

**ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
2223 E. WELLINGTON AVENUE, SUITE 100
SANTA ANA, CALIFORNIA**

**AUDIT COMMITTEE MEETING
WEDNESDAY, OCTOBER 9, 2024
9:00 A.M.**

Members of the Committee

Charles Packard, Chair
Adele Lopez Tagaloa, Vice Chair
Chris Prevatt
Shari Freidenrich

Members of the public who wish to observe and/or participate in the meeting may do so (1) from the OCERS Boardroom or (2) via the Zoom app or telephone (information below) from any location.

OCERS Zoom Video/Teleconference information	
<p>Join Using Zoom App (Video & Audio)</p> <p>Join Zoom Meeting https://ocers.zoom.us/j/88594117911</p> <p>Meeting ID: 885 9411 7911 Passcode: 356081</p> <p>Go to https://www.zoom.us/download to download Zoom app before meeting Go to https://zoom.us to connect online using any browser.</p>	<p>Join by Telephone (Audio Only)</p> <p>Dial by your location</p> <ul style="list-style-type: none"> +1 669 900 6833 US (San Jose) +1 253 215 8782 US (Tacoma) +1 346 248 7799 US (Houston) +1 929 436 2866 US (New York) +1 301 715 8592 US (Germantown) +1 312 626 6799 US (Chicago) <p>Meeting ID: 885 9411 7911 Passcode: 356081</p>
<p>A Zoom Meeting Participant Guide is available on OCERS' website Board & Committee Meetings page</p>	

AGENDA

This agenda contains a brief general description of each item to be considered. The Committee may take action on any item included in the agenda; however, except as otherwise provided by law, no action shall be taken on any item not appearing on the agenda. The Committee may consider matters included on the agenda in any order, and not necessarily in the order listed.

OPEN SESSION

1. **CALL MEETING TO ORDER AND ROLL CALL**
2. **BOARD MEMBER STATEMENT REGARDING PARTICIPATION VIA ZOOM (IF NECESSARY)
(Government Code section 54953(f))**
3. **PUBLIC COMMENTS**

Members of the public who wish to provide comment during the meeting may do so by “raising your hand” in the Zoom app, or if joining by telephone, by pressing * 9 on your telephone keypad. Members of the public who participate in the meeting from the OCERS Boardroom and who wish to provide comment during the meeting may do so from the podium located in the OCERS Boardroom. When

addressing the Committee, please state your name for the record prior to providing your comments. Speakers will be limited to three (3) minutes.

At this time, members of the public may comment on (1) matters not included on the agenda, provided that the matter is within the subject matter jurisdiction of the Committee; and (2) any matter appearing on the Consent Agenda.

In addition, public comment on matters listed on this agenda will be taken at the time the item is addressed.

CONSENT AGENDA

C-1 AUDIT COMMITTEE MEETING MINUTES

Audit Committee Meeting Minutes

June 6, 2024

Recommendation: Approve minutes.

ACTION ITEMS

NOTE: Public comment on matters listed in this agenda will be taken at the time the item is addressed, prior to the Committee’s discussion of the item. **Members of the public who wish to provide comment in connection with any matter listed in this agenda may do so by “raising your hand” in the Zoom app, or if joining by telephone, by pressing * 9, at the time the item is called. Persons attending the meeting in person and wishing to provide comment on a matter listed on the agenda should fill out a speaker card located at the back of the Boardroom and deposit it in the Recording Secretary’s box located near the back counter.**

A-1 INDIVIDUAL ACTION ON ANY ITEM TRAILED FROM THE CONSENT AGENDA

A-2 ORANGE COUNTY PUBLIC LAW LIBRARY EMPLOYER AUDIT

Presentation by Mark Adviento, Interim Director of Internal Audit

Recommendation: Receive and File

CLOSED SESSION

E-1 THREAT TO PUBLIC SERVICES OR FACILITIES (GOVERNMENT CODE SECTION 54957(a))

Consultation with Matt Eakin, OCERS Director of Information Security; Alfred Ko, RSM Partner, Security Consultant; and Joe Strain, Director, Security Consultant.

Recommendation: Take appropriate action.

******* END OF CLOSED SESSION AGENDA *******

WRITTEN REPORTS

The following are written reports that will not be discussed unless a member of the Committee requests discussion.

R-1 OCERS CONTRACT OVERSIGHT CONTROLS

Written Report

R-2 MANAGEMENT ACTION PLAN VERIFICATION REPORT

Written Report

R-3 STATUS UPDATE OF 2024 AUDIT PLAN

Written Report

R-4 REQUEST FOR PROPOSAL FOR INFORMATION TECHNOLOGY AUDIT SERVICES

Written Report

COMMITTEE MEMBER COMMENTS

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS

COUNSEL COMMENTS

ADJOURNMENT

NOTICE OF NEXT MEETINGS

DISABILITY COMMITTEE MEETING

OCTOBER 21, 2024

8:30 A.M.

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

2223 E. WELLINGTON AVENUE, SUITE 100

SANTA ANA, CA 92701

REGULAR BOARD MEETING

OCTOBER 21, 2024

9:30 A.M.

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

2223 E. WELLINGTON AVENUE, SUITE 100

SANTA ANA, CA 92701

GOVERNANCE COMMITTEE MEETING

NOVEMBER 1, 2024

9:30 A.M.

Orange County Employees Retirement System
October 9, 2024
Audit Committee Meeting

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**ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
2223 E. WELLINGTON AVENUE, SUITE 100
SANTA ANA, CA 92701**

AVAILABILITY OF AGENDA MATERIALS - Documents and other materials that are non-exempt public records distributed to all or a majority of the members of the OCERS Board or Committee of the Board in connection with a matter subject to discussion or consideration at an open meeting of the Board or Committee of the Board are available at the OCERS' website: <https://www.ocers.org/board-committee-meetings>. If such materials are distributed to members of the Board or Committee of the Board less than 72 hours prior to the meeting, they will be made available on the OCERS' website at the same time as they are distributed to the Board or Committee members. Non-exempt materials distributed during an open meeting of the Board or Committee of the Board will be made available on the OCERS' website as soon as practicable and will be available promptly upon request.

It is OCERS' intention to comply with the Americans with Disabilities Act ("ADA") in all respects. If, as an attendee or participant at this meeting, you will need any special assistance beyond that normally provided, OCERS will attempt to accommodate your needs in a reasonable manner. Please contact OCERS via email at adminsupport@ocers.org or call 714-558-6200 as soon as possible prior to the meeting to tell us about your needs and to determine if accommodation is feasible. We would appreciate at least 48 hours' notice, if possible. Please also advise us if you plan to attend meetings on a regular basis.

**ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
2223 E. WELLINGTON AVENUE, SUITE 100
SANTA ANA, CALIFORNIA**

**AUDIT COMMITTEE MEETING
THURSDAY, JUNE 6, 2024
9:30 A.M.**

MINUTES

OPEN SESSION

Chair Packard called the meeting to order at 9:29 a.m.

Recording Secretary administered the Roll Call attendance.

Attendance was as follows:

Present: Charles Packard, Chair; Adele Lopez-Tagaloa, Vice Chair; Shari Freidenrich, Ex-Officio Member; Chris Prevatt; Board Member

Also Present: Steve Delaney, Chief Executive Officer; Suzanne Jenike, Assistant CEO of External Operations, Brenda Shott, Assistant CEO of Internal Operations; Manuel Serpa, General Counsel; David Kim, Director of Internal Audit; Kwame Addo, Chief Compliance Officer; Silviu Ardeleanu, Director of Member Services; Jeff Lamberson, Director of Member Services; Jenny Davey, Internal Auditor; Jennifer Reyes, Finance Manager; Laura Barker, Finance Manager; David Beeson, Director of Investments; Anthony Beltran, Audio Visual Technician; Marielle Horst, Recording Secretary.

Guests: Kory Hogan and Aaron Hamilton, Moss Adams

PUBLIC COMMENT

None.

CONSENT AGENDA

C-1 APPROVE AUDIT COMMITTEE MEETING MINUTES

Audit Committee Meeting Minutes

March 28, 2024

MOTION by Ms. Freidenrich, **seconded** by Ms. Lopez-Tagaloa, to approve the minutes.

The motion passed **unanimously**.

ACTION ITEMS

Orange County Employees Retirement System
June 6, 2024
Audit Committee Meeting

A-1 INDIVIDUAL ACTION ON ANY ITEM TRAILED FROM THE CONSENT AGENDA

None.

A-2 2023 FINANCIAL STATEMENT AUDIT

Introduction by Brenda Shott, Assistant CEO of Finance and Internal Operations, and Jennifer Reyes, Finance Manager, OCERS

Presentation by Kory Hoggan and Aaron Hamilton, Moss Adams

Recommendations:

1. Approve OCERS’ audited financial statements for the year ended December 31, 2023;
2. Direct staff to finalize OCERS’ 2023 Annual Comprehensive Financial Report (Annual Report);
3. Approve the Governmental Accounting Standards Board (GASB) Statement 67 Actuarial Valuation as of December 31, 2023; and
4. Receive and file Moss Adams LLP’s (Moss Adams) “OCERS’ Report to the Audit Committee for the Year Ended December 31, 2023” and their “Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.”

Ms. Reyes presented the 2023 Annual Comprehensive Financial Report and noted the report has been nominated for several awards, including the GFOA Certificate of Achievement for Excellence in Financial Reporting; Public Pension Standards Award for Funding and Administration 2023; and American Advertising Award. Ms. Shott thanked staff for their work on the Annual Report. Mr. Hogan noted the GFOA award has been obtained 16 years in a row and speaks to the experience and technical expertise of staff.

Mr. Hamilton informed the Committee that there were no findings in the Audit.

Ms. Lopez-Tagaloa congratulated the Finance Department on their work and would like to know if we receive the gold award for the AAA graphic design nomination.

MOTION by Ms. Freidenrich, **seconded** by Mr. Prevatt, to accept the Audit Report.

An **AMENDED MOTION** by Ms. Freidenrich, **seconded** by Mr. Prevatt to approve all staff’s recommendations.

The motion passed **unanimously**.

A-3 GASB 68 VALUATION AND AUDIT REPORT

Presentation by Jennifer Reyes, Finance Manager

Recommendations:

Orange County Employees Retirement System
June 6, 2024
Audit Committee Meeting

1. Approve OCERS' audited Schedule of Allocated Pension Amounts by Employer as of and for the Year Ended December 31, 2023; and
2. Approve the Governmental Accounting Standards Board (GASB) Statement 68 Actuarial Valuation as of December 31, 2023 for distribution to Employers.

Ms. Reyes presented the GASB 68 Valuation and Audit Report, noting Moss Adams issued a clean unmodified opinion on the 2023 schedule and related notes.

MOTION by Ms. Lopez-Tagalao, **seconded** by Ms. Freidenrich, to approve staff's recommendations.

The motion passed **unanimously**.

A-4 ORANGE COUNTY TRANSPORTATION AUTHORITY EMPLOYER AUDIT

Presentation by David Kim, Director of Internal Audit

Recommendation: Receive and file.

Mr. Kim presented the OCTA Employer Audit, noting there were two observations.

Ms. Freidnrich provided directions to staff to add more dollars to the report. Additionally, Ms. Freidenrich inquired why this was an "important" observation and not a "priority". Mr. Kim noted the reason it was labeled as an "important" observation is that it was not a systemic issue. Mr. Kim also noted relevant dollar amounts from the report.

Mr. Prevatt questions whether the counting of Extra Help hours aligns with OCERS Membership Eligibility Requirements policy and emphasizes the need to address this policy at the Governance Committee. He suggests that the calculation for Extra Help should focus on the start date rather than the fiscal or calendar year. Mr. Kim indicated that Extra Help hours are audited according to OCERS policy. Mr. Prevatt directed Mr. Delaney to present this policy to the Governance Committee for better tracking of Extra Help employees working over a year.

Ms. Freidenrich noted pay item issues, such as van pay, should be a "priority" issue. Mr. Prevatt directed Internal Audit, that if it is related to pensionable pay items, it should be a "critical" issue, regardless of the dollar amount.

Mr. Packard asked if there was enough guidance provided to the employers following audits. Mr. Kim commented that Member Services' upcoming new employer data policy plus Member Services' existing annual review of pay items would provide this guidance to the employers.

MOTION by Mr. Prevatt, **seconded** by Ms. Lopez-Tagalao, to receive and file.

The motion passed **unanimously**.

CLOSED SESSION ITEMS

Orange County Employees Retirement System
June 6, 2024
Audit Committee Meeting

The Committee adjourned to closed session at 11:05 a.m.

E-1 THREAT TO PUBLIC SERVICES OR FACILITIES
(Government Code Section § 54957)
Consultation with OCERS Director of Cyber Security

Recommendation: Take appropriate action.

OPEN SESSION

The Committee reconvened to open session at 12:12 p.m.

REPORT OF ACTIONS TAKEN IN CLOSED SESSION

Mr. Serpa reported no reportable action was taken during closed session.

INFORMATION ITEM

I-1 BIENNIAL REPORT ON THE OPERATION AND EFFECTIVENESS OF THE OCERS COMPLIANCE PROGRAM
Presentation by Kwame Addo, Chief Compliance Officer

Mr. Addo presented the Compliance activities, including a survey that had a 65% participation rate. To help advertise the Ethics & Fraud Hotline, a flyer was developed that will be placed in common areas throughout the office. Ms. Freidenrich provided design feedback on the flyer.

Additionally, Mr. Addo touched on the Management Action Plan, which will officially transition certain aspects of the process from Internal Audit to Compliance within three months. Mr. Prevatt would like a Gantt chart to help the Committee visualize how the Compliance Program would be developed. This would help ask for additional staffing resources.

Mr. Addo discussed the Operational Risk Management Report which has transitioned to Compliance from Operations and Support Services.

Lastly, Mr. Addo provided detailed information on the planned Compliance Awareness Activities. Mr. Prevatt suggested our training should be developed in short specified training sessions, rather than general long sessions. Mr. Prevatt asked if the Compliance Department would be able to build this out for each department, which Mr. Addo confirmed was part of the plan.

Mr. Addo acknowledged and recognized Ms. Rebeca Gonzalez-Verdugo and Mr. William Singleton for their work with the Compliance Department.

I-2 MEMBER SERVICES BENEFIT CALCULATIONS QUALITY ASSURANCE REPORT
Presentation by Jeff Lamberson, Director of Retirement Operations, Member Services, and Suzanne Jenike, Assistant CEO, External Operations

Orange County Employees Retirement System
June 6, 2024
Audit Committee Meeting

Ms. Jenike presented the processes of calculating the Final Average Salary using automation, noting how errors are caught and reported. Ms. Jenike sought direction from the Committee on how often they would like reports, to which she suggested the first year semi-annually, and then annually the following years. The Audit Committee agreed with Ms. Jenike’s suggestion of semi-annual reporting. Ms. Freidenrich requested important findings be reported to the Committee.

WRITTEN REPORTS

The following are written reports that will not be discussed unless a member of the Committee requests discussion.

R-1 MANAGEMENT ACTION PLAN VERIFICATION REPORT

Written Report

R-2 STATUS UPDATE OF 2024 AUDIT PLAN

Written Report

STAFF/COUNSEL/CHIEF EXECUTIVE OFFICER/COMMITTEE MEMBER COMMENTS

None.

ADJOURNMENT

Chair Packard adjourned the meeting at 12:45 p.m.

Submitted by:

Submitted by:

Approved by:

Mark Adviento
Committee Liaison

Steve Delaney
Secretary to the Board

Charles Packard
Chair



Memorandum

DATE: October 9, 2024
TO: Members of the Audit Committee
FROM: Mark Adviento, Interim Director of Internal Audit
SUBJECT: **ORANGE COUNTY PUBLIC LAW LIBRARY EMPLOYER AUDIT**

Recommendation

Receive and file.

