



Internal Audit

FY2025 Internal Audit Annual Report

Dec. 4, 2025

Presented By:

Julie Toler, CFA, CFP®, CIA, CRMA





FY2025 Internal Audit Annual Report



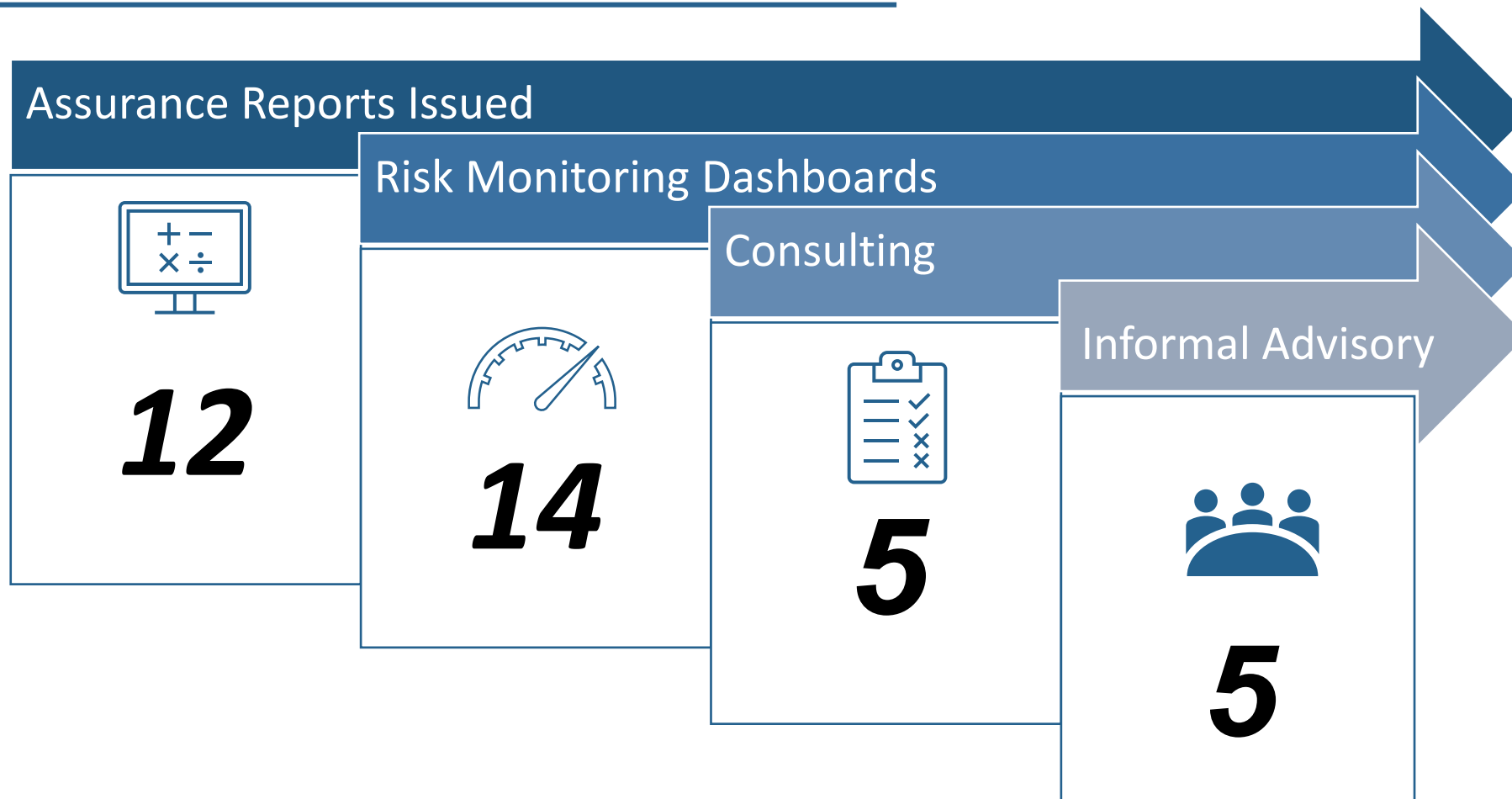
The Internal Audit Annual Report provides information on the audit plan, assurance, consulting, advisory projects completed and other Internal Audit activities in fiscal year 2025. It meets the annual reporting requirement of the Texas Internal Auditing Act (Texas Government Code, Chapter 2102.009 and Texas Government Code, Sections 2102.015 and 2102.0091).

