



STATE TEACHERS
RETIREMENT SYSTEM
OF OHIO

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March 23, 2016

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

RETIREMENT BOARD CHAIR
CAROL CORRETHERS

RETIREMENT BOARD VICE CHAIR
ROBERT STEIN

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 2015.

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

To: Ohio Retirement Study Council (ORSC)

Subject: STRS Ohio Audit Committee Report – 2015

Date: March 21, 2016

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, 2015. This report outlines the following: audit reviews completed during 2015; STRS Ohio Audit Committee meetings and actions; special reviews completed during 2015; and the 2016 Internal Audit Plan. Audit Committee members during 2015 were Carol Correthers, (Chair/Liaison), Tim Myers (Vice Chair/Liaison), Craig Brooks, Mark Hill, Jim McGreevy, and Robert Stein (non-voting observer).

Audit Reviews Completed During 2015

The attached 2015 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 provided to all State Teachers Retirement Board Members in March, September and December 2015.

STRS Ohio Audit Committee Meetings and Actions

The Audit Committee met on Aug. 20, 2015, at 8:30 a.m. Committee members present were Mr. Brooks, Mr. Myers and Mr. Hill. Board members Mr. Price and Ms. Correthers were also in attendance. Mr. Sheppard and Mr. Stein joined the meeting in progress. Staff present included Mr. Nehf, Mr. Snyder, Ms. Hoover, Mr. Tackett, Mr. Vance and Mr. Licata.

Mr. Tackett informed the committee that there were no material findings and that there was full cooperation from management. Management has accepted all recommendations and is in various stages of action-planning or implementation. The Committee reviewed and discussed the Quarterly Internal Audit Summary. Mr. Vance informed the committee of potential changes to the Summary that are designed to facilitate the Ohio Retirement Study Council's review of annual Internal Audit Dept. document submissions. The next update will be presented to the Audit Committee at the December meeting. All audit activity for 2015 will be summarized, and the 2016 Internal Audit Plan will be presented at that time.

Kevin Rohrs of CliftonLarsonAllen, presented a summary of their plan for the 2014-2015 financial statement audit and tentative schedule for issuing an audit report and management letter. Their overall risk assessment on this engagement is moderate, and CliftonLarsonAllen has identified investments, contributions, benefit payments and

actuarial assumptions as critical audit areas. STRS Ohio will implement GASB 68 for the year ended June 30, 2015. The final audit report, including management letter, will be presented to the Audit Committee in December.

The meeting adjourned at approximately 9:30 a.m.

Upon roll call, the vote was as follows: Ms. Hayden, yes; Mr. Price, yes; Mr. Brooks, yes; Mr. Hill, yes; Mr. Mayerfeld, yes; Mr. McGreevy, yes; Mr. Myers, yes; Mr. Sheppard, yes.

The Audit Committee met on Dec. 17, 2015, at 9:35 a.m. Committee members present were Ms. Correthers, Mr. Myers, Mr. Brooks Mr. Hill and Mr. McGreevy. Board members Mr. Price and Mr. Stein were also in attendance. Staff present included Mr. Nehf, Mr. Snyder, Ms. Hoover, Mr. Tackett, Mr. Vance and Mr. Licata.

The chair recognized Mr. Tackett to begin the report. Mr. Tackett informed the committee that the recommendations listed on the 2015 Internal Audit Summary have been fully implemented by management and staff.

Mr. Vance explained the annual summary format has been updated to include priority categories and other changes, required by the Ohio Retirement Study Council (ORSC). These changes to the format provide a uniform document sent to ORSC and the Audit Committees of all five Ohio retirement systems.

Mr. Licata reported an audit of the STRS Ohio disaster recovery plan is complete. Systems are tested annually.

Mr. Tackett reviewed the Executive Summary of the 2016 Internal Audit Schedule, risk factors and risk assessment scale.