Background/Discussion

Internal Audit performed an employer audit of the Orange County Public Law Library.

There was one observation identified in this audit. For one member in our test sample, there was a lack of separation of duties for timecard approval.

Submitted by:



MA - Approved

Mark Adviento
Interim Director of Internal Audit



**Orange County Public Law Library
Employer Audit**

Report Date: October 9, 2024

Internal Audit Department

OCERS Internal Audit
Orange County Public Law Library
Employer Audit
October 9, 2024

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Audit Objective and Scope

The objective of this audit was to provide an independent review of the completeness and accuracy of Orange County Public Law Library (OCPLL) payroll transmittal data. This includes, but is not limited to, the controls OCPLL and OCERS management have in place over the payroll transmittals.

The scope of the audit included OCPLL’s payroll data submitted to OCERS between January 2022 and December 2023 on a sample basis.

The audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing issued by the International Internal Audit Standards Board.

Conclusion / Executive Summary

Opinion: *Satisfactory*

Overall, Internal Audit found the controls over payroll transmittal data to be operating and designed effectively. There was one observation, for further detail please see page three.

<p>Priority Observations</p> <div style="background-color: #4a7ebb; color: white; text-align: center; width: 40px; height: 40px; margin: 5px auto; border-radius: 5px;">0</div> <p>Important Observations</p> <div style="background-color: #4a7ebb; color: white; text-align: center; width: 40px; height: 40px; margin: 5px auto; border-radius: 5px;">1</div>	<p>Priority Observations</p> <p>None</p> <p>Important Observations</p> <ol style="list-style-type: none"> 1. For one member in our test sample, there was a lack of separation of duties for timecard approval.
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Internal Audit sampled 45 payroll transactions from OCPLL’s approximately 720 payroll transactions during our audit scope:

- Internal Audit reviewed, on a sample basis, OCPLL’s support documentation for the pensionable pay reported in its payroll transmittals to OCERS.
- Verified that base pay reported by OCPLL through payroll transmittals matched OCPLL human resource records and publicly available pay schedules for completeness and accuracy.
- Recalculated contributions collected from OCPLL to ensure that contributions were paid according to Segal contribution rates as approved by the OCERS’ Board.

- Reconciled OCPLL employee headcount from the payroll system against OCERS annual actuarial extract of members.
- Reviewed Member Affidavits for completeness.
- Reviewed OCPLL's controls in place to ensure its compliance with OCERS' Board Membership Eligibility Policy.

Background

OCPLL is a state chartered comprehensive public library, the purpose of which is to provide reference materials and research services on state, federal and international statutes, case law and supporting materials to the general public and legal community of Orange County, California.

OCPLL and its employees contributed approximately \$0.3 million and \$0.3 million to OCERS for the years ended December 31, 2022, and December 31, 2023, respectively. It has 14 active members. OCPLL is one of OCERS employers that outsources its OCERS payroll transmittal process to The County of Orange Auditor-Controller's Office. This is a first-time employer audit of OCPLL.

Copies to OCERS:

S. Delaney	J. Lamberson
D. Kim	S. Ardeleanu
M. Murphy	K. Addo
B. Shott	Audit Committee Members
M. Serpa	

Copies to Employer:

B. Starkey, Director
K. Chrisley, Administrative Assistant

Observations	Action Plan / Responsible Party / Completion Date
<p>Important Observations</p>	
<p>1. For one member in our test sample, there was a lack of separation of duties for timecard approval.</p> <p>During our test work, Internal Audit reviewed timecards for 45 transmittal entries in our sample to verify reported service hours were properly approved by a secondary person, as evidence of a sufficient internal control over payroll.</p> <p>For one member in our sample, three timecards tested were properly approved by a separate individual. However, a fourth timecard was found to be self-approved as the primary and backup approvers were not available to provide a separate approval during this pay period. Internal Audit confirmed the time worked in that pay period was appropriate.</p> <p>Risk: Errors to reported hours and/or attempts of fraud can be overlooked if a timesheet is not independently reviewed by a separate supervisor or department head.</p>	<p>Action Plan: Administrative Assistant Kelsey Chrisley will be added to the list of OCPLL staff with approval authority. She will review and approve a manager's timecard when no other manager is present.</p> <p>Responsible Party: Brendan Starkey, Director</p> <p>Completion Date: August 8, 2024</p>

Categories of Observations (Control Exceptions):

Priority Observations:

These are observation(s) that represent critical exceptions to the audit objective(s) and/or business goals. Such conditions may involve either actual or potential large dollar errors or be of such a nature as to compromise OCERS' reputation or integrity. Management is expected to address Priority Observations brought to its attention immediately.

Important Observations:

These items are important to the process owner and they do impact the control environment and/or could be observations for improving the efficiency and/or effectiveness of OCERS' operations. Management is expected to address within six to twelve months.

Management's Responsibility for Internal Control

Management has primary responsibility for establishing and maintaining the internal control system. All levels of management must be involved in assessing and strengthening internal controls. Control systems shall be continuously evaluated by Management and weaknesses, when detected, must be promptly corrected. The criteria for evaluating an entity's internal control structure are the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework. Our Internal Control Audit enhances and complements, but does not substitute for department management's continuing emphasis on control activities and self-assessment of control risks.

Internal Control Limitations

Because of inherent limitations in any system of internal control, errors or irregularities may nevertheless occur and not be detected. Specific examples of limitations include, but are not limited to, resource constraints, unintentional errors, management override, circumvention by collusion, and poor judgment. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or the degree of compliance with the procedures may deteriorate. Accordingly, our audit would not necessarily disclose all weaknesses in the department's operating procedures, accounting practices, and compliance with OCERS' policies.

Audit Report Opinions:

Satisfactory:

No issues or a limited number of “Important Observations” (typically no more than two Important Observations).

Opportunities for Improvement:

Multiple issues classified as “Important Observations” (typically two or more Important Observations) with no more than one “Priority Observation”.

Inadequate:

Usually rendered when multiple issues are classified as “Priority” (typically one or more Priority Observations), together with one or more other issues classified as “Important Observations”. The Priority Observations identified have a major effect on processes, plan sponsors/members, financials, and/or regulatory requirements.



Memorandum

DATE: October 9, 2024
TO: Members of the Audit Committee
FROM: Mark Adviento, Interim Director of Internal Audit
SUBJECT: MANAGEMENT ACTION PLAN VERIFICATION REPORT

Written Report

Background/Discussion

Under the International Standards for the Professional Practice of Internal Auditing (“Standards”), Internal Audit must establish and maintain a system to monitor the disposition of prior results communicated to management. This includes a follow-up process to monitor and ensure that management action plans have been implemented or that management and the Audit Committee has accepted the risk of not taking action.

The follow-up on management action plans (MAPs) involves:

- Confirming management has implemented an action plan and no further action is required.
- Internal Audit has tested the operational effectiveness MAP.

The following report contains the status of the MAPs that have been reported to the Audit Committee:

- For the MAPs noted as Open, Internal Audit will continue to work with the respective parties until the MAP is closed and verified.
- For the MAPs noted as Closed – No Further Action Required (YTD), Internal Audit has confirmed the MAPs have been implemented and operating effectively during the current year.
- For the MAPs noted as Closed – No Further Action Required (Prior Years), MAPs that have been implemented and confirmed as operating effectively prior to the current year.

An additional report has been created, the Management Action Plan Aging report. This report includes MAPs that are still open but with a due date prior to the Audit Committee date of October 9, 2024. The report includes the total number of outstanding days as well as a revised due date received from management.

Submitted by:



MA - Approved

Mark Adviento
Interim Director of Internal Audit



Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): ALL

"We provide secure retirement and disability benefits with the highest standards of excellence."



REPORTING FOR: 2018, 2019, 2020, 2021, 2022, 2023, ARCHIVED	OPEN	Closed - No Further Action Required (YTD)	Closed - No Further Action Required (Prior Years)	Total
Process Owner				
EMPLOYER	1	7	11	19
EXECUTIVE	0	1	7	8
FINANCE	0	2	1	3
HUMAN RESOURCES	1	1	2	4
INFORMATION SECURITY	3	8	2	13
INFORMATION TECHNOLOGY	1	6	8	15
INVESTMENTS	0	0	4	4
MEMBER SERVICES	1	7	31	39
Total Count:	7	32	66	105

Executed: 9/26/2024 9:40:25 AM
 Executed By: OCERS\madviento

- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
- Missed Due Date (2nd Time) since latest Revised Due Date



Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): ALL

"We provide secure retirement and disability benefits with the highest standards of excellence."



Project: 84 - 2338 - OC Transportation Auth

PROCESS OWNER: EMPLOYER

Report Date: 06/06/2024

Total Observations: 1

OBSERVATION #2 - OCTA DOES NOT DETERMINE HOURS WORKED BY EXTRA-HELP AND REHIRED RETIREES BASED ON A FISCAL YEAR OR CALENDAR YEAR IN ACCORDANCE WITH OCERS MEMBERSHIP ELIGIBILITY REQUIREMENTS POLICY (POLICY) FOR DETERMINING MEMBERSHIP ELIGIBILITY.

OPEN

Due Date:	07/31/2024	1st Missed Due Date
Revised Due Date:	12/31/2024	
Action Plan:	Human Resources will create a new report to monitor Extra-Help and rehired retirees on a calendar year basis. The new report will begin monitoring hours worked from January 1, 2024, for the 2024 calendar year. In addition, Human Resources will investigate creating a new status code for rehired retirees to ensure that their hours do not exceed 960.	
IA Follow-Up:	IA to follow up with OCTA at the next revised due date. Pending OCERS update of its Membership Eligibility Requirements Policy, the action plan could possibly be adjusted.	

Project: 71 - 2361 - HR audit of hiring practices

PROCESS OWNER: HUMAN RESOURCES

Report Date: 10/11/2023

Total Observations: 1

OBSERVATION #4 - HUMAN RESOURCES IS MAINTAINING TERMINATED EMPLOYEE PERSONNEL RECORDS BEYOND THAT ALLOWED PER OCERS BOARD RECORDS MANAGEMENT POLICY.

OPEN

Due Date:	12/31/2024	On Schedule
Action Plan:	A request to increase the retention period for personnel files from 4 to 7 years will be made to the Governance Committee at their next review of the Records Management policy. All personnel files outside of the 7-year window were destroyed.	
IA Follow-Up:		

Project: 76 - 2391 - Azure Active Directory and Microsoft 365 Security Assessment

Executed: 9/26/2024 9:40:25 AM
 Executed By: OCERS\madviento

- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
- Missed Due Date (2nd Time) since latest Revised Due Date

Doc. No. 0080-0120-R0001
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Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): ALL

"We provide secure retirement and disability benefits with the highest standards of excellence."



PROCESS OWNER: INFORMATION SECURITY

Report Date: 01/19/2024

Total Observations: 3

OBSERVATION #102 - DETAILS REMOVED - DISCUSSED IN CLOSED SESSION

OPEN

Due Date: On Schedule

Action Plan: Details Removed - Discussed in Closed Session

IA Follow-Up:

OBSERVATION #104 - DETAILS REMOVED - DISCUSSED IN CLOSED SESSION

OPEN

Due Date: On Schedule

Action Plan: Details Removed - Discussed in Closed Session

IA Follow-Up:

OBSERVATION #303 - DETAILS REMOVED - DISCUSSED IN CLOSED SESSION

OPEN

Due Date: On Schedule

Action Plan: Details Removed - Discussed in Closed Session

IA Follow-Up:

Project: 39 - 1971-IT General Controls

PROCESS OWNER: INFORMATION TECHNOLOGY

Report Date: 06/04/2020

Total Observations: 1

OBSERVATION #3 - OCERS DOES NOT MAINTAIN DATA FLOW DIAGRAMS OR OTHER DOCUMENTATION OF INFORMATION FLOW BOTH INTERNALLY AND TO EXTERNAL PARTIES.

OPEN

Executed: 9/26/2024 9:40:25 AM
 Executed By: OCERS\madviento

- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
- Missed Due Date (2nd Time) since latest Revised Due Date

Doc. No. 0080-0120-R0001
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Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): ALL

"We provide secure retirement and disability benefits with the highest standards of excellence."

Due Date:	12/31/2024	On Schedule
Action Plan:	Phase one of OCERS Data Classification project, will identify data elements in our V3 system and include the creation of data flow diagrams for data elements classified as "sensitive". In addition, OCERS IT Programming team will develop data flow diagrams of their internal datasets and reporting platform. Additional data flow diagrams may be developed along with process flow diagrams as part of future lean process improvements.	
IA Follow-Up:	IT to discuss solutions with other vendors. IT will focus on Member data and related data from business processes (e.g. member payroll, death data). Focus on data flows either instead of or before data classifications, depending on the nature of the observation.	

Project: 82 - 2339 - Quarterly FAS Review (Q3 2023)

PROCESS OWNER: MEMBER SERVICES

Report Date: 03/28/2024

Total Observations: 1

OBSERVATION #1 - INTERNAL AUDIT NOTED A 5.0% ERROR RATE (TWO ERRORS) WITH THE 40 FAS CALCULATIONS SAMPLED FROM THE 3RD QUARTER OF 2023. OPEN

Due Date:	12/31/2024	On Schedule
Action Plan:	<p>Management takes all errors very seriously.</p> <p>1(a) Response: In reviewing this specific transaction and the corresponding MOU section as shown below attached to this document, our Member Services team member had difficulty interpreting the language due to the many decision points within the vacation section of the document.</p> <p>We will provide additional training to our team to address this risk. We are also in the process of creating a guidance sheet for the team members so they do not have to interpret the legal language in the individual MOU's.</p> <p>In the future, our ongoing meetings with the employers in 2024 to address the missing data in the transmittals, will help eliminate the possibility of this type of error from happening.</p> <p>1(b). Response: This error occurred post Quality Assurance (QA) when the representative was entering the approved calculation into the system.</p> <p>Our new Member Services Robotic Process Automation robot (Bot), that performs a final check of a processed benefit after it has been processed in the system, will catch this type of error and prevent this from occurring in the future.</p>	
IA Follow-Up:		

Executed: 9/26/2024 9:40:25 AM
 Executed By: OCERS\madviento

- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
- Missed Due Date (2nd Time) since latest Revised Due Date



Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): ALL

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Project: 22 - Audit of Orange County Superior Court Payroll Transmittal (2018)

PROCESS OWNER: EMPLOYER

Report Date: 11/08/2018

Total Observations: 1

OBSERVATION #4 - SUPERIOR COURT'S HR DEPARTMENT DOES NOT HAVE POLICIES AND PROCEDURES IN PLACE TO DETERMINE IF THE INDEPENDENT CONTRACTOR STATUS FOR ITS INDEPENDENT CONTRACTORS COMPLIES WITH IRS RULES

CLOSED

Completion Date:	01/05/2022	MAP Status Unassigned
Action Plan:	Superior Court to review independent contractors working for court reporting services, court language services and court technology to determine if their independent contractor status complies with IRS rules defined for independent contractors.	
IA Follow-Up:	Superior Court no longer use independent contractors as court reporters. New employee classification/class spec for "Assignment Court Reporter" was created.	

Project: 63 - 2235 - The Toll Roads Employer Audit

PROCESS OWNER: EMPLOYER

Report Date: 02/14/2023

Total Observations: 4

OBSERVATION #1 - 1. FOR ONE MEMBER IN OUR TEST SAMPLE, THE MEMBER AFFIDAVIT FORM WAS INCOMPLETE REGARDING THE MEMBER'S PREVIOUS PUBLIC SERVICE.

CLOSED

Completion Date:	03/22/2023	MAP Status Unassigned
Action Plan:	TCA ensures all member affidavits are completed for previous public service. The instance identified was for the HR Director. He did not fill out the previous experience because he knew it would not be eligible for reciprocity. TCA reminded the HR Director to ensure all member affidavits have this section completed, regardless of the employee's service credit reciprocity eligibility.	
IA Follow-Up:	IA confirmed the HR Director was made aware to ensure all sections are completed in a member's affidavit.	