This report follows the State Auditor's Office reporting guidelines and includes the following:

- I. Compliance with Texas Government Code, Section 2102.015: Publication of Audit Plan and Annual Report on Internet
- II. Revised Internal Audit Plan for Fiscal Year 2025
- III. Consulting Services and Non-Audit Services Completed
- IV. External Quality Assurance Review (Peer Review)
- V. Internal Audit Plan for Fiscal Year 2026
- VI. External Audit Services Procured in Fiscal Year 2025
- VII. Reporting Suspected Fraud and Abuse



By the Numbers



2025 YEAR IN REVIEW



INDEPENDENT • OBJECTIVE • ASSURANCE • CONSULTING

WHO WE ARE:

14 Auditors

5 Business Intelligence Analysts

1 Administrative Professional

WHAT WE BRING:

HIGHLY CREDENTIALLED PROFESSIONALS:

5
Certified Public
Accountants4
Certified Information
Systems Auditors8
Certified Internal
Auditors2
Certified Fraud
Examiners3
Certified Information
Systems Security
Professionals2
Chartered Financial
Analysts8
MBAs2
PhDs166
166 years total
audit experience125
125 years total data
analysis experience88
88 years total
IT experience54
54 years total
investment experience

DIVERSE BACKGROUNDS:

AUDIT EXPERIENCE

WITH
**BIG FOUR
AUDIT FIRMS**
&
**TEXAS STATE
GOVERNMENT**DIVERSE PROBLEM
SOLVING SKILLS

INCLUDING:

- AUDIT
- ACCOUNTING
- TREASURY
- INVESTMENT MANAGEMENT
- TRADING
- DATA ANALYSIS
- CYBER SECURITY
- INFORMATION TECHNOLOGY

WORK EXPERIENCE

AUSTRALIA
THE UK
CHINA
INDIA
PAKISTAN
RUSSIA
USA

WHAT WE DID IN 2025:

ROBOTICS PROCESS AUTOMATION INITIATIVE

CREATED 2 ROBOTS
FOR PENSION DATA
ANALYSISCREATED 53 ALGORITHMS
FOR HEALTHCARE CLAIMS
DATA ANALYSIS8 ADVISORY
PROJECTS

12 TRS AUDITS



870

HOURS of CONTINUING PROFESSIONAL
EDUCATION (CPE) COMPLETED

Q1

- Syed Israr attended the Emerging Issues in Investments & Derivatives conference.
- Katie Linczer and Amanda Jenami attended and presented at APPFA's fall conference.
- Stephen Randall and Jonathan O'Reilly attended APPFA's fall conference.
- Cui Rye attended IIA's Enterprise Risk Management conference, and P2F2 conference.
- Jonathan O'Reilly attended and presented at the NPEA conference.

Q2

- Welcomed Tyler Dixon as Senior Business Intelligence Analyst.
- Welcomed Jessica Simon as Senior Auditor.
- Welcomed Jack Henserling as Senior IT Auditor.
- Lisa Wei attended the Open Source Intelligence Summit.
- Olga Jerman, Jonathan O'Reilly, Sharon Riley, Katie Linczer, Julie Toler, Nathan Ward, Stephen Randall and Lisa Wei volunteered at the Central Texas Food Bank.

Q3

- Stephen Randall and Lisa Wei attended the DIR Information Security Forum.
- Olga Jerman, Sharon Riley, Lisa Wei, Teklehaimanot Derseh, Cui Rye and Tyler Dixon attended IIA's Analytics, Automation, & AI conference.
- Amanda Jenami, Julie Toler and Jonathan O'Reilly attended and presented at APPFA's spring conference.
- Sharon Riley and Nathan Ward attended APPFA's spring conference.
- Lisa Wei and Stephen Randall attended SANS AI Cybersecurity Summit.

Q4

- Welcomed Elijah Marchlewski as Senior IT Auditor.
- Cui Rye, Kathey Mitchell, Jessica Simon and Julie Toler attended the SAO Audit Conference.
- Amanda Jenami and Cui Rye attended the ACFE Global Fraud conference.
- Teklehaimanot Derseh and Olga Jerman attended the NAMPI conference.
- IT Team participated in the Annual Disaster Recovery Testing.

