



STATE TEACHERS
RETIREMENT SYSTEM
OF OHIO

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

Feb. 19, 2007

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

RETIREMENT BOARD CHAIR
CONSTANCE K. RAMSER

RETIREMENT BOARD VICE CHAIR
JEFFREY CHAPMAN

EXECUTIVE DIRECTOR
DAMON F. ASBURY

Dear Aris:

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 2006.

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

Sincerely,

A handwritten signature in black ink that reads 'Damon F. Asbury'.

Damon F. Asbury
Executive Director



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AUDIT COMMITTEE ANNUAL REPORT

*Audit Committee
Members:*
Conni Ramser, *Chair*
Tom Johnson, *Vice Chair*
Dennis Leone

To: Ohio Retirement Study Council (ORSC)
Subject: STRS Ohio Audit Committee Report – 2006
Date: Feb. 19, 2007

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, 2006. This report outlines the following: audit reviews completed during 2006; STRS Ohio Audit Committee meetings and actions; special reviews completed during 2006; and the 2007 Internal Audit Plan. Audit Committee Members during 2006 were Dr. Robert Brown, Geoffrey Meyers and Dr. Dennis Leone.

Audit Reviews Completed During 2006

The attached 2006 Internal Audit Summary lists the audits performed, the scope for each audit, the recommendations to management, management's response and expected implementation date. The Internal Audit Summaries were mailed to all State Teachers Retirement Board Members in March, May and September 2006 and January 2007.

STRS Ohio Audit Committee Meetings and Actions

March 10, 2006 – The Audit Committee met to discuss the reporting relationship of the Internal Audit Department and the need for an additional internal auditor. The committee agreed that the Internal Audit Department should report directly to the STRS Ohio Audit Committee, but report administratively to the executive director. The committee members felt an additional auditor was needed to allow adequate coverage for low financial risk audit areas. (A new auditor was hired in September 2006.) Both motions were approved by the Retirement Board.

May 19, 2006 – The Audit Committee met to discuss the Internal Audit Quarterly Report of audit findings and recommendations.

Jan. 8, 2007 – The external auditors from Clifton Gunderson were present to provide the results of the 2006 STRS Ohio financial examination for the year ending June 30, 2006. The Clifton Gunderson presentation included a Report on Internal Control Over Financial Reporting and on Compliance and Other Matters. The



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Audit Committee also reviewed the 2007 Internal Audit Plan and 2006 Internal Audit Summary of audit findings and recommendations.

Special Reviews

The Internal Audit Department did not perform a special review during 2006.

2007 Internal Audit Plan

The 2007 Internal Audit Plan was approved by the Retirement Board on Jan. 18, 2007. A copy of the 2007 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 'D. Tackett', written over a horizontal line.

David S. Tackett, CFA, CPA, CIA
Director, Internal Audit

Enclosures

2006 Internal Audit Summary

Audit Area	Scope	Recommendations	Management's Response	Implemented	Implementation Date or Targeted Implementation Date
Annual Statements	Accuracy of Member Information Accuracy of Benefits Information Accuracy & Security of Online Statements Baesman Contract Segregation of Duties	Draft Report Under Mgt. Review	N/A	N/A	N/A
Annual Reporting	Annual Reporting Procedures Proper Access to the Annual Reporting Legacy Screens	Draft Report Under Mgt. Review	N/A	N/A	N/A
Business Contingency Plan	Compliance Management Support	Audit Initiated	N/A	N/A	N/A
Investment Performance*	Recording and Reporting of Market Values Calculating, Monitoring, and Reporting Investment Returns Calculation and Payment of Performance-Based Incentive (PBI) Awards	Establish required procedures for scoring and awarding the subjective component of the PBI Separate the Investment Performance review function from the Investments Department Have HRS and Investments define positions that are eligible for PBI Give HRS the final decision in determining who meets the criteria during evaluations	Under Mgt. Review	N/A	N/A

