# Internal Audit Update

**Presented By** Barbara Holmes, Chief Audit Executive January 23, 2024









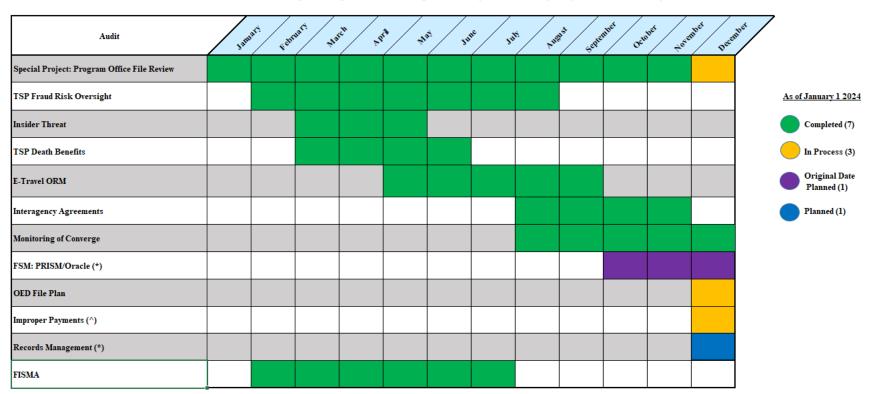


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### **CY2023 Internal Audit Plan**



<sup>(\*)</sup> Audit moved to the 2024 audit plan.

<sup>(^)</sup> Begin in 2023 and complete in 2024



## **Interagency Agreements Audit**

- Objective:
  - Conduct a test of critical controls for the Interagency Agreements process.
  - Identify weaknesses found during the testing of critical controls.
- Scope: All active agreements as of July 31, 2023.
- Findings: No NFRs but noted an Other Matter: OTS and the Agreements
  Branch should establish a proactive protocol to relay ISA information about
  FRTIB agreements.

# **Monitoring of Converge Audit – Report in Draft**

### Objective:

- Conduct a test of critical controls for the Monitoring of Converge process
- Identify weaknesses found during the testing of critical controls

#### Scope:

 The review process for Contract Data Requirements Lists (CDRLs) reports from July 2022 to August 2023

### • Findings:

- Report with OPE for comments and review. One draft NFR issued (similar in nature to previous NFR's).
- Other Matters noted for consideration.



#### **ORM and OED File Plan reviews**

### • Timing:

Reviews conducted in December 2023 and early January 2024

#### Objective:

- To provide a preliminary review of ORM's compliance with Office File Plans
- To revisit status of OED's compliance with Office File Plan from 2021

#### Observations:

- ORM
  - File folders are not in a consolidated location and spread out among different branches, making it difficult to confirm compliance with Office File Plan disposition requirements.
- OED
  - No changes to file folders prior to 2022.
  - Missing information for 2022 and 2023 folders.

# Status of Internal Audit Findings Calendar Years 2017 – 2023

Status by Year	2017	2018	2019	2020	2021	2022	2023	Total
Closed	7	2	5	5	4	0	0	53
In Process	0	0	0	1	0	0	0	1
Open	0	0	0	0	2	6	4	12
Grand Total	7	2	5	6	6	6	4	66

**Definitions:** 

Open: Finding has not been remediated yet.

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

In Process: Currently under IA review.

\*Note: Previous audit findings (2020) were not risk rated consistently. 2016 and earlier data has been archived.



### **Other Internal Audit Activities**

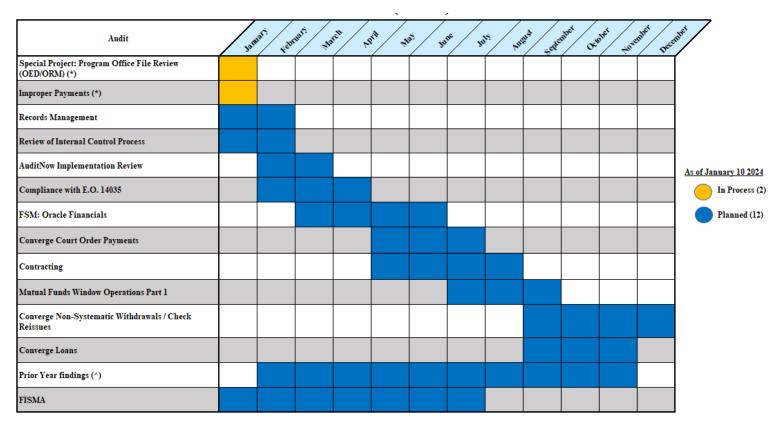
Drafting, issuing and awarding contract for 2024 Annual FISMA audit

