



An Audit of

Confidential Data Management at the Employees Retirement System

Lisa R. Collier, CPA, CFE, CIDA
State Auditor

November 3, 2023

Members of the Legislative Audit Committee:

While the Employees Retirement System (ERS) has implemented certain processes and controls to secure its confidential data, it should strengthen those processes and controls to help prevent unauthorized disclosure of its confidential data.

To minimize security risks, auditors communicated details about the audit findings separately to the ERS in a confidential report.

HIGH

Four chapters were rated High because of issues that could substantially affect the ERS's ability to effectively administer its information security function. Prompt action should be taken to reduce the risk.

MEDIUM

One chapter was rated Medium because of issues that could moderately affect the ERS's ability to administer its information security function.

Auditors made recommendations to address the issues identified during this audit, provided at the end of each chapter in the confidential report. The ERS agreed with the recommendations.

Pursuant to Standard 9.61 of the U.S. Government Accountability Office's *Government Auditing Standards*, certain information was omitted from this report because that information was deemed to present potential risks related to public safety, security, or the disclosure of private or confidential data. Under the provisions of Texas Government Code, Section 552.139, the omitted information is also exempt from the requirements of the Texas Public Information Act.

Sincerely,

Lisa R. Collier, CPA, CFE, CIDA
State Auditor

Summary of Objective and Scope

The objective of this audit was to determine whether the Employees Retirement System (ERS) implemented information security standards and related controls to help ensure that the confidential data in the ERS's possession is secure.

The scope of this audit covered certain general controls related to selected systems that contained some form of confidential data during the period from June 2022 through May 2023. The scope also included a review of significant internal control components related to securing confidential data.

The audit methodology included gaining an understanding of the ERS's information security standards and related controls, collecting and reviewing policies and procedures, collecting documentation related to information security controls, performing tests and other procedures, and analyzing and evaluating the results of those tests.

We conducted this performance audit from March 2023 through October 2023 in accordance with generally accepted government auditing standards.

cc: The Honorable Greg Abbott, Governor
Members of the Employees Retirement System Board of Trustees
 Mr. Brian Barth, Chair
 Mr. Craig Hester, Vice-Chair
 Ms. Neika Clark
 Dr. Stuart Greenfield
 Dr. Jim Kee
 Mr. John R. Rutherford
Mr. Porter Wilson, Executive Director, Employees Retirement System



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