Alternative Investments	Proper Notification and Approval	Add additional staff to allow for an increased level of performance related to due diligence	Agree	Yes	6/30/2006
	Due Diligence				
	Funding Process	Perform a cost/benefit analysis of obtaining additional technology resources to improve monitoring and analysis of program performance	Agree	No	3/31/2007
	Contributions and Distributions				
	Management Fees				
	Monitoring of Alternative Investments	Verify the accuracy of each general partner capital call or distribution	Agree	No	3/31/2007
	Segregation of Duties	Establish written procedures for conducting and documenting the due diligence process	Agree	No	3/31/2007
	A. I. Reports				
Compliance with Investment Advisor Recommendations					
Financial Reporting* (STRS Ohio)	Reliability of Information	Schedule and perform disaster recovery testing at a level that is consistent with the standards developed by the I.T.S. Dept.	Agree	No	6/1/07
	Balance Verification				
	Role-Based Security				
	Segregation of Duties				
	Disaster Recovery Initiatives				
	Audit Trail Integrity				

Real Estate Investments	Accuracy of Property Mgt. Fees	Establish detailed policies and procedures to review/respond to tenant surveys as soon as possible	Agree	No	3/31/07
	Purchases and Sales				
	Due Diligence	Require formalized contract amendments for all changes in contract terms	Agree	Yes	10/30/06
	Site Inspections				
	Property Valuations	Establish a detailed policy to govern the use and reporting of leverage in the STRS Ohio real estate portfolio	Mgt. Response Under Review by Internal Audit	N/A	N/A
	Property Manager Reporting				
	External Audit Reviews	In accordance with GASB 34, require the Real Estate Dept. to report the market value of assets and liabilities on the face or in the notes of the financial statements	Agree	Yes	10/30/06
	Tenant Surveys				
	Compliance with Investment Advisor Recommendations				
Compliance with Investment Objectives and Policies	Require the Real Estate Dept. to begin comparing their performance to NCREIF leveraged return series (This will provide a more valid comparison of Real Estate returns)	Mgt. Response Under Review by Internal Audit	N/A	N/A	

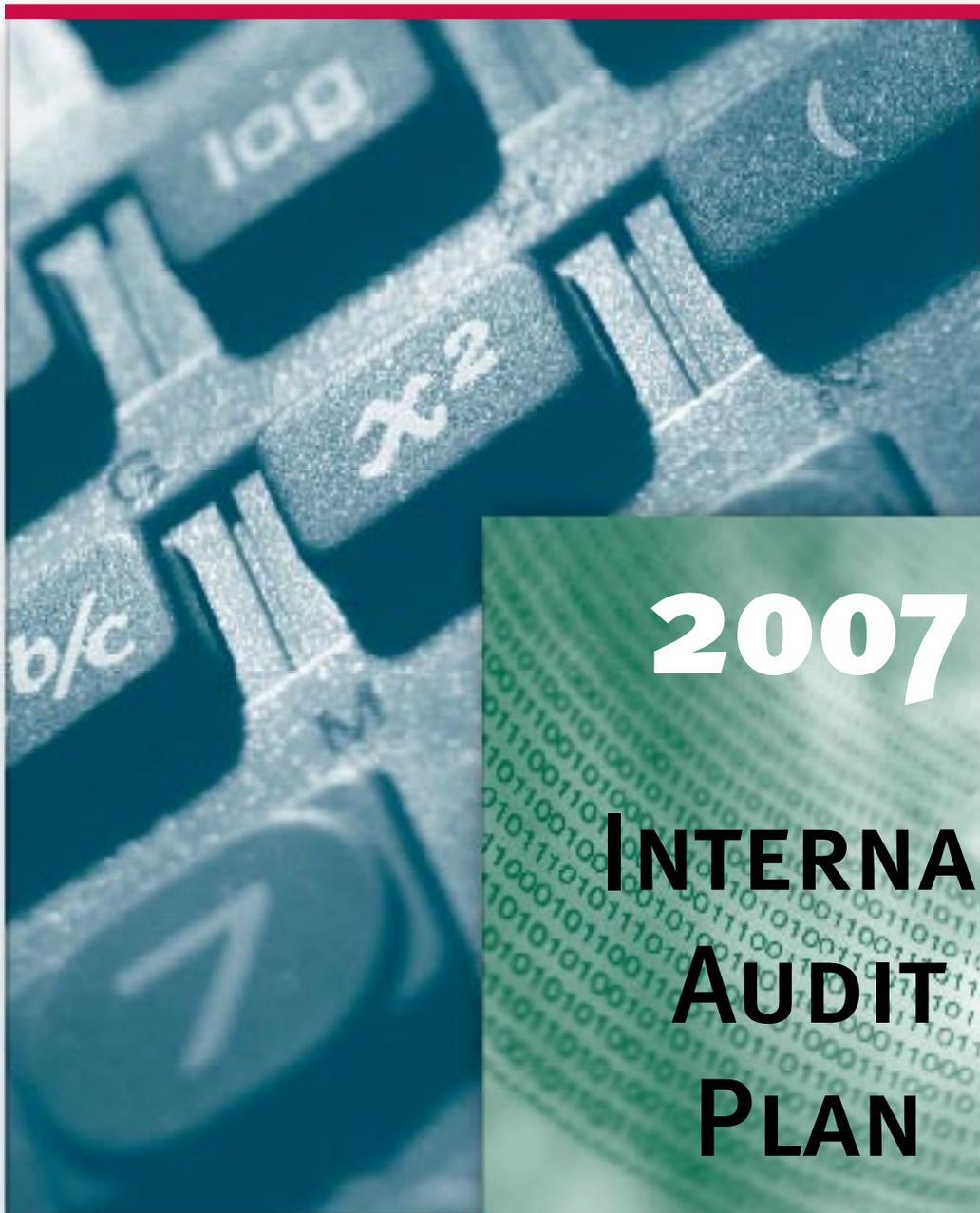
Network Security*	Independent Investment Dept. Network	Management from Investment and I.T.S. Departments establish procedures for maintenance of standards related to security, efficiency, quality control, and adherence to relevant organizational mandates related to I.T. networks	Agree	Yes	7/1/2006
	Ex-Associate Systems Access 3rd Party Confidentiality Agreements User Software Downloads Associate Confidentiality Agreements Locking Workstations Remote Access Management Systems Access Documentation	Management from Investments and I.T.S present information on the cost and benefits of maintaining the decentralized computing arrangement	Agree	Yes	7/1/2006
Health Care	Contract Compliance Disbursements	Audit In Progress	N/A	N/A	N/A
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	No	6/30/07

