

275 East Broad Street  
Columbus, OH 43215-3771  
614-227-4090  
www.strsoh.org

March 23, 2012

Ms. Bethany Rhodes, Director  
Ohio Retirement Study Council  
88 E. Broad St., Suite 1175  
Columbus, OH 43215

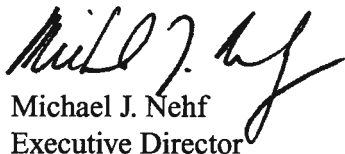
RETIREMENT BOARD CHAIR  
JAMES MCGREEVY  
RETIREMENT BOARD VICE CHAIR  
MARK HILL  
EXECUTIVE DIRECTOR  
MICHAEL J. NEHF

Dear Bethany:

Pursuant to Substitute Senate 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 2011.

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

Sincerely,

  
Michael J. Nehf  
Executive Director

Enclosure

# AUDIT COMMITTEE ANNUAL REPORT

**Audit Committee Members:**  
Jim McGreevy, *Chair*  
Daniel Martin, *Vice Chair*  
Craig Brooks  
Taiyia Hayden  
Bob Stein  
Mark Hill, *Non-voting observer*

---

To: Ohio Retirement Study Council (ORSC)

Subject: STRS Ohio Audit Committee Report — 2011

Date: March 23, 2012

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, 2011. This report outlines the following: audit reviews completed during 2011; STRS Ohio Audit Committee meetings and actions; special reviews completed during 2011; and the 2012 Internal Audit Plan. Audit Committee members during 2011 were Jim McGreevy (Chair), Daniel Martin (Vice Chair), Craig Brooks, Taiyia Hayden, Bob Stein and, Mark Hill (non-voting observer).

## **Audit Reviews Completed During 2011**

The attached 2011 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 2011.

## **STRS Ohio Audit Committee Meetings and Actions**

Aug. 12, 2011 — The Audit Committee met on August 12, 2011. Committee members Mr. Myers, Dr. Martin, Mr. Brooks, Ms. Hayden and Mr. Stein were present. Board members Mr. McGreevy, Mr. Hill, Mr. Price and Ms. Burch were also in attendance. Staff present included Mr. Nehf, Mr. Slater, Mr. Tackett, Mr. Snyder and Mr. Vance.

Kevin Rohrs of Clifton Gunderson presented a summary of their plan for the 2010–11 financial statement audit and tentative schedule for issuing an audit report and management letter. Their overall risk assessment on this engagement is moderate, and Clifton Gunderson has identified investments, contributions, benefit payments and actuarial assumptions as critical audit areas. As part of their audit procedures for contributions and benefits, Clifton Gunderson will test system controls in STaRS. The final audit report, including management letter, will be presented to the Audit Committee in December.

summarized, and the 2012 Internal Audit Plan will be presented at that time.

Dec. 8, 2011 — The Audit Committee met on Dec. 8, 2011. Committee members Mr. McGreevy, Dr. Martin, Mr. Brooks and Mr. Stein were in attendance. Committee member, Ms. Hayden, was absent. Board members, Mr. Hill, Ms. Correthers, Mr. Myers and Mr. Price also attended.

The Committee reviewed a summary of the 2011 internal audit results. There were no material weaknesses in internal controls. Management has accepted all audit recommendations, which have been implemented or are in progress.

The Committee also reviewed the Internal Audit Plan for 2012. There were no changes.

The Committee entered executive session to hear a report from Clifton Gunderson on the results of their audit of the STRS Ohio financial statements for the fiscal year ended June 30, 2011.

Mr. Brooks moved, seconded by Mr. Stein, to enter executive session under authority of Division (G)(5) of Section 121.22 of the Revised Code for the purpose of discussing matters required to be kept confidential by federal law or state statute.

Upon roll call the vote was as follows: Mr. Brooks, yes; Mr. Stein, yes; Mr. Martin, yes; Mr. McGreevy, yes. Motion carried.

Public session resumed and the Committee meeting was adjourned.

### **Special Reviews/Projects**

The STRS Ohio Internal Audit Department has been involved in the enterprise risk management process for STRS Ohio.

