Internal Audit Update

Presented By

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October 26, 2021







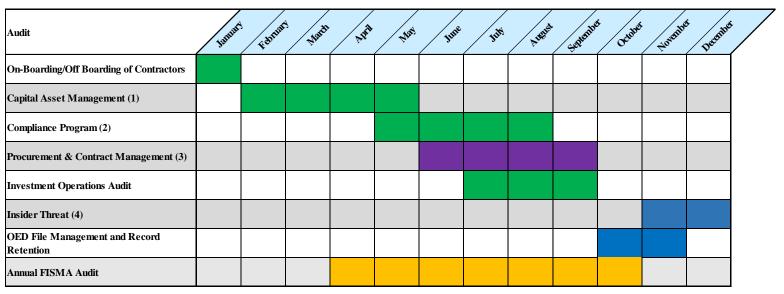


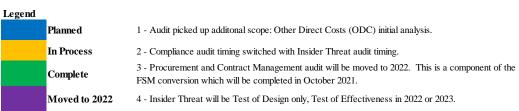
Agenda

- I. 2021 Internal Audit Plan
- 2. Compliance Program Audit Report
- 3. Investment Operations Audit Report
- 4. Development of 2022/2023 Internal Audit plans
- 5. Summary of Internal Audit Findings
- 6. Other Internal Audit Activities

CY2021 Internal Audit Plan

CY2021 Internal Audit Plan







Compliance Program Audit

Objective:

 This audit was a follow up to the 2018 "Survey of Compliance with Laws and Regulations" and to assess FRTIB's process controls over the Compliance Program

• Scope:

May 1, 2020 through April 31, 2021

Findings:

- One Medium risk rated related to the following:
 - No defined ownership of the end-to-end process for the Compliance program and Inconsistent application of controls such as the following:
 - Policy and Procedures have not been updated since 2018 (in process currently)
 - · The Compendium is not sent to all Program Offices.



Investment Operations Audit

Objective:

To assess FRTIB's process controls over Investment Operations

• Scope:

July 1, 2020 through June 30, 2021

Findings:

- No Notice of Findings and Recommendations or Other Matters noted in audit report.
- Audit field work and reporting completed earlier than planned.

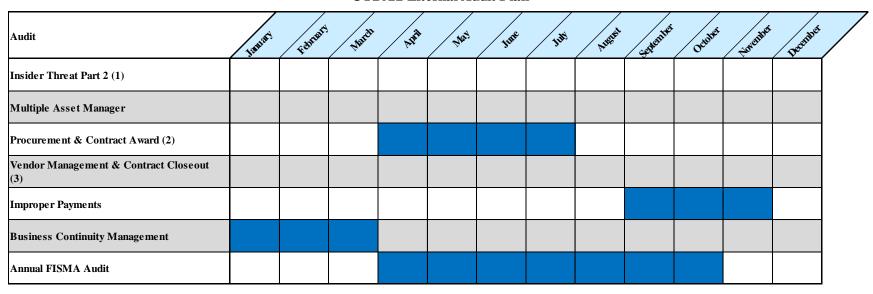
Development of 2022/2023 Internal Audit plans

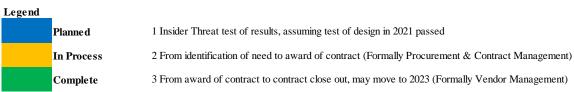
- Significant amount of time and effort put into developing the 2022-2023 proposed audit plans for proposed 11 audits plus the annual FISMA audit. (See Appendix for proposed scope of each audit)
- Development of these plans consisted of (but not limited to):
 - Risk assessment of potential auditable areas considering prior year audit findings, examining
 - Examining areas of high/medium risk from OERM,
 - · Reviewing projects currently in flight,
 - FRTIB Financial Statements, Board Meeting Minutes, and CLA Audit Reports
- Socializing 2022/2023 Internal Audit plans with Senior Management and ELC



CY2022 Tentative Internal Audit Plan

Tentative: Subject to change based on timing CY2022 Internal Audit Plan







CY2023 Tentative Internal Audit Plan

Tentative: Subject to change based on timing CY2023 Internal Audit Plan

Audit	J. Antiar's	F. dyruar ³	March	April	Mary	June	Idi	August	September	Ortother	November	December	
Implementation of Converge													
3rd Party Risk Management													
Records Retention													
Human Capital Management													
FSM: PRISM/e-Travel (E2)/Accounts Payable (OFF - Ledger)													
FISMA													





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	29	5	3	0	96
In Process	0	0	0	0	0	0	0
Open	0	0	3	0	3	5	11
Grand Total	52	7	32	5	6	5	107



Other Audit Activities

- Annual FISMA audit Underway. On track for mid October completion
- Insider Threat Audit Test of Design underway
- Will be continuing risk assessment for purposes of developing the 2022-2023
 Internal Audit plans and socializing draft plans
- Internal Audit Support Blanket Purchase Agreement for IA services starting in 2022



Questions

Appendix



2022 and 2023 Tentative Audit Scope

I	Year	Audit	Scope						
	2022	Insider Threat Part 2	Test of Effectiveness of internal controls. Assuming that Test of Design passed in 2021.						
	2022	Multiple Asset Management Manager	Potential scope would be either test Office of Investment oversight or from OCFO Accounting point of view.						
	2022	Procurement & Contract Award	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.						
	2022	Vendor Management & Contract Closeout	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.						
	2022 Improper Payments Business Continuity		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.						
			Testing procedures for operational not IT to recover operations after an incident.						

Year	Audit	Scope					
2023	Implementation of Converge	Testing would be a subset of the implementation of converge. Areas of testing would be on KPIs, Performance Management Plans, Implementation of Project Plans. Focus would be on Tests of Design.					
2023	3rd Party Risk Management	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.					
2023	Records Retention	Potenial areas of testing: Annual Inventory, NARA Annual Sefl- Assement, Records Management Training, Implementation of File Plan.					
2023	Human Capital Management	Testing operational model after implmentation of Converge. OERM and OEP merging into Office of Planning and Risk.					
2023	PRISM/e-Travel (E2)/Accounts Payable (OFF - Ledger)	Testing PRISM for e-Travel and Accounts Payable under new system. (Oracle Financials)					

