



STATE TEACHERS
RETIREMENT SYSTEM
OF OHIO

275 East Broad Street
Columbus, OH 43215-37
614-227-4090
www.strsoh.org

March 22, 2010

Mr. Aristotle Hutras, Director
Ohio Retirement Study Council
88 E. Broad St., Suite 1175
Columbus, OH 43215

RETIREMENT BOARD CHAIR
MARK H. MEUSER

RETIREMENT BOARD VICE CHAIR
TIM MYERS

EXECUTIVE DIRECTOR
MICHAEL J. NEHF

Dear Aris:

Pursuant to Substitute Bill 133 and as required by Section 3307.044 of the Ohio Revised Code, enclosed is a report of the actions of the Audit Committee of the State Teachers Retirement Board for calendar year 2009.

Please don't hesitate to contact me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Michael J. Nehf', written in a cursive style.

Michael J. Nehf
Executive Director

Enclosure



AUDIT COMMITTEE ANNUAL REPORT

Audit Committee Members:
Mark Meuser, *Chair*
Craig Brooks, *Vice Chair*
Taiyia Hayden
Bob Stein

To: Ohio Retirement Study Council (ORSC)
Subject: STRS Ohio Audit Committee Report – 2009
Date: March 22, 2010

As required by Section 3307.044 of the Ohio Revised Code, the following report outlines the activities of the STRS Ohio Audit Committee and the STRS Ohio Internal Audit Department for the year ending Dec. 31, 2009. This report outlines the following: audit reviews completed during 2009; STRS Ohio Audit Committee meetings and actions; special reviews completed during 2009; and the 2010 Internal Audit Plan. Audit Committee members during 2009 were Mark Meuser, Craig Brooks, Taiyia Hayden and Bob Stein.

Audit Reviews Completed During 2009

The attached 2009 Internal Audit Summary lists the audits performed, the scope for each audit, the recommendations to management, management's response and expected implementation dates. The Internal Audit Summaries were mailed to all State Teachers Retirement Board members in March, May, August and December 2009.

STRS Ohio Audit Committee Meetings and Actions

June 19, 2009 — The Audit Committee met to discuss the Internal Audit Quarterly Report of audit findings and recommendations. Internal Audit provided background information and clarification to areas of interest ranging from specific audits to general processes and confirmed staff cooperation. The Audit Committee was informed of the development of the Internal Audit intranet site and functionality that will allow the Retirement Board access to detailed reports and supporting documentation for the audits summarized and reviewed.

There was general discussion reaffirming the Audit Committee's/Board's support for the Internal Audit Department's function as an entity independent of STRS Ohio management. Board members stated their expectation that the internal auditors are always in a position to report violations of management without interference or hesitation.

Sept. 17, 2009 — The Audit Committee met with Kevin Rohrs, from Clifton Gunderson, to discuss the audit scope of the current financial statement audit and tentative schedule for issuing an audit opinion and management letter. According to Clifton Gunderson, its overall risk assessment on this engagement is



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moderate. Clifton Gunderson has identified investments, contributions, benefit payments and actuarial assumptions as critical audit areas. The final audit report, including management letter, will be presented to the Audit Committee in December 2009.

Dec. 10, 2009 — The Audit Committee reviewed a summary of the 2009 Internal Audit results. There were no material weaknesses in the internal controls. Management has accepted all audit recommendations (which have been implemented or are in progress). The Audit Committee also reviewed and approved the 2010 Internal Audit Plan.

The Audit Committee entered executive session to hear a report from Clifton Gunderson on the results of its audit of the STRS Ohio financial statements for the fiscal year ended June 30, 2009.

Special Reviews/Projects

The STRS Ohio Internal Audit Department has been involved in the early stages of researching an enterprise risk management process for STRS Ohio.

2010 Internal Audit Plan

The 2010 Internal Audit Plan was approved by the Retirement Board on Dec. 11, 2009. A copy of the 2010 Plan is enclosed.

If you have any questions or need further information, please feel free to call me at (614) 227-2821.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'David S. Tackett', written in a cursive style.

