

Internal Audit Update

Presented By
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Agenda

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CY2022 Internal Audit Plan

2022 Internal Audit Plan: Subject to change based on timing

Audit	January	February	March	April	May	June	July	August	September	October	November	December
Business Continuity Management	Completed	Completed	Completed									
Multiple Asset Manager		Completed	Completed	Completed								
Procurement & Contract Award			Completed	Completed	Completed	Completed						
Vendor Management & Contract Closeout (1)						Completed	Completed	Completed	Completed	Completed		
Improper Payments (2)						Completed	Original Date Planned	Original Date Planned	Original Date Planned			
Insider Threat Part II (3)								Original Date Planned	Original Date Planned	Original Date Planned		
Special Project: Program Office File Review (4)	In Process	In Process	In Process	In Process	In Process	In Process	In Process	In Process	In Process	In Process	In Process	In Process
Special Project: GAO Audit Readiness (5)							Completed	Completed	Completed	Completed		
Treasury Reconciliation Oversight (6)										Completed	Completed	
Annual FISMA Audit		Completed	Completed	Completed	Completed	Completed						
Decommissioning of Legacy Assets (Continuation of FISMA- Risk Mgmt) (7)								Completed	Completed	Completed	Completed	

- Planned
- In Process
- Completed
- Original Date Planned

Additional information associated to above audits as annotated:

- (1) From award of contract to contract close out (Formally Vendor Management)
- (2) Improper Payments, reviewed draft policy, procedure, and risk assessment July 2022. Originally planned for Aug-October. Moved testing to Q2 or Q3 of 2023.
- (3) Insider Threat test of results, test of design in 2021 passed. Originally planned for Oct-Dec. No population for 2022, moved testing to Q1 or Q2 of 2023.
- (4) OED report issued in early February, OCE issued in July, OGC issued in August, OI issued in November
- (5) Special Project added in August to prepare for GAO review
- (6) Audit added. Relates to Converge Transition
- (7) Audit added. Relates to Risk Management- FISMA

CY2023 Draft Internal Audit Plan

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

Audit	January	February	March	April	May	June	July	August	September	October	November	December
Special Project: Program Office File Review												
TSP Death Benefits												
TSP Fraud Risk Oversight												
Monitoring of Converge (QASP Review)												
FSM: PRISM/Oracle												
Insider Threat												
Records Management												
3rd Party Risk Management (Interagency Agreements)												
E-Travel System												
Improper Payment Process												
FISMA												

Legend	
	Planned
	In Process
	Complete

Approval of 2023 Internal Audit Plan

- MOTION: That the proposed 2023 Internal Audit Plan as presented to the Board on January 24, 2023 be approved.

Treasury Reconciliation Oversight Audit

- **Objective:**

- Conduct tests of critical controls for the Treasury Reconciliation Oversight process
- Identify weaknesses found during testing of critical controls

- **Scope:**

- The scope period was June 1, 2022, through November 30, 2022.
- Two Notice of Findings and Recommendations were issued.

- **Findings:**

- Two Notice of Findings and Recommendations were issued.
 - Insufficient requirements in the Contract Data Requirement Lists (CDRL) and Service Level Requirements (SLR) 3.19
 - FRTIB did not adequately develop a holistic communications plan internally to include all relevant stakeholders (AFS, the subcontractor Alight, and Program Offices).

Shared Drive Review Results - Office of External Affairs

- **Timing:**
 - This review was conducted in December 2022
- **Objective:**
 - To review OEA compliance with Office File Plans
- **Findings:**
 - OEA's file plan is still in development and awaiting guidance from Records Management. Digital file organization maps to the Draft file plan.

Status of Internal Audit Findings

Calendar Years 2015 - 2022

Status by Year	2015	2016	2017	2018	2019	2020	2021	2022	Total
Closed	52	0	7	32	5	5	4	0	105
In Process	0	0	0	0	0	1	0	0	1
Open	0	0	0	0	0	0	2	6	8
Grand Total	52	0	7	32	5	6	6	6	114

Definitions:

Open: Finding has not been remediated yet.

Closed: IA has reviewed remediation documentation and considers the finding closed.

Cancelled: Cancelled findings are excluded from totals.

In Process: Currently under IA review.

