

ACTUARIAL OFFICE

Audit Objectives

Actuarial Valuation System
(finalize prior year)

Evaluate the adequacy and effectiveness of controls over the system and the transfer of data from upstream system(s) to the Actuarial Valuation System.

Governmental Accounting Standards Board (GASB) 67-68 Implementation Task Force (consulting)

Provide information and advice as needed on implementation of new governmental accounting standards for pension accounting.

BENEFIT SERVICES DIVISION

Disability retirement

Assess the adequacy of the disability retirement process and determine whether disability applications and payments are processed timely and accurately.

CUSTOMER ACCOUNT SERVICES DIVISION

Complementary Annuitant Premium Program (CAPP) (finalize prior year)

Assess the adequacy of the CAPP (formerly AB 592) oversight in the my|CalPERS environment.

Employer contribution reporting
(finalize prior year)

Assess the business process for state employer contributions and compliance with specific provisions of the California Code of Regulations and Government Code.

Health Plan premium reconciliation

Review process for ensuring premium transactions are properly reconciled and discrepancies are promptly resolved. *Also included under Fiscal Services Division (FCSD).*

ING (Third Party Administrator for Affiliate Investment Program Division)
(finalize prior year)

Assess the accuracy and reliability of the supporting accounting records and the associated fees for the plans. Assess the third party administrator's (TPA) compliance with specific contractual obligations.

ENTERPRISE COMPLIANCE DIVISION

Audit Objective

Ethics helpline inquiries
(consulting)

Research and respond to complaints
received from the Ethics helpline.

Statement of Economic Interest
(Form 700)

Review the adequacy of the Form 700
oversight and reporting responsibilities.
*Also included under Investment Office
(INVO).*

ENTERPRISE RISK MANAGEMENT DIVISION

Data Governance and Data Quality
(consulting)

Evaluate pension and health data
governance framework, including data
quality management. *Also included under
Information Technology Services Branch
(ITSB).*

Health Insurance Portability and
Accountability Act (HIPAA)
Compliance for Healthcare

Evaluate the process for identifying the
requirements for business associate
agreements and compliance with specific
HIPAA requirements for health agreements
administered by Health Policy and
Planning.

Patch management review

Evaluate the design and implementation of
desktop and server patch management
practices. *Also included under ITSB.*

Protection over Personally Identifiable
Information

Assess the effectiveness of risk responses
currently implemented to protect
information privacy. *Also included under
ITSB.*

Remote access control review

Evaluate the design and implementation of
controls currently implemented to reduce
remote access risks. *Also included under
ITSB.*

FISCAL SERVICES DIVISION

Coordination of annual CalPERS financial
statement audit

Coordinate the financial audit of CalPERS
financial statements.

Coordination of management letter from
external auditor

Coordinate responses to the management
letter from the external auditor.

Treasury Management Project Committee

Provide information and advice as needed for
the newly forming Treasury Management
function at CalPERS.

**FISCAL SERVICES DIVISION
(continued)**

Audit Objectives

Health Plan premium reconciliation	Review process for ensuring premium transactions are properly reconciled and discrepancies are promptly resolved. <i>Also included under Customer Account Services Division (CASD).</i>
Internal controls over financial reporting – Phase I (finalize prior year)	Evaluate whether internal controls are adequately maintained over selected financial reporting cycles using a risk-based approach. Future phases will address other cycles of financial reporting.
Information Technology Asset Management	Evaluate the adequacy and effectiveness of controls implemented to manage information technology (IT) assets, covering IT asset tracking and inventory methods, IT asset lifecycle management, IT asset risk assessment/lifecycle adjustment and IT procurement budget requests. <i>Also included under INVO, ITSB, and Operations Support Services Division (OSSD).</i>
PeopleSoft Financials (finalize prior year)	Evaluate the adequacy and effectiveness of controls over PeopleSoft Financials. <i>Also included under ITSB.</i>
Review and analysis of CalPERS financial statements	Perform a detailed review of the annual financial report and suggest improvements in the presentation and disclosures.

HEALTH PLAN ADMINISTRATION DIVISION

Review of Health Maintenance Organizations (HMO)/Preferred Provider Organizations (PPO) performance and contract compliance	Evaluate whether HMOs/PPOs comply with specific provisions of Public Employees' Medical and Hospital Care Act (PEMHCA) and the agreement with CalPERS.
Review of third party administrator of Long Term Care program	Evaluate whether Univita is in compliance with specific provisions of the contract with CalPERS.
Review of third party administrator of self-funded program	Evaluate whether Anthem Blue Cross complies with specific provisions of PEMHCA and the agreement with CalPERS.