### **2012 Internal Audit Plan**

The 2012 Internal Audit Plan was approved by the Retirement Board on Dec. 8, 2011. A copy of the 2012 Plan is enclosed.

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



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



## 2011 Internal Audit Summary

Audit Area	Scope	Recommendations	Management's Response	Implemented	Implementation Date or Targeted Implementation Date
<b>Closed Audits</b>					
Annual Reporting	Report Processing	Create procedures manual to document processes and aid in associate training	Agree	Yes	7/1/2011
Board Expenses 2010	Pre-approval of Travel Timeliness/Accuracy of Reimbursements Compliance with Board Policies	Update the Board Travel Policy to address situations where itemized receipts are unavailable for legitimate Board-related expenses	Agree	Yes	6/16/2011
Derivatives 2010	Semiannual Derivative Exposure Rpt Currency Forward Settlements Equity Swap Settlements	On a monthly basis, Investment Performance Dept. independently reviews swap contract notional values are fully collateralized and inform Fixed Income Dept.	Agree	Yes	10/01/2010
	Counterparty Risk	Cross-train another Investment Performance associate to provide proper backup coverage for State Street swap process	Agree	Yes	03/31/2011
Domestic Equities 2010*	Research Costs Monitoring of External Managers Reporting/Accounting External Manager Fees Approved Brokers	Audit Resulted in No Recommendations	N/A	N/A	N/A
Member Data Mgt.*	3rd-Party Access to Member Data	Require that each department maintain a centralized list of all external entities that have been granted access to STRS Ohio member data	Agree	Yes	6/16/2010
	Transmission of Member Data/Security				
	3rd-Party Operations/Controls	Require I.T.S. gather and update lists from each department, no less than annually, to facilitate data loss prevention projects	Agree	Yes	6/16/2010
	3rd-Party Contractual Language	Investigate the feasibility and cost/benefit of mandating information exchange formats and procedures  Develop a centralized authority for review and determining acceptable risk related to data access	Agree	Yes	1/31/2011
			Agree	Yes	1/31/2011

Audit Area	Scope	Recommendations	Management's Response	Implemented	Implementation Date
Purchasing Practices*	Compliance with Policies	Include Real Estate Dept. in the Investment Policy Officer's reviews	Agree	Yes	2/21/2011
	Due Diligence/Efficient Use of Resources	Update Policy for Approval of Administrative Expenses to document the delegation of signature authority, signature limitations, and review within a specified period of time.	Agree	Yes	6/30/2011
	Receipt of Goods and Services	Provide a centralized source of information that documents individuals with sign-off capabilities and make it available to the STRS Ohio Executive Director	Agree	Yes	6/30/2011
Risk Mgt./Insurance*	Compliance with STRS Ohio Insurance and Risk Management Manual	Independently monitor and verify all future insurance carrier credit ratings	Agree	Yes	2/22/2011
	Carrier Ratings				
	Accuracy of Premium Payments				
	Segregation of Duties				
<b>Active Audits</b>					
Accounts Payable	Vendor Approval Process	Draft Report Under Mgmt Review	N/A	N/A	N/A
	Vendor Payment History				
	Segregation of Duties				
Alternative Investments 2011	General Partner Review/Monitoring	Organize all documentation supporting the investment decision process, in a logical/structured manner	Agree	No	6/30/2012
	Valuations	Schedule an external review of Alternative Investments with Cliffwater (due diligence and monitoring) as as stated in the Investment Advisor Agreement	Agree	No	6/30/2012
	General Partner Fees				
	Opportunistic/Diversified Investment Program	Establish detailed policies/procedures for monitoring general partners that includes documentation of the annual reviews	Agree	No	06/30/2012
Associate Travel Expense	Prior Authorization	Audit Resulted in No Recommendations	N/A	N/A	N/A
	Compliance with STRS Ohio Travel Policy				
	Approval/Payment of Travel Expenses				
Attendance Reporting	Accuracy of Database	Periodically validate the accuracy of data being sent the HRS to manage attendance	Recommendation	No	N/A
	Compliance with Policies		Part of Current Mgmt. Discussions		
Board Expenses 2011	Pre-approval of Travel	Draft Report Under Mgmt. Review	N/A	N/A	N/A
	Timeliness/Accuracy of Reimbursements				
	Compliance with Board Policies				
Business Continuity Plan	Compliance	Audit Initiated	N/A	N/A	N/A
	Monitoring & Testing				
Child Care Center	Compliance with State Licensing	Audit Initiated	N/A	N/A	N/A
	State Inspections				
	Tuition Payments				
	Enrollment				