David S. Tackett, CFA, CPA, CIA
Chief Audit Executive



2009 Internal Audit Summary

Audit Area	Scope	Recommendations	Management's Response	Implemented	Implementation Date or Targeted Implementation Date
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Closed Audits

Board Expenses 2009	Pre-Approval of Travel Timeliness/Accuracy of Reimbursements Compliance with Rules/Policies	Audit Resulted in No Recommendations	N/A	N/A	N/A
Building Maintenance*	Purchases of Goods and Services Preventive Maintenance Associate Training Quality Assurance	Prioritize building maintenance work-orders as "High, Medium or Low" to ensure appropriate attention is given to critical areas.	Agree	Yes	12/2/2008
Call Center*	Associate Training Scheduling of Call Center Associates Monitoring of Associates	Audit Resulted in No Recommendations	N/A	N/A	N/A
Contribution Reporting*	Data Reconciliation & Member Account Posting Foundation Receipts/Reconciliations Payroll Reports Update & Tracking	Audit Resulted in No Recommendations	N/A	N/A	N/A
Derivatives*	Derivative Pre-approval and Post-approval Process	Revise the Investment Staff Policies and Procedures Manual to reflect current procedures	Agree	Yes	06/30/2009
	Compliance with Derivatives Limits	Establish written goals and objectives for the Investment Strategy Committee that explain the roles and responsibilities for each of the committee members	Agree	Yes	09/01/2009
	Derivatives Classification/Reporting		Agree	Yes	12/10/2009
	Semi-annual Derivative Exposure Report	Update Investment Objectives and Policy Manual to establish Board governance over the use of currency hedges	Agree	Yes	
Fixed Assets - Computers*	Purchasing	Periodically verify compliance of all software licenses	Agree	Yes	4/17/2009
	Accuracy of Inventory Records Disposition	Reiterate computer equipment relocation procedures to STRS associates and include appropriate Asset Manager notification	Agree	Yes	4/17/2009
Flexible Spending Plans	Withholdings	HRS is to provide the Finance Dept. with the Annual Flexible Spending Account Closure Statements and communicate rules & regulations changes	Agree	Yes	09/09/2009
	Disbursements	Review system access yearly to verify and maintain appropriateness	Agree	Yes	09/09/2009

Audit Area	Scope	Recommendations	Management's Response	Implemented	Implementation Date or Targeted Implementation Date
Insurance*	Compliance with STRS Ohio Risk Management Manual Adequacy of Existing Insurance Policies Adequacy of Carrier's Ratings Accuracy of Premium Payments Segregation of Duties	Update the Risk Management Manual as soon as possible	Agree	Yes	9/30/2009
Investment Performance*	Accuracy of PBI Awards Investment Policy Compliance	Audit Resulted in No Recommendations	N/A	N/A	N/A
Ohio Ethics Commission Reporting*	Segregation Duties G/L Postings Review and Signoff OEC Spreadsheet Accuracy	Staff involvement in the Board's OEC reporting process be eliminated or significantly reduced Eliminate redundant or unnecessary processes	Agree Agree	Yes Yes	1/30/2009 1/30/2009
Other Staff Expenses	Compliance	Audit Resulted in No Recommendations	N/A	N/A	N/A
Proxy Voting*	Compliance with STRS Stock Proxy Voting Policy Proxy Voting for Passive Investments Proxy Voting for Active Investments	Develop a policy that requires a sample review of proxies to provide reasonable assurance that RiskMetrics is voting proxies in compliance with the Proxy Policy	Yes	Yes	3/31/2009
Purchasing Service Credit-Payroll Deduction*	Member Applications Processing of Payroll Deduction Receipts Processing of Refund Payments	Audit Resulted in No Recommendations	N/A	N/A	N/A
Records Management*	Policy Compliance Imaging Off-Site Storage Facility Inspections Disaster Recovery Consideration	Audit Resulted in No Recommendations	N/A	N/A	N/A
Securities Lending*	Policies and Procedures Compliance Reinvestment of Cash Collateral Accuracy of Income Approved Borrowers Reconciliation of Monthly Earnings Report	Operations Dept. performs compliance reviews and Finance reviews income collections for all asset classes to maintain proper segregation of duties Automate manual review and verification processes where possible to increase efficiency and reduce the risk of errors Perform a more detailed reconciliation and income split reviews on a monthly basis to verify proper income allocation Operations Dept. to verify Bank of New York securities lending compliance with STRS' Approved Borrowers List periodically	Agree Agree Agree Agree	Yes Yes Yes Yes	07/28/2008 01/01/2009 06/03/2008 07/28/2008