The background of the slide features a conceptual image of research or investigation. It shows a magnifying glass with a white handle and frame, focusing on a document. The document contains a line graph with a y-axis labeled from 0 to 10 and a series of data points connected by lines. A pen is also visible on the document. The entire image is overlaid with a semi-transparent orange and teal gradient.

Questions

Fiscal Year 2025 INTERNAL AUDIT ANNUAL REPORT

October 2025



Teacher Retirement System of Texas • 4655 Mueller Blvd., Austin, Texas 78723

TEACHER RETIREMENT SYSTEM OF TEXAS

BOARD AUDIT, COMPLIANCE & ETHICS COMMITTEE

(As of October 1, 2025)

Brittney Allred, Chair
Michael Ball
Laronda Graf
John R. Rutherford
Elvis Williams

BOARD MEMBERS

(As of October 1, 2025)

Robert H. Walls, Jr., Chair
Michael Ball, Vice Chair
Brittney Allred
David Corpus
John Elliott
Laronda Graf
John R. Rutherford
Elvis Williams

EXECUTIVE DIRECTOR

Brian Guthrie

INTERNAL AUDIT DIVISION

(As of October 1, 2025)

Amanda Jenami, CPA, CISA, CIA, CIDA, CFSA, CFE, CRMA, CGAP, CCSA, Chief Audit Executive
Jonathan O'Reilly, Operations Audit and Business Intelligence Director
Stephen Randall, CISA, CIA, IT Audit Director
Julie Toler, CFA, CFP®, CIA, CRMA, Investment Audit Director
Teklehaimanot Derseh, Senior Business Intelligence Analyst
Tyler Dixon, Senior Business Intelligence Analyst
Jack Henserling, CISSP, Senior IT Auditor
Syed Israr, Senior Investment Auditor
Olga Jerman, Senior Business Intelligence Analyst
Katie Linczer, CPA, CIA, CRMA, Senior Investment Auditor
Elijah Marchlewski, CISSP, CISA, Senior IT Auditor
Kathey Mitchell, CIA, CGAP, RTSBA, Audit Project Manager
Sharon Riley, Senior Business Intelligence Analyst
Cui Rye, CPA, CIA, Senior Internal Auditor
Falguni Sampat, CIA, Senior Internal Auditor
Jessica Simon, CPA, CIA, Senior Internal Auditor
Nathan Ward, CFA, Senior Investment Auditor
Lisa Wei, CISSP, CISA, CISM, CSSLP, CHFI, GCFE, EnCE, Senior Cybersecurity Auditor
Karen Marino, Internal Audit Executive Assistant



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Austin, Texas 78714-0185

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www.trs.texas.gov

4655 Mueller Blvd
Austin, Texas 78723

Brian K. Guthrie
Executive Director

Amanda Jenami
Chief Audit Executive

October 31, 2025

Honorable Greg Abbott, Governor
Members of the Legislative Budget Board
Ms. Lisa R. Collier, CPA, State Auditor
Mr. Robert H. Walls, Jr., Chair, TRS Board of Trustees
Ms. Brittney Allred, Chair, TRS Board Audit, Compliance, and Ethics Committee
Members of the Board of Trustees, Teacher Retirement System of Texas
Mr. Brian Guthrie, Executive Director, TRS

Attached is the annual report of the Internal Audit department of the Teacher Retirement System of Texas (TRS). This report provides information on the audit plan, assurance, consulting, and advisory projects completed, and other Internal Audit activities. It also meets the annual reporting requirements of the Texas Internal Auditing Act (Texas Government Code, Section 2102.009 and Texas Government Code, Sections 2102.015 and 2102.0091). This report includes the following State Auditor's Office reporting guidelines:

- I. Compliance with Texas Government Code, Section 2102.015: Publication of Audit Plan and Annual Report on Internet
- II. Revised Internal Audit Plan for Fiscal Year 2025
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- VII. Reporting Suspected Fraud and Abuse

The work performed by TRS Internal Audit contributes toward accountability, integrity, and good management practices within TRS operations. Fiscal year 2025 projects contributed to the improvement of risk management, control, and governance processes. Internal Audit (and those engaged by Internal Audit) issued 12 assurance and 5 consulting reports and performed 5 informal advisory projects. Internal Audit followed up and reported quarterly on the status of outstanding audit recommendations and implemented 14 risk monitoring dashboards in collaboration with various divisions.