Drafting and soliciting contract for 2024/2025 Internal Audit plans

Executing Improper Payment audit and Planning for upcoming audits

Updated Internal Audit Strategic Plan for 2024

### **CY2024 Internal Audit Plan Tentative**

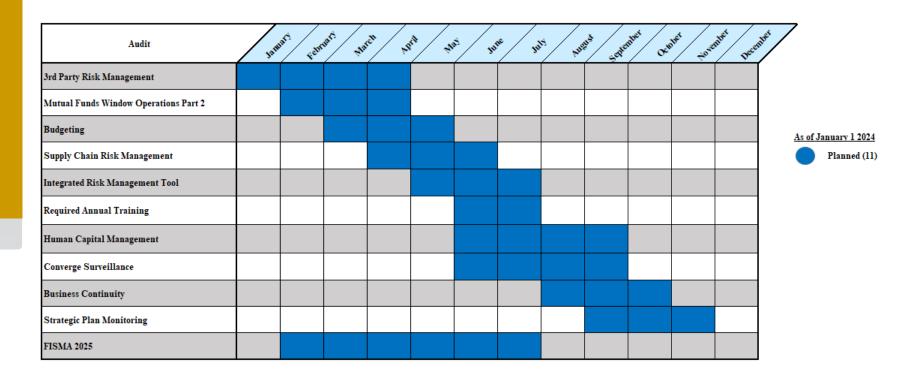


Additional information associated to above audits as annotated:

<sup>(\*) -</sup> Improper Payments and Special Project: Program Office File Review Audit began December 2023

<sup>(^) -</sup> Prior year findings would be addressed throughout the year as time permits. Will assign timeframes with the various findings.

### **CY2025 Internal Audit Plan Tentative**





# **Approval of 2024/2025 Internal Audit Plans**



# **Questions?**



# **Appendix**



### **Appendix A: Tentative Scope of 2024 Audits**

Year	Audit	Tentative Scope	Map to Strategic Goals
2023/2024	Special Project: Program Office File Review (OED/ORM)	Review the OED/ORM file plan for proper	Goal C: Function as a higher performing agency Objective C4: Ensure that technology available to staff helps them be more effective and efficient Goal D: Transition successfully to a managed services operating model
2023/2024	Improper Payments	Ithe Improper Payment Act: examine related	Goal C: Function as a higher performing agency Objective C1: Strengthen financial stewardship and operational accountability
2024	Records Management	implementation of the file plan for records	Goal C: Function as a higher performing agency Objective C4: Ensure that technology available to staff helps them be more effective and efficient Goal D: Transition successfully to a managed services operating model
2024	Special Project: Review of Internal Control Process		Goal C: Function as a higher performing agency Objective C1: Strengthen financial stewardship and operational accountability
2024	AuditNow Implementation Review	ServiceNow, ensuring findings are reconciled and	Goal C: Function as a high-performing Agency Objective C4: Ensure that technology available to staff helps them be more effective and efficient & Objective C2: Proactively manage organizational risks and leverage opportunities
2024	Compliance with EO 14035	Monitor and track compliance with EXECUTIVE ORDER 14035, evaluate against the plan.	Goal C: Function as a higher performing agency Objective C5: Enhance staff work/life balance and boost employee satisfaction Objective C3: Reinforce FRTIB's core values Goal A: Improve participant retirement outcomes
2024	FSM: Oracle Financials	Ensure Oracle Financials' processes, procedures,	Goal C: Function as a higher performing agency Objective C1: Strengthen financial stewardship and operational accountability Objective C4: Ensure that technology available to staff helps them be more effective and efficient