Audit Area	Scope	Recommendations	Management's Response	Implemented	Implementation Date or Targeted Implementation Date
Active Audits					
Alternative Investments	Proper Notification and Approval Due Diligence Valuations Monitoring of Alternative Investments Segregation of Duties	Create a formal document that outlines the due-diligence process in a structured and logical manner Establish specific guidelines for conducting and summarizing the results of prospective investment interviews Establish written policies and procedures for the monitoring of general partners	Final Report Under Mgt. Review	N/A	N/A
Domestic Equities*	Investment Policy Compliance Monitoring of External Managers External Manager Fees Reporting/Accounting Custodian Research Costs Approved Brokers	Portfolio managers should document investment decisions that place a portfolio outside the established guideline range for sector weights and/or individual stock exposures Request an electronic format for 5/3 reporting of complete monthly reports to reduce storage issues and increase efficiency	Yes Yes	No Yes	12/31/2009 11/01/2009
Educational Assistance	Compliance: Educational Assistance Apps. Tuition Repayments Spending Limitations	Draft Report Under Mgt. Review	N/A	N/A	N/A
Fixed Income	Compliance Approved Brokers/Commissions Accuracy of Pricing Due Diligence Monitoring of External Managers	Audit in Progress	N/A	N/A	N/A
Fixed Assets - Non Computer	Tracking and Reporting Depreciation Disposition	Draft Report Stage	N/A	N/A	N/A
International Investing	External Manager Fees Monitoring of External Managers Foreign Tax Reclamations BNY Role as Sub-Custodian Valuations	Audit in Progress	N/A	N/A	N/A
Liquidity Reserves	Income Purchases/Sales Compliance	Audit in Progress	N/A	N/A	N/A
Member Data Mgt.	3rd-Party Access to Member Data Transmission of Member Data/Security 3rd-Party Operations/Controls 3rd-Party Contractual Language	Audit in Progress	N/A	N/A	N/A

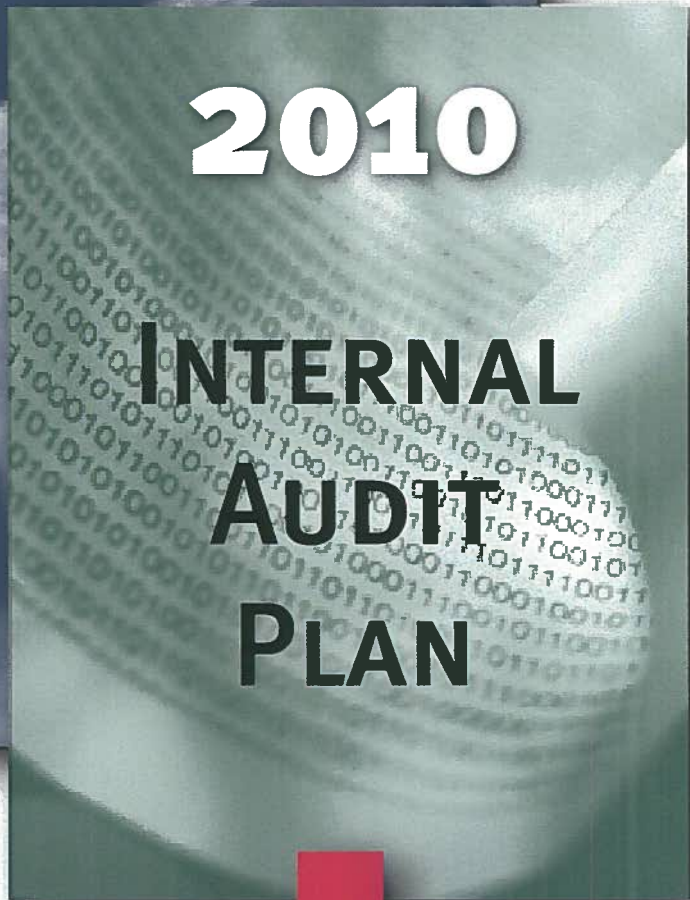
Audit Area	Scope	Recommendations	Management's Response	Implemented	Implementation Date or Targeted Implementation Date
Petty Cash	Compliance with Policies	Update policy language/access privileges to Cash Room to reflect current business practices	Agree	No	12/31/2009
	Café Operations				
	Reconciliation	Document the deposit recording and notification process to be followed in the absence of key associates	Agree	Yes	10/09/2009
	Segregation of Duties	Require cash handlers to sign or initial ledgers after reconciliations and transactions	Agree	Yes	10/09/2009
		Reconcile cash balance after each Petty Cash transaction	Agree	Yes	10/09/2009
		Correct tax-liability calculation spreadsheets and review previous tax submissions for accuracy	Agree	Yes	10/09/2009
		Increase segregation of duties by allowing additional Finance Dept. staff access to cash transaction information and performing periodic reviews of transactions and balances listed	Agree	Yes	10/09/2009
Postage	Compliance	Draft Report Under Mgt. Review	N/A	N/A	N/A
	Disbursements				
Real Estate 2009	Accuracy of Property Management Fees	Audit in Progress	N/A	N/A	N/A
	Site Inspections				
	External Compliance Reviews				
	Tenant Surveys				
	Legal Fees				
	Compliance with Investment Objectives and Policy				

