



Risk and Audit Committee

Agenda Item 4c

November 18, 2025

Item Name: Quarterly Status Report – Office of Audit Services

Program: Audit Services

Item Type: Information Consent

Executive Summary

In accordance with the Global Internal Audit Standards (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 June 30, 2025.

Strategic Plan

This item is not a specific product of the Strategic Plan but is required by OFAS' Audit Resolution Policy and Charter.

Background

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

Analysis

Employer Compliance Reviews

During the 4th quarter, OFAS completed 28 reviews, started 20 new reviews, and 25 reviews are currently in progress.

The Employer Account Management Division (EAMD) and Pension Contracts & Prefunding Programs Division (PCPP) reported 56 observations were resolved, of which 3 were aged three to four years, 1 was aged two to three years, and 37 were aged one to two years, and 15 were aged less than one year. This leaves 128 observations open as of June 30, 2025, of which 1 was aged two to three years, 16 were aged one to two years, and 111 were aged less than one year. In addition, OFAS validated 88 resolved observations during the quarter. Please refer to Attachment 1 for additional information on employer compliance observations.

Internal Audits

There were three unresolved internal audit observations over one-year-old. Two observations are related to the Review of Compliance Program, which we first reported in the RAC meeting in November of 2023. The third is related to the PeopleSoft HCM User Access Management review and was first reported in the RAC meeting in February of 2024. For each of the three recommendations, the divisions have provided corrective action plans and will continue working

toward resolving the observations. During the quarter, one observation was resolved, leaving ten observations open.

Status of Audit Plan

As of June 30, 2025, OFAS completed 74 employer compliance reviews and 7 internal audit reviews.

Financial Statement Audit Report and Management Letter

The reports prepared by BDO USA, LLP for the fiscal year ended June 30, 2024, were presented during the November 19, 2024, RAC meeting. There were no observations identified in the Audit Report or Management Letter.

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, OFAS' Audit Resolution Policy, and OFAS' Charter. The risk of not reporting periodically is non-compliance with the Standards.

Attachments

Attachment 1 – Employer Compliance Review - Open Observations Over 1 Year

Beliz Chappuie
Chief Auditor
Office of Audit Services

Marcie Frost
Chief Executive Office