

**TEACHER RETIREMENT SYSTEM OF TEXAS
BOARD OF TRUSTEES
AND
AUDIT, COMPLIANCE AND ETHICS COMMITTEE**

*All or part of the September 19, 2025, meeting of the TRS Audit, Compliance and Ethics Committee and Board of Trustees may be held by telephone or video conference call as authorized under Sections 551.130 and 551.127 of the Texas Government Code. The Board intends to have a quorum and the presiding officer physically present at the following location, which will be open to the public during the open portions of the meeting **4655 Mueller Blvd, 2nd Floor, Boardroom.***

The open portions of the September 19, 2025, meeting are being broadcast over the Internet. Access to the Internet broadcast and agenda materials of the meeting are provided at www.trs.texas.gov. A recording of the meeting will be available at www.trs.texas.gov.

AGENDA

September 19, 2025 – 9:00 a.m.

1. Call roll of Committee members.
2. Approve minutes of July 2025 Audit, Compliance and Ethics Committee meeting
– Committee Chair
3. Receive SAO's presentation on the planned audits of TRS' Fiscal Year 2025 Annual Comprehensive Financial Report (ACFR) and Pension Liability and OPEB Liability Schedules – Michael Clayton and Taylor Huff, SAO.
4. Receive Crowe LLP's presentation on the planned financial audit of TRS Investment Company (TRICOT) – Kevin Smith and Michelle Buss, Crowe LLP
5. Receive TRS Compliance reports including those related to ethics and fraud, conflicts of interest, investment policies, and Enterprise Risk Management – Heather Traeger, Chris Bowlin and Michelle Pagán
6. Consider recommending to the Board of Trustees adoption of the following: – Amanda Jenami
 - A. Internal Audit's Proposed Performance Objectives for Fiscal Year 2026
 - B. Proposed Audit Plan for Fiscal Year 2026
7. Receive Internal Audit reports:
 - A. Review of TRS' Procurement and Vendor e-System (PAVES) – Cui Rye and Shannon Gosewehr
 - B. Reporting Employer Testing Results - Jonathan O'Reilly and Mark Chi
 - C. Review of Innovation Portfolio Program – Nathan Ward and KJ Van Ackeren

NOTE: The Board of Trustees (Board) of the Teacher Retirement System of Texas will not consider or act upon any item before the Audit, Compliance and Ethics Committee (Committee) at this meeting of the Committee. This meeting is not a regular meeting of the Board. However, because the full Audit, Compliance and Ethics Committee constitutes a quorum of the Board, the meeting of the Committee is also being posted as a meeting of the Board out of an abundance of caution.

- D. Update on Prior Audit Recommendations – Jonathan O'Reilly
 - E. Review of Safety and Physical Security (Alpha) – Amanda Jenami and Robert Sosa
 - F. Audit of Business Continuity Planning and Disaster Recovery– Jack Henserling, Robert Sosa and Chris Cutler
8. Discuss or consider Internal Audit and TRS Compliance administrative reports and matters related to governance, risk management, internal control, compliance violations, fraud, regulatory reviews or investigations, fraud risk areas, audits for the annual internal audit plan, or auditors' ability to perform duties – Committee Chair, Amanda Jenami and Heather Traeger

NOTE: The Board of Trustees (Board) of the Teacher Retirement System of Texas will not consider or act upon any item before the Audit, Compliance and Ethics Committee (Committee) at this meeting of the Committee. This meeting is not a regular meeting of the Board. However, because the full Audit, Compliance and Ethics Committee constitutes a quorum of the Board, the meeting of the Committee is also being posted as a meeting of the Board out of an abundance of caution.

Minutes of the Audit, Compliance and Ethics Committee July 18, 2025

The Audit, Compliance and Ethics Committee of the Board of Trustees of the Teacher Retirement System of Texas met on July 18, 2025, in the boardroom located on the Fifth Floor in the East Building of TRS' offices located at 4655 Mueller Blvd, 2nd Floor, Austin, Texas, 78723.

Committee members present:

Ms. Brittny Allred, Chair
Mr. Michael Ball
Ms. Laronda Graf
Mr. John R. Rutherford
Mr. Elvis Williams

Other TRS Board Members present:

Mr. John Elliott
Mr. Robert H. Walls, Jr.

Others who participated:

Brian Guthrie, TRS	Cheryl Cervantes Dietz, California State Teacher Retirement
Caasi Lamb, TRS	System (CalSTRS)
Don Green, TRS	Tony Chavez, Employees Retirement System of Texas (ERS)
Heather Traeger, TRS	Cathleen Davis, Arizona Public Safety Personnel Retirement
Amanda Jenami, TRS	System (PSPRS)
Katrina Daniel, TRS	Troy Dearing, Kudelski Security
Barbie Pearson, TRS	
Katherine Farrell, TRS	
Chris Bowlin, TRS	
Syed Israr, TRS	
Kelly Newhall, TRS	
Kathey Mitchell, TRS	
Michelle Pagán, TRS	
Jonathan O'Reilly, TRS	
Chris Cutler, TRS	
Kristi Glasgall, TRS	
Suzanne Dugan, Cohen Milstein	

Audit, Compliance and Ethics Committee Chair, Ms. Allred, called the meeting to order at 9:50 a.m.

1. Call roll of Committee members.

Ms. Farrell called the roll. A quorum was present.

2. Consider the approval of the proposed minutes of the April 2025 Audit, Compliance and Ethics Committee meeting – Chair.

On a motion by Mr. Williams, seconded by Ms. Graf, the committee unanimously voted to approve the proposed minutes for the April 2025 Audit, Compliance and Ethics Committee meeting as presented.

3. Receive report on the TRS Internal Audit Quality Assurance and Improvement Program (QAIP) External Assessment – Amanda Jenami; Cheryl Cervantes Dietz, California State Teacher Retirement System (CalSTRS); Tony Chavez, Employees Retirement System of Texas (ERS); and Cathleen Davis, Arizona Public Safety Personnel Retirement System (PSPRS)

Ms. Amanda Jenami reviewed the members of the assessment team noting they are all seasoned chief audit executives who are highly respected and with deep experience in the public pensions space.

Ms. Cheryl Cervantes-Dietz reported that the TRS Audit Department in adhering to the various auditing standards is required to periodically receive an independent quality assessment. Ms. Cathleen Davis reviewed the scope of the external quality assessment for the past three years, from June 2022 to June 2025. Ms. Cervantes-Dietz announced the results of the assessment as highest level of performance which is full achievement. She said the team has a strong commitment to continuous improvement, professionalism and innovation. Mr. Chavez reviewed opportunities for enhancement that centered on formalizing current practices into policies and procedures. Ms. Jenami concluded by thanking the assessment team and noted updates are already in motion and expected to have them fully reflected in the Internal Audit procedures by July 31st.

4. Receive TRS Compliance reports including those related to ethics and fraud, conflicts of interest, and investment policies – Heather Traeger, Chris Bowlin and Michelle Pagán.

Mr. Chris Bowlin reported this quarter's compliance testing focused on adequate documentation for each of the investments prior to authorization, if the investments were within policy and if any conditional approvals or other contingencies needed to review post approval. He said the board reporting requirements, the securities lending policy requirements, and the investment integrity questionnaire report was also reviewed. He noted there were two instances where prior authorization was not obtained and two findings with respect to the investment integrity questionnaire.

Ms. Heather Traeger reported one 541 (E), conflict of interest related to employees, this one concerned an employee with a relative who works for a TRS vendor, so processes were put in place to manage and monitor possible conflicts. She said there were three new hotline reports received and after investigating these matters have been resolved.

Ms. Michelle Pagán reviewed the four changes for this reporting period to the risk dashboard. She said the open government category was removed and merged with the regulatory compliance and litigation category. The market category was renamed to portfolio exposure, better aligning it with the underlying risk events. She concluded by stating the records and information management

category trended down and the TEAM program category trended up due to the go-live date being adjusted to March 2026.

5. Receive Internal Audit reports:

A. Review of Middle Office Operations – Syed Israr and Kelly Newhall

Mr. Syed Israr provided background on the middle office team which was established in 2022 to bring structure to the activities within the investment operations while enhancing service delivery in portfolio management, account services and investment data delivery. He noted the scope of the review focused solely on investment middle office operations and did not extend to the custodian operations. He reported that the review concluded that middle office operations have sufficient controls in place to provide reasonable assurance that middle office operations are conducted effectively and in compliance with relevant guidelines and practices. He concluded by stating that the only recommendation of the review was for middle office to enhance documentation of key procedures.

Ms. Kelly Newhall provided the management response which agreed with the recommendation and committed to having enhanced documentation in place by May 2026.

B. Review of Enterprise Risk Management Program – Kathey Mitchell and Michelle Pagán

Ms. Kathey Mitchell presented the results of the review of the enterprise risk management (ERM) program. She reported that the review concluded that the ERM program includes sufficient controls to provide reasonable assurance that enterprise risks are identified, assessed, appropriately responded to, and reported effectively, efficiently and in compliance with the ERM policy and relevant procedures in alignment with the strategic plan. She said there were no formal recommendations for the ERM program.

Ms. Michelle Pagán thanked Internal Audit, her team and TRS leadership for their support from ERM's early beginnings in 2008.

C. Status of Prior Audit Recommendations – Jonathan O'Reilly

Mr. Jonathan O'Reilly reported there were 37 recommendations in total, 26 being implemented by management, 11 were satisfactorily implemented, and no pending auditor verifications.

Ms. Allred, without objection, called up Agenda Item 6 next.

6. Discuss or consider Internal Audit and TRS Compliance administrative reports and matters related to governance, risk management, internal control, compliance violations, fraud, regulatory reviews or investigations, fraud risk areas, audits for the annual internal audit plan, or auditors' ability to perform duties – Chair, Amanda Jenami and Heather Traeger.

