

External Quality Assessment RFP

Questions & Answers

March 2023



Orange County Employees Retirement System (OCERS)

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Question	Response
1. What is the anticipated budget for this project?	Approximately \$38,000
2. Is there an established QAIP for OCERS?	Yes, the QAIP was recently implemented
3. How many people are in the internal audit team?	Pre-2023, there were a total of 2 on the Internal Audit team. In Q4 2022, we hired an additional 2 members, for a total of 4.
4. How many audits does the internal audit team perform per year?	Pre-2023, IA has performed on average 6 assurance audits a year. With the additional headcount in 2023, that has been increased to 12.
5. What are the drivers for the Internal Audit budget to increase 68% for 2023?	As per our 2023 approved OCERS budget, the Internal Audit budget increased by 49.5% due to the team expanding from 2 to 4 members and one internal promotion in Q1/2023.
6. How many different types of audits and different departments are subject to audit by internal audit per year?	All of the four divisions within OCERS (Internal Operations, External Operations, Legal, Investments) are subject to assurance audits. Employer Plan Sponsors are also subject to assurance audits.
7. Is there a risk assessment used as the basis of the internal audit program, how often is this updated?	A risk assessment is used and performed/updated annually.
8. Are there any audits not covered by the IPPF?	We are not aware of any.
9. What GRC system is utilized? Can all the workpapers for the QAR be provided from this system for a virtual review?	Workpapers, mostly performed on Excel, are managed by an internal SharePoint system and can be provided for virtual review.
10. When was the last QAR performed? Were there any issues noted?	The last QAR was completed in 2018 with an overall opinion of "Generally Conforms". The results can be found: https://www.ocers.org/sites/main/files/file-attachments/2019-03-26_audit_committee_meeting.pdf?1554150383
11. Are there any known issues with the conduct of the Internal Audit team's work; noncompliance, etc.? Please elaborate.	No known issues, please refer to the answer to question #10.
12. What is your planned timeline of completion and reporting for this QAR?	We plan to present the results no later than Q1, 2024.

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| 13. | Is the QAR planned to cover the past 5 years, including 2022 audit work? Please indicate audit years covered. | We anticipate the workpapers reviewed for projects completed nearer the time of this QAR would provide stronger evidence of performance than workpapers for engagements from more than two years prior to this QAR. 2022 work papers would be included. |
| 14. | Have key positions in Internal Audit and the Audit Committee changed over recently? Please elaborate. | <p>New Audit Committee Chair starting in 2023.</p> <p>One new Audit Committee member also starting in 2023.</p> <p>Two new Internal Audit team members as of Q4, 2022.</p> <p>One internal promotion as of Q1 2023.</p> |
| 15. | How many individuals sit on the Audit Committee? | Four members |