Service Retirement*	Benefit Calculations	Develop formal, written procedures to review and reconcile collections accounts with the Attorney General's Office representatives no less than annually	Agree	No	3/1/2007	
	Documentation of Key Processes		Discussions take place with appropriate staff to determine who will take ownership of the post AG's Office referral collections process	Agree	Yes	1/2/2007
	Management of Overpayments			Agree	Yes	12/1/2006
	Segregation of Duties	Appropriate staff meet with Internal Audit to discuss the strengthening of electronic controls related to the reproduction of benefit checks in the new software				
Fixed Income	Compliance with Ohio Revised Code	Audit Resulted in No Recommendations	N/A	N/A	N/A	
	Compliance with Investment Objectives and Policy Statement					
	Approved Brokers					
	Accuracy of Month-End Pricing					
	Segregation of Duties					
	Interest Income					
Accounts Payable	Vendor Payment History	Draft Report Under Mgt. Review	N/A	N/A	N/A	
	Segregation of Duties					

Member Withdrawals*	Compliance with the Ohio Revised Code Refund Estimates Refund Payments 1099Rs Non-Zero Accounts Segregation of Duties	Consult with I.T.S. Dept. to determine the cost/benefit of creating an additional input control for processing member withdrawals (use of LEGACY screen EPPY43) or develop compensating controls	Agree	Yes	4/21/06
International Investing	Foreign Tax Reclamations External Manager Review/Fees Monitoring of External Managers BNY Role as Sub-Custodian Valuation	Audit Initiated	N/A	N/A	N/A
Derivatives	Pre-approval and Post-approval Process Compliance with Derivative Limits Derivative Classification and Reporting Currency Forward Settlements Equity Swap Settlements	Audit in Progress	N/A	N/A	N/A
Domestic Equities	Broker Commissions Dividends/Splits Purchases/Sales	Draft Report Under Mgt. Review	N/A	N/A	N/A

Liquidity Reserves	Income Purchases/Sales Daily Cash Reconciliation	Audit in Progress	N/A	N/A	N/A
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*Audits were listed as "Under Mgt. Review," "In Progress," "Audit Initiated" or had not implemented recommendation(s) at the time of the last annual report.