OBSERVATION #2 - FOR TWO MEMBERS IN OUR TEST SAMPLE, THE EMPLOYER INCORRECTLY REPORTED THE PAYROLL INFORMATION TO THE OCERS PENSION ADMINISTRATION SYSTEM (PAS).

CLOSED

Completion Date:	05/02/2023	MAP Status Unassigned
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Executed: 9/26/2024 9:40:25 AM
 Executed By: OCERS\madviento

- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
- Missed Due Date (2nd Time) since latest Revised Due Date

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Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): ALL

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Action Plan: TCA has adjusted the employee's reported hours for PP13 & PP14 to correctly reflect the hours worked. TCA noted our internal OCERS schedules properly reflected the number of hours worked, but they were incorrectly copied over to the OCERS transmittal. Additionally, TCA noted the internal schedule for the second employee properly reflected the hourly rate for the pay periods noted. TCA will adjust the employee's reported hourly rate for these periods. TCA reminded the staff and supervisor responsible for preparing and reviewing the transmittal to confirm all hours and information agree to our internal documentation prior to submission. TCA is also working to automate the process of updating the OCERS transmittals with the data from our payroll reports to limit the potential for manual data entry mistakes.

IA Follow-Up: IA confirmed transmittal adjustments were recorded in V3. TCA has been working with OCERS to find opportunities to automate the payroll transmittal.

OBSERVATION #3 - 3. WE NOTED A SINGLE INSTANCE IN WHICH A TIMESHEET LACKED SUPERVISORY SIGNOFF.

CLOSED

Completion Date: 03/22/2023 MAP Status Unassigned

Action Plan: The Sr. Accounting Clerk responsible for ensuring timesheets were properly approved for the selected pay period and the supervisor of the selected employee are no longer with TCA. TCA reminded the new payroll Sr. Accounting Clerk and Accounting Supervisor responsible for review to confirm all timecards (including partial timecards under a different supervisor) include supervisor approval prior to payroll submission.

IA Follow-Up: IA confirmed communication was made to the Sr. Accounting Clerk and Accounting Supervisor responsible for ensuring timesheets are approved.

OBSERVATION #4 - TWO PROCESS AND REVIEW CONTROLS RELATED TO MEMBER ELIGIBILITY AND PREMIUM PAY ARE NOT FORMALLY DOCUMENTED.

CLOSED

Completion Date: 06/18/2024 On Schedule

Action Plan:

- Quarterly review of total hours worked by Extra Help and temporary staff: TCA currently requires managers to monitor the hours of temporary project employees. The Controller reviews and signs off on each payroll register as evidence of review of payroll, which includes the hours of temporary project employees. The quarterly review is prepared as a visual aid to note the YTD hours of service for these employees. For additional documentation, TCA's Assistant Controller will begin signing off on her quarterly tracking spreadsheet.
- Auto allowance: TCA will add verbiage to the employee handbook describing the auto allowance program. This will be incorporated in the employee handbook revised draft for Board approval.

IA Follow-Up: IA confirmed the quarterly review process is now performed and Employee Handbook was updated with Car Allowance documentation

Project: 64 - 2331 - Children and Families Commission

PROCESS OWNER: EMPLOYER

Report Date: 04/05/2023

Total Observations: 3

OBSERVATION #1 - FOUR MEMBERS PREVIOUSLY SEPARATED FROM CFCOC WERE STILL CLASSIFIED WITH ACTIVE STATUS IN THE PENSION ADMINISTRATION SYSTEM (PAS).

CLOSED

Completion Date: 05/02/2023 MAP Status Unassigned

Action Plan: The CFCOC Assistant to CEO will add the required termination form to the off-boarding process when an employee terminates. Once completed, the CFCOC Director of Finance will review for accuracy and submit to OCERS.

Executed: 9/26/2024 9:40:25 AM
 Executed By: OCERS\madviento

- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
- Missed Due Date (2nd Time) since latest Revised Due Date

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Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): ALL

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IA Follow-Up: IA confirmed the status was updated for the four members.

OBSERVATION #2 - ONE MEMBER DID NOT HAVE A MEMBER AFFIDAVIT ON FILE IN THE PAS AND FIVE ADDITIONAL MEMBER AFFIDAVITS WERE SENT TO OCERS WITH MISSING INFORMATION.

CLOSED

Completion Date: 08/01/2023 MAP Status Unassigned

Action Plan: All future Member Affidavit forms will be reviewed for accuracy and completeness by the CFCOC Assistant to CEO at time of onboarding new staff. A final review of the form will be performed by CFCOC Director of Finance before being submitted to OCERS.

CFCOC will either amend or correct affidavits currently on file that are incomplete depending on direction from OCERS.

IA Follow-Up: IA confirmed updated member affidavit forms.

OBSERVATION #3 - THERE ARE NO FORMAL INTERNAL GUIDELINES HELPING TO MONITOR INDEPENDENT CONTRACTORS FOR COMPLIANCE WITH IRS REGULATIONS DEFINING INDEPENDENT CONTRACTORS.

CLOSED

Completion Date: 05/04/2023 MAP Status Unassigned

Action Plan: CFCOC staff will work with Commission Counsel and develop internal guidelines.

IA Follow-Up: IA confirmed internal guidelines were developed.

Project: 65 - 2332 - OC Superior Court

PROCESS OWNER: EMPLOYER

Report Date: 04/05/2023

Total Observations: 2

OBSERVATION #1 - THIRTEEN MEMBERS PREVIOUSLY SEPARATED FROM SUPERIOR COURT WERE STILL CLASSIFIED WITH ACTIVE STATUS IN THE PENSION ADMINISTRATION SYSTEM (PAS).

CLOSED

Completion Date: 08/01/2023 MAP Status Unassigned

Action Plan: OC Superior Court to send existing records of OCERS Termination Notices to eaa@ocers.org for all 13 members indicating the separation dates.

IA Follow-Up: IA confirmed status for all 13 members.

OBSERVATION #2 - 2. TWO MEMBERS DID NOT HAVE A MEMBER AFFIDAVIT ON FILE IN THE PAS AND FIVE ADDITIONAL MEMBER AFFIDAVITS WERE SENT TO OCERS WITH EITHER MISSING INFORMATION OR ON AN OUTDATED FORM.

CLOSED

Executed: 9/26/2024 9:40:25 AM
 Executed By: OCERS\madviento

- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
- Missed Due Date (2nd Time) since latest Revised Due Date

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Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): ALL

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Completion Date:	04/17/2023	MAP Status Unassigned
Action Plan:	The Court will complete the following: <ul style="list-style-type: none"> • Send the two OCERS Member Affidavits that are missing from OCERS Records to employerpayroll@ocers.org • OCERS Member Services instructed the Court to obtain emails from the three members with missing information answering the following: "Are you a member of any other public retirement system in the state of California? If yes, please list other public retirement systems along with dates of service. If no please respond to confirm you do not have any other public service in California" Emails to be sent by the Court HR to the employees to obtain their responses <ul style="list-style-type: none"> • OCERS Member Services instructed the Court to obtain emails from the two members with outdated forms answering the following: "Are you a member of any other public retirement system in the state of California? If yes, please list other public retirement systems along with dates of service. If no please respond to confirm you do not have any other public service in California" Emails to be sent by the Court HR to the employees to obtain their responses	
IA Follow-Up:	IA Confirmed the necessary information was provided to OCERS	

Project:	73 - 2333 - Audit of OCFA employer audit
PROCESS OWNER:	EMPLOYER
Report Date:	10/11/2023
Total Observations:	3

OBSERVATION #1 - FOR ONE MEMBER IN OUR TEST SAMPLE, THE MEMBER AFFIDAVIT FORM WAS INCOMPLETE REGARDING THE MEMBER'S PREVIOUS PUBLIC SERVICE.		CLOSED
Completion Date:	09/14/2023	MAP Status Unassigned
Action Plan:	The member has checked the appropriate box to indicate no prior public service. The amended form has been provided to OCERS Internal Audit team to provide to Member Services.	
IA Follow-Up:	IA confirmed the updated member affidavit.	

OBSERVATION #2 - TWO PERSONNEL ACTION FORM (PAF) APPROVALS DID NOT HAVE AN APPROVAL SIGNATURE FROM THE DEPARTMENT HEAD, ONLY APPROVAL FROM HUMAN RESOURCES.		CLOSED
Completion Date:	09/12/2023	MAP Status Unassigned

Executed: 9/26/2024 9:40:25 AM	 On Schedule to complete MAP	Doc. No. 0080-0120-R0001 Page 8 of 39
Executed By: OCERS\madviento	 Missed Due Date (1st Time), planned to complete by Revised Due Date	
	 Missed Due Date (2nd Time) since latest Revised Due Date	



Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): ALL

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Action Plan: The PAF is designed to cover all of the personnel actions that occur within the agency. While the form has multiple signature lines, not every signature line is required to authorize a given action (e.g., a COLA increase, changing Org numbers (which occurs frequently based on reassignments to different stations). An Assistant Chief or Deputy Chief can be the single signatory in those instances. In the case of a COLA increase, a PAF, while not required, is done to simply document the increase and would not need multiple signatures. Multiple signatures are required for Merit Increases, Initial Hire, and Reductions. However, if it's a HR employee then a single signature from the Assistant Chief of Human Resources or Deputy Chief of Administration and Support would suffice, which is the case with one of the two sampled PAFs.

IA Follow-Up: OCFA noted the Assistant Chief of Human Resources has signed the PAF.

OBSERVATION #3 - MEMBERSHIP ELIGIBILITY REVIEW OCCURS BUT IS NOT FORMALLY DOCUMENTED.

CLOSED

Completion Date: 01/11/2024 MAP Status Unassigned

Action Plan: The Human Resources Manager over Benefits will review and sign the biweekly Extra-Help report submitted by Finance. HR Benefits and Payroll personnel have communicated regarding new process going forward.

IA Follow-Up: IA confirmed OCFA HR Manager is signing the biweekly Extra-Help report.

Project: 74 - 2337 - Employer audit of IHSS Public Authority

PROCESS OWNER: EMPLOYER

Report Date: 10/11/2023

Total Observations: 4

OBSERVATION #1 - IHSS PA IS INCORRECTLY ADDING NON-PENSIONABLE OVERTIME PAY TO PENSIONABLE SALARY IN ITS BI-WEEKLY PAYROLL TRANSMITTAL FILES.

CLOSED

Completion Date: 01/10/2024 MAP Status Unassigned

Action Plan: IHSS PA will work with OCERS Member Services to add non-pensionable overtime as a separately reported pay item in the transmittal files, as described in OCERS Board Pay Item Review policy.

IA Follow-Up: IHSS provided support for the implementation of a new pay item.

OBSERVATION #2 - FOR ONE ACTIVE MEMBER, IHSS PA INCORRECTLY REPORTED THE SERVICE HOURS IN THE TRANSMITTAL FILES FOR 12 CONSECUTIVE PAY PERIODS FROM AUGUST 2022 TO JANUARY 2023.

CLOSED

Completion Date: 07/29/2024 1st Missed Due Date

Revised Due Date: 08/01/2024

Action Plan: IHSS PA will correct the member's transmittal records to reflect actual hours worked in the service hours column via payroll transmittal adjustment files.

IA Follow-Up: IHSS Public Authority provided the refund transmittals

Executed: 9/26/2024 9:40:25 AM
 Executed By: OCERS\madviento

- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
- Missed Due Date (2nd Time) since latest Revised Due Date

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Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): ALL

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OBSERVATION #3 - IHSS PA'S SALARY INCREASE AUTHORIZATION FORMS DO NOT HAVE THE EMPLOYEE'S TITLE CODE, TITLE DESCRIPTION, AND PAY GRADE.

CLOSED

Completion Date:	03/18/2024	On Schedule
Action Plan:	IHSS PA will amend its Salary Increase Authorization forms to evidence the title code, title description and pay grade consistent with The County of Orange's pay schematics.	
IA Follow-Up:	IHSS PA updated the Salary Adjustment Authorization form	

OBSERVATION #4 - FOR NINE MEMBERS IN OUR TEST SAMPLE, THE MEMBER AFFIDAVIT FORM WAS INCOMPLETE REGARDING THE MEMBER'S PREVIOUS PUBLIC SERVICE OR MISSING A WITNESS SIGNATURE.

CLOSED

Completion Date:	03/21/2024	On Schedule
Action Plan:	IHSS PA will work with OCERS employer payroll team and determine if an amended Member Affidavit form should be sent to OCERS, or if another form of documentation should be sent to OCERS. IHSS PA will develop a process to confirm the forms are completed when onboarding a new employee.	
IA Follow-Up:	IHSS PA provided updated Member Affidavit forms and updated their process.	

Project: 84 - 2338 - OC Transportation Auth

PROCESS OWNER: EMPLOYER

Report Date: 06/06/2024

Total Observations: 1

OBSERVATION #1 - IN THREE OF OUR 60 SAMPLE TRANSACTIONS, OCTA OVER-COLLECTED CONTRIBUTIONS ON A NON-PENSIONABLE PAY ITEM (E.G., VAN PAY, OR VAN POOL INCENTIVE PAY).

CLOSED

Completion Date:	07/11/2024	On Schedule
Action Plan:	Information on over-collected amounts will be gathered and provided to OCTA from OCERS by mid-May. OCERS will handle refunds to retirees, deceased, terminated, and deferred retirees. Once information has been received from OCERS on amounts due to active OCTA employees, OCTA staff will process refunds within one month.	
IA Follow-Up:	OCTA processed refunds to active OCTA employees.	

Project: 60 - 2261 - Procurement Audit

PROCESS OWNER: EXECUTIVE

Executed: 9/26/2024 9:40:25 AM
 Executed By: OCERS\madviento

- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
- Missed Due Date (2nd Time) since latest Revised Due Date

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Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): ALL

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Report Date: 10/03/2022

Total Observations: 8

OBSERVATION #1 - OCERS DID NOT COMPLY WITH OCERS PROCUREMENT AND CONTRACTING POLICY (POLICY) REGARDING CONTRACTS AWARDED TO TWO DIFFERENT VENDORS.

CLOSED

Completion Date: 01/11/2024

MAP Status Unassigned

Action Plan:
 A. Management will communicate with all Executives the requirements for issuing an RFP and will coordinate the RFP's per Policy requirements.
 B. Management will propose changes to the Procurement Policy to include a requirement of the Contracts Administrator to educate staff and confirm Policy compliance.
 C. Proof of bids and competitive price comparisons will be retained in the Contracts Management System ("CMS") for future reference

IA Follow-Up: IA confirmed management developed the training, updated the Policy and retained documents in the CMS.

OBSERVATION #2 - THE DUE DILIGENCE WAS NOT CONSISTENTLY PERFORMED OR DOCUMENTED BY THE CONTRACT ADMINISTRATOR, AS PER OCERS BUSINESS PRACTICES, FOR THREE VENDORS IN OUR SAMPLE:

CLOSED

Completion Date: 01/30/2023

MAP Status Unassigned

Action Plan:
 A. Management will document and implement a process to ensure due diligence is performed prior to the execution of contracts and that will account for instances that might occur whereby a contract is signed before due diligence is completed.

IA Follow-Up: IA confirmed a new due diligence process was implemented. Additional samples were tested.

OBSERVATION #3 - AUTHORIZING SIGNATURES, AS REQUIRED BY THE POLICY, WERE NOT OBTAINED ON FIVE CONTRACTS WITHIN OUR SAMPLE.

CLOSED

Completion Date: 04/20/2023

MAP Status Unassigned

Action Plan:
 A. Management will recommend changes to the Procurement and Contracting Policy to include a duty of the Contract Administer to ensure the appropriate signatures for contracts are obtained.
 B. In an instance where the Procurement and Contracting Policy is not followed, Management will address these non-compliance issues through the Employee Evaluation and Discipline practices as noted in the Employees Handbook.