Mr. Snyder introduced Kevin Rohrs, of CliftonLarsonAllen, and recognized that the auditing firm has completed its current 5-year contract.

Mr. Hill moved, seconded by Mr. Myers, 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 statutes.

Upon roll call, the vote was as follows: Mr. Hill, yes; Mr. Myers, yes; Mr. Brooks, yes; Mr. McGreevy, yes; Ms. Correthers, yes. Motion carried.

Public session resumed and the Audit Committee meeting was adjourned at 10:35 a.m.

Special Reviews/Projects

There were no special reviews, projects or engagements.

2016 Internal Audit Plan

The 2016 Internal Audit Plan was approved by the STRS Ohio Board on December 17, 2015. A copy of the 2016 Plan is enclosed.

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

Respectfully submitted,



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



2015 Internal Audit Summary

Closed Audits: Recommendations

Audit Area	Risk Rating	Scope	Recommendations	Management's Response	Implemented	Implementation or Target Implementation
AIX/Windows Security*	Medium	Verify FTP Login is Restricted	Window Admin. Passwords: Change every 90 to 180 days to reduce the risk of unauthorized systems access	Alternate recommendation accepted ◊	Yes	2/27/2015
		Disabled Default Accounts				
		Registry Access Permissions	Privileged Access: Block login and remote-login to root account (set to values to "False") to increase security	Alternate recommendation accepted ¥	Yes	2/27/2015
		Domain/AD Model				
		Account Lockout Settings	AIX Password Settings: Align password configuration with industry best practices to reduce the risk of unauthorized access	Alternate recommendation accepted ±	Yes	3/1/2015
		Update Access				
<p><i>Comments:</i></p> <p>◊ User-based Windows administrator accounts will be set to 180 days. Due to potential critical business interruptions, system/service based admin accounts will be manually changed at least every 24 months as part of the System Change Management (SCM) workflow.</p> <p>¥ To avoid problems with Active Directory, "login" will be kept disabled but value will be set to "True" to allow technicians to remote login. Changes made to all UNIX servers except AIX servers supporting the STARS DB because the current Control-M system must run on "root". A product change has been requested.</p> <p>± Non user-based systems (Oracle, Control-M, and TSM) passwords will be changed at least every 24 months to prevent potential business interruptions. SCM Tickets will be opened on/before 2/27/2015.</p>						
Alternative Investments*	Medium	Opportunistic/Diversified: Due Diligence Monitoring Valuations	Revise policies and procedures to include specific details on the execution of the monitoring process	Agree	Yes	6/30/15
Alternative Investments*	Medium	Private Equity: Due Diligence Monitoring Valuations	Develop a formal process to ensure monitoring activities are properly performed and documented by individual analysts.	Agree	Yes	9/30/15
Database Security (Oracle)*	Low	Security and Password Configurations	Password parameters for key systems and applications be set to expire every 90-180 days.	Agree	Yes	5/28/2015
		Access to Database Listeners				
		Default Accounts and Passwords	Reduce the risk of attacks by changing NTS port from 1521.	Alternate Recommendation Accepted	No	6/30/2016
		Host-Based Authentication Methods				
		General Password Settings				
<p><i>Comment:</i></p> <p>Internal Audit has accepted an alternate recommendation to, in the near term, increase protection through the use of application firewalls. As part of the larger, future project (Vitech upgrade, V10), ITS will work with Vitech to change the port.</p>						
International Investing*	Low	External Manager Fees	Review the foreign tax reclaim process to reduce the risk of inaccurate or insufficient calculations and collection of receivable funds	Agree	Yes	12/12/2014
		Monitoring of External Managers				
		Foreign Tax Reclamations	Work with custodial bank to develop and deliver appropriate month-end reports	Agree	Yes	12/12/2014
		Sub-Custodian Controls				
Member Data Management*	Medium	Third-Party Access to Member Data Transmission of Member Data/Security Third-Party Operations/Control Contractual Agreements	Require routine sign-off of data owners to verify accuracy of tracking information related to the sharing and security of member data.	Agree	Yes	2/28/15
Member Income Taxes	Low	Withholding Change Reconciliations Tax Interface Reconciliations Segregation of Duties	Review segregation of duties for shared access to STARS processing screens	Agree	Yes	3/31/15
Survivor Benefits	Low	Benefit Calculations	Until the new law is implemented, perform periodic, random sampling of student enrollment to verify compliance	Agree	Yes	9/30/15
		Student Benefits				
		Segregation of Duties				