Postponed Audits/Implementation**

Annual Reporting	Report Processing	Postponed due to V3/STARS. 2010 review scheduled	N/A	N/A	N/A
Attendance Reporting	Accuracy of Data Compliance	Attendance reporting is the subject of executive discussion and planning for possible future changes. A decision was made to postpone the audit	N/A	N/A	N/A
Internet/Intranet Security	Security	Postponed to accommodate V3/STARS. Will be revisited as part of external review of system security	N/A	N/A	N/A
Post-Retirement Benefits*	Death Matches	Review the overpayments and collections process and develop methods to keep information between multiple departments synchronized	Agree	Yes	11/01/2008
	Annuity Certain Expirations				
	Overpayments/Collections	Review V3 functionality and determine if the overpayments/collections process has been captured or improved	Agree	Yes	Upon STARS (V3) Implementation
	Disbursements Compliance Reselections				
Unused Sick/Vacation Leave	Processing of Annual Unused Sick/Vacation Leave	Consider an electronic method of input for unused sick and vacation leave to reduce the risks and inefficiencies associated with manual input	Agree	Yes	03/31/2010 (Post STARS)
	Processing of Unused Sick/Vacation Leave at Separation				
	Segregation of Duties	Limit access to the Leave Payment Application software to necessary associates	Agree	Yes	07/28/2009
	Compliance with Established Policy				

*Audits were listed as "Under Mgt. Review", "In Progress", "Audit Initiated", or had not implemented recommendation(s) at the time of the last Annual Audit Summary presentation

**Changes in resources (human and/or technical), departmental workloads, and other issues may necessitate rescheduling of an audit or an understandable delay in the implementation of an Internal Audit recommendation



2010

**INTERNAL
AUDIT
PLAN**

STATE TEACHERS RETIREMENT SYSTEM OF OHIO
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INTERNAL AUDIT DEPARTMENT

Mission Statement

To work in partnership with associates to conduct value-added independent appraisals of policies and procedures to contribute to the continuous improvement of STRS Ohio.

Vision Statement

To be recognized as an innovative department that, through independent appraisals and partnered solutions, strives for quality enhancements and the elimination of non-value-added processes.

To create an environment that encourages teamwork, innovation, open communication, empowerment and personal and professional growth.