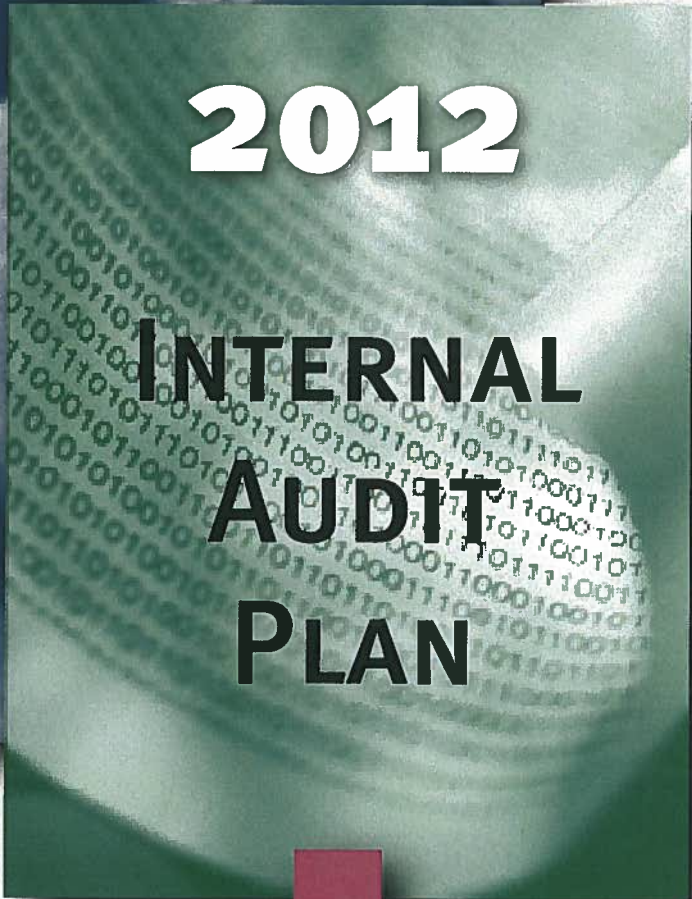
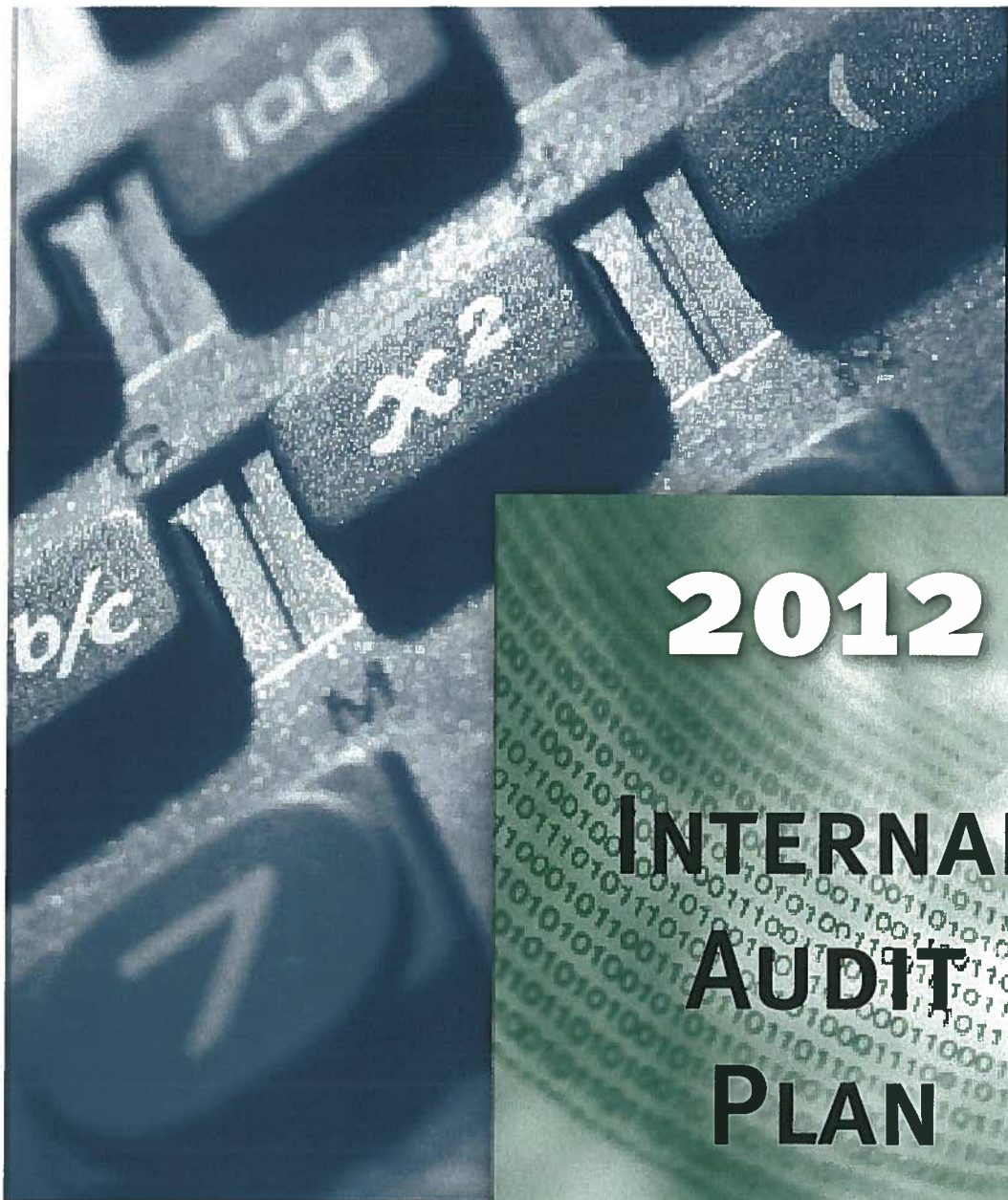
Audit Area	Scope	Recommendations	Management's Response	Implemented	Implementation Date
Derivatives 2011	Semi-Annual Derivate Exposure Report Currency Forward Settlements Equity Swap Settlements Counterparty Risk	Audit Initiated	N/A	N/A	N/A
Disability Benefits	Reexamination Schedules Medical Invoice Payments Terminated Benefits-Notification Statement of Employment/Earnings	Audit Initiated	N/A	N/A	N/A
Domestic Equities 2011	Monitoring of External Managers Recalculations of Management Fees Approved Brokers Research Costs Reporting/Accounting Compliance with Investment Policies	Audit initiates 12/19/2011	N/A	N/A	N/A
Financial Reporting	Role-Based Security/Segregation General Journal Entries Disaster Recovery Process Audit Trail Integrity	Audit Initiates 12/19/2011	N/A	N/A	N/A
Fixed-Income Investments	Due Diligence Approved Brokers Accuracy of Pricing Interest Income Monitoring of External Managers Compliance with Investment Policies	Audit In Progress	N/A	N/A	N/A
Healthcare*	Records Retention/Mgmt. - Contracts Issues Monitoring/Resolution Segregation of Duties Disbursements Reconciliations	Begin identifying control/risk-based STARS management reporting needs and elevate the priority as necessary/possible	Agree	Partial	Will be prioritized considering current STARS needs and addressed as resources become available
International Investments 2010*	External Manager Fees Monitoring of External Managers Foreign Tax Reclamations Foreign Currency Rates State Street's Role as Sub-Custodian	Create foreign tax receivable and dividend receivable journal entry accounts to track corporate actions  Portfolio managers document instances where their investment decisions place portfolios outside of guideline ranges for country sector weights exposures  For consistency, require that State Street's management fee be based on the monthly statement market value	Agree  Agree  Agree	No  Yes  No	Mgmt. is currently researching this issue  11/16/2011  Mgmt. is currently researching this issue
Internet/Intranet Security	Policy Appropriateness & Enforcement Systems Access Revocation Virus Protection/Firewall Monitoring	Draft Report Under Mgmt. Review	N/A	N/A	N/A