Closed Audits: No Recommendations

Audit Area	Risk Rating	Scope	Management's Response
Child Care	N/A	Compliance with State Licensing State Inspections Tuition Payments Enrollment	
Disability Benefits*	N/A	Reexamination Schedules Medical Invoice Payments Statement of Employment/Earnings Terminated Benefits - Notification Benefit Calculations	
Financial Reporting	N/A	Role-Based Security/Segregation Adjusting Journal Entries Disaster Recovery Audit Trail Integrity	
Fixed Assets	N/A	Tracking, Reporting and Monitoring Depreciation Disposition	
Health Care*	N/A	Records Retention/Management Issues Monitoring and Resolution Disbursement Reconciliations Segregation of Duties	
Liquidity Reserves	N/A	Compliance Income Purchases/Sales	
Member Withdrawals	N/A	Compliance Refund Estimates/Payments Non-Zero Accounts Segregation of Duties	
Personal Investment Disclosure	N/A	Compliance with Policies Accuracy/Completeness Monitoring	
Post-Retirement Benefits	N/A	Death Match Annuity Certain Expirations Overpayments/Collections Disbursement Compliance	
Service Retirement Benefits	N/A	Departmental Process Documentation Benefit Calculations Management of Overpayments Segregation of Duties	

Active Audits

Audit Area	Risk Rating	Scope	Target Completion
Accounts Payable	N/A	Vendor Approval Process Vendor Payment History Compliance with Policy Segregation of Duties	May-16

Alternative Investments*	N/A	Private Equity: Due Diligence Monitoring Valuations	April-16
Attendance Reporting	N/A	Accuracy Compliance with Policy	March-16
Building Maintenance	N/A	Purchases of Goods and Services Preventive Maintenance Associate Training Quality Assurance	April-16
Business Continuity Plan (BCP)	N/A	Compliance Monitoring & Testing	March-16
Board Expenses	N/A	Preapproval of Travel Accuracy of Reimbursements General Compliance with Rules/Policy	May-16
Domestic Equities*	N/A	Compliance with Investment Policy Monitoring of External Portfolio Managers Investment Management Fees Reporting/Accounting Research Costs Approved Brokers Custodian	May-16
Fixed Assets - Computer Equipment	N/A	Purchasing Accuracy of Inventory Records Disposition	June-16
Fixed Income Investments	N/A	Due Diligence Approved Brokers/Commissions Accuracy of Pricing Interest Income Monitoring of External Managers Compliance with Investment Policies	April-16
IT Security: B.Y.O.D. (Bring Your Own Device)	N/A	Compliance	January-16
SEC Reporting	N/A	Compliance	January-16
Postage	N/A	Compliance with Policies and Procedures Disbursements	December-15
Real Estate	N/A	Property Management Fees Site Inspections External Compliance Reviews Tenant Surveys Compliance with Investment Policy	June-16
Scheduled Audits			
Benefit Payment Process	N/A	Accuracy of Monthly Forecast Reconciliations G/L Postings Segregation of Duties	March-16
Postponed Audits			
IT Security: HIPAA		Awareness & Education Project Planning	N/A

Comment:

Reprioritized higher risk reviews resulting in the postponement of this audit.