Ms. Jenami provided an update on Internal Audit's key performance indicators (KPIs). She reported they are either exceeding or on track to meet 100 percent of the performance targets.

Ms. Allred, without objection, called up Agenda Item 5D next.

D. Review of Cyber Controls – Kristi Glasgall and Chris Cutler; Troy Dearing, Kudelski Security.

At 10:41 a.m., Ms. Allred called for the committee to go into executive session under the following agenda items and sections of the Government Code: item 5D, under Sections 551.076, 551.089, and 551.071, to discuss the review of cyber controls and consult with legal counsel as needed.

At 11:07 a.m., Ms. Allred reconvened the committee meeting in open session.

With no further business before the Committee, the meeting adjourned at 11:07 a.m.

Approved by the Audit, Compliance and Ethics Committee of the Board of Trustees of the Teacher Retirement System of Texas on September _____, 2025.

Brittney Allred
Chair, Audit, Compliance and Ethics Committee
Board of Trustees
Teacher Retirement System of Texas

Date



Internal Audit

**Audit, Compliance & Ethics
Committee Meeting / Sept 2025**





Fiscal Year 2025 Audits of the Teacher Retirement System of Texas' Financial Statements, Pension Liability Schedules, and OPEB Liability Schedules

Taylor Huff, Managing Senior Auditor

Michael Clayton, Audit Manager



Objectives and Scope

Basic Financial Statements

(System ACFR)

Report on Internal Controls

- To obtain reasonable assurance about whether the basic financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.
- To report on any significant deficiencies and material weaknesses in internal control over financial reporting and compliance with laws, regulations, and provisions of contracts or grant agreements based on an audit of financial statements performed in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*.



Presentation to the TRS Board of Trustees

September 19, 2025

ACFR

Audit Objectives and Scope

- Our work will also include the automated systems and processes that support the functions being audited at the System.
- We will conduct the audit in accordance with generally accepted government auditing standards.
- The audit scope is financial activity for fiscal year 2025.



Presentation to the TRS Board of Trustees

September 19, 2025

ACFR

Timing and Deliverables

**THE REPORT RELEASE IS
TENTATIVELY SCHEDULED FOR
NOVEMBER 20, 2025.**

- We are currently gaining an understanding of the System's processes and will begin substantive testing before October 2025.
- We will be partnering with Internal Audit to complete certain testing related to pension benefit payments.
- We will release our audit report at the conclusion of the audit.



Presentation to the TRS Board of Trustees

September 19, 2025

Liability Schedules

Objectives and Scope

Schedule of Employer's Proportionate Share of Pension Liabilities

- To obtain reasonable assurance about whether the System's Schedule of Employer's Proportionate Shares (Allocations) and the totals for all entities of the columns titled net pension liability end of year, total deferred outflows, total deferred inflows, and pension expense included in the Schedule of Pension Amounts by Employer of the System Pension Plan (Pension Schedules) and related notes to the schedules are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.



Liability Schedules

Objectives and Scope

Schedule of Employer's Proportionate Share of OPEB Liabilities

- To obtain reasonable assurance about whether the System's Schedule of Employer's Proportionate Shares (Allocations) of the Collective Net Other Post Employment Benefit (OPEB) Liability, and the total for all entities of the columns titled net OPEB liability end of year, total deferred outflows, total deferred inflows, and total OPEB expense included in the Schedule of Other Post Employment Benefit (OPEB) Amounts by Employer of the System (OPEB Schedules) and related notes to the schedules are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.



Presentation to the TRS Board of Trustees

September 19, 2025

Liability Schedules

Timing and Deliverables

- The Pension and OPEB Schedules work will be performed separately in the spring 2026, with an anticipated release date in early June 2026.
- As part of this engagement, we plan to issue the following:
 - Opinion on the Pension Liability Schedules
 - Opinion on the OPEB Liability Schedules
 - Report on Controls and Compliance and Other Matters
 - Legislative Audit Committee report



Smart decisions. Lasting value.™

Teacher Retirement Investment Company of Texas LTD. (TRICOT)

Presentation of August 31, 2025 Audit Plan

Kevin W. Smith, Partner

September 19, 2025



Agenda

1

Your Crowe Service Team

2

Audit Timeline

3

Audit Scope

4

Independence
Considerations



Crowe Client Service Team



Kevin W. Smith
Partner



Michelle Buss
Senior Manager



Ben Levy
Senior Staff

Your Crowe Service Team

Role	Name	Definition of Role
Audit Partner	Kevin W. Smith kevin.w.smith@crowe.com 214 777 5208	Kevin will serve as the engagement partner, responsible for establishing the strategic direction and execution of all services. He will be directly responsible for quality control throughout the engagement and will verify that all reports and audit workpapers adhere to professional standards prior to issuance.
Audit Senior Manager	Michelle Buss Michelle.buss@crowe.com 214 777 5216	Michelle will serve as the senior manager over all aspects of the audit. Her responsibilities will include planning the audit, leading, and monitoring all stages of the audit, facilitating communications with the partner and concurring review partner, TRICOT management and audit team. She will also review all workpapers as part of our quality control process and review the report.
Audit Senior Staff	Ben Levy ben.levy@crowe.com 469 250 3145	Ben will serve as the senior staff, in charge of assigning test work to the team and overseeing staff in the day-to-day execution of the audit plan. His duties will include performing audit testing and supervision of staff during fieldwork.



Audit Timeline

Dates	Task
September 2025	Planning and interim fieldwork.
September 19, 2025	Communication of audit plan to audit committee.
October 1, 2025 – October 25, 2025	Crowe to perform final fieldwork.
October 31, 2025	Planned opinion date.
December 2025	Presentation of audit results to audit committee.

Audit Scope

Significant Accounting Policies and Estimates

Internal Controls

Significant Risks

Materiality

Matters warranting attention of the auditors



Independence Considerations

Non-Attest Services Performed by Crowe:

- None

We wish to report that we are not aware of any relationship between Crowe LLP and TRICOT that, in our professional judgment, may reasonably be thought to impair our independence.

Accordingly, and relating to our audit of the August 31, 2025, financial statements, we are independent certified public accountants with respect to the Teacher Retirement Investment Company of Texas, Ltd, within the meaning of the applicable pronouncements of the Independence Standards Board under Rule 101 of the American Institute of Certified Public Accountants' Code of Professional Conduct, its interpretations and rulings.



Thank You

Kevin W. Smith

Audit Partner

217.777.5208

kevin.w.smith@crowe.com

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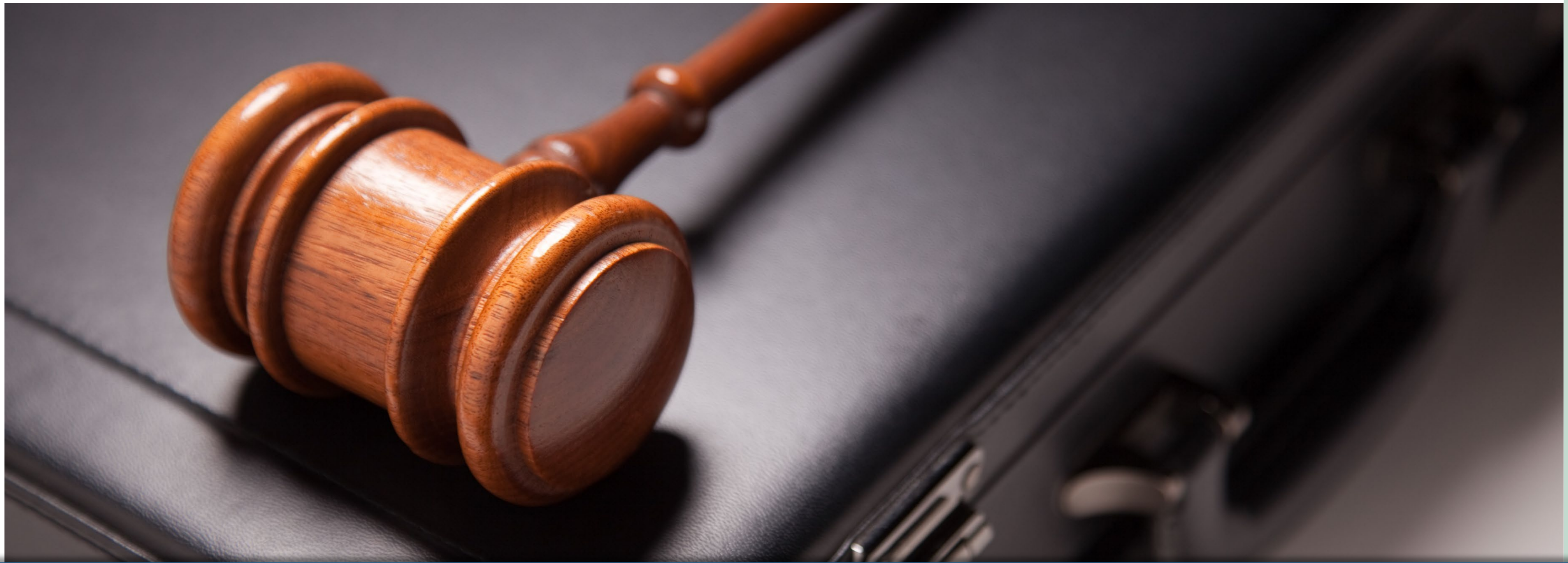
TRS Compliance: Ethics Overview

Heather Traeger and Chris Bowlin

Sept. 2025

Quarterly Investment Compliance Testing
Investment Policy Statement (IPS) and Securities Lending Policy (SLP)
Quarter ending June 30, 2025

Procedures Performed	Test Results
<u>Business Objective 1: Board Reports</u> All required information is reported to the TRS Board of Trustees	
<ul style="list-style-type: none"> Obtain evidence that all requirements were reported to Board of Trustees 	<ul style="list-style-type: none"> All reporting requirements were met. Documentation provided supported information tested.
<u>Business Objective 2: Investment Selection and Approval</u> Investments made are within delegated limits and established selection criteria	
<ul style="list-style-type: none"> Obtain evidence that Investment Integrity Questionnaires (IIQs) were received prior to investment authorization and deal closing Obtain evidence that IMD evaluated hedge fund classification Obtain evidence that approved investments were within policy limits Review the allocation of funds added to previously approved investments for purposes of rebalancing or adjusting risks 	<ul style="list-style-type: none"> Two IPS violations related to IIQs not being timely obtained from the Placement Agents prior to authorization. A hedge fund analysis was included in IIC materials for all investments tested. For Private and Public Markets investments tested, no manager or partner organization exceeded the authorized limits and verified term sheet calculations with manager exposure file. Each investment tested was within policy limits.
<u>Business Objective 3: Other (IPS, SLP, other reporting)</u> Risk limits are followed for other investment and proxy voting policies and procedures were followed	
<ul style="list-style-type: none"> Obtain senior management disclosure about known compliance violations Obtain evidence that TRS securities lending program complied with the guidelines Obtain evidence that all board serving requirements were met Obtain evidence that Restricted Securities lists were updated, and reports filed 	<ul style="list-style-type: none"> Obtained quarterly compliance certification from IMD IIC and Legal. No security lending violations were identified. All reporting requirements were met and documentation provided. Restricted Securities lists were timely updated and reports filed.