2007

**INTERNAL
AUDIT
PLAN**



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INTRODUCTION

One of the tasks given the Internal Audit Department is to periodically perform an organizationwide risk assessment. The purpose is to identify the need for and to appropriately allocate its resources to the various risks confronting STRS Ohio. Risk assessment is the process of organizing and combining professional judgments about probable adverse conditions or events in auditable areas of an organization. The results are then prioritized in a matrix to develop the audit plan for the subsequent time frame.

The Institute of Internal Auditors' *Statement on Internal Auditing Standards No. 9* defines risk as the probability that an event or action may adversely affect the organization. The effects of risk can involve:

- An erroneous decision from using incorrect, untimely, incomplete or otherwise unreliable information.
- Erroneous record-keeping, inappropriate accounting, fraudulent financial reporting, or financial loss and exposure.
- Failure to adequately safeguard assets.
- Customer dissatisfaction, negative publicity and damage to the organization's reputation.
- Failure to adhere to organizational policies, plans and procedures or not complying with relevant laws and regulations.
- Acquiring resources uneconomically or using them inefficiently or ineffectively.
- Failure to accomplish established objectives and goals for operations or programs.

In 1993, the Internal Audit Department began using a quantitative method to determine which audits to perform in the upcoming calendar year. This method assigns values for six weighted risk factors to determine the relative significance of each auditable area. The risk factors were based on the Institute of Internal Auditors' *Statement on Internal Auditing Standards No. 9*. The Internal Audit Department assigned a risk value to each factor for each entity. A 9-point risk assessment scale, with graduations of risk from 1 = Not Risky to 9 = Extremely Risky, was used. The weighted total was then computed for each entity by totaling the products of value and weight for each factor.

In 2006, as part of a Retirement Board Audit Committee initiative to streamline the Internal Audit Plan focus, the Internal Audit Department developed an additional risk assessment component to focus on different levels of financial risk. "High," "Medium" or "Low" risk designations were assigned to the audit areas to aid in the identification of areas of risk that have a greater potential to significantly impact STRS Ohio operations.

The change resulted in a more focused application of resources in financial and operational reviews.

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.

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2007 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 Review/Fees Monitoring of External Managers BNY Role as Sub-Custodian Valuation												
Defined Contribution Plan	Quarterly Statement Review Acct. Additions/Withdrawals Reporting/Accounting												
Board Expenses	Preapproval of Travel Accuracy of Reimbursement Compliance With Travel Policies												
Securities Lending	Compliance Accuracy of Income Approved Borrowers Reporting/Accounting												
Post-Retirement Benefits	Lump-Sum Death Payments Death Matches Annuity Certain Expirations Overpayments/Collections Survivor Benefits Reselections												
Real Estate	Board Consultant Compliance Property Manager Review/Fees Purchases/Sales Income/Expenses Appraisals												
Income Taxes	Member Federal/State Withholding Change Data Security Tax Interface Reconciliations												
Associate Payroll	Compliance Integrity/Security of Database Accuracy of Final Payments Immigration Guidelines												
Fixed Income	Compliance Reporting/Accounting Due Diligence Measuring/Controlling Risk												
Associate Travel Expenses	Prior Authorization Proper Documentation/Approval Compliance												

2007 INTERNAL AUDIT SCHEDULE

Audit Area	Description of Audit Area	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
Disability Benefits	Benefit Processing												
	Reexamination Schedules												
	Payment of Medical Invoices												
	Statement of Employment/Earnings Termination of Benefits												
Investment Performance	Accuracy of PBI Awards Compliance												
Reemployed Retirees	Compliance With ORC Accuracy of Lump-Sum Payment Violations/Collections												
Contribution Reporting	Compliance Foundation Receipts/Reconciliation Monthly Deposit Processing												
Purchasing Practices	Compliance With Policies Receipt of Goods and Services Invoice Verification and Approval												
Equities	Compliance Monitoring of External Managers External Manager Fees Reporting/Accounting												
Fixed Assets — Computers	Purchasing Accuracy of Inventory Records Disposition												
Derivatives	Compliance Currency Forward Settlements Swap Settlements												
Employer Audits	Compliance Contract Review												
Alternative Investments	General Partner Review Valuation/Performance Fees Reporting/Accounting												