Other Audit Related Activity

Area	Risk Rating	Subject/Project	Description
T.S.	N/A	STARS Upgrade	Consult with ITS and the user community on the security functionality and needs of the system.
Multi-departmental	N/A	DLP (Data Loss Prevention)	Participate on the DLP Committee to implement, monitor and evaluate the data loss prevention as it should function at STRS Ohio.
Multi-departmental	N/A	STRS Ohio Disaster Recovery	Participate in disaster recovery testing review. Strategize on business and human resource needs.

* 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.

Risk Rating Level. (Refers to rating assigned to findings/recommendations)

High: Requires Immediate attention and remediation.

Medium (Med.): Requires near-term attention.

Low: Improvements possible but does not require attention in immediate or near-term.

Composition of Current Audit Committee:

Carol Correthers, Chair/Liaison - Active Member

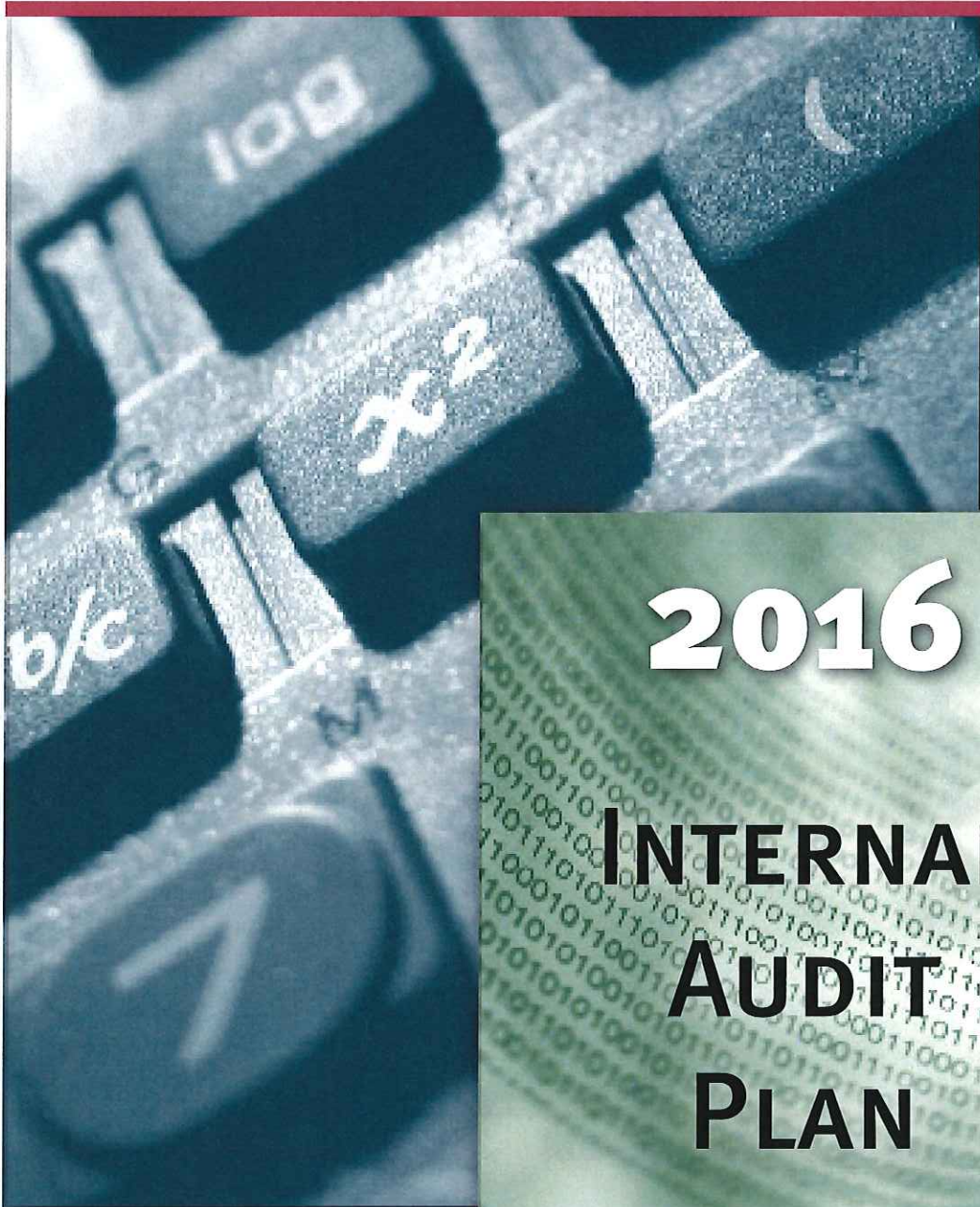
Tim Myers, Vice Chair/Asst. Liaison - Active Member