Guiding Principles

To achieve our mission and vision, we will:

- Prepare a comprehensive, practical, planned program of audit coverage consistent with STRS Ohio's mission, vision and guiding principles.
- Perform audits in compliance with professional standards.
- Verify the adequacy and effectiveness of STRS Ohio's systems of administrative, operating and financial controls.
- Understand the associates' business from their perspective.
- Produce objective, clear, concise, constructive and timely reports.
- Maintain contemporary professional proficiency through continuing education and training.
- Seek to continuously improve our team, tools and processes.
- Develop professional expertise for potential career opportunities within STRS Ohio.

TABLE OF CONTENTS

EXECUTIVE SUMMARY

2010 Internal Audit Schedule.....	1
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DETAILED SUMMARY

Risk Factors	3
Risk Assessment Scale	4
Assignment of Risk Rating	5
Risk Factors Weighted	8
2010 Internal Audit Work Plan	11

2010 INTERNAL AUDIT SCHEDULE

Audit Area	Description of Audit Area	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
Securities Lending	Compliance Accuracy of Income Approved Borrowers Quality of Collateral Counterparty Risk												
Risk Management/Insurance	Compliance With STRS Ohio Risk Manual Carrier Ratings Accuracy of Premium Payments Segregation of Duties												
Purchasing Practices	Compliance With Policies Due Diligence/Efficient Use of Resources Receipt of Goods and Services												
Attendance Reporting	Accuracy of Database Compliance With Policies												
Annual Reporting	Annual Reporting Procedures Access to Annual Reporting Screens												
Health Care	Records Retention — Contracts Continuous Quality Improvement Issues Monitoring and Resolution Disbursement Reconciliations												
Associate Payroll	State and Federal Tax Regulations Access to Payroll Database Accuracy of Associates' Net Pay Final Payments to Terminated Employees Immigration Guidelines/Compliance												
Domestic Equities	Research Costs Monitoring of External Managers Reporting/Accounting External Manager Fees Approved Brokers												
Internet/Intranet	Policy Appropriateness/Enforcement Systems Access Revocation Virus Protection/Firewall Monitoring Software Monitoring												

2010 INTERNAL AUDIT SCHEDULE

Audit Area	Description of Audit Area	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
Investment Performance	Accuracy of PBI Awards Investment Policy Compliance												
Service Retirement Benefits	Departmental Process Documentation Benefit Calculations Management of Overpayments Segregation of Duties												
Derivatives	Semiannual Derivative Exposure Report Currency Forward Settlements Equity Swap Settlements Counterparty Risk												
Board Expenses	Pre-approval of Travel Timeliness/Accuracy of Reimbursements Compliance With Rules/Policies												
Network Security	Remote Access Management Systems Access Management Third-Party Confidentiality Agreement User Software Downloads												
International Investing	External Manager Fees Monitoring of External Managers Foreign Tax Reclamations BNY Role as Sub-Custodian												
Real Estate	Compliance With Policies/ORC Legal Fees Valuations												
External IT Review	Risk Assessment of IT Operations												
Alternative Investments	General Partner Review/Monitoring Valuations General Partner Fees												

RISK FACTORS

Risk Factor	Risk Factor Description	Weighting
A	Adequacy and Effectiveness of the System of Internal Controls	9
B	Major Changes in Technology, Operations, the Organization or the Economy	8
C	Dates and Results of Previous Audits	7
D	Recent or Relevant Changes in Key Personnel	6
E	Complexity or Volatility of Activities	5
F	Asset Size or Transaction Volume	4

RISK ASSESSMENT SCALE

The risk assessment scale is a 9-point system with graduations of risk as follows:

Risk Factor Description	Score
Extremely Risky	9
Very Risky	7
Risky	5*
Slightly Risky	3
Not Risky	1

* If no previous audit was performed, the auditable area was assessed a 5 — Risky.