IA Follow-Up: IA confirmed the Policy was updated with the provision for the Contract Administrator to ensure signatures comply with signature requirements.

OBSERVATION #4 - THE LEGAL DIVISION'S REVIEW WAS NOT OBTAINED FOR AN IT CONSULTANT'S CONTRACT AWARDED IN 2021. (CONTRACT VALUE OF \$126,000).

CLOSED

Completion Date: 09/12/2022

MAP Status Unassigned

Action Plan:
 A. All contracts, including those that do not deviate from OCERS' form of contract, are now forwarded to the Legal Division for review. In addition, the Legal contract approval is being retained for future reference.

IA Follow-Up: Internal Audit reviewed sample of Legal approval of final contracts

Executed: 9/26/2024 9:40:25 AM
 Executed By: OCERS\madviento

- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
- Missed Due Date (2nd Time) since latest Revised Due Date

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Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): ALL

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OBSERVATION #5 - FOR TWO VENDORS IN OUR SAMPLE, THE CERTIFICATE OF INSURANCE (COI) PROVIDED BY THE VENDOR DID NOT MEET THE DOLLAR AMOUNT COVERAGE AS SPECIFICALLY STATED IN THE EXECUTED CONTRACT.

CLOSED

Completion Date:	01/30/2023	MAP Status Unassigned
Action Plan:	A. Management will implement procedures to ensure Certificates of Insurance are in accordance with the vendor contracts. In those cases where the Insurance Certificate does not meet the contractual requirements, the contract stake holder and Legal Division will be consulted for additional action.	
IA Follow-Up:	Internal Audit confirmed COIs were obtained for an additional sample.	

OBSERVATION #6 - POLICY IS ABSENT GUIDANCE OF WHEN A CONTRACT IS NEEDED AND HOW TO MONITOR ROUTINE ITEMS THAT DO NOT WARRANT A CONTRACT.

CLOSED

Completion Date:	04/20/2023	MAP Status Unassigned
Action Plan:	Policy Issue: Management will work with the Legal Division to identify circumstances where a contract is required and make recommendations to update the Procurement and Contracting Policy as deemed appropriate.	
IA Follow-Up:	IA confirmed the Policy was updated to define when a written contract was required.	

OBSERVATION #7 - UPON REVIEW OF OCERS' CONTRACT MANAGEMENT SYSTEM (CMS), WE NOTED DATA ENTRY ERRORS WITH SIX VENDORS IN OUR SAMPLE.

CLOSED

Completion Date:	01/24/2023	MAP Status Unassigned
Action Plan:	Management has approval to hire an additional Team Member in this department. Review procedures will be created and implemented at that time.	
IA Follow-Up:	New Senior Manager hired. Internal Audit reviewed the Data Entry review schedule provided by management.	

OBSERVATION #8 - 8. WE NOTED POTENTIAL ROOM FOR IMPROVEMENT WITH EITHER THE POLICY OR WITH THE ADDITION OF NEW PROCEDURES.

CLOSED

Completion Date:	04/20/2023	MAP Status Unassigned
Action Plan:	Policy Issue: A. Management will recommend changes to the Procurement and Contracting Policy regarding the approvals required for a contract whose value is unknown at the time of execution. B. Management will recommend changes to the Procurement and Contracting Policy to clarify proper approval of Named Service Providers C. Management will implement a process to track diverse and/or minority owned businesses in an RFP distribution sheet.	
IA Follow-Up:	IA confirmed the Policy was updated to address instances when a contract value is not known at the time of execution, and to clarify the proper approval of Named Service Providers. Diverse Vendor tracking action plan is complete	

Project: 44 - 1944 - Finance Benefits Audit

Executed: 9/26/2024 9:40:25 AM
 Executed By: OCERS\madviento

- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
- Missed Due Date (2nd Time) since latest Revised Due Date

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Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): ALL

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PROCESS OWNER: FINANCE

Report Date: 01/13/2020

Total Observations: 1

OBSERVATION #2 - FINANCE DOES NOT SYSTEMATICALLY DELETE V3'S ACH FILES CONTAINING BENEFICIARIES' BANKING INFORMATION FROM LOCAL HARD DRIVES.

CLOSED

MAP Status Unassigned

Completion Date: 03/14/2022

Action Plan: Management will establish procedures to delete copies of the ACH text files from local hard drives after a copy of the file has been uploaded to Wells Fargo.
 Finance will work with IT and Vitech to consider the cost/benefit of changing the ACH file process to directly upload an ACH file once it has been created in V3 and directly downloading the file to a secured network folder in the Finance directory.

IA Follow-Up: IA confirmed with the Finance team the deletion of the ACH file from the local hard drive is now being performed by management. IA reviewed the procedures updated to reflect this practice. Due to COVID, the cost/benefit analysis has been moved to 2021.
 2/3/22 - OCERS IT was able to modify the PM Export file process. The PM Export is now going to be run as a batch export file and will automatically save into a new secured folder location in the Finance folder on the F drive. In addition, access to run the PM Export is restricted to the Finance Accountant Auditor, Senior Accountant Auditor and Supervisor roles
 3/14/22 - IA was able to confirm the PM Export file automatically uploads to a secured folder with limited access. IA also confirmed a documented procedure exists.

Project: 79 - 2342 - Accounts Payable Audit

PROCESS OWNER: FINANCE

Report Date: 03/28/2024

Total Observations: 2

OBSERVATION #1 - FINANCE MANAGEMENT SHOULD FORMALIZE THE REVIEW OF (1) THE VENDOR MASTER FILE LIST IN THE ERP SYSTEM AND (2) THE QUARTERLY ACCOUNTS PAYABLE ACCRUAL.

CLOSED

On Schedule

Completion Date: 05/14/2024

Action Plan:
 1. During the implementation of the ERP system, Finance purged inactive vendors from its previous accounting system, importing only active vendors into the new system that went live in 2022. Finance continues to review processes and procedures for improvement and starting in January 2024, as recommended by Internal Audit, we formally documented the annual review of the Vendor Maintenance List for the year ended December 2023 identifying vendors that could potentially be made inactive if they continue to have no activity during 2024.
 2. Quarterly reconciliation of accrued payables is completed each quarter. The Accounts Payable Accountant prepares the accrual entries. The Finance Manager reviews the entries and the accrual balance for accuracy. Going forward, beginning with 4th quarter 2023, a sign-off will be noted within the file.

Executed: 9/26/2024 9:40:25 AM
 Executed By: OCERS\madviento

- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
- Missed Due Date (2nd Time) since latest Revised Due Date

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Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): ALL

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IA Follow-Up: IA confirmed the review of the Vendor Maintenance list and the Quarterly accrued payables reconciliation were performed

OBSERVATION #2 - A NETWORK FOLDER CONTAINING 2014 ACCOUNTS PAYABLE RELATED FILES HAD NOT BEEN DELETED.

CLOSED

Completion Date: 05/14/2024

On Schedule

Action Plan: During 2022, the Finance Team reorganized the department's accounting folders and purged a large number of documents and folders in adherence with the Records Management Policy. The files in question were missed in the original purging of records and have since been deleted. As part of the Legal Department's year-end request for an annual certification of compliance with the Records Management Policy for each department, the Finance Director emails all Finance Team Members to confirm that they are in compliance with the policy. As part of this compliance and to maintain records within the required retention period, all Finance Team members will purge files at the end of June each year, after the financial audit and other external reporting have been completed.

IA Follow-Up: IA confirmed the identified folders were deleted.

Project: 71 - 2361 - HR audit of hiring practices

PROCESS OWNER: HUMAN RESOURCES

Report Date: 10/11/2023

Total Observations: 3

OBSERVATION #1 - HUMAN RESOURCES (HR) DOES NOT HAVE FORMAL PROCEDURAL DOCUMENTATION FOR THE HIRING AND RECRUITING PROCESS.

CLOSED

Completion Date:

On Schedule

Action Plan: The Human Resources department will develop procedures for the hiring and recruitment practices.

IA Follow-Up: HR provided IA with documentation regarding the hiring and recruitment process.

OBSERVATION #2 - OCERS'S INTERNAL EMPLOYMENT OFFER WORKSHEET IS NOT FORMALLY DOCUMENTED WITH THE RATIONALE FOR HIRING A CANDIDATE.

CLOSED

Completion Date: 09/21/2023

MAP Status Unassigned

Action Plan: The HR department has added language that supports the CEO's approval criteria to the Employment Offer Worksheet. Hiring managers will now be required to acknowledge they have met the CEO's approval requirements.

Additionally, the CEO will acknowledge that he has met with the hiring manager and approve extending an offer of employment to the selected candidate.

IA Follow-Up: Internal Audit confirmed the Employment Offer Worksheet was updated with the CEO acknowledgement.

Executed: 9/26/2024 9:40:25 AM
 Executed By: OCERS\madviento

- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
- Missed Due Date (2nd Time) since latest Revised Due Date

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Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): ALL

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OBSERVATION #3 - OCERS IS USING THE STANDARD COUNTY BACKGROUND CHECK INSTEAD OF OCERS' MORE EXTENSIVE 3RD PARTY BACKGROUND CHECK FOR ALL NEW COUNTY EMPLOYEES WHO WILL GAIN ACCESS TO CONFIDENTIAL MEMBER DATA WITHIN THE PENSION ADMINISTRATION SYSTEM (PAS).

CLOSED

Completion Date:	09/20/2024	On Schedule
Action Plan:	The HR department will schedule a meeting with the County to discuss next steps needed to institute more extensive background checks.	
IA Follow-Up:	IA has verified that the meeting will be held with County counsel and union representatives.	

Project: 33 - 2090 - Vulnerability and Patch Management

PROCESS OWNER: INFORMATION SECURITY

Report Date: 03/22/2021

Total Observations: 1

OBSERVATION #1 - DETAILS REMOVED - DISCUSSED IN CLOSED SESSION

CLOSED

Completion Date:	08/07/2024	On Schedule
Action Plan:	Details Removed - Discussed in Closed Session	
IA Follow-Up:	Information Security provided the related policies	

Project: 76 - 2391 - Azure Active Directory and Microsoft 365 Security Assessment

PROCESS OWNER: INFORMATION SECURITY

Report Date: 01/19/2024

Total Observations: 9

OBSERVATION #101 - DETAILS REMOVED - DISCUSSED IN CLOSED SESSION

CLOSED

Completion Date:	03/13/2024	On Schedule
Action Plan:	Details Removed - Discussed in Closed Session	

Executed: 9/26/2024 9:40:25 AM
 Executed By: OCERS\madviento

- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
- Missed Due Date (2nd Time) since latest Revised Due Date

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Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): ALL

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IA Follow-Up:	Item complete	
OBSERVATION #103 - DETAILS REMOVED - DISCUSSED IN CLOSED SESSION		CLOSED
Completion Date:	03/13/2024	On Schedule
Action Plan:	Details Removed - Discussed in Closed Session	
IA Follow-Up:	Item Complete	
OBSERVATION #105 - DETAILS REMOVED - DISCUSSED IN CLOSED SESSION		CLOSED
Completion Date:	04/01/2024	On Schedule
Action Plan:	Details Removed - Discussed in Closed Session	
IA Follow-Up:	IA confirmed MAP was completed	
OBSERVATION #106 - DETAILS REMOVED - DISCUSSED IN CLOSED SESSION		CLOSED
Completion Date:	03/13/2024	On Schedule
Action Plan:	Details Removed - Discussed in Closed Session	
IA Follow-Up:	Item complete	
OBSERVATION #201 - DETAILS REMOVED - DISCUSSED IN CLOSED SESSION		CLOSED
Completion Date:	03/13/2024	On Schedule
Action Plan:	Details Removed - Discussed in Closed Session	
IA Follow-Up:	Item complete	
OBSERVATION #202 - DETAILS REMOVED - DISCUSSED IN CLOSED SESSION		CLOSED
Completion Date:	05/13/2024	On Schedule
Action Plan:	Details Removed - Discussed in Closed Session	
IA Follow-Up:	IA confirmed configuration update to restrict Outlook add-in installation	

Executed: 9/26/2024 9:40:25 AM
 Executed By: OCERS\madviento

On Schedule to complete MAP
 Missed Due Date (1st Time), planned to complete by Revised Due Date
 Missed Due Date (2nd Time) since latest Revised Due Date

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Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): ALL

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OBSERVATION #203 - DETAILS REMOVED - DISCUSSED IN CLOSED SESSION

CLOSED

Completion Date:	05/13/2024	On Schedule
Action Plan:	Details Removed - Discussed in Closed Session	
IA Follow-Up:	IA confirmed configuration updates to restrict the installation of MS Office add-ins	

OBSERVATION #301 - DETAILS REMOVED - DISCUSSED IN CLOSED SESSION

CLOSED

Completion Date:	12/29/2023	On Schedule
Action Plan:	Details Removed - Discussed in Closed Session	
IA Follow-Up:		

OBSERVATION #302 - DETAILS REMOVED - DISCUSSED IN CLOSED SESSION

CLOSED

Completion Date:	12/29/2023	On Schedule
Action Plan:	Details Removed - Discussed in Closed Session	
IA Follow-Up:	Item closed	

Project: 26 - Audit of Orange County Fire Authority (2018)

PROCESS OWNER: INFORMATION TECHNOLOGY

Report Date: 10/23/2018

Total Observations: 1

OBSERVATION #6 - V3 CONTRIBUTION RATE CONFIGURATIONS SOD - THERE IS NOT A PROPER SEGREGATION OF DUTIES WITHIN OCERS' IT DIVISION IN REGARDS TO THE CONFIGURATION OF CONTRIBUTION RATES IN V3.

CLOSED

Completion Date:	01/11/2024	MAP Status Unassigned
Action Plan:	Management agreed to the following recommendation: OCERS' management should re-assign the duties of configuring updated rates in V3 from OCERS' Director of IT to the appropriate personnel for cross-training, process documentation, and backup purposes. The revised process will encompass multiple departments, and will segregate duties related to preparing the rate schedules, data input into V3 and verification/audit of contribution rates.	

Executed: 9/26/2024 9:40:25 AM
 Executed By: OCERS\madviento

- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
- Missed Due Date (2nd Time) since latest Revised Due Date

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Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): ALL

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IA Follow-Up: IA confirmed the delegation of the configuration uploads to the IT Programming team and the review by Member Services of the updates to the pension administration system.

Project: 6 - 1901 - Finance Contributions audit

PROCESS OWNER: INFORMATION TECHNOLOGY

Report Date: 05/16/2019

Total Observations: 1

OBSERVATION #1 - A FORMAL PERIODIC REVIEW OF PROPER USER ACCESS TO OCERS APPLICATIONS AND NETWORK IS NOT DOCUMENTED BY THE APPROPRIATE MEMBERS OF THE BUSINESS.

CLOSED

Completion Date: 08/07/2024

On Schedule

Action Plan: Per IT Governance and Information Security action items to address Center for Internet Security (CIS) Control 16: Account Monitoring and Control, OCERS IT and the Executive management team are establishing the following:
 1. Develop Account Management and Access Control Policies.
 2. Create an annual User Account review process and supporting documentation.
 3. Setup means for staff to review and enter data in SharePoint with associated workflow to complete and track reviews initiated with IT managed systems.

IA Follow-Up: IT/InfoSec has:
 1. Developed the Account Management and Access Control Policies.
 2. Created an annual User Account review process and supporting documentation.
 3. Established a means for staff to review data

Project: 36 - 1943 2019 BCDR Audit

PROCESS OWNER: INFORMATION TECHNOLOGY

Report Date: 10/17/2019

Total Observations: 2

OBSERVATION #3 - A FORMAL PROCESS INVOLVING CRITICAL OCERS STAKEHOLDERS IS NOT IN PLACE TO TEST THE RECOVERY OF DEPENDENT IT APPLICATIONS.