James McGreevy, Retired Member

Craig Brooks, Appointee

Mark Hill, Appointee

Robert Stein, Non-Voting Observer



2016

**INTERNAL
AUDIT
PLAN**



STATE TEACHERS RETIREMENT SYSTEM OF OHIO
275 East Broad Street
Columbus, OH 43215-3771

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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 the International Standards for the Professional Practice of Internal Auditing.
- 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.

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2016 INTERNAL AUDIT SCHEDULE

Audit Area	Description of Audit Area	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
International Investing	External Manager Fees Monitoring of External Managers Foreign Tax Reclamations Sub-Custodian Controls												
Defined Contribution Plan	Processing of Retirement Plan Selection Forms NRS Contract Compliance Accuracy of Member Statements Segregation of Duties												
Contribution Reporting	Foundation Management Employee Contribution Management Segregation of Duties Annual Report Management G/L Postings												
Member Services Center	Associate Training Scheduling for Call Coverage Associate Monitoring Key Performance Indicators												
Purchasing Service Credit	STaRS Access Certifications and Cost Calculations Member Applications Compliance with the Ohio Revised Code Posting of Purchased Service Credit Payments Free Military Service Credits												
STRS Ohio Self-Insurance Plan	Stop-Loss Coverage Administrative Services Fees Shared Savings Segregation of Duties Monitoring of Health Insurance Costs												
Purchasing Practices	Compliance with Policies Receipt of Goods and Services												
I.T. Security: Change Control	Authorized Changes Change Validation Change Approval Process Change Monitoring Process Segregation of Duties												
Reemployed Retirees	Compliance with Ohio Revised Code Violations/Collections Calculation Input Controls (STaRS)												

2016 INTERNAL AUDIT SCHEDULE

Audit Area	Description of Audit Area	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
Purchasing SC by Payroll Deduction	Member Applications Processing of Payroll Deduction Segregation of Duties Payroll Deduction Refunds												
Flexible Spending Programs	Compliance with Withholdings Rules Compliance with Disbursements Rules												
Associate Payroll	State and Federal Tax Regulations Access to Payroll Database Accuracy of Associate Net Pay Immigration Guidelines/Compliance												
I.T. Security: Logical/Physical Access	Password Management User Access Authorized/Established Physical Access Management Privileged Access Management Logical Access Monitoring												
Educational Assistance Program	Compliance with Policies/Procedures												
Alternative Investments: Opportunistic Diversified	Proper Notification and Approval Due Diligence Valuations Monitoring of Opportunistic Diversified Funds Segregation of Duties												
Member Records Management	Compliance with Policies/Procedures Imaging - Quality Control Off-Site Storage Facility Inspections Disaster Recovery Consideration												
Board Expenses	Preapproval of Travel Accuracy of Reimbursements Compliance with Rules/Policies												
Unused Sick and Vacation Leave	Compliance with Rules/Policies Accuracy of Payments Disposition												
Performance/PBI Review	Associate Eligibility Compliance with PBI Policy												
Domestic Equities	Compliance with Investment Policy/Objectives Research Costs Monitoring of External Portfolio Managers Reporting/Accounting External Management Fees Approved Brokers/Audit Area												

