



Audits & Risk Management Committee

Item Number 7 – Open Session

Subject: 2023 Audit Services Audit Plan

Presenter(s): Cheryl Cervantes Dietz

Item Type: Action

Date & Time: November 2, 2022 – 15 minutes

Attachment(s): Attachment 1 – 2023 Audit Services Audit Plan

PowerPoint(s): PowerPoint 1 – 2023 Audit Services Risk-based Audit Plan

Item Purpose

This item presents the Audit Services proposed 2023 Audit Plan (2023 audit plan) covering the period of January 1, 2023, through December 31, 2023. The 2023 audit plan provides the Audits and Risk Management Committee (ARM committee) an overview of Audit Services' mission, scope of work, independence and objectivity, and resource allocation.

Recommendation

Staff recommends the ARM committee approve the 2023 audit plan (Attachment 1).

Executive Summary

The proposed 2023 audit plan will set the direction and priorities for Audit Services activities in the calendar year, consistent with the organization's goals. This audit plan's implementation will result in compliance with the International Standards for the Professional Practice of Internal Auditing (IIA Standards), while providing objective and independent assurance appropriate controls are in place, working as intended, and employer payroll reporting complies with the Teachers' Retirement Law to executive management and the ARM committee. We may reprioritize our activities to adapt and address emerging risks.

As required by the IIA Standards, Audit Services annual audit plan is presented to the ARM Committee. Audit Services conducts CalSTRS' operations and employer payroll reporting risk assessments to identify significant risks to strategic objective achievement. A key IIA 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.

Audit Services is independent of management and provides objective assurance and consulting services designed to add value and improve CalSTRS' operations. IIA Standards define an assurance engagement as an objective examination of evidence for providing an independent assessment on risk management, control, or governance process for the organization.

Annual Audit Plan Highlights

Employer Audits:

Based on available staff resources, Audit Services plans to conduct between 90 to 110 employer audits, which will focus on various compliance requirements, such as remuneration in addition to salary (special compensation), one-time bonus, 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 23 internal audits to assist the organization in strategic goals and objectives achievement. 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: <https://www.calstrs.com/files/f3854845f/BoardGovernanceManual-August2022.pdf>