For further information about the contents of this report or to request copies of Internal Audit reports, please contact Amanda Jenami at (512) 542-6124.

Sincerely,

Amanda Jenami, CPA, CIA, CISA, CIDA, CHIAP, CFE, CRMA, CGAP, CCSA
Chief Audit Executive, TRS

**TEACHER RETIREMENT
SYSTEM OF TEXAS
INTERNAL AUDIT ANNUAL
REPORT**

FISCAL YEAR 2025

October 2025



**I. Compliance with Texas Government Code, Section 2102.015:
Posting the Internal Audit Plan, Internal Audit Annual
Report, and Other Audit Information on Agency Internet
Website**

I. Compliance with Texas Government Code, Section 2102.015: Publication of Audit Plan, and Annual Report on Internet

Texas Government Code, Section 2102.015 requires state agencies and institutions of higher education, as defined in the statute, to post agency internal audit plans and internal audit annual reports on the agency's internet website within 30 days of approval. The statute also requires entities to update the posting on the Internet to include a.) a detailed summary of the weaknesses, deficiencies, wrongdoings, or other concerns raised by the audit plan or annual report and b.) a summary of the actions taken to address concerns, if any, that are raised by the audit plan or annual report.

TRS Internal Audit follows the following procedures to ensure compliance with the requirements of Texas Government Code, Section 2102.015:

- ▶ The **TRS Annual Internal Audit Plan** is approved each fiscal year by the TRS Board of Trustees as recommended by the TRS Audit, Compliance and Ethics Committee. The annual audit plan, as approved by the TRS Board of Trustees, is provided to the TRS website coordinators and posted on the TRS website within 30 days of approval.
- ▶ The **TRS Internal Audit Annual Report** is prepared annually by Internal Audit staff in accordance with the Texas State Auditor's Office guidelines by the deadline i.e., November 1st of each year. This report is submitted to the Governor's Office, the Legislative Budget Board, the State Auditor's Office, and the members of TRS Board of Trustees by November 1st of each year. The annual report is presented to the TRS Audit, Compliance and Ethics Committee at its December meeting and provided to the TRS Website coordinators to post to the TRS website within 30 days of the meeting.
- ▶ **Summaries of the weaknesses, concerns, and actions taken to address concerns** in the audit plan or annual report are provided by Internal Audit in the quarterly TRS Audit, Compliance and Ethics Committee materials. The committee materials include audit reports completed during each quarter, quarterly status reports of management action on outstanding audit recommendations, and the status of the current fiscal year audit plan. The individual audit reports provide the results, recommendations, and management actions planned to address the audit recommendations. The TRS Audit, Compliance and Ethics Committee materials are posted to the TRS website, after dissemination to TRS Board of Trustees, and prior to the scheduled Board meeting.

II. Internal Audit Plan for Fiscal Year 2025

**Fiscal Year 2025 Audit Plan Status
As of October 2025**

Title (Project Number)	Type	Status	Report Date
Executive, Business Administration & Contracts			
Review of ERM Program (25-401)	Audit	Complete	July 2025
Review of Contract Oversight (Information Security) (25-503)	Audit	Complete	April 2025
Review of Safety and Physical Security (Alpha) (25-402)	Audit	Complete	September 2025
Review of PAVES (25-403)	Audit	Complete	September 2025
Follow-up of Prior Audits	Audit	Complete	September 2025
Special Requests and Emerging Issues	Advisory	Complete	n/a
Meetings Participation	Advisory	Complete	n/a
Finance			
Annual Comprehensive Financial Report (ACFR) Testing of Annuity Payments (25-101)	Audit	Complete	November 2024
TEAM Program			
TEAM Independent Program Assessment (IPA) Vendor Support	Advisory	Complete	July 2025
Pension Benefits and Employer Audits			
Reporting Employer Audits (25-102)	Agreed-Upon Procedures	Complete	September 2025
Special Requests and Emerging Issues	Advisory	Complete	September 2025
Health Care			
TRS-Active Care Dependent Eligibility Testing	Audit	Cancelled	n/a
Dental/Vision LTEO Independent Testing (25-202)	Formal Advisory	Complete	n/a
Benefit Matrix Testing (25-203)	Formal Advisory	Complete	n/a
Healthcare Claims Data Analysis (25-203)	Continuous Audit	Complete	n/a
Special Requests and Emerging Issues	Advisory	Complete	n/a