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	1	1	2	2	2	10
Attendance Reporting	2	2	2	2	2	3	13
Benefit Payment Process	3	4	3	3	3	3	19
Board Expenses	1	1	1	2	1	1	7
Building Maintenance	2	2	2	2	2	4	14
Business Continuity Plan	3	3	3	3	4	3	19
Child Care Center	2	2	2	2	2	1	11
Educational Assistance Program	2	2	2	2	2	2	12
Fixed Assets — Computer Equipment	3	4	2	3	3	4	19
Flexible Spending Plans	2	2	3	2	2	2	13
Insurance/Risk Management	2	2	1	2	2	2	11
OEC Reporting	1	2	1	2	2	1	9
Other Staff Expenses	2	2	2	1	1	1	9
Personal Investment Disclosure	3	2	4	2	3	2	16
Postage	3	2	2	1	2	3	13
Purchasing Practices	3	2	3	2	2	3	15
STRS Ohio Self Insurance Plan	3	3	3	2	3	3	17
Unused Sick and Vacation Leave	2	1	2	2	2	1	10

*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	1	2	1	2	2	10
Annual Reporting	2	3	2	2	2	2	13
Contribution Reporting	2	3	2	2	2	3	14
Financial Reporting (STRS Ohio)	3	3	2	2	4	4	18
Fixed Assets	3	2	3	4	2	2	16
Member Income Taxes	4	4	2	2	3	4	19
Member Withdrawals	2	2	2	2	2	2	12
Petty Cash/Café Operations	2	2	2	3	1	1	11
Purchasing Service Credit by Payroll Deduction	2	4	2	2	3	2	15
INFORMATION TECHNOLOGY SERVICES							
AIX/ Windows Security	5	3	5	1	5	5	24
Compliance: B.Y.O.D.	5	3	5	1	5	5	24
Database Security	5	3	5	1	5	5	24
I.T. Operations	5	3	5	1	5	5	24
I.T. Security: Change Control	5	3	3	3	5	5	24
I.T. Security: Logical/Physical Access	5	3	3	1	5	5	22
I.T. Security: HIPAA	5	3	5	1	5	5	24
INVESTMENTS							
Alternative Investments	4	4	3	2	4	4	21
Derivatives	3	4	2	3	4	3	19
Domestic Equities	3	4	2	2	4	5	20
Fixed Income	2	4	2	3	3	3	17
International Investing	4	5	2	3	4	4	22
Investment Performance	2	2	2	2	3	2	13
Liquidity Reserves	1	2	1	1	2	4	11
Proxy Voting	2	1	1	1	2	2	9
Real Estate	3	4	3	3	3	3	19
Securities Lending	2	4	2	2	3	4	17

*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							
Annual Statements	3	4	2	2	2	2	15
Benefit Services (Post Retirement)	3	4	2	2	2	2	15
Defined Contribution Plan	2	2	2	2	2	2	12
Disability Benefits	3	2	2	4	2	3	16
Health Care	3	2	2	2	3	4	16
Member Data Management	3	4	4	2	2	2	17
Member Records Management	2	2	2	2	2	2	12
Member Services Center	2	2	2	1	2	2	11
Purchasing Service Credit	2	3	2	2	3	2	14
Reemployed Retirees	3	4	3	3	2	2	17
Service Retirement Benefits	2	4	2	3	3	4	18
Survivor Benefits	3	2	2	3	2	3	15

*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	8	7	12	10	8	63
Attendance Reporting	18	16	14	12	10	12	82
Benefit Payment Process	27	32	21	18	15	12	125
Board Expenses	9	8	7	12	5	4	45
Building Maintenance	18	16	14	12	10	16	86
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	32	14	18	15	16	122
Flexible Spending Plans	18	16	21	12	10	8	85
Insurance/Risk Management	18	16	7	12	10	8	71
OEC Reporting	9	16	7	12	10	4	58
Other Staff Expenses	18	16	14	6	5	4	63
Personal Investment Disclosure	27	16	28	12	15	8	106
Postage	27	16	14	6	10	12	85
Purchasing Practices	27	16	21	12	10	12	98
STRS Ohio Self Insurance Plan	27	24	21	12	15	12	111
Unused Sick and Vacation Leave	18	8	14	12	10	4	66