HEALTH POLICY RESEARCH DIVISION

Audit Objectives

Rate development for HMOs

Review rate development process for consistency and reasonableness.

HUMAN RESOURCES DIVISION

PeopleSoft Human Capital Management (HCM)

Evaluate the adequacy and effectiveness of controls implemented to protect the privacy and integrity of information stored in PeopleSoft HCM. *Also included under ITSB.*

Recruitment

Evaluate the adequacy and effectiveness of internal controls over the recruitment process and determine whether recruitment activities comply with applicable laws, rules and regulations.

INFORMATION TECHNOLOGY SERVICES BRANCH

Computer operations management (finalize prior year)

Evaluate the adequacy and effectiveness of controls over scheduled system processing, sensitive output protection, infrastructure performance, and maintenance of hardware.

Data Governance and Data Quality (consulting)

Evaluate pension and health data governance framework, including data quality management. *Also included under Enterprise Risk Management Division (ERMD).*

Information Technology Asset Management

Evaluate the adequacy and effectiveness of controls implemented to manage IT assets, covering IT asset tracking and inventory methods, IT asset lifecycle management, IT asset risk assessment/lifecycle adjustment and IT procurement budget requests. *Also included in INVO, FCSD and OSSD.*

my|CalPERS Member Self-Services (finalize prior year)

Evaluate the adequacy and effectiveness of controls over member self-service.

Patch management review

Evaluate the design and implementation of desktop and server patch management practices. *Also included under ERMD.*

INFORMATION TECHNOLOGY SERVICES BRANCH Audit Objectives
(continued)

PeopleSoft Financials (finalize prior year)	Evaluate the adequacy and effectiveness of controls over PeopleSoft Financials. <i>Also included under FCSD.</i>
PeopleSoft Human Capital Management (HCM)	Evaluate the adequacy and effectiveness of controls implemented to protect the privacy and integrity of information stored in PeopleSoft HCM. <i>Also included under Human Resources Services Division (HRSD).</i>
Physical and environmental security (finalize prior year)	Evaluate the adequacy and effectiveness of physical security and environmental controls.
Protection over Personally Identifiable Information	Assess the effectiveness of risk responses currently implemented to protect information privacy. <i>Also included under ERMD.</i>
Remote access control review	Evaluate the design and implementation of controls currently implemented to reduce remote access risks. <i>Also included under ERMD.</i>
Technology Security Improvement Configuration Baseline Standard Compliance (finalize prior year)	Evaluate workstation security configurations for compliance with CalPERS adoption of the United States Government Configuration Baseline (USGCB).

INVESTMENT OFFICE

Coordination of Specialty Investment Audit Services Spring-Fed Pool	Coordinate real estate compliance audits and other investment specialty audits.
Corporate Governance – Proxy voting (finalize prior year)	Evaluate the internal processes of the corporate governance program primarily related to proxy voting.
External manager reviews - Fixed income (finalize prior year)	Evaluate whether selected external partners comply with CalPERS investment policies and specific provisions of its agreement.
External manager reviews (global equity/global fixed income)	Evaluate whether selected external partners comply with specific CalPERS investment policies.

INVESTMENT OFFICE
(continued)

Audit Objectives

Investment internal control framework
(global fixed income)

Identify the internal control framework utilized by the Investment Office for global fixed income to ensure effective and efficient operations, reliable reporting of investment assets, and adherence to relevant laws, regulations, and policies.

Information Technology Asset
Management

Evaluate the adequacy and effectiveness of controls implemented to manage IT assets, covering IT asset tracking and inventory methods, IT asset lifecycle management, IT asset risk assessment/lifecycle adjustment and IT procurement budget requests. *Also included under FCSD, ITSB, and OSSD.*

Monitoring the resolution of real estate
compliance audit findings

Monitor and resolve real estate outstanding findings.

Private equity external partner review

Review private equity external managers including contributions, distributions, reporting, and performance monitoring efforts.

Real estate compliance audits
(co-sourced)

Ensure compliance with specific provisions within the limited liability agreements between CalPERS and real estate partners, advisors, or managers. In addition, evaluate whether property managers under the general partners comply with terms of the property management agreements. Assess compliance with CalPERS investment policies and guidelines.