Enterprise Risk Management Update

Sept. 19, 2025

Michelle Pagán

Director, Enterprise Risk, Strategy & Performance



Agenda

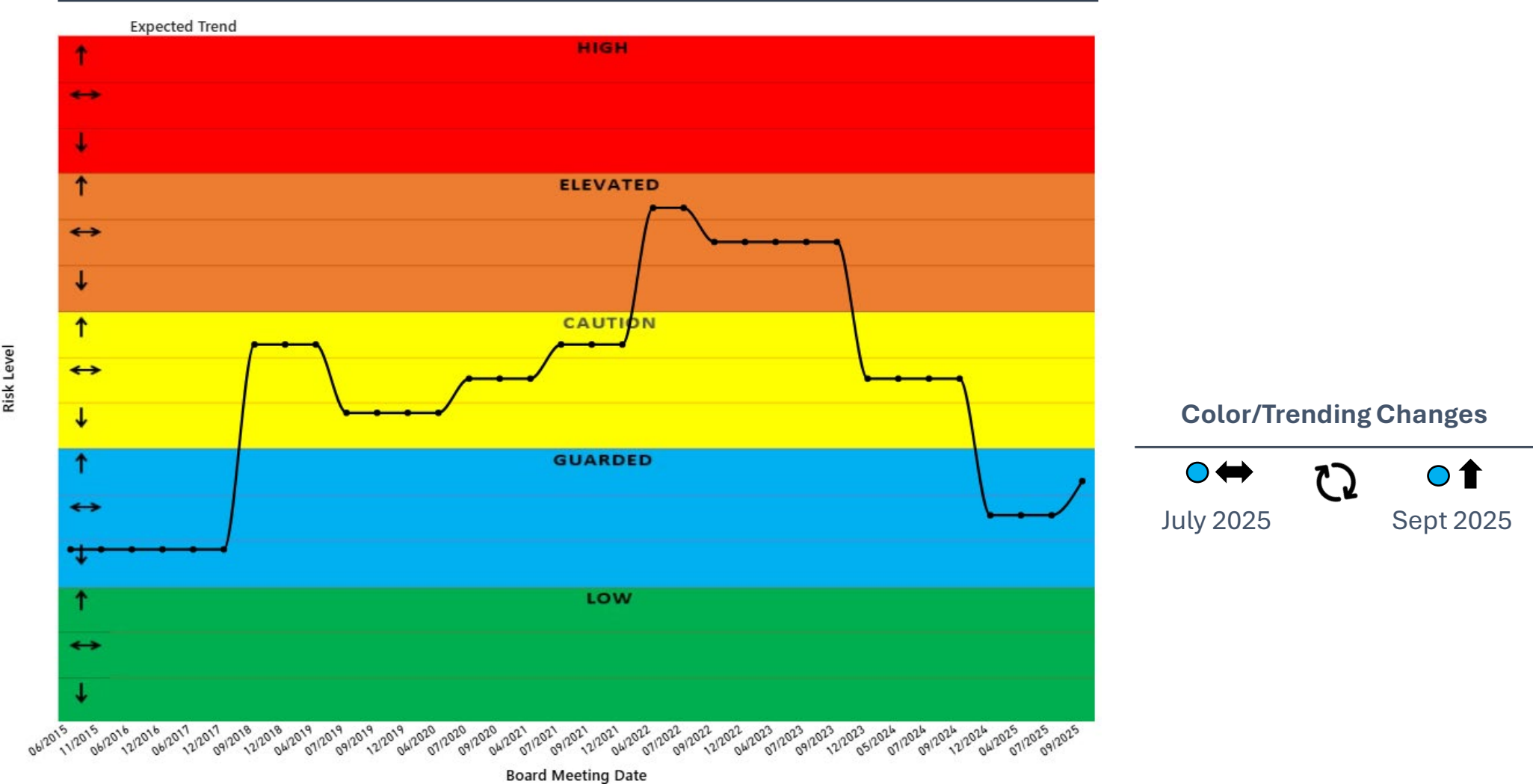
- Summary of Changes & Trending
- Enterprise Stoplight Report
- Risk Trending Dashboard



Summary of Changes & Trending – Enterprise Stoplight Report



Risk Category: Talent Continuity









Enterprise Stoplight Report* – September 2025



Business Continuity	Communications & External Relations	Cybersecurity	Data Privacy & Confidentiality	Employer Reporting
Enterprise Technology	Ethics & Fraud Prevention	Facilities Management & Planning	Financial Operations	Global Operations
Health Care Plans Administration	Pension Funding	Pension Services	Portfolio Exposure	Procurement & Contracts
Records & Information Management	Regulatory, Compliance & Litigation	Talent Continuity	TEAM Program	TRS-ActiveCare Affordability
TRS-Care Funding				

RISK CATEGORY LEVEL - Threat to Achieving TRS Goals & Objectives									
HIGH		ELEVATED		CAUTION		GUARDED		LOW	

EXPECTED RISK CATEGORY TREND - NEXT 12-24 MONTHS		
INCREASE 	DECREASE 	NO CHANGE 

*Risk category ratings are based on a point in time and independent of other risk categories.



Risk Trending Dashboard



Enterprise Risk Categories September 2025	Current Risk Level	Expected Trend 12-24 months	10-Year Historical Trend
Business Continuity	Caution	Decrease	
Communications & External Relations	Caution	Stable	
Cybersecurity	Elevated	Increase	
Data Privacy & Confidentiality	Caution	Stable	
Employer Reporting	Guarded	Stable	
Enterprise Technology	Elevated	Increase	
Ethics & Fraud Prevention	Guarded	Stable	
Facilities Management & Planning	Caution	Stable	
Financial Operations	Guarded	Stable	
Global Operations	Guarded	Stable	
Health Care Plans Administration	Caution	Stable	
Pension Funding	Elevated	Increase	
Pension Services	Guarded	Stable	
Portfolio Exposure (i.e., Market)	Low	Increase	
Procurement & Contracts	Caution	Stable	
Records & Information Management	Elevated	Decrease	
Regulatory, Compliance & Litigation	Guarded	Stable	
Talent Continuity	Guarded	Increase	
TEAM Program	Caution	Increase	
TRS-ActiveCare Affordability	Caution	Stable	
TRS-Care Funding	Low	Stable	



Internal Audit Proposed Performance Objectives for Fiscal Year 2026

Sept. 19, 2025

Amanda Jenami

CPA, CISA, CIA, CIDA, CFSA, CHIAP, CRMA, CFE, CGAP, CCSA





Domain III: Governing the Internal Audit Function

Standard 8.3: Quality

Requirements: Essential Conditions (the board)

- Approve the internal audit function's performance objectives *at least annually*.
- Assess the effectiveness and efficiency of the internal audit function. Such an assessment includes:
 - a. Reviewing the internal audit function's performance objectives and progress toward completion of the internal audit plan.
 - b. Determining the extent to which the internal audit function's performance objectives are being met.





Standard 8.3: Quality



Goal 1

Provide assurance to the board of trustees and senior management

Goal 2

Serve as trusted advisor to the board of trustees and management

Goal 3

Attract, develop and retain outstanding talent

Goal 4

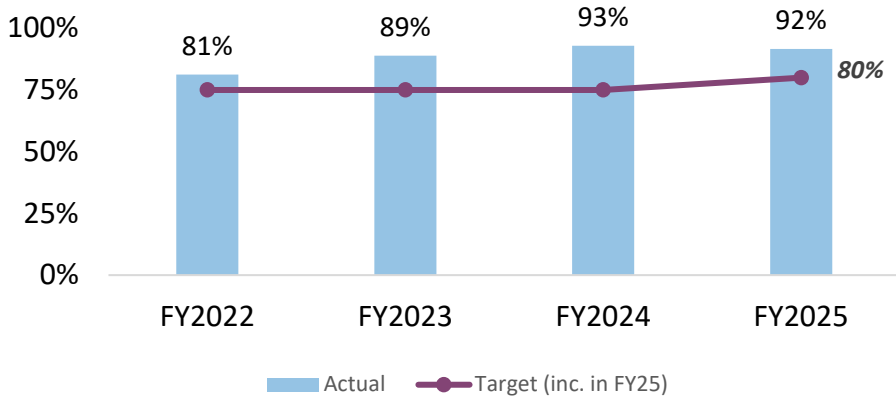
Develop and leverage technological solutions



Strategic Key Performance Indicators (KPI's)