*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	8	14	6	10	8	64
Annual Reporting	18	24	14	12	10	8	86
Contribution Reporting	18	24	14	12	10	12	90
Financial Reporting (STRS Ohio)	27	24	14	12	20	16	113
Fixed Assets	27	16	21	24	10	8	106
Member Income Taxes	36	32	14	12	15	16	125
Member Withdrawals	18	16	14	12	10	8	78
Petty Cash/Café Operations	18	16	14	18	5	4	75
Purchasing Service Credit by Payroll Deduction	18	32	14	12	15	8	99

INFORMATION TECHNOLOGY SERVICES							
AIX/ Windows Security	45	24	35	6	25	20	155
Compliance: B.Y.O.D.	45	24	35	6	25	20	155
Database Security	45	24	35	6	25	20	155
I.T. Operations	45	24	35	6	25	20	155
I.T. Security: Change Control	45	24	21	18	25	20	153
I.T. Security: Logical/Physical Access	45	24	21	6	25	20	141
I.T. Security: HIPAA	45	24	35	6	25	20	155

INVESTMENTS							
Alternative Investments	36	32	21	12	20	16	137
Derivatives	27	32	14	18	20	12	123
Domestic Equities	27	32	14	12	20	20	125
Fixed Income	18	32	14	18	15	12	109
International Investing	36	40	14	18	20	16	144
Investment Performance	18	16	14	12	15	8	83
Liquidity Reserves	9	16	7	6	10	16	64
Proxy Voting	18	8	7	6	10	8	57
Real Estate	27	32	21	18	15	12	125
Securities Lending	18	32	14	12	15	16	107

*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							
Annual Statements	27	32	14	12	10	8	103
Benefit Services (Post Retirement)	27	32	14	12	10	8	103
Defined Contribution Plan	18	16	14	12	10	8	78
Disability Benefits	27	16	14	24	10	12	103
Health Care	27	16	14	12	15	16	100
Member Data Management	27	32	28	12	10	8	117
Member Records Management	18	16	14	12	10	8	78
Member Services Center	18	16	14	6	10	8	72
Purchasing Service Credit	18	24	14	12	15	8	91
Reemployed Retirees	27	32	21	18	10	8	116
Service Retirement Benefits	18	32	14	18	15	16	113
Survivor Benefits	27	16	14	18	10	12	97

*See Page 4 for description of risk assessment scale.

2016 INTERNAL AUDIT WORK PLAN

Audit Area	Priority	Dept.	Risk Score	Last Audit	Estimated Audit Date	Risk Codes
International Investing	HIGH	I	144	2013	Jan-16	F, I, C, O
Alternative Investments	HIGH	I	137	2015	Jun-16	F, I, C, O
Domestic Equities	HIGH	I	125	2014	Nov-16	F, I, C, O
Real Estate	HIGH	I	125	2015		F, I, C, O
Derivatives	HIGH	I	123	2015		F, I, C, O
Fixed Income	HIGH	I	109	2015		F, I, C, O
Liquidity Reserves	HIGH	I	64	2014		F, I, C, O
AIX/ Windows Security	MED.	ITS	155	2014		F, I, C, O, PS
Compliance: B.Y.O.D.	MED.	ITS	155	2015		F, I, C, O, PS
Database Security	MED.	ITS	155	2014		F, I, C, O, PS
I.T. Security: HIPAA	MED.	ITS	155	2015		F, I, C, O, PS
I.T. Operations	MED.	ITS	155	2013		F, I, C, O, PS
I.T. Security: Change Control	MED.	ITS	153	2013	Mar-16	F, I, C, O, PS
I.T. Security: Logical/Physical Access	MED.	ITS	141	2013	May-16	F, I, C, O, PS
Business Continuity Plan	MED.	A	122	2014		F, I, C, O
Member Data Management	MED.	MB	117	2013		PS, C
Financial Reporting (STRS Ohio)	MED.	F	113	2014		I, C, O
Service Retirement Benefits	MED.	MB	113	2013		I, C, O
Annual Statements	MED.	MB	103	2013		I, C, O
Health Care	MED.	MB	100	2014		I, C, O
Contribution Reporting	MED.	F	90	2012	Feb-16	I, C, O
Annual Reporting	MED.	F	86	2013		I, C, O
Defined Contribution Plan	MED.	MB	78	2012	Feb-16	I, C, O
Risk Management/ Insurance	MED.	A	71	2013		F, I, C, O
Accounts Payable	MED.	F	64	2015		I, C, O