Teacher Retirement System of Texas
Internal Audit Annual Report for Fiscal Year 2025

Title	Type	Status	Report Date
Investment Management			
Review of Energy, Natural Resources and Infrastructure Portfolio Operations (25-301)	Audit	Complete	April 2025
Review of Investment Middle Office Operations (25-302)	Audit	Complete	July 2025
Review of Innovation Portfolio Program (25-303)	Audit	Complete	September 2025
Investment Committees Attendance	Advisory	Complete	n/a
Information Technology			
Access Control Management (25-501)	Audit	Complete	April 2025
Application Programming Interface	Formal Advisory	Cancelled	n/a
TRUST Non-production Environments	Formal Advisory	Complete	April 2025
Review of Cyber Controls	Audit	Complete	July 2025
Business Continuity Planning and Disaster Recovery (25-505)	Audit	Complete	September 2025
TEAM Independent Program Assessment (IPA) Vendor Support	Informal Advisory	Complete	n/a
Internal Audit Activities			
Internal Audit Annual Report – FY2024	Administrative	Complete	November 2024
Internal Audit Annual Quality Assurance Review	Administrative	Complete	December 2024
Data Analysis Process Buildout	Administrative	Ongoing	n/a
Staff Training Initiative	Administrative	Ongoing	n/a
Quarterly Audit Recommendations Follow-up	Administrative	Complete	December 2024; April 2025; July 2025 and September 2025.

Revisions to Fiscal Year 2025 Audit Plan

The changes to the FY 2025 Audit Plan are detailed below. The Revised Audit Plan was approved by the Board at its April 2025 meeting.

Project	Change	Reason
TRS-Active Care Dependent Eligibility Testing	Cancelled	No longer a priority. Low risk area.
Application Programming Interface	Cancelled	At the request of management, the API project was discontinued and replaced by the TRUST Non-Production Environments initiative, due to elevated risk levels associated with those environments requiring prioritized attention and remediation.
TRUST Non-production Environments (Formal Advisory)	Add	Following the Refunds Audit, management requested advisory work on non-production environments within the TRUST system.
Review of TRS' Procurement and Vendor e-System (PAVES)	Add	It has been more than three years since PAVES was implemented.

Audit results are included in formal audit reports that are presented by Internal Audit staff at the quarterly TRS Audit, Compliance, and Ethics (ACE) Committee meetings and included in the ACE Committee materials.

III. Consulting Services and Other Activities Completed

III. Consulting Services and Other Activities Completed

During FY 2025, Internal Audit conducted the following consulting (non-audit services) projects.

Title	Type	Project Objective	Status	Report Date
Health Division				
Dental/Vision Carrier Eligibility File Testing	Consulting (Vendor Compliance)	Validate accuracy of member coverage for TRS-Care's new dental and vision program	Complete	n/a
Dental/Vision Limited Time Enrollment Opportunity (LTEO) Independent HILOB Testing	Consulting (Vendor Compliance)	Perform independent pre-implementation testing of LTEO (HILOB)	Complete	n/a
Benefit Matrix Testing	Consulting (Vendor Compliance)	Perform annual roving tests of limits, exclusions and adjustments to benefit matrices	Complete	n/a
Double Payments Testing	Consulting (Vendor Compliance)	Testing for double payments for same services due to varied reasons, such as providers with multiple IDs.	Complete	n/a
Maternity Claims Testing	Consulting (Vendor Compliance)	Test for improper payments in maternity services, such as billing for pregnancy test after a hysterectomy or during menopause.	Reporting	n/a
New CPT Codes Testing	Consulting (Vendor Compliance)	Perform control testing for CPT codes introduced in 2024.	Reporting	n/a
Benefit Services Division				
Reporting Employer Data Integrity Testing	Consulting (Internal Process)	Analyze Reporting Employer data within TRUST system for completeness, integrity, accuracy, and reasonableness.	Complete	n/a

Internal Audit also performed various advisory services, as listed in Section II.

