Internal Audit Update

Presented By
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Agenda

- 2021 Internal Audit Plan - Updated
- Insider Threat Audit – Final Report
- 2022/2023 Internal Audit Plans
  - Board Approval of Plans
- Summary of Internal Audit Findings
- Other Internal Audit Activities

CY2021 Internal Audit Plan

Audit	January	February	March	April	May	June	July	August	September	October	November	December
On-Boarding/Off Boarding of Contractors												
Capital Asset Management (1)												
Compliance Program												
Procurement & Contract Management (2)												
Investment Operations Audit												
Insider Threat (3)												
Record Retention - OED Share Drive (4)												
Annual FISMA Audit												

Legend

- **Planned**
- **In Process**
- **Complete**
- **Moved to 2022**

1 - Audit picked up additonal scope: Other Direct Costs (ODC) initial analysis.

2 - Procurement and Contract Management audit will be moved to 2022. This is a component of the FSM conversion which will be completed in January 2022.

3 - Insider Threat will be Test of Design only, Test of Effectiveness in 2022.

4 - Audit added due to time and resources being available.

Thrift Savings Plan

Insider Threat Audit

- **Objective**
  - The objective of the audit was to test the design of the internal controls around FRTIB's Insider Threat Program.

- **Scope**
  - The scope of the audit was to perform a Test of Design on FRTIB's Insider Threat Program internal controls. This was a new program being mplemented, therefore the scope was limited. Test of Effectiveness will be conducted in 2022.

- **Findings**
  - One NFR medium risk rated (corrected prior to issuance of final report)
    - Individuals Erroneously Granted Access to Insider Threat Program Fileshare Folder

CY2022 Internal Audit Plan

Tentative: Subject to change based on timing

Audit	January	February	March	April	May	June	July	August	September	October	November	December
Business Continuity Management												
Multiple Asset Manager												
Procurement & Contract Award (2)												
Vendor Management & Contract Closeout (3)												
Improper Payments												
Insider Threat Part 2 (1)												
Annual FISMA Audit												

Legend

- **Planned**
- **In Process**
- **Complete**

1 Insider Threat test of results, assuming test of design in 2021 passed

2 From identification of need to award of contract (Formally Procurement & Contract Management)

3 From award of contract to contract close out, may move to 2023 (Formally Vendor Management)

CY2023 Internal Audit Plan

Tentative: Subject to change based on timing

Audit	January	February	March	April	May	June	July	August	September	October	November	December
Records Retention												
Implementation of Converge												
FSM: PRISM/e-Travel (E2)/Accounts Payable (OFF - Ledger)												
Human Capital Management												
3rd Party Risk Management												
FISMA												

Legend

- Planned
- In Process
- Complete

Thrift Savings Plan

MOTION

- Motion to Approve 2022 Internal Audit plan and 2023 Tentative Audit plan

Status of Internal Audit Findings

Status of Internal Audit Findings by Audit Year							
Audit Year/ Status	2015	2017	2018	2019	2020	2021	Grand Total
Closed	52	7	31	5	3	1	99
In Process	0	0	0	0	0	0	0
Open	0	0	1	0	3	5	9
Grand Total	52	7	32	5	6	6	108

Other Audit Activities

- Annual FISMA audit – Complete
- Insider Threat Audit – Test of Design complete/Audit report issued.
- Continuing to build out scope and objectives for the 2022 Internal Audit plan
- Internal Audit Support – Blanket Purchase Agreement for IA services starting in 2022 complete. Services set to start in January 2022.

Questions?