## **Appendix A: Tentative Scope of 2024 Audits Continued**

Year	Audit	Tentative Scope	Map to Strategic Goals
2024	Converge Court Order Payments	Examine the process for court order payments, areas not previously audited.	Goal B: Provide top-tier defined contributions services to participants  Objective B1: Enhance awareness of how TSP services compare against those offered by other defined contribution plans, providers, and financial institutions  Objective B2: Understand and respond to participant service needs and expectations
2024	Contracting	Follow up on prior findings, review contract documentation, and compliance with FAR and CPARs.	Goal C: Function as a high-performing Agency Objective C2: Proactively manage organizational risks and leverage opportunities Objective C4: Ensure that technology available to staff helps them be more effective and efficient
2024	Mutual Funds Window Operations Part 1	Oversight operations, participant investment, fee application, and documentation distribution for mutual funds.	Goal B: Provide top-tier defined contributions services to participants  Objective B1: Enhance awareness of how TSP services compare against those offered by other defined contribution plans, providers, and financial institutions  Objective B2: Understand and respond to participant service needs and expectations
2024	Converge Non Systematic Withdrawals or Check Reissues	Evaluate the process and controls related to non- systematic withdrawals and check reissues.	Goal B: Provide top-tier defined contributions services to participants  Objective B1: Enhance awareness of how TSP services compare against those offered by other defined contribution plans, providers, and financial institutions  Objective B2: Understand and respond to participant service needs and expectations
2024	Converge Loans	Audit the accuracy of non-payroll loan payment processes, re-amortizations, and repayments.	Goal B: Provide top-tier defined contributions services to participants  Objective B1: Enhance awareness of how TSP services compare against those offered by other defined contribution plans, providers, and financial institutions  Objective B2: Understand and respond to participant service needs and expectations
2024	Prior Year Audit Findings	Review previous findings on capital assets, contracting, treasury reconciliation, and compliance.	Goal C: Function as a high-performing Agency Objective C2: Proactively manage organizational risks and leverage opportunities
2024	FISMA 2024	Conduct the audit in line with NIST standards and CIGCE metrics.	Goal C: Function as a high-performing Agency Objective C7: Reinforce the Agency's cybersecurity posture



## **Appendix B:Tentative Scope of 2025 Audits**

Year	Audit	Tentative Scope	Map to Strategic Goals	
2025	3rd Party Risk Management	Assess the implementation of 3rd party risk management, vendor monitoring by AMD and OPR, review financial monitoring processes, and evaluate risk mitigation controls.	Goal C: Function as a high-performing Agency Objective C2: Proactively manage organizational risks and leverage opportunities	
2025	Mutual Funds Window Operations Part 2	mutual funds operations for 4200 participants and \$250M in	Goal B: Provide top-tier defined contributions services to participants  Objective B1: Enhance awareness of how TSP services compare against those offered by other defined contribution plans, providers, and financial institutions  Objective B2: Understand and respond to participant service needs and expectations	
2025	Budgeting	Reassess budgeting, examine areas such as contingency and reprogramming requests, and review the Status of Funds reports.	Goal C: Function as a higher performing agency Objective C1: Strengthen financial stewardship and operational accountability Objective C4: Ensure that technology available to staff helps them be more effective and efficient	
2025	Supply Chain Risk Management	Understand how FRTIB's vendor supply chain risk management impacts risk thresholds and identify critical business partners.	Goal C: Function as a high-performing Agency Objective C2: Proactively manage organizational risks and leverage opportunities Goal A: Improve participant retirement outcomes	
2025	Integrated Risk Management implementation plan, focusing on reputational risk,  Objective C2: Proactively manage organizate		Goal C: Function as a high-performing Agency Objective C2: Proactively manage organizational risks and leverage opportunities Objective C4: Ensure that technology available to staff helps them be more effective and efficient	
2025	Required Annual Training	Ensure compliance with mandatory annual training in ethics and privacy.	Goal C: Function as a high-performing Agency Objective C2: Proactively manage organizational risks and leverage opportunities Objective C3: Reinforce FRTIB's core values Objective C4: Ensure that technology available to staff helps them be more effective and efficient Objective C7: Reinforce the Agency's cybersecurity posture	



### **Appendix B: Tentative Scope of 2025 Audits Continued**

Year	Audit	Tentative Scope	Map to Strategic Goals
2025	Human Capital Management	Assess the implementation of workforce planning, training, and development strategies. Analyze the effectiveness of recruitment and retention incentives. Also, review past reorganization within the Converge Lines of Business to ensure alignment with succession planning and knowledge transfer goals.	Goal B: Provide top-tier defined contributions services to participants  Goal C: Function as a high-performing Agency Objective C2: Proactively manage organizational risks and leverage opportunities Objective C3: Reinforce FRTIB's core values Objective C5: Enhance staff work/life balance and boost employee satisfaction Objective C7: Reinforce the Agency's cybersecurity posture
2025	Converge Surveillance	Evaluate the effectiveness of surveillance tools implemented by OPE.	Goal C: Function as a higher performing agency Objective C1: Strengthen financial stewardship and operational accountability
2025	Business Continuity	Confirm that business continuity procedures and policies are up-to-date and meet current requirements.	Goal C: Function as a high-performing Agency Objective C2: Proactively manage organizational risks and leverage opportunities
2025	Strategic Plan Monitoring	Review the monitoring of strategic goals against established metrics and data sources.	Goal C: Function as a high-performing Agency Objective C2: Proactively manage organizational risks and leverage opportunities
2025	FISMA 2025	Conduct the audit according to NIST standards, with the scope defined by CIGCE metrics.	Goal C: Function as a high-performing Agency Objective C7: Reinforce the Agency's cybersecurity posture

