

Office of the Internal Auditor

Committee Presentation
Joe Martins

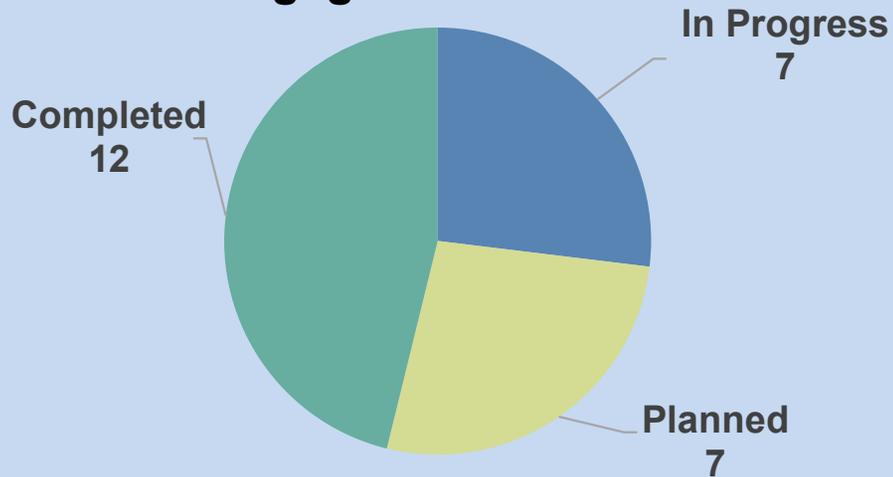
March 4, 2026



Internal Audit

Progress: 2025 Q4 to 2026 Q3

Engagement Status



Q1 Completed Engagements

- AI Governance
- CBIS Segregation of Duties
- Claims Checks Processing
- Commissions
- Expense Process Review
- QAIP

Engagements - In Progress

- CAT Readiness
- Ethics
- IT General Controls
- Premium Invoicing, Refunds & Suspense Account
- Secondary Employment
- Underwriting
- 2026 Data Analytics and Continuous Assurance

Q3 26 Planned Engagements

- Automated Underwriting
- Claims Vendor Management
- E-Payments Platform
- EZLynx (Clearinghouse)
- Patching & Vulnerability Management
- Predictive Model Governance
- Technology Governance – Remediation Follow-up

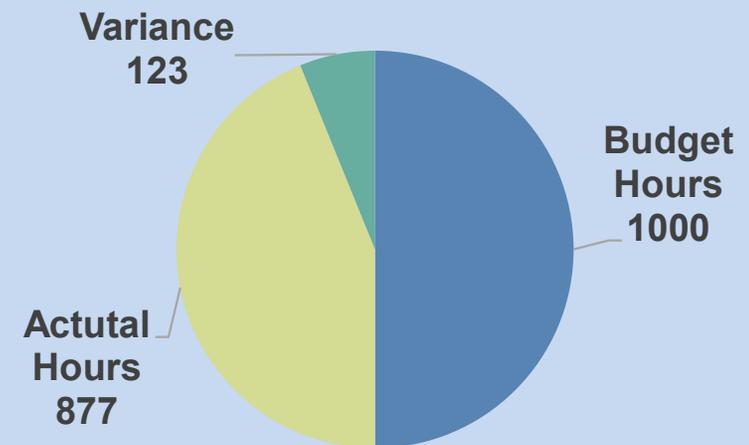
Internal Audit

Performance Metrics

To measure the effectiveness of Internal Audit, we track some key performance indicators (KPIs):

- **Audit Plan Completion Rate:** 100% of audit engagements for the quarter.
- **Issue Closure Rate:** 89% of observations addressed within the agreed time; the open observations are expected to be addressed within the agreed time. AG IT Findings overdue as of 12/31/2025
- **Auditor Productivity:** 80% We monitor productivity and expect auditors to focus a minimum of 80% of their time on the projects they work on annually.