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	3	3	4	2	3	3	18
Associate Travel Expenses	4	4	3	3	2	2	18
Attendance Reporting	3	3	3	3	3	3	18
Benefit Check Printing	3	4	3	3	3	3	19
Board Elections	2	2	2	2	2	1	11
Board Expenses	3	3	2	2	2	2	14
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	4	3	5	3	3	3	21
Flexible Spending Plans	3	3	3	3	2	2	16
Insurance	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	2	2	2	1	10
Other Staff Expenses	2	2	5	2	1	1	13
Personal Investment Disclosure	2	2	2	2	2	2	12
Postage	2	2	3	2	2	3	14
Prior Work Experience — Vacation Leave Credit	3	3	3	2	3	2	16
Purchasing Practices	3	3	4	2	2	3	17
Unused Sick and Vacation Leave	2	2	5	2	2	1	14

*See Page 4 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 Tape 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	3	2	2	3	15
Early Retirement Incentive Credit	2	2	2	2	3	2	13
Employer Audits	3	2	3	2	2	2	14
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	4	3	2	2	3	17
Petty Cash	3	2	4	3	1	1	14
Purchasing Service Credit by Payroll Deduction	3	3	3	2	3	2	16

INVESTMENTS							
Alternative Investments	3	4	3	2	3	3	18
Derivatives	3	2	2	3	4	2	16
Equities	3	4	2	2	4	5	20
Fixed Income	2	2	2	2	3	3	14
International Investing	3	3	2	3	4	4	19
Investment Performance	3	2	3	2	3	3	16
Liquidity Reserves	2	2	3	2	2	2	13
Proxy Voting	2	2	2	2	2	1	11
Real Estate	3	3	3	3	3	4	19
Securities Lending	3	3	2	2	4	4	18

*See Page 4 for description of risk factors.

ASSIGNMENT OF RISK RATING

Audit Area	Risk Factors*						Total
	A	B	C	D	E	F	
MEMBER BENEFITS							
Call Center	3	3	3	3	3	2	17
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	4	4	17
Post-Retirement Benefits	3	2	3	4	2	2	16
Purchasing Service Credit	3	3	2	2	3	3	16
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	4	4	18
Survivor Benefits	2	2	2	3	2	2	13

*See Page 4 for description of risk factors.

RISK FACTORS WEIGHTED

Audit Area	Risk Factors*						Total
	A	B	C	D	E	F	
ADMINISTRATION							
Associate Payroll	27	24	28	12	15	12	118
Associate Travel Expenses	36	32	21	18	10	8	125
Attendance Reporting	27	24	21	18	15	12	117
Benefit Check Printing	27	32	21	18	15	12	125
Board Elections	18	16	14	12	10	4	74
Board Expenses	27	24	14	12	10	8	95
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	36	24	35	18	15	12	140
Flexible Spending Plans	27	24	21	18	10	8	108
Insurance	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	14	12	10	4	65
Other Staff Expenses	18	16	35	12	5	4	90
Personal Investment Disclosure	18	16	14	12	10	8	78
Postage	18	16	21	12	10	12	89
Prior Work Experience — Vacation Leave Credit	27	24	21	12	15	8	107
Purchasing Practices	27	24	28	12	10	12	113
Unused Sick and Vacation Leave	18	16	35	12	10	4	95

*See Page 4 for description of risk factors.

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 Tape 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	21	12	10	12	97
Early Retirement Incentive Credit	18	16	14	12	15	8	83
Employer Audits	27	16	21	12	10	8	94
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	32	21	12	10	12	114
Petty Cash	27	16	28	18	5	4	98
Purchasing Service Credit by Payroll Deduction	27	24	21	12	15	8	107

INVESTMENTS							
Alternative Investments	27	32	21	12	15	12	119
Derivatives	27	16	14	18	20	8	103
Equities	27	32	14	12	20	20	125
Fixed Income	18	16	14	12	15	12	87
International Investing	27	24	14	18	20	16	119
Investment Performance	27	16	21	12	15	12	103
Liquidity Reserves	18	16	21	12	10	8	85
Proxy Voting	18	16	14	12	10	4	74
Real Estate	27	24	21	18	15	16	121
Securities Lending	27	24	14	12	20	16	113

*See Page 4 for description of risk factors.