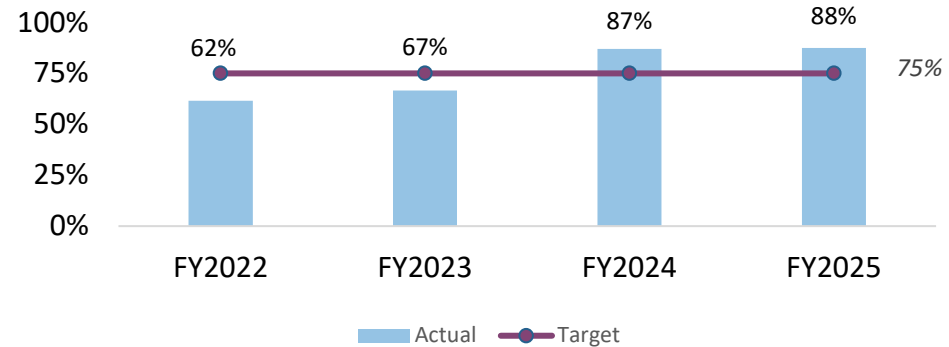


% of audit plan completed in the fiscal year



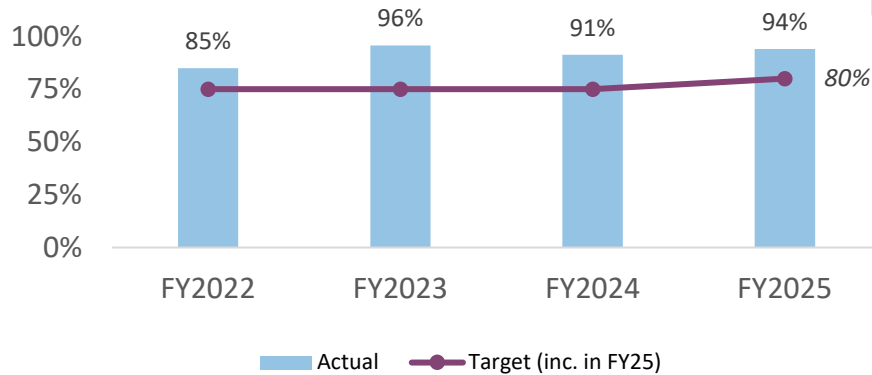
FY26 targets:
Key Projects:
100%
Annual Audit
Plan: 80%

Retention: 75% of staff remain in Internal Audit or TRS (excluding retirements)



FY26 target:
75%

Post-project survey score:
Overall client/stakeholder satisfaction



FY26 target:
85%



Questions



Internal Audit

Sept. 19, 2025

Amanda Jenami

CPA, CISA, CIA, CIDA, CFSA, CHIAP, CRMA, CFE, CGAP, CCSA







Risk Assessment & Audit Planning Approach



Interviews of TRS trustees, executives and staff, risk assessment surveys from prior years, and the current TRS Risk Assessment developed by the Enterprise Risk Management (ERM) team were used to identify areas of risk and potential internal audit projects. This information was combined into an overall audit plan designed to address critical risks to achieving TRS objectives while being sensitive to operational requirements. The Audit Plan also includes hours for ad hoc projects and special requests. The following approach was taken in creating the Audit Plan:





Types of Projects to Cover Risk Areas



Audit



Agreed-Upon Procedures



Formal Advisory Services



Informal Advisory Services

Focus	Assess evidence available to provide assurance on an audit objective	Determine specific steps to test with management's agreement and report on results; used for data analytics and quarterly testing of specific data and transactions	Respond to requests for formal study or assessment with recommendations; no assurance provided	Participate in activities in a non-voting capacity, e.g., provide training and input on policies and procedures
Deliverable	Audit report for public distribution unless protected by statute	Agreed-upon procedures report for public distribution (use is limited to those with understanding of procedures performed) Report does not provide an opinion or conclusion.	Consulting report or memo for limited distribution; significant material weaknesses identified would be reported to executive management and the Audit Committee as required by professional auditing standards	Verbal discussion or a brief memo to management
Estimated Level of Effort	600 – 1,600 hours	100 - 800 hours	100 - 800 hours	10 – 100 hours



Audit Plan: Key Projects for FY2026



Title	Risk Rating	Last Audited	Preliminary Scope	Timing
Audit of Cloud Computing		n/a	To evaluate the effectiveness and efficiency of governance, security, and operational controls over the organization's Microsoft Azure environment.	Q1 – Q2
Audit of Data Loss Prevention		n/a	Evaluate the effectiveness of the organization's data protection and visibility controls designed to identify, monitor, and safeguard sensitive information across environments, and assess whether these controls support compliance with internal policies and external regulatory requirements.	Q2 – Q3
Review of Cyber Controls		2025	Perform a vulnerability assessment and penetration test of TRS' information technology infrastructure.	Q3 – Q4
Audit of TRS Reporting Entity (RE) Portal		n/a	To evaluate the system's effectiveness in safeguarding data and maintaining security protocols, while also assessing its usability to ensure it supports user needs through intuitive design, accessibility, and ease of use.	Q3 – Q4
Review of Death Claims		2019	To assess the adequacy and effectiveness of internal controls, processes, and compliance mechanisms related to the administration of death benefits, ensuring that payments are accurate, timely, properly authorized, and made in accordance with applicable laws, regulations, and plan provisions.	Q3 – Q4

RISK CATEGORY LEVEL - Threat to Achieving TRS Goals & Objectives					
HIGH		ELEVATED		CAUTION	
				GUARDED	
					LOW



Audit Plan: Key Projects for FY2026 (continued)



Title	Risk Rating	Last Audited	Preliminary Scope	Timing
ACFR Testing of Annuity Payments		2025	Conduct pension benefits testing on behalf of the State Auditor's Office (SAO) to be used in completion of the ACFR audit.	Q1
Healthcare Claims Data Analysis		2025	Analyze medical and pharmacy claims for appropriate provider billing and compliance with regulations and TRS plan policies and alignment with health care industry standards.	Q1– Q4
Reporting Employer Data Analysis		2025	Analyze Reporting Employer data within TRUST system for completeness, integrity, accuracy, and reasonableness.	Q1 – Q4
Review of Custodian Controls		n/a	Determine whether custodian operations include sufficient controls to ensure investment support functions are executed effectively and in compliance with applicable requirements.	Q1 – Q2
Review of Real Estate Portfolio Operations		2022	Determine whether Real Estate portfolio operations include sufficient controls to ensure investments are made and managed effectively, efficiently and in compliance with relevant policies, guidelines and procedures.	Q3– Q4

RISK CATEGORY LEVEL - Threat to Achieving TRS Goals & Objectives					
HIGH		ELEVATED		CAUTION	
				GUARDED	
					LOW



Audit Plan: High Risk Areas



*High Risk Areas are defined as (High, Elevated, or Caution).
Areas of interest to the State Auditor's Office (SAO) (e.g., Procurement and Information Technology (IT Security) that are not included in the Audit Plan.*

Area	Reason for Exclusion
Records and Information Management	The area was audited in FY2022. Internal Audit plans to perform a follow-up review when most of the audit recommendations are implemented, around FY2027.
Pension Funding	Awaiting the results of and legislative action that will come out of the TRS Pension Study



Appendix A

Detailed Audit Plan by Area



Audit Plan: Executive & Administrative Services



Title	Type	Preliminary Objective	Timing
Review of Communications	Audit	To assess the effectiveness, efficiency, and compliance of TRS communications, including internal and external communications strategies, media relations, and stakeholder engagement, with applicable policies, procedures, and regulatory requirements.	Q2
Review of the Ethics Program	Audit	To assess the effectiveness, transparency, and alignment of the ethics program with organizational values and regulatory standards, identifying opportunities for improvement in policy clarity, training engagement, reporting mechanisms, and overall ethical culture.	Q3 – Q4
Review of Project Governance	Audit	To review and assess the effectiveness, transparency, and consistency of project governance processes. The review will examine decision-making frameworks, stakeholder engagement, and resource allocation practices, to identify opportunities for improving oversight, accountability, and operational efficiency.	Reserve
Follow-up of Prior Audits	Audit	Determine whether management has implemented recommendations from prior audits.	Q1 – Q4
Special requests, initiatives and emerging issues	Formal Advisory	Set aside time to address special requests, initiatives and emerging issues during the year as requested by Management.	Q1 – Q4



Audit Plan: Pension Services



Title	Type	Preliminary Objective	Timing
ACFR Testing of Annuity Payments	Audit	Conduct pension benefits testing on behalf of the State Auditor's Office (SAO) to be used in completion of the ACFR audit.	Q1
Review of Death Claims	Audit	To assess the adequacy and effectiveness of internal controls, processes, and compliance mechanisms related to the administration of death benefits, ensuring that payments are accurate, timely, properly authorized, and made in accordance with applicable laws, regulations, and plan provisions.	Q3 – Q4
Reporting Employer Data Analysis	Continuous Audit	Analyze Reporting Employer data within TRUST system for completeness, integrity, accuracy, and reasonableness.	Q1 - Q4



Audit Plan: Health Care



Title	Type	Preliminary Objective	Timing
Review of Enrollment and Eligibility File Processes	Formal Advisory	Review and advise on processes related to accuracy and timeliness of TRS-Care enrollment and eligibility files.	Q1
Review of SB 1264 Processes	Formal Advisory	Review and advise on processes related to claim dispute resolution.	Q1
Review of Mass Mailings	Audit	To evaluate the effectiveness, efficiency, and internal controls of mass mailing operations, including the processes for determining mailing content, preparation of physical mail, and the IT systems responsible for member targeting and data integrity.	Q2
Healthcare Claims Data Analysis	Continuous Audit	Analyze medical and pharmacy claims for appropriate provider billing and compliance with regulations and TRS plan policies and alignment with health care industry standards.	Q1 – Q4
Healthcare Claims Data Analysis	Continuous Audit	Analyze medical and pharmacy claims processed by TRS plan administrators for compliance with contract requirements.	Q1 – Q4



