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Internal Audit

City of San Jose Office of Retirement Services (ORS)

Proposed Revised FY2026-2027 Internal Audit Plan

Presenter: Kate Murdock, Sr. Manager

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Revised FY2026-2027 Audit Plan Projects

- **Investment Management Process** - investment valuation and financial reporting, accuracy of Net Asset Valuation, completeness and accuracy of data from investment managers.

- **Contribution Returns Process** - member refund processing and reporting, appropriate authorization, accuracy, timeliness, fraud prevention, tax treatment, accounting, reconciliations, and timely resolution of discrepancies.

Revised FY2026-2027 Audit Plan Projects continued

- **Benefits Disbursements Process** - benefit payment processing and reporting, eligibility verification, calculation accuracy, payment execution, banking information, tax treatment, fraud prevention, financial recording, audit trails, reconciliations, and timely resolution of discrepancies.

- **IT Governance & Management** - IT governance and management processes, IT strategy alignment, investment, and resources with organizational objectives, establish appropriate roles, responsibilities, policies and oversight; and support effective risk management, prioritization, decision-making, accountability and escalation of significant IT matters.

Revised FY 2027-2031 Audit Plan

Division	Key Function	Risk Score	Proposed Audit Plan Year and Estimated Hours				
			FY27	FY28	FY29	FY30	FY31
IT	1099-R Reporting	20		300			
IT	Cybersecurity and Data Protection	15			300		
Accounting	ACFR Requirements	12	TBD[4]				
Accounting	Benefits Disbursements Process	12	300				
Accounting	Cash Disbursements Process	12		350			
Administration	Business Continuity Planning	12		325			
Administration	Employee Training	12			325		
Benefits	Disability Payments	12			375		
Benefits	Return of Contributions	12	325				
Benefits	Service Purchase Contracts	12				300	
Investments	Asset Allocation – included as part of Investment Compliance Monitoring	12					
Investments	Due Diligence – included as part of Investment Compliance Monitoring	12					
Investments	Investment Cash Outflows (Wires and Internal Transfers)	12					350
Investments	Investment Compliance Monitoring	12				500	
Investments	Investment Manager Reconciliation	12	250				
Investments	Investment Process – included as part of Investment Compliance Monitoring	12					
IT	Compliance and Regulatory Requirements	12				200	
IT	IT Operations and System Administration	12		325			
IT	Physical Security – included as part of IAM	12					
Accounting	COLA Posting	9				300	
Accounting	Contribution Reconciliation	9					350
Accounting	Custodian Bank Reconciliation	9	TBD				

Revised FY 2027-2031 Audit Plan continued

Division	Key Function	Risk Score	Proposed Audit Plan Year and Estimated Hours				
			FY27	FY28	FY29	FY30	FY31
Accounting	Interest Posting	9	TBD				
Benefits	Member Enrollment Set-up	9					350
Benefits	Member Termination – included as part of Member Enrollment Set-up	9					
Benefits	Military Time Purchase	9	TBD				
Benefits	Rehired Retirees	9	TBD				
IT	Application Controls	9	TBD				
IT	Change Management	9	TBD				
IT	Data Management and Data Integrity	9					250
IT	Identity and Access Management (IAM)	9			300		
IT	IT Governance and Management	9	200				
IT	Logging, Monitoring, and Audit Trails – included as part of Cybersecurity	9					
IT	Third-Party Vendor Management	9	TBD				
IT	Access to Programs and Data	8	TBD				
Administration	Communication Audit	6	TBD				
Benefits	Deferred Vested	6	TBD				
Benefits	Disability Retirement Application	6	TBD				
Benefits	Reciprocity	6	TBD				
Benefits	Service Retirement Application	6	TBD				
Investments	Cash Projection Process	6	TBD				
Investments	Investment Manager Fees	6	TBD				
Investments	Sweep Vehicle Process	6	TBD				
IT	Systems Development, Acquisitions, and Implementation – included as part of 1099 R Reporting	6					
IT	New Accounts Opening	4	TBD				
Benefits	Member Death Verification	3	TBD				
	Total Project Hours Per Year		**1,075**	**1,300**	**1,300**	**1,300**	**1,300**

Questions?

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