Audit Area	Scope	Recommendations	Management's Response	Implemented	Implementation Date
Liquidity Reserves	Compliance with Policies Accuracy of Interest Income Quality of Investments Daily Reconciliations	Review the current guidelines to determine if risk control changes are warranted	Final Report Under Mgmt. Review	NA	N/A
Member Income Taxes	Withholding Change Reconciliations Tax Interface Reconciliation & G/L Update Segregation of Duties	Research the cost/benefit of allowing members to manage their tax withholdings through the STRS Ohio Internet site	Agree	No	Will be prioritized with other online services as part of the 2012-2013 budget process and STARS review
Member Withdrawals	Compliance with ORC Refund Estimates/Payments Non-Zero Accounts 1099R	Audit In Progress	N/A	N/A	N/A
Personal Investment Disclosure	Compliance with Policy Accuracy/Completeness	Audit Initiated	N/A	N/A	N/A
Post-Retirement Benefits	Death Match Process Annuity Certain Expirations Overpayment/Collections Disbursement Compliance	Audit In Progress	N/A	N/A	N/A
Service Retirement Benefits	Departmental Process Documentation	Enforce proper segregation of duties and restrict Benefit Auditors' access levels to "Read Only" where appropriate	Agree	Yes	3/25/2011
	Benefit Calculations				
	Management of Overpayments	Create a retroactive report (back to STARS activation date) to review new retirement activities and to review changes to existing member records to verify appropriateness	Agree	Yes	05/31/2011
	Segregation of Duties	Create/use standardized documentation to be used to detail changes to member benefits information	Agree	Yes	05/31/2011
		I.T.S. and Member Benefits Depts. explore the cost/benefit of providing STRS Ohio members with an online service retirement-application service	Agree	No	03/31/2012
Survivor Benefits*	Benefit Calculations Student Benefits Segregation of Duties	Draft Report Under Mgmt Review	N/A	N/A	N/A
<b>Postponed Audits</b>					
Benefit Payment Process**	Data Backup Pension Reconciliation & G/L Update Information Change Management	Audit to be performed considering outcome of scheduled, external general controls review	N/A	N/A	N/A
<b>Relevant Non-Internal Audit Reviews</b>					
External IT Review**	Risk Assessment of IT Operations	General controls review by external consultant is being coordinated by Mgmt.	N/A	N/A	N/A

