



## Risk and Audit Committee Agenda Item 6c

---

**June 18, 2019**

**Item Name:** Quarterly Status Report – Office of Audit Services

**Program:** Audit Services

**Item Type:** Information Consent

### **Executive Summary**

In accordance with the International Standards for the Professional Practice of Internal Auditing (Standards), the Office of Audit Services (OFAS) presents its Quarterly Status Report of audit activity. The following provides the status of projects and activities as of March 31, 2019.

### **Strategic Plan**

This item is not a specific product of the Strategic Plan, but is required by the Board of Administration (Board) approved Audit Resolution Policy and OFAS Charter.

### **Background**

On a quarterly basis, OFAS updates the Risk and Audit Committee (RAC) on audit activity and audit resolution status.

### **Analysis**

#### Public Agency Reviews

During the third quarter, OFAS completed 61 reviews and is awaiting Executive Team feedback to issue the final reports. Currently, 117 reviews are in progress.

Of the 194 open findings reported as of December 31, 2019, the Employer Account Management Division and the Benefit Services Division reported that 43 findings were resolved leaving 151 finding open as March 31, 2019. In addition, OFAS validated 26 resolved findings during the quarter. Please refer to Attachment 1 for additional information on the public agency findings.

### Internal Audits

During the third quarter, five internal audits were issued with a total of three findings in operational areas relating to procedures and monitoring of contracts.

As of March 31, 2019, there were no unresolved internal audit findings over one year old, continuing the enterprise's compliance with the Board approved Audit Resolution Policy. During the quarter, 9 findings were resolved, leaving 18 findings open. Please see Attachment 1 for additional information on internal audit findings.

### Real Estate Reviews

During the third quarter, no real estate audits were issued and 10 findings were resolved. Please see Attachment 1 for additional information on real estate audit findings.

### Financial Statement Audit Report and Management Letter

The Board's financial statement auditor presented their Management Letter for the June 30, 2018 financial statement audit at the November 2018 Risk and Audit Committee. The financial statement auditor reported on five observations which require corrective actions. The current year observations and their status are summarized in Attachment 2.

### Status of Audit Plan

The Fiscal Year 2018-19 Approved Audit Plan is in progress. As required by the Standards, we review and adjust the audit plan, as necessary, in response to changes in the organization's business, roles, operations, programs, systems, and controls. In order to support key enterprise initiatives and management requests, the Office of Audit Services combined the audits of Service Desk Management and Incidents and Problem Management for efficiency.

### **Budget and Fiscal Impacts**

Not Applicable.

### **Benefits and Risks**

The Quarterly Status Report of audit activity provides periodic reporting to the Board regarding performance relative to the audit plan and other matters needed or requested. The periodic reporting of this information to the Board is in accordance with the Standards, the Board approved Audit Resolution Policy, and OFAS Charter. The risk of not reporting periodically is non-compliance with the Standards.

**Attachments**

Attachment 1 – Status of Audit Findings Dashboard

Attachment 2 – Summary of Financial Statement Audit Management Letter Comments Current  
Year Report

---

Beliz Chappuie  
Chief Auditor  
Office of Audit Services

---

Matthew G. Jacobs  
General Counsel