Audit Plan: Investments & Finance



Title	Type	Preliminary Objective	Timing
Review of Custodian Controls	Audit	Determine whether custodian operations include sufficient controls to ensure investment support functions are executed effectively and in compliance with applicable requirements.	Q1 – Q2
Review of Fixed Income Portfolio Operations	Audit	Determine whether Fixed Income portfolio operations include sufficient controls to ensure investments are made and managed effectively, efficiently and in compliance with relevant policies, guidelines and procedures.	Q2 – Q3
Review of Real Estate Portfolio Operations	Audit	Determine whether Real Estate portfolio operations include sufficient controls to ensure investments are made and managed effectively, efficiently and in compliance with relevant policies, guidelines and procedures.	Q3 – Q4
Investment Committee attendance, etc.	Informal Advisory	Stay current on portfolio strategy and Investment Management Division initiatives by attending Internal Investment Committee, monthly staff and other meetings.	Q1 – Q4
Financial Services meetings, etc.	Informal Advisory	Stay current on Financial Services activities and strategic initiatives by attending quarterly staff meetings and monthly cross-functional TRICOT meetings.	Q1 – Q4
Special requests, initiatives and emerging issues	Formal Advisory	Set aside time to address special requests, initiatives and emerging issues during the year as requested by Management.	Q1 – Q4



Audit Plan: Information Technology



Title	Type	Preliminary Objective	Timing
Audit of Cloud Computing	Audit	To evaluate the effectiveness and efficiency of governance, security, and operational controls over the organization's Microsoft Azure environment.	Q1 – Q2
Audit of Data Loss Prevention	Audit	Evaluate the effectiveness of the organization's data protection and visibility controls designed to identify, monitor, and safeguard sensitive information across environments, and assess whether these controls support compliance with internal policies and external regulatory requirements.	Q2 – Q3
Review of Cyber Controls	Audit	Perform a penetration test of TRS's information technology infrastructure.	Q3 – Q4
Audit of TRS Reporting Entity (RE) Portal	Audit	To evaluate the system's effectiveness in safeguarding data and maintaining security protocols, while also assessing its usability to ensure it supports user needs through intuitive design, accessibility, and ease of use.	Q3 – Q4
Special requests, initiatives and emerging issues	Formal Advisory	Set aside time to address special requests, initiatives and emerging issues during the year as requested by Management.	Q1 – Q4



Audit Plan: Internal Audit Activities



Title	Project Description
Annual Internal Audit Report	Prepare annual report of audit activities in accordance with SAO instructions.
Annual Internal Audit Quality Assurance	Perform and Report on Internal Audit Quality Assurance Improvement Program (QAIP) Self –Assessment.
Quarterly Audit Recommendations Follow-Up	Follow-up and report on the status of outstanding audit recommendations.
Data Analysis Process Buildout	Continue to build out data analysis skills of audit staff; incorporate into audit projects and annual audit plan development. Continue to enhance the newly implemented continuous auditing program by researching and developing automated scripts for testing data related to health care, pension, and administrative areas such as PAVES.
Staff Training Initiative	Develop and launch auditor training in key areas including report writing, workpaper documentation, and audit risk assessment.
Fiscal Year 2027 Audit Plan	Prepare annual audit plan based on a documented risk assessment in accordance with professional auditing standards and the Texas Internal Auditing Act.
Audit, Compliance & Ethics Committee Meetings Preparation	Prepare communications and attend Audit, Compliance & Ethics Committee and Board Meetings.



Appendix B

Proposed Data Analytics Projects for FY2026

Appendix B: Audit Plan for FY2026: Data Analytics

Title	Project Type	Preliminary Objective
ACFR Testing of Annuity Payments	External Audit	Perform data analytics in support of pension benefits testing for the SAO ACFR audit.
Anti-Depression Pharmacy Claims Testing	Formal Advisory	Test for effectiveness of controls and potential improper payments for anti-depression drugs.
Benefit Matrices and Experimental Services Testing	Formal Advisory	Perform annual tests of limits, exclusions and adjustments to benefit matrices, including experimental, investigational, and/or unproven services.
Review of Enrollment and Eligibility File Processes	Formal Advisory	Review and advise on processes related to accuracy and timeliness of TRS-Care enrollment and eligibility files.
Hospital Claims Policy Testing	Formal Advisory	Test hospital service claims for compliance with relevant policies.
Psychotherapy Claims Testing	Formal Advisory	Test for effectiveness of controls and potential improper payments in psychotherapy services.
Review of SB 1264 Processes	Formal Advisory	Review and advise on processes related to claim dispute resolution.
PAVES Quality Assurance Bots	Formal Advisory	Partner with Procurement & Contracts team to develop automated reports to identify potential inaccuracies within PAVES.
Reporting Employer Data Analysis	Continuous Audit	Analyze Reporting Employer data within TRUST system for completeness, integrity, accuracy, and reasonableness.



Questions



Internal Audit

Sept. 19, 2025

Presented By:
Cui Rye and Shannon Gosewehr







Review of PAVES: Background



- Began procurement research in 2018, selected PAVES in 2019
- Contract initiated in 2020, system launched in 2021
- Original contract value \$3.9M, amended 9 times to enhance customization and system functionality, current cumulative cost \$7.2M
- Future enhancements estimated at \$1.5M



Review of PAVES: Audit Conclusion



AUDIT CONCLUSION

PAVES incorporates sufficient controls to provide reasonable assurance that contract management objectives are achieved effectively, efficiently, and in alignment with agency requirements.

Key controls include:

- Automated workflows and notifications to assist key contract management tasks
- Data entry reviews and accuracy validation



Review of PAVES: Improvement Opportunities



IMPROVEMENT OPPORTUNITIES

The audit identified opportunities to improve the efficiency and effectiveness of the system including opportunities to:

- Strengthen system controls
- Enhance data integrity
- Improve user experience



Detailed Results – System Control



Recommendations	Action & Target Date
1. Configure notifications by user responsibilities	1. Will review notification configurations to align with user responsibilities (9/2026)
2. Review notifications to enhance language and content	2. Will refine notification content and sender name (9/2026)
3. Address vendor password reset issue	3. Will resolve self-service password reset issue (1/2026)
4. Automate user validation and supervisor data entry using Active Directory	4. Will automate supervisor data and check the validity of users (9/2026)



Detailed Results – Data Integrity



Recommendations	Action & Target Date
1. Automate data entry and validation	1. Will automate checkbox selection, build validation reports (9/2026)
2. Develop a field glossary and enhance tooltip usage	2. Will improve user guidance with tooltips and better documentation (9/2026)
3. Establish audit trails for key operational data	3. Will enhance audit tracking on key fields (12/2025)
4. Investigate and correct reporting errors	4. Will fix report inaccuracies (12/2025)
5. Add BU filters to standard reports	5. Will improve report usability with better filtering options (9/2026)



Detailed Results – User Satisfaction



Recommendations	Action & Target Date
1. Further enhance communication on system enhancements	1 - 4. Will standardize communications, expand training, keep documentation current, and form a power user advisory group (9/2026)
2. Develop targeted training resources	
3. Maintain up-to-date documentation	
4. Establish a power user advisory group	



Project Team



Jonathan O'Reilly
Director of Operations Audit and Business
Intelligence



Cui Rye, CPA, CIA
Senior Operations Auditor



Tyler Dixon
Senior Business Intelligence Analyst



Questions?



Appendix: Audit Objective, Methodology, and Scope

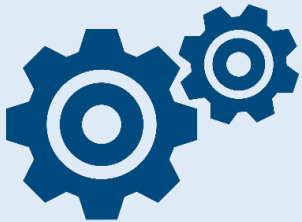


Appendix: Audit Objective, Methodology, and Scope



AUDIT OBJECTIVE

Determine the extent to which PAVES provides operational effectiveness, efficiency, and compliance with TRS contract management requirements.



METHODOLOGY

- ✓ Identified key risks and controls
- ✓ Reviewed policies and procedures
- ✓ Interviewed management and staff
- ✓ Reviewed records and systems



AUDIT SCOPE

Assess PAVES' role in contract management, ensuring its utilization effectively and efficiently supports contract management needs and complies with TRS contract management requirements.



Internal Audit
Reporting Employer Testing
Agreed-Upon Procedures (AUP)

Sept. 19, 2025
Presented By:
Jonathan O'Reilly and Mark Chi





Background: Agreed-Upon Procedures (AUP) Engagement



AGREED-UPON PROCEDURES

Internal Audit completed Agreed-Upon Procedures (AUP) in agreement with Pension Services.

In accordance with auditing standards, an AUP engagement is not an examination or a review and requires Internal Audit to report findings without providing an opinion or conclusion.

Procedures tested Reporting Employer (RE) employee and payroll data submitted to TRUST.¹

¹Teacher Retirement Unified System for Technology (TRUST)



Risk-Based Selection of Reporting Employers



REs SELECTED FOR TESTING

A data-driven risk assessment helped identify seven REs out of 1,219 possible:

1. College Station Independent School District
2. Greenville Independent School District
3. Jim Hogg County Independent School District
4. NYOS Charter School
5. Richard Milburn Academy (RMA) - Killeen
6. San Angelo Independent School District
7. Spring Independent School District

Nine risk factors were applied, including:

- Executive Management Concern
- High Rate of One-Time Change in Compensation
- High Rate of Employees Ineligible for TRS Membership
- High Rate of Gross versus Eligible Compensation Difference



Areas of Testing



In agreement with Pension Services, Internal Audit conducted testing of FY2024 data submitted to TRUST for the following areas:

CENSUS	ELIGIBILITY	COMPENSATION
<ul style="list-style-type: none">Personal information<ul style="list-style-type: none">i.e., name, date of birth, gender, social security number and address	<ul style="list-style-type: none">RE full payroll reported, regardless of employee eligibility for TRS membership	<ul style="list-style-type: none">Individual eligible compensation accuracy
<ul style="list-style-type: none">Employment information<ul style="list-style-type: none">i.e., hire date, position code and employment type	<ul style="list-style-type: none">Accuracy of non-member employees reported as not TRS eligibleNon-retiree Regular Payroll reports do not contain retirees	<ul style="list-style-type: none">Total Gross Compensation (TGC¹) accuracy<ul style="list-style-type: none">Aggregate reconciliation between RE payroll data and TRUST

¹ Total Gross Compensation (TGC) is the total compensation amount for all employees (members and non-members) on RE payroll. Not all gross compensation is eligible salary. Eligible salary is determined based on eligibility for TRS membership and creditable compensation rules.