\*Audits were listed as "Under Mgmt. 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





**2012**

**INTERNAL  
AUDIT  
PLAN**



## **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.

## **EXECUTIVE SUMMARY**

2012 Internal Audit Schedule.....	1
-----------------------------------	---

## **DETAILED SUMMARY**

Risk Factors .....	3
Risk Assessment Scale .....	4
Assignment of Risk Rating .....	5
Risk Factors Weighted .....	8
2012 Internal Audit Work Plan .....	11





<b>Risk Factor</b>	<b>Risk Factor Description</b>	<b>Weighting</b>
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



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

<b>Risk Factor Description</b>	<b>Score</b>
Extremely Risky	9
Very Risky	7
Risky	5*
Slightly Risky	3
Not Risky	1

Audit Area	Risk Factors*						Total
	A	B	C	D	E	F	
<b>ADMINISTRATION</b>							
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 Payment Process	3	4	3	3	3	3	19
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	2	2	2	2	2	12
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	2	3	2	2	2	2	13
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	2	3	2	2	3	15
STRS Ohio Self Insurance Plan	3	3	5	2	3	3	19
Unused Sick and Vacation Leave	2	2	2	2	2	1	11

Audit Area	Risk Factors*						Total
	A	B	C	D	E	F	
<b>FINANCE</b>							
Accounts Payable	2	2	2	2	2	2	12
Annual Reporting	2	3	2	2	2	2	13
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	3	2	2	4	4	18
Fixed Assets	3	2	3	2	2	2	14
Member Income Taxes	4	4	2	2	3	4	19
Member Withdrawals	2	3	2	2	2	2	13
Petty Cash	3	2	4	3	1	1	14
Purchasing Service Credit by Payroll Deduction	2	4	2	2	3	2	15

<b>INVESTMENTS</b>							
Alternative Investments	4	4	3	2	4	3	20
Derivatives	3	4	2	2	4	3	18
Domestic Equities	3	4	2	2	4	5	20
Fixed Income	2	4	2	2	3	3	16
International Investing	4	4	2	3	4	5	22
Investment Performance	2	2	2	2	3	2	13
Liquidity Reserves	2	3	2	2	2	2	13
Proxy Voting	2	2	2	2	2	1	11
Real Estate	3	4	3	2	3	3	18
Securities Lending	2	4	2	2	3	4	17

Audit Area	Risk Factors*						Total
	A	B	C	D	E	F	
<b>MEMBER BENEFITS</b>							
Annual Statements	2	2	2	2	2	2	12
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	3	3	2	2	3	4	17
Member Data Management	3	4	4	2	2	2	17
Benefit Services (Post Retirement)	3	4	2	2	2	2	15
Purchasing Service Credit	2	3	2	2	3	2	14
Records Management	2	2	2	2	2	3	13
Reemployed Retirees	3	3	3	3	2	2	16
Service Retirement Benefits	2	4	2	3	3	4	18
Survivor Benefits	2	3	2	3	2	2	14

Audit Area	Risk Factors*						Total
	A	B	C	D	E	F	
<b>ADMINISTRATION</b>							
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 Payment Process	27	32	21	18	15	12	125
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	16	14	12	10	4	74
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	18	24	14	12	10	8	86
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	16	21	12	10	12	98
STRS Ohio Self Insurance Plan	27	24	35	12	15	12	125
Unused Sick and Vacation Leave	18	16	14	12	10	4	74



Audit Area	Risk Factors*						Total
	A	B	C	D	E	F	
<b>FINANCE</b>							
Accounts Payable	18	16	14	12	10	8	78
Annual Reporting	18	24	14	12	10	8	86
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	24	14	12	20	16	113
Fixed Assets	27	16	21	12	10	8	94
Member Income Taxes	36	32	14	12	15	16	125
Member Withdrawals	18	24	14	12	10	8	86
Petty Cash	27	16	28	18	5	4	98
Purchasing Service Credit by Payroll Deduction	18	32	14	12	15	8	99

<b>INVESTMENTS</b>							
Alternative Investments	36	32	21	12	20	12	133
Derivatives	27	32	14	12	20	12	117
Domestic Equities	27	32	14	12	20	20	125
Fixed Income	18	32	14	12	15	12	103
International Investing	36	32	14	18	20	20	140
Investment Performance	18	16	14	12	15	8	83
Liquidity Reserves	18	24	14	12	10	8	86
Proxy Voting	18	16	14	12	10	4	74
Real Estate	27	32	21	12	15	12	119
Securities Lending	18	32	14	12	15	16	107

Audit Area	Risk Factors*						Total
	A	B	C	D	E	F	
<b>MEMBER BENEFITS</b>							
Annual Statements	18	16	14	12	10	8	78
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	27	24	14	12	15	16	108
Member Data Management	27	32	28	12	10	8	117
Benefit Services (Post Retirement)	27	32	14	12	10	8	103
Purchasing Service Credit	18	24	14	12	15	8	91
Records Management	18	16	14	12	10	12	82
Reemployed Retirees	27	24	21	18	10	8	108
Service Retirement Benefits	18	32	14	18	15	16	113
Survivor Benefits	18	24	14	18	10	8	92