CLOSED

Executed: 9/26/2024 9:40:25 AM
 Executed By: OCERS\madviento

- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
- Missed Due Date (2nd Time) since latest Revised Due Date

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Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): ALL

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Completion Date:	04/10/2024	On Schedule
Action Plan:	OCERS IT will formalize and adopt a new Business Continuity and Disaster Recovery test plan that will include test activities, confirmation, and sign-off by the various business units within OCERS.	
IA Follow-Up:	IT developed a test plan that will require coordination with management to perform testing for IT managed systems. This includes an assessment form and a department validation forms to be completed by management participants.	

OBSERVATION #6 - 6. RECOVERY PROCEDURES FOR DEPENDENT IT APPLICATIONS ARE NOT DOCUMENTED IN THE RECOVERY PLANS. CLOSED

Completion Date:	04/10/2024	On Schedule
Action Plan:	End User documents are being developed for the purpose of providing recovery instructions to the crisis management team, in the event IT staff are not available in the event of an emergency. The documents will provide simple easy to follow instructions on how to failover and/or recover sites or systems in the event of a technology failure. These documents will be included in OCERS IT Backup and Recovery test plan stored in Catalyst to ensure procedures are complete and can be followed by non- IT staff	
IA Follow-Up:	Documentation of the recovery process was provided. IT and InfoSec noted that IT staff with the appropriate level of access would be needed for the recovery process and that there are enough IT and InfoSec staff for BCDR situations. Management will still develop documented procedures for recovery but geared towards IT Staff.	

Project: 39 - 1971-IT General Controls
PROCESS OWNER: INFORMATION TECHNOLOGY
Report Date: 06/04/2020
Total Observations: 2

OBSERVATION #1 - ADMINISTRATOR ACCESS GRANTED TO THE FINANCIAL REPORTING AND INTRANET PORTAL APPLICATIONS PRESENT A HIGHER THAN NORMAL RISK DUE TO SEGREGATION OF DUTIES CONCERNS. CLOSED

Completion Date:	01/13/2022	MAP Status Unassigned
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Executed: 9/26/2024 9:40:25 AM
 Executed By: OCERS\madviento

	On Schedule to complete MAP
	Missed Due Date (1st Time), planned to complete by Revised Due Date
	Missed Due Date (2nd Time) since latest Revised Due Date

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Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): ALL

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Action Plan: As OCERS is in the process of issuing an RFP for a new financial accounting system, we will defer changes to our current financial accounting system, and focus on building a secure segregated system with the appropriate controls and check and balances as part of the new system to be implemented in 2021.

Due to the size of the OCERS IT Programming group, team members share many administrative responsibilities and needs to be able to cover for other team member assignments and responsibilities when out of the office.

Both the intranet portal and the intranet portal source code repository provide account auditing features that track all changes are made, along with the user that made the change. This information is reported daily to the IT Programming Supervisor, so that he and the IT Management team have complete visibility into any administrative operations that are performed and by whom.

In addition to this audit trail, we have implemented a mandatory workflow process with each IT Programming Request that requires the review of a secondary team member when making changes to the intranet portal or source code in the intranet portal source code repository. This serves as an additional validation and backup to protect against segregation of duties concerns.

IA Follow-Up: New financial accounting system implementation was moved to 2021 with move to production in Jan 2022. IA confirmed that the Intranet Portal has restricted administrative access. IA also confirmed the new financial accounting system has restricted administrative access

OBSERVATION #2 - OCERS SHOULD FORMALIZE A PROCESS TO ANNUALLY OBTAIN AND REVIEW SOC REPORTS FOR RELEVANT IT VENDORS. CLOSED

Completion Date: 08/23/2023 MAP Status Unassigned

Action Plan: OCERS has developed criteria to identify IT vendors and technology service providers' requiring SOC2 reports, and will enhance our systems to notify staff to request and review SOC2 reports annually. Process and review documentation is being developed along with updates to our procurement process to mandate SOC2 reports as a deliverable

IA Follow-Up: Enhancements have been made to the vendor management system. Processes and Procurement policy needs to be formally updated.

Project: 42 - 2032 - Actuarial Extract Audit

PROCESS OWNER: INFORMATION TECHNOLOGY

Report Date: 10/13/2020

Total Observations: 6

OBSERVATION #1 - 1. THE PENSION ADMINISTRATION SYSTEM'S ACTUARIAL EXTRACT REPORTING DOES NOT EXTRACT THE CORRECT STATUS (E.G. ACTIVE, DEFERRED, RETIRED, TERMINATED) OF A MEMBER UNDER CERTAIN SCENARIOS, RESULTING IN THE NEED TO MANUALLY CORRECT THE ACTUARIAL EXTRACT REPORT CLOSED

Completion Date: 09/22/2021 MAP Status Unassigned

Action Plan: OCERS is working with pension administration vendor to correct issues associated with the member status logic used for the actuarial export and subsequent data cleanup.

IA Follow-Up: Member status logic recoding is complete and deployment launched.



Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): ALL

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OBSERVATION #2 - 2. IT PROGRAMMING PERFORMS LOGICAL TESTING OF THE PROGRAMMING CODE BEHIND ITS ACTUARIAL EXTRACT VALIDATION PROCESS BUT DOES NOT KEEP FORMALIZED DOCUMENTATION EVIDENCING THE TESTING.

CLOSED

Completion Date:	03/11/2021	MAP Status Unassigned
Action Plan:	The IT Programming team will formalize and document the process by which logical testing of our actuarial validation code will be performed.	
IA Follow-Up:	Formalized testing process has been documented and reviewed by IA	

OBSERVATION #3 - 3. FORMAL DOCUMENTATION OF THE APPROVAL OF VALIDATION PROGRAMMING CODE CHANGES DOES NOT EXIST.

CLOSED

Completion Date:	03/11/2021	MAP Status Unassigned
Action Plan:	The IT Programming team will formalize and document the process of how actuarial extract validation code changes will be approved, including how all approvals will be tracked and logged within our system.	
IA Follow-Up:	IT Programming has formalized the code change validations process.	

OBSERVATION #4 - NUMERICAL THRESHOLDS UNDER WHICH FURTHER INVESTIGATION OF VALIDATION RESULTS ARE NO LONGER CONSIDERED NECESSARY ARE NOT FORMALLY DEFINED.

CLOSED

Completion Date:	01/11/2024	MAP Status Unassigned
Action Plan:	The IT Programming team with work with OCERS Management to develop acceptable thresholds to use when reviewing the actuarial validation results.	
IA Follow-Up:	IT has developed threshold recommendations and updated the related procedures.	

OBSERVATION #6 - 6. A MINOR VARIANCE NOTED AND ADDRESSED DURING THE VALIDATION PROCESS WAS NOT ACCURATELY UPDATED IN THE DATA EXTRACT FILE SENT TO THE ACTUARY.

CLOSED

Completion Date:	03/11/2021	MAP Status Unassigned
Action Plan:	The IT Programming team will enhance its process to incorporate all validation review updates and related data cleanup changes to ensure all updates are included in the final export to OCERS Actuary.	
IA Follow-Up:	Data cleanup process has been updated and data validation has occurred.	

OBSERVATION #7 - 7. OCERS ACTUARIAL EXTRACT PROCESSING GUIDE DOES NOT DESCRIBE INFORMATIONAL QUERIES WHICH DO NOT REQUIRE INVESTIGATION UNLESS REQUESTED BY SEGAL.

CLOSED

Completion Date:	03/11/2021	MAP Status Unassigned
Action Plan:	The IT Programming team will add a section to the Actuarial Extract Processing guide that will describe the additional Informational queries available to OCERS staff to preview potential member datasets based on annual actuarial review question posed by OCERS actuary.	
IA Follow-Up:	IA confirmed the Actuarial Extract Processing guide has been updated with the informational queries description.	

Executed: 9/26/2024 9:40:25 AM
 Executed By: OCERS\madviento

- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
- Missed Due Date (2nd Time) since latest Revised Due Date

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Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): ALL

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Project: 33 - 2090 - Vulnerability and Patch Management

PROCESS OWNER: INFORMATION TECHNOLOGY

Report Date: 03/22/2021

Total Observations: 1

OBSERVATION #2 - DETAILS REMOVED - DISCUSSED IN CLOSED SESSION

CLOSED

Completion Date:	05/27/2021	MAP Status Unassigned
Action Plan:	Details Removed - Discussed in Closed Session	
IA Follow-Up:	Closed	

Project: 66 - 2171 - IT Automated Controls

PROCESS OWNER: INFORMATION TECHNOLOGY

Report Date: 02/14/2023

Total Observations: 1

OBSERVATION #1 - 1. AN OPPORTUNITY EXISTS TO ENHANCE DOCUMENTATION OF THREE SPECIFIC AREAS DESCRIBED ACROSS SIX OF THE 19 PENSION ADMINISTRATION SYSTEM SPECIFICATION DOCUMENTS REVIEWED BY INTERNAL AUDIT.

CLOSED

Completion Date:	09/03/2024	On Schedule
Action Plan:	IT Management will work with our PAS vendor and Member Services to update the identified PAS Design Specification documents to include the detailed logic and calculations configured for our PAS.	
IA Follow-Up:	IT Ops received the information back from Vitech and updated the V3 Design Specs to include the information identified in the Observation.	

Project: 17 - Audit of OCERS' Due Diligence Process (2015)

PROCESS OWNER: INVESTMENTS

Report Date: 08/06/2015

Executed: 9/26/2024 9:40:25 AM
 Executed By: OCERS\madviento

- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
- Missed Due Date (2nd Time) since latest Revised Due Date

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Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): ALL

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Total Observations: 2

OBSERVATION #1 - NO DUE DILIGENCE POLICY

CLOSED

Completion Date:	01/07/2021	MAP Status Unassigned
Action Plan:	Management has agreed to the recommendation: The CIO and his staff should create written procedures that specifically document the steps necessary to conduct adequate due diligence. We concur with the recommendation that written procedures are desirable, and staff is working on the development of a document that would fulfill this objective.	
IA Follow-Up:	The CIO and Investment Team developed Investment due diligence procedural documents including the Contract Due Diligence Checklist Procedure document and the Contract Due Diligence Checklist document.	

OBSERVATION #4 - MANAGER RFP STANDARDIZED QUESTIONING

CLOSED

Completion Date:	01/07/2021	MAP Status Unassigned
Action Plan:	Management has agreed to the recommendation: Future RFP questionnaires should include interrogatories regarding a manager's operational infrastructure and negative findings disclosed from their annual external audit. We agree that future RFPs should include standard (first-stage or second stage) provisions and questions that are relatively uniform regarding due diligence, operations, and related legal, regulatory and compliance risks. The cited incident was an oversight that need not recur. Written procedures and a process to review those routinely will be helpful to assure consistency.	
IA Follow-Up:	Investments included in the Contract Due Diligence Checklist document and the Compliance Report document steps to validate operational infrastructure of money managers.	

Project: 8 - Audit of OCERS' Private Equity Managers Abbott Capital and Pantheon (2016)

PROCESS OWNER: INVESTMENTS

Report Date: 03/21/2016

Total Observations: 1

OBSERVATION #4 - CONSIDERATION OF ILPA BEST PRACTICES

CLOSED

Completion Date:	01/25/2021	MAP Status Unassigned
Action Plan:	OCERS should implement Institute of Limited Partners Association (ILPA) best practices in LPAs with direct investment private equity funds if OCERS goes into direct private equity program. In considering whether OCERS should adopt a direct private equity program, OCERS' Investments management should consider the cost of implementing the ILPA best practices. OCERS investment staff will first work with our private equity fund of funds managers to monitor their use of ILPA guidelines and best practices, as we further our own internal education about these evolving standards.	
IA Follow-Up:	Investment Team developed a guide to track and assess the key legal and ILPA-related terms OCERS negotiates through the private markets investment manager contracting processes.	

Executed: 9/26/2024 9:40:25 AM
 Executed By: OCERS\madviento

- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
- Missed Due Date (2nd Time) since latest Revised Due Date

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Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): ALL

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Project: 58 - 2211 - Investment Manager Fee Report

PROCESS OWNER: INVESTMENTS

Report Date: 03/30/2022

Total Observations: 1

OBSERVATION #1 - EVIDENCE OF MANAGEMENT REVIEW OVER THE PREPARATION OF THE FEE REPORT AND THE UNDERLYING EXCEL SCHEDULE USED TO HELP COMPILE THE REPORT IS NOT FORMALIZED AND RETAINED

CLOSED

Completion Date: 09/12/2022	MAP Status Unassigned
Action Plan: We acknowledge and concur with the observation. We believe that documenting the process will strengthen Investment Division's procedures while also providing a strong audit trail.	
IA Follow-Up: Internal Audit reviewed the Fee Report Procedure and signoff for the 2021 Annual Fee Report presented at the August 2022 Investment Committee meeting.	

Project: 5 - Audit of the Benefit Setup Process (2012)

PROCESS OWNER: MEMBER SERVICES

Report Date: 12/04/2012

Total Observations: 2

OBSERVATION #1 - MANUAL FAS OVERRIDE

CLOSED

Completion Date: 09/13/2022	MAP Status Unassigned
Action Plan: Management agreed to the following recommendation: Subsequent changes made to FAS after the initial benefit setup process should require a supervisory approval prior to making an override in the system. Additionally, management should use a system-generated report from V3 that lists all manual overrides to identify all such changes made in the system. Management should review and sign off on each manual override on that report for propriety and accuracy to mitigate the risk of unauthorized or incorrect amounts being entered in the system.	
IA Follow-Up: IA to confirmed the new QA process reviews all manual FAS overrides with the new 100% accruracy process	

OBSERVATION #8 - MANUAL FAS SUPPORTING DOCUMENTATION

CLOSED

Completion Date: 09/16/2021	MAP Status Unassigned
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Executed: 9/26/2024 9:40:25 AM
 Executed By: OCERS\madviento

- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
- Missed Due Date (2nd Time) since latest Revised Due Date

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Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): ALL

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Action Plan: Management agreed to the following recommendation: All manual overrides to data should be fully documented with the staff that made the change, date the change was made, prior amount, revised amount, and reason for the change with supervisory approval documented in V3 in accordance with the current method of maintaining supporting documentation for benefits calculation. Member Services personnel are required to document V3 via note for any member file that requires a manual override.

IA Follow-Up: IA to confirmed the FAS Review process contains steps to review the supporting documenation.

Project: 16 - Audit of OCERS' Death Match Process (2016)

PROCESS OWNER: MEMBER SERVICES

Report Date: 06/24/2016

Total Observations: 6

OBSERVATION #1 - OVERPAYMENT TO DECEASED MEMBERS

CLOSED

Completion Date: 12/21/2021

MAP Status Unassigned

Action Plan: The deceased members identified by Internal Audit will be processed immediately according to the specific circumstances of the accounts. Overpayments will be processed according to policy and beneficiaries will be contacted regarding lump sum payment options for refunds. Management will investigate possible options for instituting a multi-step review process to ensure entries are made into V3 or a quarterly/annually comparison of the database with the information from a death match service provider.

IA Follow-Up: Member Services has repaid or wrote off \$421,402 of the \$990,694 of the 24 deferred members. Additionally, Member Services has recovered \$16,008 of the \$20,620 from the four deceased payees. Process is in place to review updates from death data vendor. Member Services will provide updates to the remaining overpayments bi-annually to Internal Audit, starting June 2022

OBSERVATION #2 - MANUAL QUERY OF V3 UNTIL NEW REPORT IS CREATED

CLOSED

Completion Date: 12/21/2021

MAP Status Unassigned

Action Plan: The overpayment to the specific member and DRO payee identified by Internal Audit will be dealt with immediately according to current policy. As V3 is currently configured the system will prevent future overpayments from occurring by suspending the benefit once a death date is entered. The items on the overpayment log need to be reconciled with V3 as a post-go live project but it was envisioned that V3 will replace the need for a manual spreadsheet outside of the system. A query or report may be needed during the transition period.