Results: Reporting Employer Testing (AUP Engagement)



AGREED-UPON PROCEDURES RESULTS

Key results included minimal exceptions in census data with most fields reported accurately.

Eligibility and compensation reporting included a larger number of exceptions potentially impacting individual members.

For census data, 39% of records (41 out of 105) contained permanent address inaccuracies in TRUST due to not receiving updates from active members.¹

Inaccuracies and discrepancies were observed and shared with management.

¹ Results are based on a risk-based, targeted sampling methodology and are not representative of the full population of data.



Highlighted Results



Results are based on a risk-based, targeted sampling methodology and are not representative of the full population of data.

CENSUS	ELIGIBILITY	COMPENSATION
<ul style="list-style-type: none">Other than permanent addresses, inaccurate personal information for three of 105 (3%) members tested	<ul style="list-style-type: none">21 out of 14,443 (0.1%) employees were improperly excluded from full payroll reported to TRUST	<ul style="list-style-type: none">Eight out of 105 (8%) members' reporting months tested included underreported eligible compensation
<ul style="list-style-type: none">Inaccurate permanent addresses for 41 out of 105 (39%) of members tested	<ul style="list-style-type: none">42 out of 105 (40%) non-member employees appear to be eligible. Most were incorrectly reported as substitutes	<ul style="list-style-type: none">TGC¹ reported to TRUST for the scope was \$579.3M, with a total discrepancy of \$1.3M (0.22%) compared to RE payroll data
<ul style="list-style-type: none">Inaccurate employment information for 19 out of 105 (18%) members tested	<ul style="list-style-type: none">100% accuracy for appropriately omitting retirees from Regular Payroll reports	

¹ Total Gross Compensation (TGC) is the total compensation amount for all employees (members and non-members) on RE payroll. Not all gross compensation is eligible salary. Eligible salary is determined based on eligibility for TRS membership and creditable compensation rules.



Recommendations and Management Response



Recommendations	Action & Target Date
1. Work with REs to correct reporting inaccuracies, and provide input to REs regarding their reporting processes	1. Will provide instructions to REs, conduct targeted training, and work with REs to make necessary corrections (June 2026)
2. Enhance current processes to increase the probability of maintaining updated member addresses	2. Will explore enhancements to the address reporting process with IT, continue member education and conduct direct phone outreach to active members with missing address data (March 2027)



Project Team



Jonathan O'Reilly, MA
Director of Operations Audit & Business
Intelligence



Kathey Mitchell, CIA, CGAP, RTSBA
Audit Project Lead



Cui Rye, CIA, CPA
Senior Auditor



Sharon Riley
Senior Business Intelligence Analyst



Falguni Sampat, CIA
Senior Auditor



Tyler Dixon
Senior Business Intelligence Analyst



Jessica Simon, CIA, CPA
Senior Auditor



Appendix: AUP Objective, Methodology and Scope

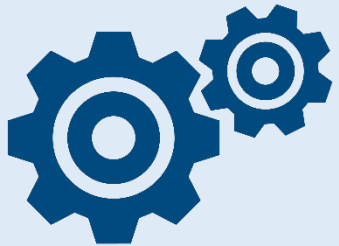


Appendix: AUP Objective, Methodology and Scope



AUP OBJECTIVE

- ✓ The agreed-upon procedures engagement objective was to determine the accuracy of data reported to TRS for a sample of employees



METHODOLOGY

- ✓ Data-driven risk assessment
- ✓ Risk-based, targeted sampling methodology
- ✓ TRS TRUST data versus RE payroll data



SCOPE

- ✓ Sept. 1, 2023 – Aug. 31, 2024
- ✓ Agreed-upon procedures for employer reporting to TRS TRUST in the areas of census, eligibility and compensation



Internal Audit Review of Innovation Portfolio Program

Sept. 19, 2025

Presented By:
Nathan Ward and KJ Van Ackeren





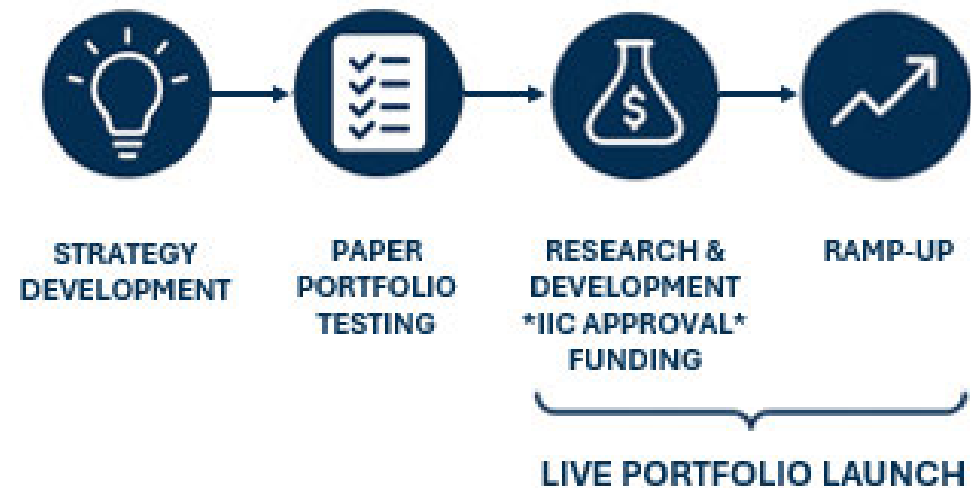
Review of Innovation Portfolio Program



Audit Scope

- ✓ January 2023 – April 2025
- ✓ Activities and reporting related to developing and launching new portfolios

INNOVATION PORTFOLIO PROCESS





Review of Innovation Portfolio Program



AUDIT CONCLUSION

The Teacher Retirement System's (TRS) Innovation Portfolio Program includes sufficient controls to provide reasonable assurance that investments are managed and conducted effectively and in compliance with relevant policies and procedures.

Key controls include:

- Guidelines for Developing & Launching New Portfolios
- Paper Portfolio Process
- Service Level Agreement (SLA) with Custodian



Executive Summary



Innovation Portfolio Program Business Objective:

Enhance alpha by evaluating and launching new internally managed investment portfolios/strategies in a consistent and measured way

<u>Positive Results</u>	<u>Recommendation</u>	<u>Management Response</u>
<ul style="list-style-type: none">• Trading review• Performance measurement methodology• Investment reporting and recommendation process• Paper portfolio execution	N/A	N/A



Project Team



Investment & Finance Audit Team



Nathan Ward, CFA
Senior Investment Auditor



Syed Israr
Senior Investment Auditor



Katie Linczer, CPA, CIA, CRMA
Senior Investment Auditor



Julie Toler, CFA, CFP®, CIA, CRMA
Investment Audit Director



APPENDIX

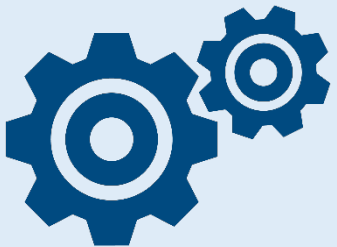


Appendix: Audit Objective, Methodology, and Scope



AUDIT OBJECTIVE

Determine whether governance and procedures related to the Innovation Portfolio Program include sufficient controls to ensure activities are managed and conducted effectively, efficiently and in compliance with relevant policies and procedures.



METHODOLOGY

- ✓ Identified key risks and controls
- ✓ Reviewed Investment Policy Statement
- ✓ Interviewed management and staff
- ✓ Reviewed TRS processes and documents



AUDIT SCOPE

- ✓ January 2023 – April 2025
- ✓ Activities and reporting related to the Innovation Portfolio Program



Internal Audit

Summary of Audit Recommendations as
of Aug. 25, 2025

Sept. 19, 2025

Jonathan O'Reilly

Director of Operations Audit & Business Intelligence





Highlights



27

Recommendations
(Total)

12

Audit Reports

19

Recommendations
rated significant

Implementation Status

21

⁵⁻

Pending

6

⁵⁻

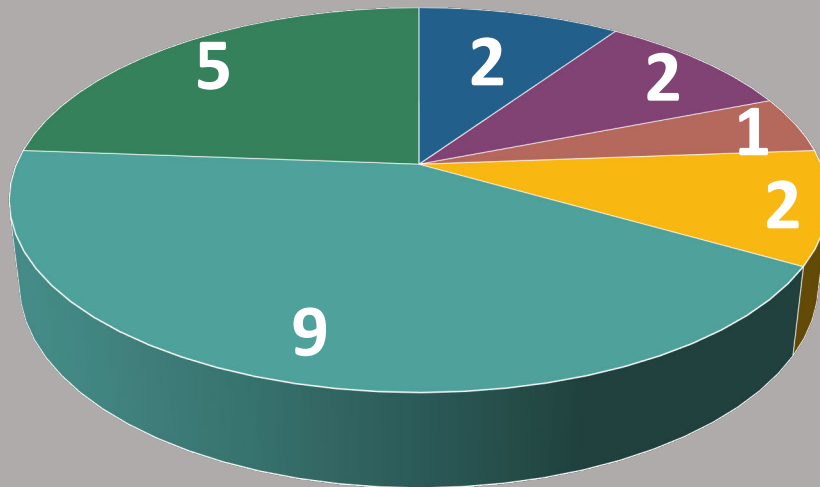
Satisfactorily
Implemented

0

⁰⁻

Implemented,
pending IA
validation

Ownership of Pending Recommendations



■ Pension Services ■ Admin Services ■ HD ■ IMD ■ IT ■ ISO

Age of Recommendations

10

1-12
months

5

13-24
months

4

25-36
months

2

37-48
months

**TRS Internal Audit
Summary of Audit Recommendations Status
As of August 25, 2025**

Recommendation	Status	Issue Type	Issue Date	Estimated Date	Revised / Actual Date
22-401 Review of Records Management					
3.1 Continue efforts to implement record management automated features	In Progress	Other Reportable	6/2022	3/2023	12/2025
3.2 Include shared and personal drives to Microsoft project	In Progress	Other Reportable	6/2022	5/2025	12/2025
23-102 Review of Reporting Employer Processes					
1.3.a. Develop and implement KPIs	In Progress	Other Reportable	7/2023	6/2024	12/2026
24-102 Audit of Pension Refund Processes					
1.2 Ensure refunds are accurate	In Progress	Significant	5/2024	5/2024	8/2025