Ops Audit Budget to Actual Q1 2026 Engagements

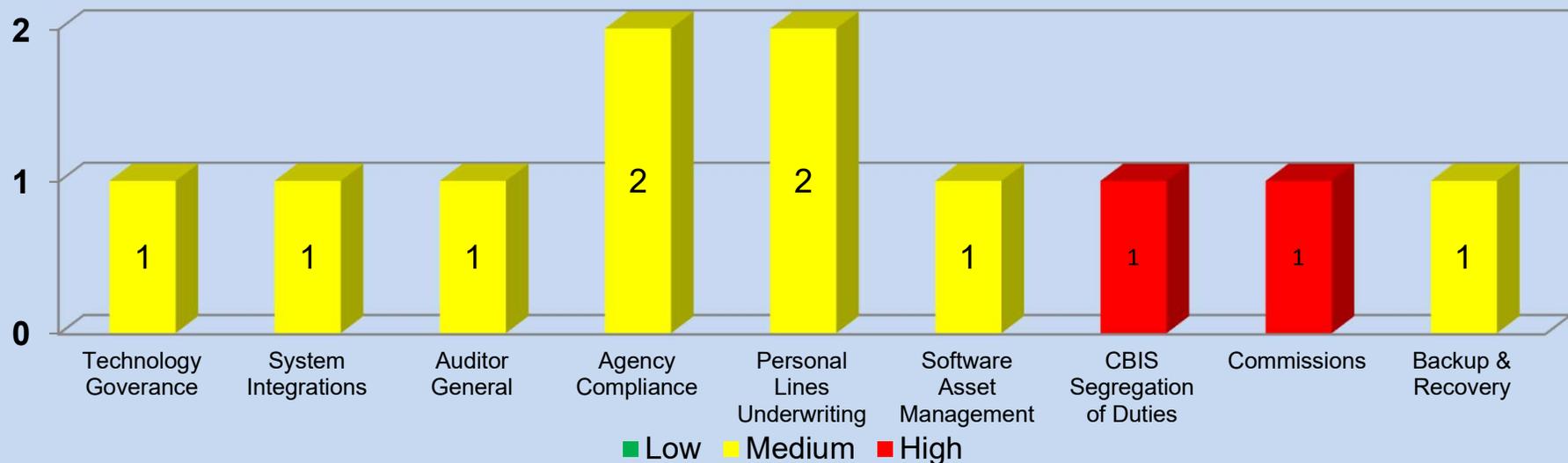


Internal Audit

Audit Observations

During this reporting period, we identified key risks and opportunities for improvement across several areas. Two high-impact observations were noted. All observations are actively monitored, with corrective actions in progress.

Open Observations by Engagement



Key issues identified:

- Commissions: Access to confidential payment files was insufficiently restricted.
- CBIS SOD: Segregation of duties is not holistically embedded within the cloud environment.

Enterprise Risk & Internal Control

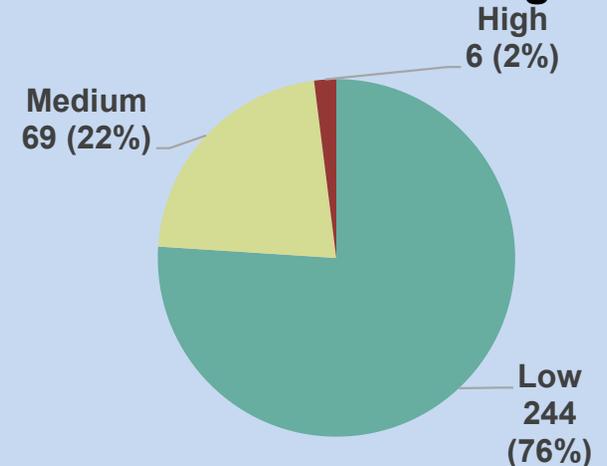
Enterprise Risk - As of December, Enterprise Risk:

- Completed planned assessments with 19% of residual risks rated medium or high.
- One high-rated residual risk remains, related to the ELMS implementation; mitigation is in progress.
- Current monitoring indicates that 89% of risks are operating within tolerance; no material concerns are noted.

Internal Control - The 2025 control self-assessments indicate:

- 87% of primary controls are operating effectively
- 13% have been identified for enhancement or redesign in response to evolving processes.
- The Internal Control team has further strengthened compliance assurance through joint integrity reviews with Compliance, confirming adherence to high-risk laws, rules, and regulations.

Overall Risk Ratings



Control Effectiveness