IA Follow-Up: Query has been implemented. Recoupment of overpayment to be reviewed biannually with Internal Audit. The Benefit Recoupment Report has been created, refer to Benefit Recoupment Report 2021.pdf

OBSERVATION #3 - CERTIFICATION LETTERS

CLOSED

Completion Date: 04/07/2021

MAP Status Unassigned

Executed: 9/26/2024 9:40:25 AM
 Executed By: OCERS\madviento

- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
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Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): ALL

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Action Plan: Management agreed to the following recommendation: OCERS' management should consider sending a certification letter to payees over a selected age to confirm the status of the payee. Management should consider stopping benefit payments if OCERS does not receive a response after a reasonable number of attempts in order to incentivize the payee to return the letter. OCERS' management should also consider the costs/benefits of hiring a third party to perform random physical alive and well checks with payees that meet a given profile. However clear communication will need to be developed as the payees within this demographic may be the hardest to reach. In addition, the implications to payee's medical insurance needs to be considered any time a benefit is suspended.

IA Follow-Up: After Member Services management discussed formulating a formal policy addressing when such certification letters should be sent and to whom after the result of a cost benefit analysis to be performed. Certification letters are sent to all international payees. Member Services relies on the death match file for updates to domestic members.

OBSERVATION #4 - DEATH DATA VENDORS

CLOSED

Completion Date: MAP Status Unassigned

Action Plan: Management agreed to the following recommendation: OCERS management should consider using only death audit vendors that hire external auditors to review its client data security controls. OCERS should require that death audit vendors provide copies of the audit report and the audit results to OCERS on an annual basis for review. OCERS management should consider using the RFP process to compare the services of death audit vendors and obituary review service vendors. Quality of services, price, and data security controls of vendors should be compared.

IA Follow-Up: Management to discuss the approach for obtaining and reviewing vendor security report on an entity wide approach, with a completion date of 6/30/2023. This observation and action plan will be tracked under the ITGC audit

OBSERVATION #5 - MEMBER BANKING INFORMATION WITHIN V3

CLOSED

Completion Date: 09/23/2021 MAP Status Unassigned

Action Plan: Management agreed to the following recommendation: To reduce the possibility of fraudulently diverting benefit payments for deceased members, OCERS should implement automated checks and balances within the V3 system to ensure that no one employee can unilaterally change a payee's banking information without supervisory approval. The resulting change to V3 may require an additional change order to reconfigure the V3 system. However, the headline risk to OCERS outweighs the financial cost of making such a change.

IA Follow-Up: Workflow approvals were reviewed by Internal Audit. An audit in member banking to be proposed as a future audit.

OBSERVATION #6 - PRO-RATING FINAL PAYMENT FOR DECEASED MEMBERS

CLOSED

Completion Date: 02/25/2021 MAP Status Unassigned

Executed: 9/26/2024 9:40:25 AM
 Executed By: OCERS\madviento

- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
- Missed Due Date (2nd Time) since latest Revised Due Date

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Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): ALL

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Action Plan:	<p>OCERS' management should consider the costs versus benefits of prorating a deceased member's final monthly benefit payment based upon the actual date of death versus making a full payment. V3 is not configured to calculate a prorated final benefit payment and a prorated initial continuance benefit payment effective the day after death for the remainder of the month. OCERS would have to pay additional costs to have Vitech reconfigure V3 and for OCERS' employees and consultants to test the changes. The estimated cost of reconfiguring and testing V3 to prorate the final benefit payment, the initial continuance payment, and payroll deductions is estimated by Vitech at \$144,000. In addition, management estimates that testing of the system changes would need to be done by staff or consultants at an estimated cost of \$150,000.</p> <p>A prorated final benefit policy would also result in more overpayments for Member Services to pursue for collection since the benefit payment is paid on the first of the month. Under current policy, deaths reported to OCERS in the month following death allows enough time for Member Services to terminate the benefit with no need to prorate. Under a prorated policy, it would be impossible for Member Services to prorate the final payment on the 1st of the month if the death was reported in the month after death. Member Services would possibly need to cross train staff in collection efforts to accommodate such an increase in collection efforts.</p> <p>Management Response Management considered the costs versus benefits of adopting a proration of the final benefit payment policy, but determined to continue the current practice of paying in full the final month's benefit. Prorating the member's final payment and survivor continuance first payment introduces additional complexity to the administration of the system and would require additional staff in Member Services and possibly Finance, in addition to the V3 configuration changes. Retiree payroll is typically</p>
IA Follow-Up:	<p>Management considered the costs versus benefits of adopting a proration of the final benefit payment policy, but determined to continue the current practice of paying in full the final month's benefit.</p>

Project: 20 - Audit of OCERS' Service Credit Purchase Process (2016)

PROCESS OWNER: MEMBER SERVICES

Report Date: 11/29/2016

Total Observations: 1

OBSERVATION #1 - WORK IN PROCESS REPORTING

CLOSED

MAP Status Unassigned

Completion Date:	04/07/2021
Action Plan:	OCERS' management agrees to initiate discussions with Vitech for best cost-benefit solutions to building work-in-process reporting to track the status of buybacks throughout its business processes to provide additional management oversight of staffing and resources; track compliance with business goals; and improve customer service response times to members.
IA Follow-Up:	IA has verified that OCERS has implemented a work-in-process tracking database within SharePoint.

Project: 31 - Disability Payment Audit (2018)

PROCESS OWNER: MEMBER SERVICES

Report Date: 01/28/2019

Total Observations: 1

Executed: 9/26/2024 9:40:25 AM
 Executed By: OCERS\madviento

- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
- Missed Due Date (2nd Time) since latest Revised Due Date

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Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): ALL

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OBSERVATION #1 - DISABILITY PAYMENT CALCULATION

CLOSED

Completion Date:	01/05/2022	MAP Status Unassigned
Action Plan:	Member Services will be continuing to review with increased diligence or newly implementing to ensure accuracy of Disability benefits that are setup: <ul style="list-style-type: none"> • Ensure that all disability benefits are peer audited (FAS calc) before benefit setup, including disability recalculations (from Service Retirement to SCD, Service Retirement to NSCD, NSCD to SCD) • Verify selected data points on the "New Benefit Setup Validation Report" (which will contain a subset of 16 reports – expected to be ready by Q3 2019) • Additional training will be provided to the RPS assigned to the disability department (this was a new position in 2018). These types of benefits are more specialized than regular retirement setups, and the Disability RPS will be trained to look for specific factors that affect the benefit, such as gaps in service, measuring period compression, manual calculations of FAS, recalculation issues. 	
IA Follow-Up:	IA confirmed action plan has been implemented. A new Disability Process has been implemented along with the appropriate training.	

Project: 40 - 1945- FAS Pay Items Audit

PROCESS OWNER: MEMBER SERVICES

Report Date: 06/04/2020

Total Observations: 2

OBSERVATION #1 - A FORMAL RECONCILIATION WAS NOT PERFORMED TO ENSURE THE PAY ITEMS REPORTED TO THE BOARD ACCURATELY AND COMPLETELY CORRESPONDED WITH THE CONFIGURATION IN V3.

CLOSED

Completion Date:	09/16/2021	MAP Status Unassigned
Action Plan:	Member Services will address the variances noted in the audit, which includes making the appropriate configuration updates to the V3 system, communicating the updates to the Employers and following procedures in the OCERS' Overpaid and Underpaid Plan Contributions Policy in regards to the over and underpayment of contributions of the variances noted. At the next update to the Board, Member Services will include the corrections identified in this audit for pensionable attributes of relevant pay items. Going forward, Member Services will develop a process to perform a full reconciliation of the pay item file presented to the Board with the pay item configurations in the V3 system periodically, at least prior to the annual presentation to the Board to ensure accurate and complete reporting of pay items to the Board. Any discrepancies identified by the reconciliation will be addressed as needed.	
IA Follow-Up:	Internal Audit reviewed updated procedure document and annual reconciliation file.	

OBSERVATION #3 - A PROCESS DOES NOT EXIST TO IDENTIFY UPDATES TO EMPLOYER DOCUMENTATION THAT MAY IMPACT THE LIST OF PAY ITEMS.

CLOSED

Completion Date:	03/14/2023	MAP Status Unassigned
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Executed: 9/26/2024 9:40:25 AM
 Executed By: OCERS\madviento

- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
- Missed Due Date (2nd Time) since latest Revised Due Date

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Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): ALL

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Action Plan: Member Services is in the process of documenting all current MOU's and will draft an update to the pay item review procedure to include a section on monitoring MOU's for adjustments made by Employers to ensure Employers have obtained OCERS approval prior to implementing a new pay item.

Currently, the Employer is required to submit a "pay item request form" to OCERS for approval in order to add a new or adjust an existing pay item. This is required to be done at least two pay periods prior to implementation of the pay item in the Employer payroll. If however an Employer attempts to pass a pay item that has not been added for that Employer, the system will produce an error for the Employer when they submit the payroll. This process assists Member Services in monitoring the implementation of pay items directly by the Employer.

IA Follow-Up: IA confirmed a process and supporting documentation was implemented.

Project: 42 - 2032 - Actuarial Extract Audit

PROCESS OWNER: MEMBER SERVICES

Report Date: 10/13/2020

Total Observations: 1

OBSERVATION #5 - 5. MEMBER SERVICES DOES NOT HAVE POLICIES AND PROCEDURES RELATED TO THE USE OF THE PENSION ADMINISTRATION SYSTEM MEMBER DATA VALIDATION QUERIES.

CLOSED

Completion Date: 05/15/2023

MAP Status Unassigned

Action Plan: The Member Services team will document and formalize policies and procedures related to the pension administration system data queries created by the OCERS IT Department. We will also document the personnel structure responsible for the process as well as the timing and scheduling cycles for the annual review.

IA Follow-Up: Internal Audit confirmed a Member Services procedural document was created.

Project: 47 - 2020 - Continuous Audit of Final Average Salary Calculations (Q3/Q4 2020)

PROCESS OWNER: MEMBER SERVICES

Report Date: 03/22/2021

Total Observations: 2

OBSERVATION #1 - 1. INTERNAL AUDIT NOTED AN 8% ERROR RATE (SIX ERRORS) WITH THE 75 FAS CALCULATIONS SAMPLED FROM THE 3RD AND 4TH QUARTERS OF 2020.

CLOSED

Completion Date:

MAP Status Unassigned

Executed: 9/26/2024 9:40:25 AM
 Executed By: OCERS\madviento

- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
- Missed Due Date (2nd Time) since latest Revised Due Date

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Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): ALL

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Action Plan: Member Services has reviewed and is in the process of addressing the recalculations for members identified by Internal Audit during their review. Member Services Management has also taken the following steps which are further detailed in our "Member Services Management Quality Assurance Review Final Average Salary Q1-Q2 2020 Report.docx" document provided to the committee (Action Item A-5).
 1. Reorganization of the Retirement Program Specialist (RPS) department.
 2. Development of the OCERS Retirement Transaction Tool.
 3. Development of detailed written procedures for the entire Retirement Transaction Process.
 4. Retrained the RPS teams on the newly developed Retirement Transaction Tool.
 5. Development of a fully focused Quality Assurance Review Team and Reporting process.
 6. Random Sampling of Retirement Transactions by Member Services Management Team.

IA Follow-Up: As part of the continuous audit for the FAS calculation, Internal Audit noted the MAP was completed during the July 1 payroll review.

OBSERVATION #2 - 2. THE FAS SUPPORTING DOCUMENTATION FOR THREE MEMBERS NEEDED TO BE UPDATED IN THE PENSION ADMINISTRATION SYSTEM (NO FAS IMPACT).

CLOSED

Completion Date: 04/02/2021 MAP Status Unassigned

Action Plan: Member Services has reviewed and updated the member files for the calculation documents for members identified by Internal Audit during their review. Member Services Management has also implemented a checklist within the new tool mentioned above.

IA Follow-Up: Internal Audit noted the checklist was included in the new FAS tool.

Project: 48 - 2132 - Continuous Audit of Final Average Salary Calculations (Q2 2021)

PROCESS OWNER: MEMBER SERVICES

Report Date: 06/04/2021

Total Observations: 2

OBSERVATION #1 - 1. INTERNAL AUDIT NOTED A 6.7% ERROR RATE (FOUR ERRORS) OUT OF THE 60 FAS CALCULATIONS SAMPLED FROM THE 2ND QUARTER OF 2021.

CLOSED

Completion Date: 05/20/2021 MAP Status Unassigned

Executed: 9/26/2024 9:40:25 AM
 Executed By: OCERS\madviento

- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
- Missed Due Date (2nd Time) since latest Revised Due Date

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Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): ALL

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Action Plan: Member Services Management team takes all errors very seriously. As discussed before, we reorganized our team and implemented a full Quality Assurance process to review all payroll transactions and perform recalculations on any member's account where we found an error. We are reviewing the root cause of all errors and we are providing ongoing training on the errors found each month. We are providing direct feedback to the specific team members who processed the original calculations where errors occurred. We are also reporting up to senior management weekly on the results of our efforts.
 As to the fourth error, we are working with ViTech, our V3 pension administration system vendor to develop a solution to this issue. We are also working with our team to review any accounts with similar employment history to ensure this error does not occur in the future until we can have the systematic issue fixed in V3. Upon our initial review of all member retirements that have been processed since the implementation of V3 (2016 forward), it is believed to impact approximately 11 members, but the investigation is ongoing. We will provide an update on the final number of members affected at the time of the June Audit Committee Meeting.
 Member Services is also providing training to the team on how to identify members with this potential issue to ensure additional members are not impacted in the future until the fix in V3 is made

IA Follow-Up: Internal Audit reviewed the ViTech submission and confirmed with Member Services of the additional training.

OBSERVATION #2 - 2. THE FAS SUPPORTING DOCUMENTATION FOR TWO MEMBERS NEEDED TO BE UPDATED IN THE PENSION ADMINISTRATION SYSTEM (NO FAS IMPACT). CLOSED

Completion Date: 05/20/2021 MAP Status Unassigned

Action Plan: Member Services Management team is providing feedback to our team and the 2 specific team members who did not upload the fully completed supporting documentation to the V3 system. We will continue to reiterate the importance of maintaining the fully completed documentation in the members' files in V3 and will have the supervisor team monitor compliance.

IA Follow-Up: Internal Audit confirmed the documents have been uploaded and the feedback to the team members have been provided.

Project: 55 - 2135 - Quarterly FAS Review (Q4 2021)

PROCESS OWNER: MEMBER SERVICES

Report Date: 10/04/2021

Total Observations: 1

OBSERVATION #1 - 1. INTERNAL AUDIT NOTED AN 8% ERROR RATE (SIX ERRORS) WITH THE 75 FAS CALCULATIONS TESTED FROM THE 3RD QUARTER OF 2021. CLOSED

Completion Date: 10/01/2021 MAP Status Unassigned

Executed: 9/26/2024 9:40:25 AM
 Executed By: OCERS\madviento

- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
- Missed Due Date (2nd Time) since latest Revised Due Date



Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): ALL

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Action Plan: Member Services has recalculated the 6 accounts and made corrective retroactive payments/adjustments to each of the members in accordance with OCERS Overpaid and Underpaid Plan Benefits Policy. The first 5 members were corrected with the 9/1/2021 payroll and the last account was corrected on the 10/1/2021 payroll. Member Services RPS management team formed a committee to assist in developing new controls. One specific solution that came from this committee was the need to have a consistent process for them to follow to sort through the pay data used in determining FAS pay items. Member Services management developed new controls within the FAS Calculation Tool that incorporate macros to help sort and organize the work history for pay items to ensure all team members are working in a consistent process and to make it easier to identify the pay items to include in the FAS. We implemented and trained the RPS team on the new process in September.