Significant to Business Objectives

	<ul style="list-style-type: none"> Past <i>original</i> estimated completion date, and No management action plan <u>or</u> no progress on management action plan
	<ul style="list-style-type: none"> Past <i>original</i> estimated completion date Progress on management action plan
	<ul style="list-style-type: none"> <i>Original</i> estimated completion date has not changed Progress on management action plan
	<ul style="list-style-type: none"> Satisfactory implementation of management action plan <u>or</u> acceptance of risk by management
	<ul style="list-style-type: none"> Implementation of management action plan pending Internal Audit validation

Other Reportable

	<ul style="list-style-type: none"> Past first <i>revised</i> estimated completion date No management action plan <u>or</u> no progress on management action plan
	<ul style="list-style-type: none"> Past first <i>revised</i> estimated completion date Progress on management action plan
	<ul style="list-style-type: none"> Within <i>original</i> <u>or</u> first <i>revised</i> estimated completion date Progress on management action plan
	<ul style="list-style-type: none"> Satisfactory implementation of management action plan <u>or</u> acceptance of risk by management

**TRS Internal Audit
Summary of Audit Recommendations Status
As of August 25, 2025**

Recommendation	Status	Issue Type	Issue Date	Estimated Date	Revised / Actual Date
25-301 Review of Energy, Natural Resources and Infrastructure Portfolio Operations					
2.2 Opportunity to enhance feedback loop to ensure effectiveness of external fees monitoring activities	In Progress	Other Reportable	4/2025	12/2025	
25-302 Review of Investment Middle Office Operations					
1.1 Process Guidance and Key Person Risk	In Progress	Other Reportable	7/2025	5/2026	
25-503 Review of Contract Oversight (Information Security)					
1.1 Vendor Performance Report (VPR)	Implemented	Significant	4/2025	8/2025	8/2025
1.2 Contract File Review Checklist	Implemented	Significant	4/2025	7/2025	8/2025



Internal Audit Administrative Reports

Sept. 19, 2025

Presented By:
Amanda Jenami, CPA, CISA, CIA, CIDA, CFSA, CRMA, CFE





Executive Summary



FY2025 Strategic Goals

Goal 1: Provide assurance to the board of trustees and senior management (3 KPIs)

Goal 2: Serve as trusted advisor to the board of trustees and management (3 KPIs)

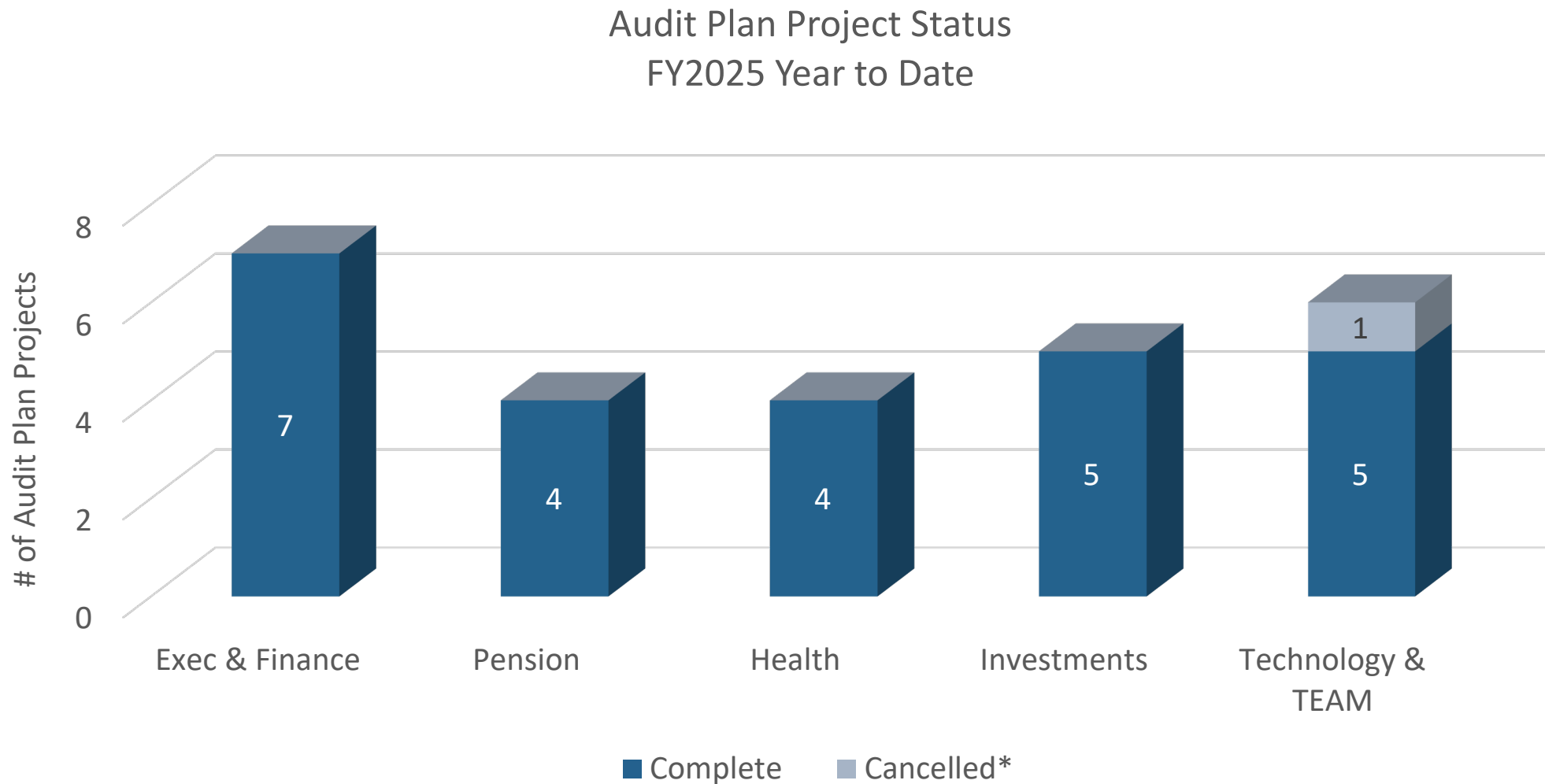
Goal 3: Attract, develop and retain outstanding talent (5 KPIs)

Goal 4: Leverage technology (2 KPIs)

FY2025 Key Performance Indicators (KPIs)

Internal Audit achieved 100% (13 out of 13) of its annual performance targets for the 2025 fiscal year.

FY25 Audit Plan Status through Fourth Quarter



Detailed list of Audit Plan projects & status is provided in the Appendix

** Advisory project no longer requested by client*



Staff Highlights: New Team Member!



Elijah Marchlewski

Senior IT Auditor


Eli brings over eight years of auditing experience and has held roles at the Texas State Auditor's Office and the Texas Department of Insurance. He holds a bachelor's degree in accounting from Southern Illinois University and CISSP and CISA certifications.




Questions



Appendix



Detailed FY25 Audit Plan Status: Audit & Formal Advisory Projects



	Complete	In Progress
Executive, Business Administration & Contracts		
Review of ERM Program	✓	
Review of Contract Oversight (Information Security)	✓	
Review of Safety and Physical Security (Alpha)	✓	
Follow-Up of Prior Audits	✓	
Special requests, initiatives and emerging Issues (all divisions)	✓	
Review of PAVES	✓	
Pension		
ACFR Testing of Annuity Payments	✓	
Reporting Employer Audits	✓	
Reporting Employer Data Analysis	✓	
Special Requests and Emerging Issues	✓	
Investments		
Review of Energy, Natural Resources and Infrastructure Portfolio Operations	✓	
Review of Investment Middle Office Operations	✓	
Review of the Innovation Portfolio Program	✓	

	Complete	In Progress	Cancelled*
Health			
Dental/Vision LTEO Independent Testing	✓		
Healthcare Claims Data Analysis (Administrator Contract Compliance)	✓		
Benefit Matrix Testing	✓		
Healthcare Claims Data Analysis (Provider Compliance & Industry Standards)	✓		
Technology & TEAM			
Access Control Management	✓		
TRUST Non-production Environments	✓		
Application Programming Interface			✓
Review of Cyber Controls	✓		
Business Continuity Planning and Disaster Recovery	✓		
TEAM Independent Program Assessment (IPA) Vendor Support	✓		

* Advisory project no longer requested by client



Internal Audit Advisory Services during 3rd Quarter



EXECUTIVE

- Served on Levels 1 & 2 Project Review committees
- Served on the Risk Oversight Committee
- Served on the Enterprise Data Governance Council