ASSIGNMENT OF RISK RATING

Audit Area	Risk Factors*						Total
	A	B	C	D	E	F	
ADMINISTRATION							
Associate Payroll	2	2	2	2	2	3	13
Associate Travel Expenses	2	2	3	2	2	2	13
Attendance Reporting	3	2	3	2	2	3	15
Benefit Check Printing	3	4	3	3	3	3	19
Board Elections	2	2	2	2	2	1	11
Board Expenses	2	2	2	2	2	2	12
Building Maintenance	2	2	2	2	2	2	12
Business Continuity Plan	3	3	3	3	4	3	19
Child Care Center	2	3	2	2	2	2	13
Educational Assistance Program	2	2	2	2	2	2	12
Fixed Assets — Computer Equipment	3	3	3	3	3	3	18
Flexible Spending Plans	2	2	3	2	2	2	13
Insurance/Risk Management	3	3	3	3	2	2	16
Internet/Intranet	2	3	3	2	3	3	16
Network Security	3	3	3	2	2	2	15
Ohio Ethics Commission Reporting	1	2	1	2	2	1	9
Other Staff Expenses	2	2	3	2	1	1	11
Personal Investment Disclosure	2	2	2	2	2	2	12
Postage	2	2	3	2	2	3	14
Purchasing Practices	3	3	3	2	2	3	16
Unused Sick and Vacation Leave	2	2	2	2	2	1	11

*See Page 3 for description of risk factors.

ASSIGNMENT OF RISK RATING

Audit Area	Risk Factors*						Total
	A	B	C	D	E	F	
FINANCE							
Accounts Payable	2	2	2	2	2	2	12
Actuarial Processing	3	2	2	2	2	2	13
Annual Reporting	2	2	2	2	2	2	12
Annual Statements	2	2	2	2	2	2	12
Contribution Reporting	2	3	2	2	2	3	14
Early Retirement Incentive Credit	2	2	2	2	3	2	13
Financial Reporting (STRS Ohio)	3	4	2	2	4	4	19
Fixed Assets	3	2	3	2	2	2	14
Income Taxes	4	4	2	2	2	4	18
Member Withdrawals	3	3	3	2	2	3	16
Petty Cash	3	2	4	3	1	1	14
Purchasing Service Credit by Payroll Deduction	2	4	2	2	3	2	15
INVESTMENTS							
Alternative Investments	4	4	3	2	4	3	20
Derivatives	3	4	2	2	4	2	17
Equities	3	4	2	2	4	5	20
Fixed Income	2	4	2	2	3	3	16
International Investing	3	4	2	3	4	5	21
Investment Performance	2	2	2	2	3	2	13
Liquidity Reserves	2	3	3	2	2	2	14
Proxy Voting	2	2	2	2	2	1	11
Real Estate	3	4	3	2	3	3	18
Securities Lending	3	4	2	2	3	4	18

*See Page 3 for description of risk factors.

ASSIGNMENT OF RISK RATING

Audit Area	Risk Factors*						Total
	A	B	C	D	E	F	
MEMBER BENEFITS							
Call Center	2	2	2	2	2	2	12
Defined Contribution Plan	2	2	2	2	2	2	12
Disability Benefits	3	3	3	2	2	2	15
Health Care	2	3	2	2	3	4	16
Member Data Management	3	3	5	2	2	2	17
Post-Retirement Benefits	3	2	3	4	2	2	16
Purchasing Service Credit	2	3	2	2	3	2	14
Records Management	2	2	3	2	2	3	14
Reemployed Retirees	3	3	3	3	2	2	16
Service Retirement Benefits	2	3	2	3	3	4	17
Survivor Benefits	2	2	2	3	2	2	13

*See Page 3 for description of risk factors.

RISK FACTORS WEIGHTED

Audit Area	Risk Factors*						Total
	A	B	C	D	E	F	
ADMINISTRATION							
Associate Payroll	18	16	14	12	10	12	82
Associate Travel Expenses	18	16	21	12	10	8	85
Attendance Reporting	27	16	21	12	10	12	98
Benefit Check Printing	27	32	21	18	15	12	125
Board Elections	18	16	14	12	10	4	74
Board Expenses	18	16	14	12	10	8	78
Building Maintenance	18	16	14	12	10	8	78
Business Continuity Plan	27	24	21	18	20	12	122
Child Care Center	18	24	14	12	10	8	86
Educational Assistance Program	18	16	14	12	10	8	78
Fixed Assets — Computer Equipment	27	24	21	18	15	12	117
Flexible Spending Plans	18	16	21	12	10	8	85
Insurance/Risk Management	27	24	21	18	10	8	108
Internet/Intranet	18	24	21	12	15	12	102
Network Security	27	24	21	12	10	8	102
Ohio Ethics Commission Reporting	9	16	7	12	10	4	58
Other Staff Expenses	18	16	21	12	5	4	76
Personal Investment Disclosure	18	16	14	12	10	8	78
Postage	18	16	21	12	10	12	89
Purchasing Practices	27	24	21	12	10	12	106
Unused Sick and Vacation Leave	18	16	14	12	10	4	74

*See Page 4 for description of risk assessment scale.