Member Services management has also enacted version control on the FAS Calculation tool to ensure it is easy to identify if calculations are performed on an outdated file. Member Services management will continue to find new ways to eliminate errors in this process and implement them quickly with appropriate training and documentation on the processes for the team.

IA Follow-Up: Member Services shared the updated version of the FAS excel tool.

Project: 56 - 2133 - Dependent Survivor Eligibility Audit

PROCESS OWNER: MEMBER SERVICES

Report Date: 10/04/2021

Total Observations: 4

OBSERVATION #1 - 1. OCERS DOES NOT HAVE A FORMALIZED AND SYSTEMATIC PROCESS TO ADDRESS SURVIVOR BENEFITS UNCLAIMED OVER AN EXTENDED PERIOD OF TIME.

CLOSED

Completion Date: 01/05/2022 MAP Status Unassigned

Action Plan: Member Services Management has worked with our IT partners to develop two reports that will alert us if we have a member that has a death date entered but does not have a survivorship processed. This will help us catch this type of oversight in the future. A process will be developed to monitor the reports/alerts and take appropriate action. Member Services will also research with ViTech to see if it would be possible to have an automated letter mailed out each month to a member's beneficiaries once a death date is entered and to conclude when a survivorship is processed to the beneficiaries. This will help ensure member beneficiaries are made aware of their possible benefit.

- 2 Reports are as follows:
- Deceased Retirees with No Associated Burial Benefit nor Survivorship benefit established.
 - Deceased Retirees with an Associated Burial Benefit but no Survivorship benefit established.

IA Follow-Up: Internal Audit confirmed the reports have been implemented

OBSERVATION #2 - 2. UPON REVIEWING A SURVIVOR'S BENEFIT PAYMENT, WE NOTED ERRORS WITH THE DECEASED MEMBER'S BENEFIT PAYMENT HISTORY FROM 2002 TO THE MEMBER'S DEATH IN 2018.

CLOSED

Completion Date: 01/26/2023 MAP Status Unassigned

Executed: 9/26/2024 9:40:25 AM
 Executed By: OCERS\madviento

- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
- Missed Due Date (2nd Time) since latest Revised Due Date

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Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): ALL

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Action Plan:
 1. Per the OCERS' Overpaid and Underpaid Plan Benefits Policy, OCERS will not recoup the overpaid funds from the surviving spouse's continuance.
 2. Current procedures requires Member Services to perform a comparison of the benefit components on both member and survivor to identify any possible discrepancies at the time of the survivorship establishment. We will review our current procedures to see if there are any additional steps, we can take to ensure we do not miss this type of discrepancy moving forward. We will also update our team and provide training specific to this issue.

IA Follow-Up: Confirmed procedures were updated for Member Services to verify COLA and Pension amounts for survivor benefit payments.

OBSERVATION #3 - A LUMP SUM BENEFICIARY PAYMENT TO A DECEASED DRO SURVIVOR PAYEE'S ESTATE WAS OVERPAID BY \$200.

CLOSED

Completion Date: 04/25/2024

On Schedule

Action Plan: Member Services Management will perform a root cause analysis and develop a QA process specific to the Manual Tertiary Applications. This type of application is very rare and is not fully developed and automated in V3. We will work to incorporate this in either a V3 upgrade or the new PAS system in the future.

IA Follow-Up: IA reviewed new QA Process document

OBSERVATION #4 - 4. A MEMBER'S DISABILITY APPLICATION WAS NOT LOCATED IN THE MEMBER'S V3 RECORDS.

CLOSED

Completion Date: 03/16/2022

MAP Status Unassigned

Action Plan: Member Services/Disability team will ensure all the documents are uploaded before completing the Required Proof Doc Checklist. Member Services will validate at the time of disability recalculation that the required disability documentation is within the V3 member file.

IA Follow-Up: IA confirmed the disability documents have been uploaded to V3 and a process was implemented to validate documents have been uploaded.

Project: 57 - 2231 - SSA Employer Audit

PROCESS OWNER: MEMBER SERVICES

Report Date: 03/30/2022

Total Observations: 1

OBSERVATION #1 - 1. THE JOB TITLE IN THE OCERS PENSION ADMINISTRATION SYSTEM (PAS) RECORDS FOR A SOCIAL SERVICES AGENCY RETIREE IN OUR SAMPLE DID NOT REFLECT THE RETIREE'S ACTUAL JOB TITLE.

CLOSED

Completion Date: 01/30/2023

MAP Status Unassigned

Executed: 9/26/2024 9:40:25 AM
 Executed By: OCERS\madviento

- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
- Missed Due Date (2nd Time) since latest Revised Due Date

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Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): ALL

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Action Plan: Member Services Employer Payroll (EP) Management Team will perform a one-time audit of the records between OCERS and all employers supported through the County (Not Just SSA). Once Complete, updates will be sent to OCERS IT to make the necessary changes. After IT makes the changes to the system, a member of the EP Team will verify that the changes were successfully implemented. Ongoing, accuracy validation of the data at the time a member retires is currently performed and is also part of our updated Quality Assurance Process initiated in 2021. As a result of our updated quality assurance program and the fact that we rarely receive new or changed Bargaining Units and Job Class, Management is recommending we continue to review the quality for these records at the time of retirement. We will perform another global reconciliation at the time we perform a migration from the current pension administration system to our new pension administration system in the coming years.

IA Follow-Up: Internal Audit confirmed the reconciliation of job title and job codes between the County and OCERS PAS. The issue identified has been corrected.

Project: 59 - 2232 - Quarterly FAS Review (Q1 2022)

PROCESS OWNER: MEMBER SERVICES

Report Date: 03/30/2022

Total Observations: 1

OBSERVATION #1 - 1. INTERNAL AUDIT NOTED A 4.0% ERROR RATE (TWO ERRORS) WITH THE 50 FAS CALCULATIONS SAMPLED FROM THE 1ST QUARTER OF 2022

CLOSED

Completion Date: 01/26/2023

MAP Status Unassigned

Action Plan: Member Services (M.S.) Management team investigated the first error reported by Internal Audit for this quarter, and we determined that the original data came to OCERS from CalPERS in an Excel spreadsheet that contained improper formatting for the salary records. M.S. management has engaged the leadership team at CalPERS for the department that prepares this information to inform them of the formatting error. We have also reviewed additional member accounts for which we had received salary information from CalPERS to determine if any other accounts had a similar issue. All of the other accounts we reviewed contained spreadsheets that contained merged fields similar to this account, but they were formatted properly and correctly reported final average salary. We are also training our staff to be aware of the possibility of formatting errors from any outside agency using Excel to report data to OCERS.

Regarding the second account with an error, M.S. Management team is working with ViTech to determine the reason for the error and fix the PAS software to ensure it is following the configuration settings properly. We are also working to query the PAS software to see if there are any other accounts that may have been affected in a similar way to this account.

IA Follow-Up: Internal Audit confirmed the training was performed and a JIRA ticket was created to identify the proration issue.

Project: 62 - 2233 - Quarterly FAS Review (Q2 2022)

PROCESS OWNER: MEMBER SERVICES

Report Date: 10/03/2022

Total Observations: 1

Executed: 9/26/2024 9:40:25 AM
 Executed By: OCERS\madviento

- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
- Missed Due Date (2nd Time) since latest Revised Due Date

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Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): ALL

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OBSERVATION #1 - INTERNAL AUDIT NOTED A 2.4% ERROR RATE (ONE ERROR) WITH THE 41 FAS CALCULATIONS SAMPLED FROM THE 2ND QUARTER OF 2022.

CLOSED

Completion Date:	03/17/2023	MAP Status Unassigned
Action Plan:	Provide additional training to the Team members when calculating a Sanitation District FAS and benefit. This would include reiterating that Quality Assurance will need to perform a completely separate reperformance of the FAS calculation. Work with the Employer, Sanitation District, to correct errors in the transmittal before OCERS can begin the process of calculating the FAS and benefit.	
IA Follow-Up:	IA confirmed Member Services provided the additional training and communicated the error with OC Sanitation District.	

Project: 67 - 2202 - Alameda Audit
PROCESS OWNER: MEMBER SERVICES
Report Date: 04/05/2023
Total Observations: 3

OBSERVATION #1 - 1. INTERNAL AUDIT NOTED A 6.7% ERROR RATE (TWO ERRORS OUT OF THE SAMPLE OF 30) WITH THE FAS CALCULATIONS SAMPLED.

CLOSED

Completion Date:	05/15/2023	MAP Status Unassigned
Action Plan:	These errors were associated to the first 30 transactions performed by external contractors. The prior 6 transactions (October and November 2022) where Member Services did not have any errors were performed by seasoned team members. From our review of these items, the contractors did not follow the documented processes and training they were provided; had the process been followed errors would not have occurred. The issue has been addressed with the contractors and they fully understand the need for following the documented process. The Member Services management team is also considering extending the payroll deadlines to allow for more time to perform the processing and QA. We believe rushing to get transactions processed before the deadline has contributed to the errors and think extending the timeline will help prevent future errors.	
IA Follow-Up:	Internal Audit confirmed the communication was made to the contractors to follow the documented procedure. The payroll deadline was also extended from 30 to 45 days.	

OBSERVATION #2 - INTERNAL AUDIT NOTED A 13.3% ERROR RATE (FOUR ERRORS OUT OF THE SAMPLE OF 30) WITH THE MANUAL ALLOCATION OF THE TOTAL OVERPAID BENEFITS TO BE RECOVERED BETWEEN THE RETIREE AND THE EMPLOYER (NOT FAS IMPACTING).

CLOSED

Completion Date:	05/15/2023	MAP Status Unassigned
Action Plan:	These errors were on a new Excel tab specifically created for Alameda recalculations. With the Board direction to only collect overpayments from 10/1/2020 forward from the member, Member Services needed to create a manual calculation process. This tab was created so we could split the amount of the overpayment between the Member and the Employer. V3 automatically calculates the total overpayment, however V3 cannot automate the split between Member and Employer. The data in this tab is a direct extract from members' V3 accounts and the errors occurred when the contractors entered the data manually vs extracting it from V3. In addition, the QA team did not validate the numbers thinking they were a direct extract. Member Services management team will be modifying our controls to ensure this new data tab is calculated separately by our QA team to validate the numbers.	
IA Follow-Up:	Confirmed new control for overpayment allocation was implemented.	

Executed: 9/26/2024 9:40:25 AM
 Executed By: OCERS\madviento

- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
- Missed Due Date (2nd Time) since latest Revised Due Date



Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): ALL

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OBSERVATION #3 - FOR ONE RETIREE IN OUR SAMPLE, THREE PAY ITEMS IN ONE PARTIAL PAY PERIOD WERE NOT PRORATED IN A CONSISTENT MANNER.

CLOSED

Completion Date:	01/19/2024	MAP Status Unassigned
Action Plan:	Member Services followed a standing practice for this observation. OCERS current practice is to accept pay items that have already been prorated by the employer as reported in the transmittal. We will however ensure our current practice is documented in our procedure. We will also review our procedures to determine if it can be simplified even further to eliminate any manual proration of pay items passed to us from the employer.	
IA Follow-Up:	Member Services provided the updated procedure.	

Project: 68 - 2334 - Member Data Maintenance_Bank Account Changes

PROCESS OWNER: MEMBER SERVICES

Report Date: 06/01/2023

Total Observations: 5

OBSERVATION #1 - DETAILS REMOVED - DISCUSSED IN CLOSED SESSION

CLOSED

Completion Date:	06/01/2023	MAP Status Unassigned
Action Plan:	Details Removed - Discussed in Closed Session	
IA Follow-Up:	Internal Audit confirmed management action plan has been implemented.	

OBSERVATION #2 - DETAILS REMOVED - DISCUSSED IN CLOSED SESSION

CLOSED

Completion Date:	12/18/2023	MAP Status Unassigned
Action Plan:	Details Removed - Discussed in Closed Session	
IA Follow-Up:	Member Services provided examples of reviewed confirmation letters.	

OBSERVATION #3 - DETAILS REMOVED - DISCUSSED IN CLOSED SESSION

CLOSED

Completion Date:	12/18/2023	MAP Status Unassigned
Action Plan:	Details Removed - Discussed in Closed Session	
IA Follow-Up:	Member Services provided IT ticket to PAS vendor for letter generation.	

Executed: 9/26/2024 9:40:25 AM
 Executed By: OCERS\madviento

- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
- Missed Due Date (2nd Time) since latest Revised Due Date

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Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): ALL

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OBSERVATION #4 - DETAILS REMOVED - DISCUSSED IN CLOSED SESSION

CLOSED

Completion Date:	01/18/2024	MAP Status Unassigned
Action Plan:	Details Removed - Discussed in Closed Session	
IA Follow-Up:	Member Services confirmed direct deposit information, included reminders in meeting agendas and updated member facing information with reminders.	

OBSERVATION #5 - DETAILS REMOVED - DISCUSSED IN CLOSED SESSION

CLOSED

Completion Date:	01/18/2024	MAP Status Unassigned
Action Plan:	Details Removed - Discussed in Closed Session	
IA Follow-Up:	Member Services included reminders during team meetings and updated materials to verify information.	

Project: 72 - 2301 - Alameda 2nd audit

PROCESS OWNER: MEMBER SERVICES

Report Date: 10/11/2023

Total Observations: 1

OBSERVATION #1 - INTERNAL AUDIT NOTED 13% OF THE ALAMEDA CONTRIBUTION REFUND RE-CALCULATIONS WERE INCORRECT DUE TO A RECENT CHANGE IN THE PENSION ATTRIBUTE FOR A SPECIFIC PAY ITEM. THIS DOES NOT IMPACT FAS.

CLOSED

Completion Date:	12/18/2023	MAP Status Unassigned
Action Plan:	Member Services Management team reviewed the process for performing the recalculation of the Contribution Refunds as it pertains to the PHP pay item. As Internal Audit confirmed with the subsequent months' members affected by PHP, our process was corrected to include these amounts (reverse pickup rate) in our subsequent calculations. Member Services has also provided Internal Audit with the files containing the corrected contribution refund calculations for the five members noted. These revised contribution and interest amounts were used in total to offset the member's overpayment and thus did not get paid directly to the members as a refund.	
	We have also worked with the county to create a new pay item for PHP pay item in the PAS as a result to ensure future benefits automatically include the pay in the retirement benefits.	
IA Follow-Up:	Member Services adjusted the process to include the reverse pickup rate.	

Project: 81 - 2336 - Payroll Transmittal Process

Executed: 9/26/2024 9:40:25 AM
 Executed By: OCERS\madviento

- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
- Missed Due Date (2nd Time) since latest Revised Due Date



Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): ALL

"We provide secure retirement and disability benefits with the highest standards of excellence."



PROCESS OWNER: MEMBER SERVICES

Report Date: 03/28/2024

Total Observations: 4

OBSERVATION #1 - OCERS DOES NOT HAVE A WRITTEN POLICY ESTABLISHING PURPOSE, SCOPE, AND ROLES REGARDING THE EMPLOYERS' RESPONSIBILITY TO ADDRESS EMPLOYER PAYROLL TRANSMITTAL EXCEPTIONS IN A TIMELY MANNER.

CLOSED

Completion Date:	09/03/2024	On Schedule
Action Plan:	<p>The Employer Payroll Team will develop a written policy establishing purpose, scope, and roles regarding the employers' responsibility to address employer payroll transmittal exceptions in a timely manner.</p> <p>The Policy will incorporate the various reasons for exceptions, containing errors and False Positive errors, and how to differentiate between the two. The policy will also address the minimum acceptable levels of accuracy, based on the thorough review of what is a valid error.</p> <p>The development of the Policy will include an in-depth review of all aspects of the process, including current processes of reviewing and taking corrective actions, and recommending updates for the Transmittal Exceptions report (e.g., New info vs. reoccurring items). The Policy may generate a supplemental Procedure if necessary.</p> <p>While a policy is to be developed, employers were provided direction prior to V3 implementation, they have been provided guidance on a regular basis during the Annual Employer Workshop, as well as through regular channels of communication between the Employer Payroll Team and employers.</p>	

IA Follow-Up: Draft policy has been presented to the Governance Committee on August 15, 2024 for its review. IA considers this MAP closed. See item A-9 on the agenda.