INFORMATION TECHNOLOGY

- Attended the Project Review Committee Meetings
- Bi-weekly meetings with Information Security and Legal and Compliance
- Participated in the annual Disaster Recovery testing
- Attended Information Security Advisory Team (ISAT) meetings
- Attended Change Management Team (CMT) meetings
- Held collaboration meetings with Chief Information Officer (CIO) and Chief Information Security Officer
- Served on Enterprise Risk Management (ERM) Cybersecurity Team

INVESTMENT MANAGEMENT DIVISION (IMD)

- Attended Internal Investment Committee (IIC) meetings
- Attended Securities Lending monitoring calls
- Held quarterly collaboration meetings with Investment Compliance and Investment Risk
- Held quarterly collaboration meetings with IMD management

PENSION SERVICES

- Performed RE data integrity tests via data analytics
- Held monthly collaboration meetings with Benefits Accounting management

HEALTH DIVISION (HD)

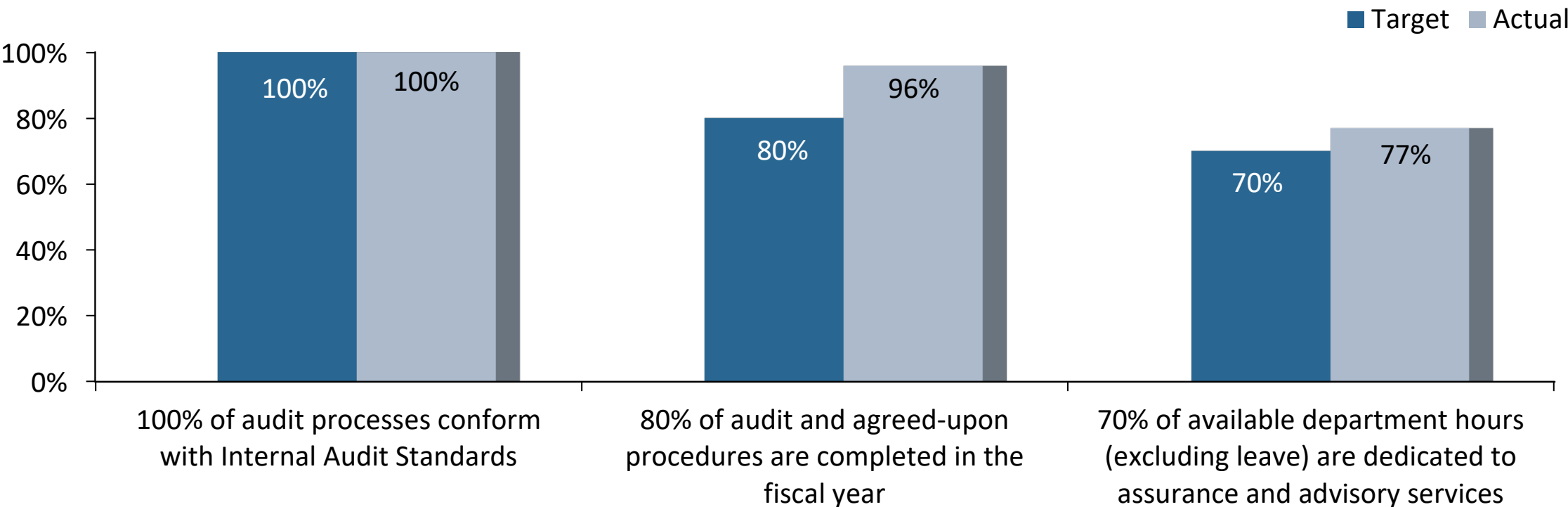
- Performed health plan program integrity tests via data analytics
- Held quarterly collaboration meetings with Health Division management



Detailed KPI Results



Goal 1: Provide assurance to the board of trustees and senior management



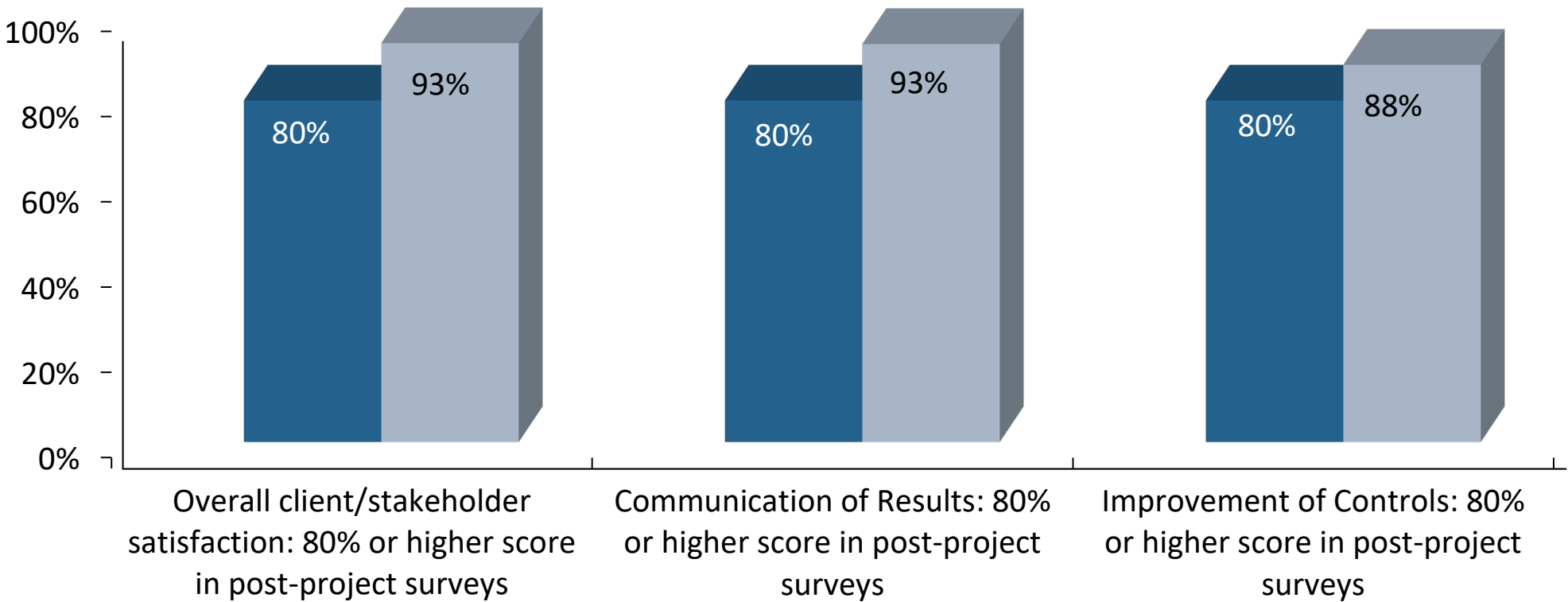


Detailed KPI Results



Goal 2: Serve as trusted advisor to the board of trustees and management

■ Target ■ Actual



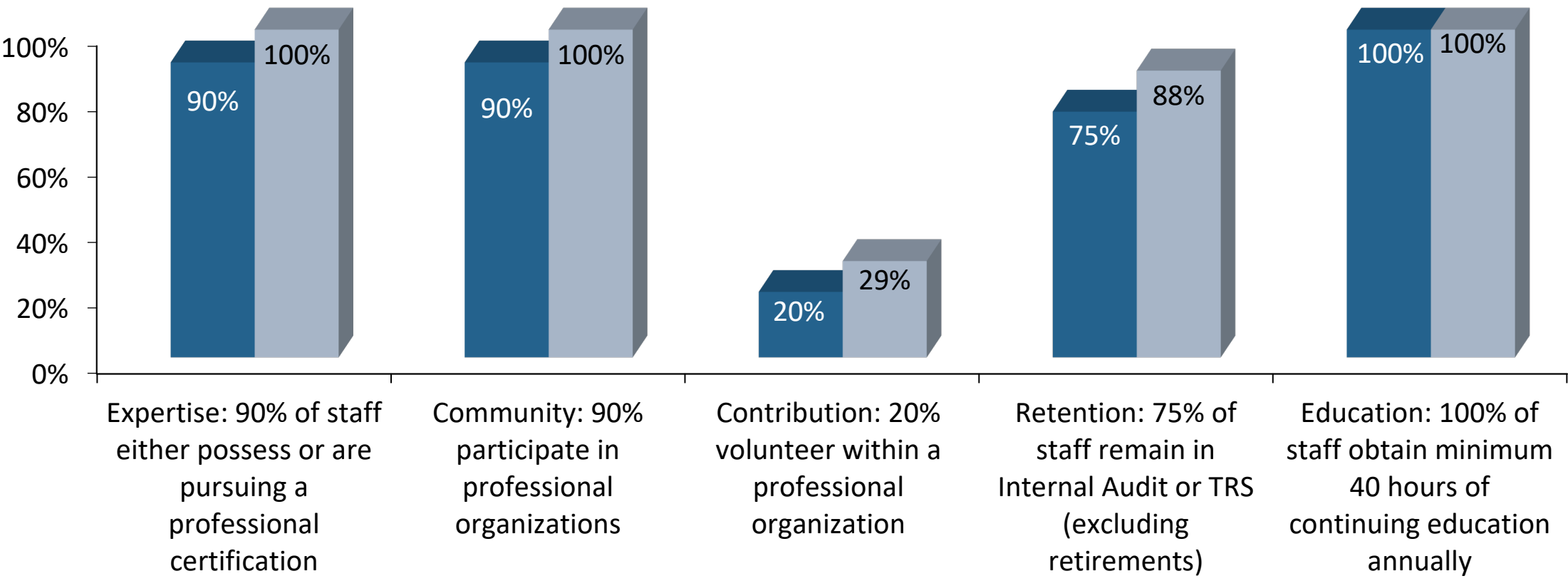


Detailed KPI Results



Goal 3: Attract, develop & retain outstanding talent

■ Target ■ Actual





Detailed KPI Results



Goal 4: Leverage technology