Appendix

Tentative Scope of 2022 Audits

Audit	Office	Alignment to Strategic Plan (FY22-26)	Scope	Potential Audit Objectives
Business Continuity Management (January - March)	ORM	Objective C2: Proactively manage organizational risks and leverage opportunities	Testing procedures for operational not IT to recover operations after an incident.	Walkthrough policies and procedures with ORM (up to date, potential gaps); Review current continuity plans for alignment with procedures.
Multiple Asset Management Manager (March - May)	OI	Objective B2: Understand and respond to participant service needs and expectations	Office of Investment oversight governance	Walkthrough policies and procedures with OI (up to date, potential gaps). Review reports created and back up for alignment with procedures.
Procurement & Contract Award (April - July)	OED - Contracting	Objective C1: Strengthen financial stewardship and operational accountability	Testing controls around the Program Office identification of need for acquisition or service to the award of the contract. Would also follow up on prior audit findings.	Walkthrough policies and procedures with Contracting (up to date, potential gaps); Review contract files for appropriate acquisition planning (include PR Requirements package, COR selection,); Verify status of 2018 findings
Vendor Management & Contract Closeout (June - September)	OED - Contracting	Objective C1: Strengthen financial stewardship and operational accountability	Testing of controls of the award of contracts through contract close out. Would also follow up on prior audit findings. This audit may be moved to 2023.	Walkthrough policies and procedures with Contracting (up to date, potential gaps); For a selection of contracts: Review CO and COR Authorization documents, Training evidence, Contract Monitoring documentation for alignment with procedures. Verify status of 2018 findings
Improper Payments (August - October)	OCFO	Objective C1: Strengthen financial stewardship and operational accountability	Testing to determine if payments should have been made and if they were the right amounts (ex: duplicate payments, ineligible recipients, etc.). Improper Payment Act would guide the audit.	Walkthrough policies and procedures with OCFO (up to date, potential gaps); Test selection of transactions against Improper Payments elimination and recovery act of 2010, to include possible duplicate payments, ineligible recipients, etc.
Insider Threat Part 2 (October - December)	ORM	Objective C2: Proactively manage organizational risks and leverage opportunities	Test of Effectiveness of internal controls. Assuming that Test of Design passed in 2021.	Walkthrough policies and procedures with ORM (up to date, potential gaps); Verify all applicable employees completed training; Test selection of investigations and follow process through closeout to ensure alignment with procedures.

Objective C1:
Strengthen financial stewardship and operational accountability
We will be prudent and efficient with our operational investments in order to maintain low fees and maximize participant savings.

Objective C2:
Proactively manage organizational risks and leverage opportunities
We will identify, assess, manage, and mitigate organizational and strategic risks and proactively identify opportunities to strengthen operational capabilities and the organizational risk posture.

Objective B2:
Understand and respond to participant service needs and expectations
We will use various methods to gather insights into participant's service needs and expectations and use those as key inputs in service changes and enhancements.

Tentative Scope of 2023 Audits

Audit	Office	Alignment to Strategic Plan (FY22-26)	Scope
Implementation of Converge	OPS, OCFO, OTS	Goal D: Transition successfully to a managed services operating model (This goal is specific to the Converge transition. It is made up of 3 Objectives)	Testing would be a subset of the implementation of converge. Areas of testing could potentially be on KPIs, Performance Management Plans, Implementation of Project Plans. Focus would be on Tests of Design.
3rd Party Risk Management	OPR	Objective C2: Proactively manage organizational risks and leverage opportunities	Testing would focus on the Memorandum of Understanding FRTIB would have with Dept. of Education for new system used to help with comprehensive management of vendors and vendor performance.
Records Retention	ORM	Objective C4: Ensure that technology available to staff helps them be more effective and efficient	Potential areas of testing: Annual Inventory, NARA Annual Self Assement, Records Management Training, Implementation of File Plan.
Human Capital Management	OPR	Objective C1: Strengthen financial stewardship and operational accountability	Evaluating/assessing reorganization of OERM and OEP into Office of Planning and Risk. Examining applicable policies and procedures, roles, responsibilities, reporting, etc.
PRISM/e-Travel (E2)/Accounts Payable (OFF - Ledger)	OCFO	Objective C4: Ensure that technology available to staff helps them be more effective and efficient	Testing PRISM for e-Travel and Accounts Payable under new system. (Oracle Financials)

Objective C1:
Strengthen financial stewardship and operational accountability
We will be prudent and efficient with our operational investments in order to maintain low fees and maximize participant savings.

Objective C2:
Proactively manage organizational risks and leverage opportunities
We will identify, assess, manage, and mitigate organizational and strategic risks and proactively identify opportunities to strengthen operational capabilities and the organizational risk posture.

Objective C4:
Ensure that technology available to staff helps them be more effective and efficient
We will provide employees with the technology and tools that enable an effective workplace.

Goal D:
Objective D1: Maintain program performance levels during the transition
Objective D2: Maintain participant satisfaction levels during the transition
Objective D3: Embed the core principles and oversight of managed services into the FRTIB organization

** 2023 audit plan may be adjusted to include other audits as business and organizational needs required. Scope and timing are tentative and subject to change.