plan will determine the priorities of audit activities consistent with the organization's goals. In conformance with the Standards, implementation of the audit plan provides objective and independent assurance over the organization's governance, risk management, and control processes to help the organization achieve its strategic, operational, financial, and compliance objectives.

Audit Services conducts CalSTRS' operations and employer payroll reporting risk assessments to identify significant risks to strategic objective achievement. A key Standards requirement is for a periodic risk-based audit plan to be completed, which is sufficiently flexible to reflect the organization's changing risks and priorities.

Annual Audit Plan Highlights

Audit Services is independent of management and provides objective assurance and consulting services designed to add value and improve CalSTRS' operations.

Employer Audits:

Based on available staff resources, Audit Services plans to conduct between 50 to 70 employer audits, which will focus on various compliance requirements, such as remuneration in addition to salary (special compensation), base compensation, and unused sick leave. Audit Services selects employers to audit using a risk-based approach, which encompasses data analytics, and response to special requests and referrals.

Internal Audits:

Based on available staff resources, Audit Services plans to conduct eight internal audits to assist the organization in the achievement of its strategic goals and objectives. Internal audits include external reviews of CalSTRS financial statements, investments, information technology, and information security. Audit Services contracts with external audit firms to conduct investment and information technology audits due to the specialized knowledge and expertise, as required by the Standards.

Strategic Plan Linkage: [Strategic Plan - CalSTRS](#)

Board Policy Linkage: [Board Governance Manual \(calstrs.com\)](#)