Risk Codes:

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- O: Operational = Risk related to operational efficiencies/inefficiencies
- PS: Public Sensitivity = No material financial impact but high public sensitivity

2016 INTERNAL AUDIT WORK PLAN

Audit Area	Priority	Dept.	Risk Score	Last Audit	Estimated Audit Date	Risk Codes
Benefit Payment Process	LOW	A	125	2015		I, C, O
Member Income Taxes	LOW	F	125	2014		I, C, O
Fixed Assets — Computer Equipment	LOW	A	122	2015		I, C, O
Reemployed Retirees	LOW	MB	116	2012	Apr-16	I, C, O
STRS Ohio Self Insurance Plan	LOW	A	111	2012	Mar-16	I, C, O
Securities Lending	LOW	I	107	2013		I, C, O
Fixed Assets	LOW	F	106	2015		I, C, O
Personal Investment Disclosure	LOW	A	106	2014		I, C
Disability Benefits	LOW	MB	103	2014		I, C, O
Benefit Services (Post Retirement)	LOW	MB	103	2014		I, C, O
Purchasing Service Credit by Payroll Deduction	LOW	F	99	2012	Apr-16	I, C, O
Purchasing Practices	LOW	A	98	2013	Mar-16	I, C, O, PS
Survivor Benefits	LOW	MB	97	2014		I, C, O
Purchasing Service Credit	LOW	MB	91	2012	Mar-16	I, C, O
Building Maintenance	LOW	A	86	2015		I, C, O
Postage	LOW	A	85	2015		I, C, O
Flexible Spending Programs	LOW	A	85	2013	May-16	I, C, O
Investment Performance	LOW	I	83	2015	Oct-16	I, C, O
Associate Payroll	LOW	A	82	2013	May-16	I, C, O
Attendance Reporting	LOW	A	82	2015		I, C, O
Member Withdrawals	LOW	F	78	2014		I, C, O
Educational Assistance Program	LOW	A	78	2013	Jun-16	I, C, O
Member Records Management	LOW	MB	78	2012	Jun-16	C, O

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2016 INTERNAL AUDIT WORK PLAN

Audit Area	Priority	Dept.	Risk Score	Last Audit	Estimated Audit Date	Risk Codes
Petty Cash/Café Operations	LOW	F	75	2014		I, C, O, PS
Child Care Center	LOW	A	74	2015		I, C, O
Member Services Center	LOW	MB	72	2013	Feb-16	C, O
Unused Sick and Vacation Leave	LOW	A	66	2013	Sep-16	I, C, O
Other Staff Expenses	LOW	A	63	2014		I, C, O, PS
Associate Travel Expenses	LOW	A	63	2014		I, C, O, PS
OEC Reporting	LOW	A	58	2015		I, C, O, PS
Proxy Voting	LOW	I	57	2015		I, C, PS
Board Expenses	LOW	A	45	2015	Aug-16	I, C, O, PS

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