<b>Audit Area</b>	<b>Priority</b>	<b>Dept.</b>	<b>Risk Score</b>	<b>Last Audit</b>	<b>Estimated Audit Date</b>	<b>Estimated Audit Hours</b>	<b>Risk Codes</b>
International Investing	HIGH	I	140	2011			F, I, C, O
Alternative Investments	HIGH	I	133	2011	Sep-12	120	F, I, C, O
Domestic Equities	HIGH	I	125	2011	Oct-12	240	F, I, C, O
Real Estate	HIGH	I	119	2010	Mar-12	320	F, I, C, O
Derivatives	HIGH	I	117	2011			F, I, C, O
Fixed Income	HIGH	I	103	2011			F, I, C, O
Liquidity Reserves	HIGH	I	86	2011			F, I, C, O
Business Continuity Plan	MED.	A	122	2011			F, I, C, O
Member Data Management	MED.	MB	117	2009			PS, C
Financial Reporting (STRS Ohio)	MED.	F	113	2011			I, C, O
Service Retirement Benefits	MED.	MB	113	2010			I, C, O
Health Care	MED.	MB	108	2011			I, C, O
Contribution Reporting	MED.	F	90	2008	Aug-12	120	I, C, O
Insurance/Risk Management	MED.	A	86	2010			F, I, C, O
Annual Reporting	MED.	F	86	2010			I, C, O
Accounts Payable	MED.	F	78	2011			I, C, O
Annual Statements	MED.	MB	78	2007	Jan-12	120	I, C, O
Defined Contribution Plan	MED.	MB	78	2007	Apr-12	160	I, C, O
STRS Ohio Self Insurance Plan	LOW	A	125	N/A	Apr-12	160	I, C, O
Benefit Payment Process	LOW	A	125	2011			I, C, O
Member Income Taxes	LOW	F	125	2011			I, C, O
Fixed Assets-Computer Equipment	LOW	A	117	2008	Oct-12	160	I, C, O
Reemployed Retirees	LOW	MB	108	2008	Feb-12	120	I, C, O
Securities Lending	LOW	I	107	2010			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

<b>Audit Area</b>	<b>Priority</b>	<b>Dept.</b>	<b>Risk Score</b>	<b>Last Audit</b>	<b>Estimated Audit Date</b>	<b>Estimated Audit Hours</b>	<b>Risk Codes</b>
Benefit Services (Post Retirement)	LOW	MB	103	2011			I, C, O
Internet/Intranet	LOW	A	102	2011			I, C, O
Network Security	LOW	A	102	2010			I, C, O
Disability Benefits	LOW	MB	102	2011			I, C, O
Purchasing Service Credit by Payroll Deduction	LOW	F	99	2008	Sep-12	160	I, C, O
Purchasing Practices	LOW	A	98	2010			I, C, O, PS
Attendance Reporting	LOW	A	98	2010			I, C, O
Petty Cash	LOW	F	98	2009	May-12	40	I, C, O, PS
Fixed Assets	LOW	F	94	2009	Oct-12	120	I, C, O
Survivor Benefits	LOW	MB	92	2011			I, C, O
Purchasing Service Credit	LOW	MB	91	2008	May-12	160	I, C, O
Postage	LOW	A	89	2009	Nov-12	80	I, C, O
Member Withdrawals	LOW	F	86	2011			I, C, O
Flexible Spending Programs	LOW	A	85	2009			I, C, O
Associate Travel Expenses	LOW	A	85	2011			I, C, O, PS
Investment Performance	LOW	I	83	2011	Aug-12	160	I, C, O
Early Retirement Incentive Credit	LOW	F	83	2005	Jan-12	120	I, C, O
Records Management	LOW	MB	82	2008	Aug-12	120	C, O
Associate Payroll	LOW	A	82	2010			I, C, O
Call Center	LOW	MB	78	2008			C, O
Board Expenses	LOW	A	78	2011	Jun-12	40	I, C, O, PS
Building Maintenance	LOW	A	78	2008	Jun-12	120	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

<b>Audit Area</b>	<b>Priority</b>	<b>Dept.</b>	<b>Risk Score</b>	<b>Last Audit</b>	<b>Estimated Audit Date</b>	<b>Estimated Audit Hours</b>	<b>Risk Codes</b>
Personal Investment Disclosure	LOW	A	78	2011			I, C
Child Care Center	LOW	A	78	2011			I, C, O
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	Dec-12	80	I, C
OEC Reporting	LOW	A	58	2008			I, C, O, PS

**Total Hours** 2720

**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