OBSERVATION #2 - INTERNAL AUDIT IDENTIFIED TWO TYPES OF PAYROLL EXCEPTIONS TRACKED BY THE PAS THAT GENERATE NUMEROUS FALSE POSITIVES DUE TO EITHER PAS PROGRAMMING OR INSTANCES IN WHICH EMPLOYERS ARE REPORTING INCORRECT EMPLOYEE STATUS.

CLOSED

Completion Date:		On Schedule
Action Plan:	<p>Review exceptions by importance/priority and determine if certain exceptions can be changed/deleted, especially looking at False Positives. Reach out to the PAS vendor to determine the cost to change in logic or turn off unnecessary exceptions (false positives) once exceptions are reviewed and further categorized (if needed).</p> <p>The Policy will recommend regular ongoing communication with employers, asking them to review and correct errors (that are not False Positives).</p>	

IA Follow-Up: IA was informed by Member Services that a ticket resolution has been filed with the PAS vendor, Vitech.

OBSERVATION #3 - THE EMPLOYER PAYROLL TEAM'S PROCEDURE DOCUMENTATION DOES NOT PROVIDE GUIDANCE TO STAFF FOR HOW TO MONITOR IF THE EMPLOYERS ARE CORRECTING PAYROLL EXCEPTIONS.

CLOSED

Completion Date:	09/23/2024	On Schedule
Action Plan:	Along with development of Policy, procedural guidance will be developed for processing exceptions.	

Executed: 9/26/2024 9:40:25 AM
 Executed By: OCERS\madviento

- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
- Missed Due Date (2nd Time) since latest Revised Due Date

Doc. No. 0080-0120-R0001
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Management Action Plan Status Report

Project(s): ALL
 Mgmt. Status: OPEN, CLOSED - NO FURTHER ACTION REQUIRED
 Process Owner(s): ALL

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IA Follow-Up: IA reviewed Member Services' new Employer Handbook and verified completion of the action plan.

OBSERVATION #4 - THE EMPLOYER PAYROLL TEAM'S DOCUMENTATION DOES NOT PROVIDE STAFF GUIDANCE ON PROCEDURES FOR CHECKING NEW MEMBER AFFIDAVIT FORMS FOR COMPLETENESS AND ACCURACY OR DESCRIBE ESCALATION STEPS TO TAKE WHEN MEMBER AFFIDAVIT FORMS MISSING, INCOMPLETE, OR CONTA

CLOSED

Completion Date: 09/23/2024

On Schedule

Action Plan: A New Member Affidavit has been developed and is in the final stage of review. This version gathers more and clearer information.

We are also creating a Guidance Sheet for members and employers to assist them in completing the form.

New Member Enrollment processes are due to be reviewed for Master Repository Project. We will also develop a Member Services Procedure for processing Affidavits based on current process. The procedure will provide guidance on reviewing and processing Affidavits including receiving and processing timing guidelines; following up for incomplete or missing Affidavits; and incorporate supervisory reviews (e.g., 1-5 % of total new Member Affidavits received).

IA Follow-Up: IA reviewed Member Services' new Member Affidavit guidance sheet and new Member Affidavit form and verified completion of the action plan.

Executed: 9/26/2024 9:40:25 AM
 Executed By: OCERS\madviento

- On Schedule to complete MAP
- Missed Due Date (1st Time), planned to complete by Revised Due Date
- Missed Due Date (2nd Time) since latest Revised Due Date

Doc. No. 0080-0120-R0001
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Management Action Plan (MAP) Aging Report

MAPs that are overdue based on Initial Due Date respective of OCT's Audit Committee Meeting.

Next Audit Committee Meeting: 10/09/2024

Number of Observations: 1

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Audit Report & Management Action Plan (MAP)		Aging of OPEN MAP's Past Initial Due Date as of the 10/09/2024's Audit Committee Meeting						
		Management Action Plan (MAP) Detail	Initial Due Date	* Revised Due Date	Outstanding Days from Initial Due Date	31-60 Days	61-90 Days	91+ Days
84 - 2338 - OC TRANSPORTATION AUTH								
* 2 - OCTA does not determine hours worked by Extra-Help and rehired retirees based on a fiscal year or calendar year in accordance with OCERS Membership Eligibility Requirements Policy (Policy) for determining membership eligibility.	Human Resources will create a new report to monitor Extra-Help and rehired retirees on a calendar year basis. The new report will begin monitoring hours worked from January 1, 2024, for the 2024 calendar year. In addition, Human Resources will investigate creating a new status code for rehired retirees to ensure that their hours do not exceed 960.	07/31/2024	12/31/2024	70		1		1
Project Total:								1



Memorandum

DATE: October 9, 2024
TO: Members of the Audit Committee
FROM: Mark Adviento, Interim Director of Internal Audit
SUBJECT: STATUS UPDATE OF 2024 AUDIT PLAN

Written Report

Background/Discussion

Attached is a comparison of budgeted 2024 audit plan hours versus the completed program actual hours, by project.

Submitted by:

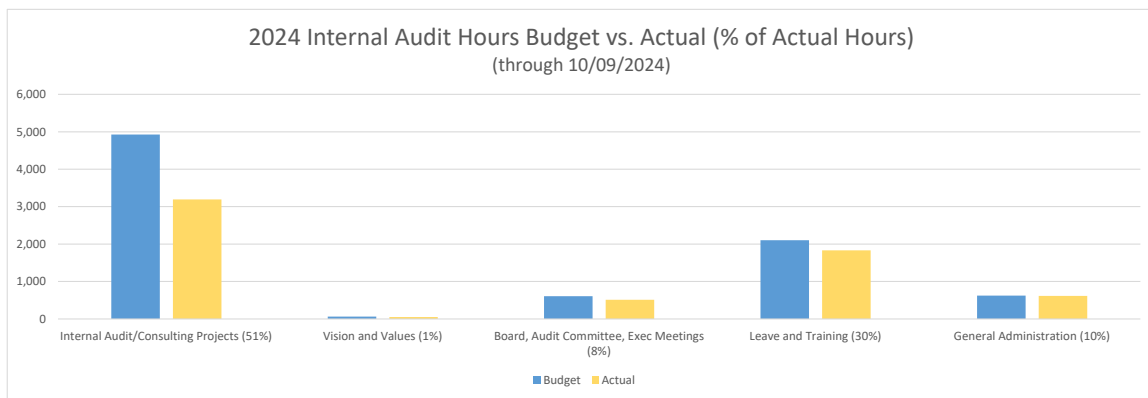
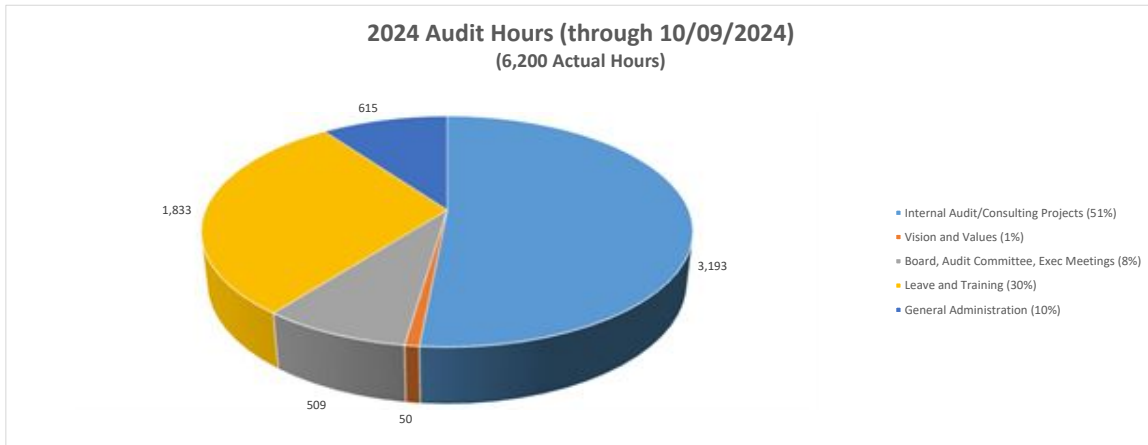


MA - Approved

Mark Adviento
Interim Director of Internal Audit

Attachment

2024 Internal Audit Plan



**Orange County Employees Retirement System
2024 Internal Audit Plan**

Audit Activity	Description	Planned Hours	Actual Hours	Projected Remaining Hours	Comments
Internal Audit/Consulting/Planning/QAIP		4,926	3,193	1,349	
Internal Audits - Assurance		3,906	2,378	1,065	
Governance - Asset Allocation/Rebalancing (carryover from 2023 audit plan)	Review of controls ensuring OCERS asset allocation/rebalancing activities are reviewed and fully reported to the Investment Committee as per Investment Policy Statement.	70	80	-	Complete
Transmittal Processing (carryover from 2023 audit plan)	Review the Employer Payroll team's controls over the processing of payroll transmittals in V3.	40	80	-	Complete
Employer Audit (OCTA) (carryover from 2023 audit)	Review employer's supporting documentation to verify accuracy and completeness of payroll data transmitted to OCERS pension administration system; review employer's controls to ensure compliance with OCERS Membership Eligibility Requirements Policy. Last time audited in 2013.	96	120	-	Complete
Accounts Payable (carryover from 2023 audit)	Review of controls over the account payable process, from payment request through payment of invoice.	40	50	-	Complete
Employer (County of Orange-Public Law Library)	Review employer's supporting documentation to verify accuracy and completeness of payroll data transmitted to OCERS pension administration system; review employer's controls to ensure compliance with OCERS Membership Eligibility Requirements Policy.	350	360	-	Complete
CIS Controls Assessment	Perform an independent assessment of Information Security's implementation of the Center of Internet Security (CIS) Top 18 Controls, and provide recommendations on management's assessment of the department's implementation status and maturity level as appropriate.	120	130	-	Complete
Investment Compensation Review	Perform independent review of annual investment compensation calculations	160	120	-	Complete
Continuous Audit - Final Average Salary (FAS) Calculation	Continuous audit of FAS calculations. Sample on quarterly basis for Q3	280	100	180	Fieldwork in progress Audit report to be presented at December AC meeting
Employer (OCERS)	Review employer's supporting documentation to verify accuracy and completeness of payroll data transmitted to OCERS pension administration system; review employer's controls to ensure compliance with OCERS Membership Eligibility Requirements Policy.	350	150	200	Fieldwork in progress Audit report to be presented at December AC meeting (1st time audit)
Employer (County of Orange - Healthcare Agency)	Review employer's supporting documentation to verify accuracy and completeness of payroll data transmitted to OCERS pension administration system; review employer's controls to ensure compliance with OCERS Membership Eligibility Requirements Policy.	350	400	30	Draft Observations issued, awaiting responses from employer Report to be presented at December AC meeting (1st time audit)
Employer (Orange County - Local Agency Formation Commission - LAFCO)	Review employer's supporting documentation to verify accuracy and completeness of payroll data transmitted to OCERS pension administration system; review employer's controls to ensure compliance with OCERS Membership Eligibility Requirements Policy.	350	380	25	Draft Observations issued, awaiting responses from employer Report to be presented at December AC meeting (1st time audit)

**Orange County Employees Retirement System
2024 Internal Audit Plan**

Audit Activity	Description	Planned Hours	Actual Hours	Projected Remaining Hours	Comments
Alameda 2 Implementation	Perform an independent review of the controls in place to ensure the recalculation of contribution refunds and retirement benefits related to the Alameda decision are complete and accurate for Alameda phase 2	370	45	325	Fieldwork to start end of October
Payroll for Retirees	Review the Finance Department’s controls over the general ledger recording of monthly benefit payments	360	75	285	Fieldwork to start end of October
Employer (San Juan Capistrano)	Review employer’s supporting documentation to verify accuracy and completeness of payroll data transmitted to OCERS pension administration system; review employer’s controls to ensure compliance with OCERS Membership Eligibility Requirements Policy.	350	48	-	Project postponed to 2025 audit plan - employer is undergoing a payroll system conversion
COLA Adjustments	Perform an independent review of the controls in place to ensure COLA adjustments are accurately calculated.	360	-	-	Project postponed to 2025 audit plan
Internal Audit - Management Action Plan Follow-up	Action Plan Follow-up - Perform MAP follow-ups with management.	260	240	20	Ongoing review of implemented MAPs from completed audits, redesign of MAP reports
Internal Audits - Consulting		220	295	0	
Consulting/Ad-hoc projects	Open for any ad-hoc project TBD	220	295	-	Includes time to assist with ACFR, RPA project for Member Affidavits, contract oversight review
Internal Audits - Planning		500	236	264	
Annual Audit Planning	Review and update Risk and Control Matrix.	200	155	45	2025 Audit Plan to be presented for approval in early 1st quarter 2025 AC meeting
	Annual preparation of the Audit Plan, updates to the current Audit Plan.	300	81	219	
Internal Audits - Quality Assurance and Improvement Program		300	284	20	
Quality Assurance and Improvement Program	IA Quality Review- self assessment - QAIP program and external peer review	240	245	20	Updates to the Internal Auditing Standards on the Audit Charter, Audit Manual and Audit Committee Charter
	Hotline reporting system.	60	39	-	Transitioned responsibilities to Compliance
Vision and Values		60	50	10	
	Vision and Values Committee (Internal OCERS Committee)	60	50	10	Hosted bring your child to work event
Board, AC, OCERS Executive Meetings		608	509	68	
	Board meetings, Audit Committee, Personnel Committee, Governance Committee, Executive meeting, Strategic Planning	510	424	50	-
	Weekly meetings with CEO	26	21	10	-
	Monthly meeting with Audit Committee Chair	72	64	8	-
General admin time		623	615	60	
	General admin time	623	615	60	8.5% of total hours
Leave (Holiday/Annual) and Training		2,103	1,833	188	
	Holidays (12 days), Annual Leave (15 days) Maternity Leave (180 days)	1,928	1,559	168	-
	Training and Continuing Education	175	275	20	-
Grand Total Hours		8,320	6,200	1,675	



Memorandum

DATE: October 9, 2024
TO: Members of the Audit Committee
FROM: Mark Adviento, Interim Director of Internal Audit
SUBJECT: **REQUEST FOR PROPOSAL FOR INFORMATION TECHNOLOGY AUDIT SERVICES**

Written Report

Background/Discussion

OCERS Procurement and Contracting Policy (Section II.D) specifies that contract terms cannot exceed six years.

Since June 1, 2019, Internal Audit (IA) has contracted with RSM to conduct audits of OCERS Information Technology General Controls (ITGCs) and Information Security Controls. This contract will expire on June 1, 2025, marking the end of a six-year term. As this deadline approaches, it is necessary to initiate the process of issuing a new Request for Proposal (RFP) to select a vendor for the next contract cycle.

IA recommends using the RFP method to award the new contract. In accordance with the Procurement and Contracting Policy, contracts exceeding \$100,000 require the RFP method. The average annual spend with RSM over the past five years has been approximately \$88,000.

Following consultations with OCERS Contract Administrator, it is recommended that Internal Audit begin drafting the RFP in October 2024 to initiate the vendor selection process.

The RFP will cover the following key services:

- Audits of Information Technology General Controls.
- Audits of Information Security Controls.
- Assistance with the annual IT risk assessment.
- Development of a multi-year IT audit plan.

After internal scoring of RFP responses, two finalists will be invited to present their proposals and qualifications to the Audit Committee in early 2025. The preferred vendor will then be selected.

Submitted by:



MA - Approved

Mark Adviento
Interim Director of Internal Audit