IV. External Quality Assurance Review (Peer Review)

Report on the External Quality Assurance Review of the
Teacher Retirement System of Texas
Internal Audit Department

June 2025



Performed by

Cheryl Cervantes Dietz, CPA, CIA

Chief Auditor

California State Teachers' Retirement System (CalSTRS)

Tony Chavez, CIA, CGAP, CRMA

Director of Internal Audit

Employees Retirement System of Texas (ERS)

Cathleen Davis, CIA, CISA, CFE

Chief Auditor

Arizona Public Safety Personnel Retirement System (PSPRS)

Overall Opinion

It is our opinion that the Teacher Retirement System of Texas (TRS) Internal Audit department receives a rating of **"Pass - Full Achievement"**. The TRS Internal Audit department reported achievement of its 2024 performance objectives and complies with the Institute of Internal Auditors (IIA) *Global Internal Audit Standards* (Standards) within the *International Professional Practices Framework*, the United States Government Accountability Office *Generally Accepted Government Auditing Standards* (GAGAS), and the Texas Internal Auditing Act (Texas Government Code, Chapter 2102). This opinion, which is the highest of the possible ratings, means that policies, procedures, and practices are in place to implement the standards and requirements necessary for ensuring the independence, objectivity, and proficiency of the internal audit function.

External Quality Assurance Review Ratings

- Pass – Full Achievement
- Pass – General Achievement
- Pass – Partial Achievement
- Fail – Nonachievement

We found that the TRS Internal Audit department (Internal Audit) is independent, objective, and able to render impartial and unbiased judgments on the audit work performed. The Internal Audit staff are qualified, proficient, and knowledgeable in the areas they audit. Individual audit projects are planned using risk assessment techniques; audit conclusions are supported in the working papers; and findings and recommendations are communicated clearly and concisely.

Internal Audit is appropriately governed by TRS Board of Trustees (Board) and effectively managed by the Chief Audit Executive (CAE). In addition, Internal Audit has trusted relationships with the Board and is well respected and supported by management. Surveys and interviews conducted during the external quality assurance (EQA) review indicate that management considers Internal Audit as providing value and helping the organization accomplish its objectives. Surveys and interview results also indicate that the Internal Audit staff are professional, knowledgeable, collaborative, responsive, and maintain high levels of integrity. Internal Audit fully leverages technology and data analytics to improve efficiencies and effectiveness within the internal audit process. Management believes Internal Audit adequately assesses and communicates the results of its assessments on the effectiveness of risk management processes and control and engages with management to achieve timely resolutions.

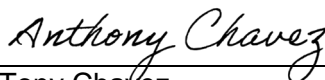
Internal Audit has reviewed the results of the EQA team's work and has accepted them to be an accurate representation of the internal audit function operations.

Acknowledgements

We appreciate the courtesy and cooperation extended to us by the CAE, Internal Audit staff, Board Chair, Audit, Compliance and Ethics (ACE) Committee Chair, Executive Director, Deputy Director and Chief Officers who participated in the interview process. We would also like to thank all TRS management who completed surveys for the EQA review. The feedback from the interviews and surveys provided valuable information regarding the operations of Internal Audit and its relationship with the Board and management.



Cheryl Cervantes Dietz
Chief Auditor
CalSTRS



Tony Chavez
Internal Audit Director
ERS of Texas



Cathleen Davis
Chief Auditor
Arizona PSPRS

Background

The IIA Standards, U.S. Government Accountability Office (GAO) GAGAS, and the Texas Internal Auditing Act require that internal audit functions obtain EQA reviews to assess compliance with Standards and the Act and to appraise the quality of their operations. GAGAS require these external reviews at least every three years. A periodic EQA review of the internal audit function is an essential part of a comprehensive quality assurance program. The previous EQA review for Internal Audit was performed in June 2022. This EQA was performed in accordance with the Texas State Agency Internal Audit Forum (SAIAF) Peer Review guidelines. No member of the review team had a conflict of interest with TRS or its Internal Audit.

Although an internal audit department might receive a “pass - full achievement” rating, it is expected that the EQA assessment team will offer recommendations based on best practices or supplementary (non-mandatory) guidance. Such recommendations, in the form of enhancement opportunities do not necessarily indicate a deficiency in the operation of Internal Audit but are suggestions to enhance a properly functioning activity.