RISK FACTORS WEIGHTED

Audit Area	Risk Factors*						Total
	A	B	C	D	E	F	
FINANCE							
Accounts Payable	18	16	14	12	10	8	78
Actuarial Processing	27	16	14	12	10	8	87
Annual Reporting	18	16	14	12	10	8	78
Annual Statements	18	16	14	12	10	8	78
Contribution Reporting	18	24	14	12	10	12	90
Early Retirement Incentive Credit	18	16	14	12	15	8	83
Financial Reporting (STRS Ohio)	27	32	14	12	20	16	121
Fixed Assets	27	16	21	12	10	8	94
Income Taxes	36	32	14	12	10	16	120
Member Withdrawals	27	24	21	12	10	12	106
Petty Cash	27	16	28	18	5	4	98
Purchasing Service Credit by Payroll Deduction	18	32	14	12	15	8	99

INVESTMENTS							
Alternative Investments	36	32	21	12	20	12	133
Derivatives	27	32	14	12	20	8	113
Equities	27	32	14	12	20	20	125
Fixed Income	18	32	14	12	15	12	103
International Investing	27	32	14	18	20	16	127
Investment Performance	27	16	14	12	15	12	87
Liquidity Reserves	18	24	21	12	10	8	93
Proxy Voting	18	16	14	12	10	4	74
Real Estate	27	32	21	12	15	12	119
Securities Lending	27	32	14	12	15	16	116

*See Page 4 for description of risk assessment scale.

RISK FACTORS WEIGHTED

Audit Area	Risk Factors*						Total
	A	B	C	D	E	F	
MEMBER BENEFITS							
Call Center	18	16	14	12	10	8	78
Defined Contribution Plan	18	16	14	12	10	8	78
Disability Benefits	27	24	21	12	10	8	102
Health Care	18	24	14	12	15	16	99
Member Data Management	27	16	35	12	10	8	108
Post-Retirement Benefits	27	16	21	24	10	8	106
Purchasing Service Credit	18	24	14	12	15	8	91
Records Management	18	16	21	12	10	12	89
Reemployed Retirees	27	24	21	18	10	8	108
Service Retirement Benefits	18	24	14	18	15	16	105
Survivor Benefits	18	16	14	18	10	8	84

*See Page 4 for description of risk assessment scale.

2010 INTERNAL AUDIT WORK PLAN

Audit Area	Priority	Dept.	Risk Score	Last Audit	Estimated Audit Date	Estimated Audit Hours	Risk Codes
Alternative Investments	HIGH	I	133	2009	Nov-10	240	F, I, C, O
International Investing	HIGH	I	127	2009	Oct-10	240	F, I, C, O
Equities	HIGH	I	125	2009	May-10	320	F, I, C, O
Real Estate	HIGH	I	119	2009	Oct-10	320	F, I, C, O
Derivatives	HIGH	I	113	2008	Aug-10	200	F, I, C, O
Fixed Income	HIGH	I	103	2009			F, I, C, O
Liquidity Reserves	HIGH	I	93	2009			F, I, C, O
Business Continuity Plan	MED.	A	122	2007			F, I, C, O
Financial Reporting (STRS Ohio)	MED.	F	121	2006			I, C, O
Risk Management/ Insurance	MED.	A	108	2009	Jan-10	160	F, I, C, O
Member Data Management	MED.	MB	108	2009			PS, C
Health Care	MED.	MB	99	2007	Mar-10	320	I, C, O
Contribution Reporting	MED.	F	90	2008			I, C, O
Accounts Payable	MED.	F	78	2007			I, C, O
Annual Reporting	MED.	F	78	2006	Mar-10	160	I, C, O
Annual Statements	MED.	F	78	2007			I, C, O
Defined Contribution Plan	MED.	MB	78	2007			I, C, O
Benefit Check Production Process	LOW	A	125	2007			I, C, O
Income Taxes	LOW	F	120	2007			I, C, O
Fixed Assets — Computer Equipment	LOW	A	117	2008			I, C, O
Securities Lending	LOW	I	116	2007	Jan-10	240	I, C, O
Reemployed Retirees	LOW	MB	108	2008			I, C, O
Purchasing Practices	LOW	A	106	2008	Jan-10	160	I, C, O, PS
Member Withdrawals	LOW	F	106	2006			I, C, O
Post-Retirement Benefits	LOW	MB	106	2007			I, C, O