State Street client specific review

Evaluate whether State Street is in compliance with specific provisions of the agreement with CalPERS.

Statement of Economic Interest
(Form 700)

Review the adequacy of the Form 700 oversight and reporting responsibilities. *Also included under Enterprise Compliance Office (ECOM).*

OFFICE OF AUDIT SERVICES

Public Agency Reviews

Public agency compliance reviews
(90 reviews in 2014-15)

Evaluate the accuracy of membership and payroll data reported to CalPERS by business partners that contract for retirement and health benefits.

Public agency special projects and requests

Respond to public agency special requests and consulting projects.

Business Intelligence workgroup

Participate in Business Intelligence workgroup.

Multi-Divisional Projects

User entity control review

Assess CalPERS performance of complementary user entity controls as specified by CalPERS service organizations in their Service Organization Control reports (SOC-1).

Coordination of management representation letter

Coordinate management representation statements and facilitate as part of the annual financial statement audit.

Enterprise-wide risk assessment and audit plan

Conduct the internal audit and information technology risk assessment process used to develop the audit plan.

Financial Integrity and State Manager's Accountability (FISMA) State Administrative Manual section 20060

Facilitate the periodic reporting to the Department of Finance regarding the status of high risk areas discussed in the FISMA report as required by Government Code sections 13400-13405.

Fraud risk assessment

Evaluate fraud risks and controls and recommend action to mitigate risks and improve controls.

Management consulting projects and ad hoc requests

Consult with management on ad hoc requests as needed. OFAS allocates a block of hours on the audit plan to respond to ad hoc requests that arise during the fiscal year.

Monitor and resolve audit findings

Conduct ongoing follow up on outstanding audit findings as required by auditing standards.

Quarterly Status Report

Prepare quarterly status reports to the Risk and Audit Committee and review outstanding audit findings.

**OFFICE OF AUDIT SERVICES
(continued)**

Audit Objectives

my CalPERS user access rights review	Assess the appropriateness of access rights granted to internal my CalPERS users.
Request for Proposal (RFP) for 2016 External Quality Assessment Review	Prepare RFP for external reviewer to conduct a quality assurance review of Office of Audit Services as required by auditing standards.
RFP for External Auditors for Financial Statement audits for FY 2016-17 through FY 2020-21	Prepare RFP for independent accounting firm to perform annual audits of CalPERS financial statements in accordance with Government Code section 20228.
RFP for GASB 68 audits	Prepare RFP for external accounting firm to conduct attestation engagements related to new governmental accounting standards (placeholder pending final rulemaking).
RFP for Long Term Care Actuarial Valuation Audits	Prepare RFP for external actuarial firm to perform parallel valuation services for the long-term care valuations.
RFP for Parallel Valuation and Certification of the Actuarial Valuations	Prepare RFP for external actuarial firm to perform parallel actuarial valuations for pension valuations.
Office of Audit Services Internal Activities	
Quality Assurance and Improvement	Review Office of Audit Services' compliance with the International Standards for the Professional Practice of Internal Auditing Practice Advisory 1310, which recommends that the internal audit activity adopt a process to monitor and assess the overall effectiveness of the quality program.
United Way California State Employees Charitable Campaign (CSECC)	Assist and audit the CalPERS CSECC Campaign.

OPERATIONS SUPPORT SERVICES DIVISION Audit Objectives

Board election (consulting)	Serve as an independent observer during ballot processing and counting activities. Identify opportunities to strengthen the process.
Review of contracting process	Assess whether contract practices are appropriate and in compliance with CalPERS Policies and Procedures.
Information Technology Asset Management	Evaluate the adequacy and effectiveness of controls implemented to manage IT assets, covering IT asset tracking and inventory methods, IT asset lifecycle management, IT asset risk assessment/lifecycle adjustment and IT procurement budget requests. <i>Also included under INVO, ITSB, and FCSD.</i>

TOTAL HOURS BY AUDIT PROGRAM

<i>Staffing Resources by Program</i>	<i>Audit hours in 2014-15</i>
Assurance and Consulting Services	29,625
Public Agency Reviews and Other Projects	34,200
Total ⁽¹⁾	63,825

(1) Total hours are adjusted to reflect vacations, leave, training, and other hours unavailable for audit activities.