Objectives, Scope, and Methodology

The primary objective of the EQA review was to evaluate Internal Audit’s compliance with auditing standards and the Texas Internal Auditing Act. Additional objectives included identifying successful practices as well as areas where improvements may be needed. The review covered sampled audit and management assistance projects performed by Internal Audit from June 1, 2022, through June 15, 2025.

The work performed during the review included:

- Review, verification, and evaluation of the self-assessments prepared by Internal Audit according to SAIAF guidelines.
- Review and evaluation of 17 emailed surveys completed by management.
- Interviews with the CAE, Internal Audit staff, the Executive Director, Deputy Director, Board Chair and ACE Committee Chair.
- Review of key documents such as TRS Bylaws, Board meeting materials, Internal Audit Charter, Internal Audit Strategic Plan, Internal Audit performance metrics, annual risk assessment and audit plan, Internal Audit policies and procedures (Internal Audit Manual), professional development records, and other relevant documents.
- Review and evaluation of audit working papers.

Appendix A - Detailed Results

Successful Practices

Internal Audit demonstrates a strong commitment to continuous improvement, professionalism, and innovation. During the EQA review, the assessment team identified several exemplary practices that reflect the Internal Audit's high standards and forward-thinking approach. These include:

- **Adoption of clear Principles of Engagement** that guide staff interactions within the department, with TRS personnel, and other stakeholders.
- **Annual independence attestations** and engagement-level confirmations to ensure continued objectivity and integrity.
- **A CAE deeply committed to continuous improvement and professional development.**
- **A comprehensive Internal Audit Charter** that clearly defines the Internal Audit's purpose, authority, and responsibility.
- **Strong stakeholder trust and confidence** in the work performed by Internal Audit staff.
- **A leadership team (CAE and Directors)** recognized for their deep knowledge of the Standards, professionalism, business acumen, and extensive experience.
- **A culture of innovation and value creation**, demonstrated through the use of robotic process automation and advanced analytics.
- **A robust Quality Assurance Review checklist** applied at each engagement phase—planning, fieldwork, and reporting—by staff not assigned to the audit, ensuring objectivity and quality.
- **A highly credentialed team** with deep industry expertise, particularly in investment management and information technology.
- **Active leadership engagement in professional communities**, with the CAE and Directors recognized for their thought leadership.
- **Advanced continuous auditing and risk monitoring tools**, developed by a dedicated business intelligence team, reinforcing the department's commitment to innovation.

V. Internal Audit Plan for Fiscal Year 2026

Risk Assessment

Risk assessment is a systematic process for assessing and integrating professional judgments about probable adverse conditions and events. The projects included in the FY2026 plan were primarily identified through a risk assessment process in collaboration with trustees, members of the TRS executive team, and staff. The process included a review of the latest Enterprise Risk Management (ERM) reports for the Risk Oversight Committee's perception of key areas of risk. TRS' auditable activities include organizational units, programs and agency-wide processes (including contract management), each of which was risk-ranked using specific elements including relative size of the unit, potential impact on operations, regulatory compliance, public interest, work complexity, audit history, and other factors deemed relevant by Internal Audit and Executive Management.

For Cybersecurity and Technology risks, Internal Audit conducts a separate comprehensive risk assessment to inform the identification of potential projects for inclusion in the Audit Plan. This assessment is guided by established frameworks, including:

- Title 1, Texas Administrative Code, Chapter 202
- The Texas Department of Information Resources (DIR) Cybersecurity Framework
- The DIR Information Security Controls Catalog
- The National Institute of Standards and Technology (NIST) Cybersecurity Framework (CSF)

During the assessment process, information technology risks are identified, categorized, and evaluated within the context of these frameworks. The resulting risk profile directly informs the scope and priorities of IT-related projects for the upcoming fiscal year, ensuring alignment with recognized standards and organizational risk posture.

The specific scope of each audit in the plan is determined once the audit team has completed its audit planning process.