Risk Codes:

F: Financial = Risk related to financial impact

I: Integrity = Risk related to accuracy of data or asset managed/presented

C: Compliance = Risk related to non-compliance with laws/regulations/internal policies

O: Operational = Risk related to operational efficiencies/inefficiencies

PS: Public Sensitivity = No material financial impact but high public sensitivity

2010 INTERNAL AUDIT WORK PLAN

Audit Area	Priority	Dept.	Risk Score	Last Audit	Estimated Audit Date	Estimated Audit Hours	Risk Codes
Service Retirement Benefits	LOW	MB	105	2006	Jul-10	320	I, C, O
Internet/Intranet	LOW	A	102	2004	Jun-10	160	I, C, O
Network Security	LOW	A	102	2006	Sep-10	160	I, C, O
Disability Benefits	LOW	MB	102	2007			I, C, O
Purchasing Service Credit by Payroll Deduction	LOW	F	99	2008			I, C, O
Purchasing Service Credit	LOW	MB	99	2008			I, C, O
Attendance Reporting	LOW	A	98	2004	Mar-10	120	I, C, O
Petty Cash	LOW	F	98	2009			I, C, O, PS
Fixed Assets	LOW	F	94	2009			I, C, O
Postage	LOW	A	89	2009			I, C, O
Investment Performance	LOW	I	87	2009	Jul-10	80	I, C, O
Actuarial Processing	LOW	F	87	1997			I, C, O
Child Care Center	LOW	A	86	2004			I, C, O
Flexible Spending Plans	LOW	A	85	2009			I, C, O
Associate Travel Expenses	LOW	A	85	2007			I, C, O, PS
Survivor Benefits	LOW	MB	84	2006			I, C, O
Early Retirement Incentive Credit	LOW	F	83	2005			I, C, O
Records Management	LOW	MB	82	2008			C, O
Associate Payroll	LOW	A	82	2007	May-10	120	I, C, O
Call Center	LOW	MB	78	2008			C, O
Board Expenses	LOW	A	78	2009	Aug-10	80	I, C, O, PS
Building Maintenance	LOW	A	78	2008			I, C, O
Educational Assistance Program	LOW	A	78	2009			I, C, O

Risk Codes:

F: Financial = Risk related to financial impact

I: Integrity = Risk related to accuracy of data or asset managed/presented

C: Compliance = Risk related to non-compliance with laws/regulations/internal policies

O: Operational = Risk related to operational efficiencies/inefficiencies

PS: Public Sensitivity = No material financial impact but high public sensitivity

2010 INTERNAL AUDIT WORK PLAN

Audit Area	Priority	Dept.	Risk Score	Last Audit	Estimated Audit Date	Estimated Audit Hours	Risk Codes
Personal Investment Disclosure	LOW	A	78	1996			I, C
Other Staff Expenses	LOW	A	76	2009			I, C, O, PS
Unused Sick and Vacation Leave	LOW	A	74	2009			I, C, O
Proxy Voting	LOW	I	74	2008			I, C
Board Elections	LOW	A	74	2004			I, C
OEC Reporting	LOW	A	58	2008			I, C, O, PS

Total Hours 3400

Risk Codes:

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- C: Compliance = Risk related to non-compliance with laws/regulations/internal policies
- O: Operational = Risk related to operational efficiencies/inefficiencies
- PS: Public Sensitivity = No material financial impact but high public sensitivity