*Note: Previous audit findings (2020) were not risk rated consistently

Other Internal Audit Activities

- Completed the Decommissioning of Legacy Assets audit. Report in final vetting phase.
- Developed 2023 Internal Audit plan and high- level scope of each audit
- Drafted, issued and awarded Call Order for 2023 FISMA audit. Work will start at the end of January.
- Issued call order for 2023 Internal Audit plan
- Updated Internal Audit charter. Changes were minimal:
 - Updated Board Approval of Charter from every 2 years to “as applicable”
 - Update scope to include monitoring of Fraud, Waste and Abuse hotline and
 - Working collaboratively with OPR on fraud related activities.

Approval Of Internal Audit Charter

- MOTION: That the Board adopt the revised Internal Audit Charter containing amendments to provisions regarding Responsibility & Accountability and Scope, which was presented to the Board on January 24, 2023.

Questions?

Appendix A: Tentative Scope of 2023 Audits

Year	Audit	Tentative Scope
2023	Special Project: Program Office File Review	Continue Office File Reviews: OCFO, OPS, OPR, OTS, ORM.
2023	TSP Death Benefits	Review processes and controls for issuing death benefits. With focus on issues from Converge such as but not limited to retrieval of data.
2023	TSP Fraud Risk Oversight	Agency monitoring and reporting of AFS's fraud processes, cases, etc.
2023	Monitoring of Converge (QASP Review)	Focus on QASP procedures. Areas of testing would be on KPIs, Performance Management Plans, Implementation of Project Plans. Technical Government Leads, GMTs - roles and responsibilities
2023	FSM: PRISM/Oracle	Oracle financials: processes, procedures, and controls. Ensure controls are operating effectively and efficiently.
2023		Test of Effectiveness of internal controls. Test of design of controls passed in 2021. Establish testing protocol to ensure controls are working as intended.
2023	Records Management	Potential areas of testing: Annual Inventory, NARA Annual Self-Assessment, Records Management Training, Implementation of File Plan.
2023	3rd Party Risk Management (Interagency Agreements)	Testing would focus on the Memorandum of Understanding FRTIB would have with Dept. of Education and DOJ (for SOC), for new system used to help with comprehensive management of vendors and vendor performance. Would include other IAAs. Would request listing of all IAAs and select sample.
2023	E-Travel System	Focus on E-Travel, processes, procedures, and controls. Ensure controls are operating effectively and efficiently
2023	Improper Payments Process	Review risk assessment OPR is performing. Test population if available.

Appendix B: Internal Audit Historical Table

#	Audit/Report Date	2015	2016	2017	2018
1	Contracting and Vendor Management	1			
2	Manual Adjustments	1			
3	Daily Investment Process	2			
4	Death Benefit Process		3		
5	Lockbox Operations		4		
6	TESS Contract		4		
7	Travel Card Program			2	
8	Vendor Management			3	
9	Improper Payments				1
10	Release Management				1
11	OMNI 1**				2
12	Procurement				2
13	Compliance				2
14	Vendor Management				2
15	Ethics				2
16	FISMA				2

Notes:

1 - Audit scheduled but not performed/ completed.	5 - IVV was completed in four phases between 2019 and 2021.
2 - Report or Memorandum issued.	6 - Audit rescheduled for 2023.
3 - Unclear if audit was completed or report issued.	7 - Audit work started, pending completion.
4 - Audit completed, could not locate final report.	
	**Contractor assistance began with the OMNI 1 audit in 2018

#	Audit/Report Date	2019	2020	2021	2022
16	FISMA	2	2	2	2
17	OMNI 2	2			
18	Fixed Assets	2			
19	Special Project - IVV1, IVV2, IVV3, IVV4	5	5	5	
20	Budget Process		2		
21	Government Purchase Card		2		
22	On-Boarding and Off-Boarding Contractors		2		
23	Narrow Scope - Special Processing Unit		2		
24	Capital Asset Management			2	
25	Compliance Program			2	
26	Narrow Scope - Insider Threat - TOD			2	
27	Investment Operations			2	
28	Special Project - Records Management OED			2	
29	Special Project - ODC Analysis			2	
30	Business Continuity Management				2
31	Multiple Asset Manager				2
32	Procurement and Contract Award				2
33	Vendor Management and Contract Closeout				2
34	Narrow Scope - Insider Threat TOE				6
35	Special Project - Records Management Other				7
36	Narrow Scope - Improper Payments TOD				6
37	Special Project - GAO Audit Readiness				2
38	Treasury Reconciliation Oversight				7
39	FISMA - Decommissioning of Legacy Assets				7