Internal Audit Plan for Fiscal Year 2026

Department/Program, Project Title	Type	Timing	Budgeted Hours
Executive and Administrative Services			
Review of Communications	Audit	Q2	650
Review of Ethics Program	Audit	Q3	650
Review of Project Governance	Audit	Reserve	n/a
Follow-up of Prior Audits	Audit	Q2 – Q3	600
Special Requests and Emerging Issues	Advisory	Q1 – Q4	500
Meetings Participation	Advisory	Q1 – Q4	500
Pension Services			
ACFR Testing of Annuity Payments	Audit	Q1	400

Teacher Retirement System of Texas
Internal Audit Annual Report for Fiscal Year 2025

Department/Program, Project Title	Type	Timing	Budgeted Hours
Review of Death Claims	Audit	Q3 – Q4	800
Reporting Employer Data Analysis	Continuous Audit	Q1 – Q4	500
Special Requests and Emerging Issues	Advisory	Q1 – Q4	500
Health Care			
Review of Enrollment and Eligibility File Processes	Formal Advisory	Q1	750
Review of SB 1264 Processes	Formal Advisory	Q1 – Q4	500
Healthcare Claims Data Analysis – Unusual Provider Billing Patterns	Continuous Audit	Q1 – Q4	900
Healthcare Claims Data Analysis – Administrator Contract Compliance, etc.	Continuous Audit	Q1 – Q4	900
Special Requests and Emerging Issues	Advisory	Q1 – Q4	100
Review of Mass Mailings	Audit	Q2	2,000
Information Technology			
Audit of Cloud Computing	Audit	Q1-Q2	1,800
Audit of Data Loss Prevention	Audit	Q2-Q3	1,400
Review of Cyber Controls	Audit	Q3-Q4	200
Audit of TRS Reporting Entity (RE) Portal	Audit	Q3-Q4	1,400
Investment Management			
Review of Custodian Controls	Audit	Q1-Q2	1,600
Review of Fixed Income Portfolio Operations	Audit	Q2-Q3	1,100
Review of Real Estate Portfolio Operations	Audit	Q3-Q4	1,400
Investment Committee Attendance, etc.	Advisory	Q1 – Q4	200
Financial Services meetings, etc.	Advisory	Q1 – Q4	100
Internal Audit Department			
Internal Audit Annual Report (FY2025)	Administrative	Q1	100
Quarterly Audit Recommendations Follow-Up	Administrative	Q1 – Q4	300
Data Analysis Process Buildout	Administrative	Q1 – Q4	1,600
Staff Training Initiative	Administrative	Q1 – Q4	1,200
Audit, Compliance & Ethics Committee Meetings Preparation	Administrative	Q1 – Q4	1,400
Internal Audit Annual Quality Assurance Review	Administrative	Q3 – Q4	300
Fiscal Year 2027 Audit Plan	Administrative	Q4	800

High Risk Areas Not Included in the FY2026 Audit Plan

The following areas were rated as high, elevated, or caution within TRS' ERM Stoplight Report but were not included in the FY2026 Audit Plan.

Area	Reason for Exclusion
Records and Information Management (RIM)	RIM was audited in FY2022. Internal Audit to perform follow-up review of RIM around 2027.
Pension Funding	Awaiting the results of and legislative action that will come out of the TRS Pension Study.

VI. External Audit Services Procured in Fiscal Year 2025

VI. External Audit Services Procured in Fiscal Year 2025

External Audit Services Procured by TRS	Provided by	Report Date
Annual Comprehensive Financial Report (ACFR) – Fiscal Year 2024	State Auditor's Office	11/20/2024
TRS Investment Company (TRICOT) Financial Audit – Fiscal Year 2024	Crowe LLP	10/31/2024

VII. Reporting Suspected Fraud and Abuse

VII. Reporting Suspected Fraud and Abuse

TRS has taken the following actions to implement the fraud detection and reporting requirements of Section 7.09 of the General Appropriations Act and Section 321.022 of the Texas Government Code:

- The TRS Fraud, Waste, and Abuse Policy establishes a fraud, waste, and abuse prevention awareness program that includes employee training and guidelines for reporting suspected fraud, waste, and abuse. Key elements of the policy include definitions, covered acts, reporting procedures of detected or suspected fraud, waste, or abuse, detection and investigation, awareness training, and corrective action.
- The TRS Internet site includes the contact number of the State Auditor's Office Hotline and a link to reporting instructions.
- Links are available on the TRS Intranet for both the State Auditor's Office Hotline and the TRS Internal Fraud and Ethics Hotline.
- Administration of the TRS Internal Fraud and Ethics Hotline has been vested with the Chief Compliance Officer since fiscal year 2016.
- In compliance with the reporting requirement of fraud, waste, and abuse, TRS reports all instances of suspected fraud, waste, and abuse to SAO.