RISK FACTORS WEIGHTED

Audit Area	Risk Factors*						Total
	A	B	C	D	E	F	
MEMBER BENEFITS							
Call Center	27	24	21	18	15	8	113
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	20	16	104
Post-Retirement Benefits	27	16	21	24	10	8	106
Purchasing Service Credit	27	24	14	12	15	12	104
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	20	16	110
Survivor Benefits	18	16	14	18	10	8	84

*See Page 4 for description of risk factors.

2007 INTERNAL AUDIT WORK PLAN

Audit Area	Priority	Dept.	Risk Score	Estimated Audit Date	Risk Codes
Equities	High	I	125	Sep-07	F, I, C, O
Real Estate	High	I	121	Apr-07	F, I, C, O
Alternative Investments	High	I	119	Dec-07	F, I, C, O
International Investing	High	I	119	Jan-07	F, I, C, O
Derivatives	High	I	103	Oct-07	F, I, C, O
Fixed Income	High	I	87	May-07	F, I, C, O
Liquidity Reserves	High	I	85		F, I, C, O
Business Continuity Plan	Med.	A	122		F, I, C, O
Financial Reporting (STRS Ohio)	Med.	F	121		I, C, O
Insurance	Med.	A	108		F, I, C, O
Health Care	Med.	MB	104		I, C, O
Contribution Reporting	Med.	F	97	Sep-07	I, C, O
Accounts Payable	Med.	F	78		I, C, O
Annual Reporting	Med.	F	78		I, C, O
Annual Statements	Med.	F	78		I, C, O
Defined Contribution Plan	Med.	MB	78	Jan-07	I, C, O
Fixed Assets — Computer Equip.	Low	A	140	Oct-07	I, C, O
Associate Travel Expenses	Low	A	125	Jun-07	I, C, O, PS
Benefit Check Printing	Low	A	125		I, C, O
Income Taxes	Low	F	120	Apr-07	I, C, O
Associate Payroll	Low	A	118	May-07	I, C, O
Attendance Reporting	Low	A	117		I, C, O
Member Withdrawals	Low	F	114		I, C, O
Call Center	Low	MB	113		C, O
Purchasing Practices	Low	A	113	Sep-07	I, C, O, PS
Securities Lending	Low	I	113	Feb-07	I, C, O
Service Retirement Benefits	Low	MB	110		I, C, O
Flexible Spending Plans	Low	A	108		I, C, O
Reemployed Retirees	Low	MB	108	Aug-07	I, C, O
Prior Work Experience — Vacation Leave Credit	Low	A	107		I, C, O

2007 INTERNAL AUDIT WORK PLAN

Audit Area	Priority	Dept.	Risk Score	Estimated Audit Date	Risk Codes
Purchasing Service Credit by Payroll Deduction	Low	F	107		I, C, O
Post-Retirement Benefits	Low	MB	106	Mar-07	I, C, O
Purchasing Service Credit	Low	MB	104		I, C, O
Investment Performance	Low	I	103	Aug-07	I, C, O
Disability Benefits	Low	MB	102	Jun-07	I, C, O
Internet/Intranet	Low	A	102		I, C, O
Network Security	Low	A	102		I, C, O
Petty Cash	Low	F	98		I, C, O, PS
Board Expenses	Low	A	95	Feb-07	I, C, O, PS
Unused Sick and Vacation Leave	Low	A	95		I, C, O
Employer Audits	Low	F	94	Oct-07	I, C, O
Fixed Assets	Low	F	94		I, C, O
Other Staff Expenses	Low	A	90		I, C, O, PS
Postage	Low	A	89		I, C, O
Records Management	Low	MB	89		C, O
Actuarial Tape Processing	Low	F	87		I, C, O
Child Care Center	Low	A	86		I, C, O
Survivor Benefits	Low	MB	84		I, C, O
Early Retirement Incentive Credit	Low	F	83		I, C, O
Building Maintenance	Low	A	78		I, C, O
Educational Assistance Program	Low	A	78		I, C, O
Personal Investment Disclosure	Low	A	78		I, C
Board Elections	Low	A	74		I, C
Proxy Voting	Low	I	74		I, C
Ohio Ethics Commission Reporting	Low	A	65		I, C, O, PS

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