

PUBLIC AGENDA ITEM - #3

3. Review and Consideration of Proposed Revision to the Fiscal Year 2009 Internal Audit Plan

August 25, 2009

BACKGROUND:

The Board of Trustees of the Employees Retirement System of Texas (ERS) adopted an Internal Auditing Charter as amended on February 18, 2004. The Charter provides that the Director of Internal Auditing shall submit, through the Executive Director of the ERS, to the Trustees for approval any changes to the annual audit plan.

The Director of Internal Auditing has submitted through the Executive Director and presented to the ERS Audit Committee of the ERS Board of Trustees at their August 2009 meeting, the proposed revision to the Fiscal Year 2009 ERS Internal Audit Plan included in this agenda item as Exhibit A.

Revision to the audit plan was necessitated by changes to the investments corporate governance function in which the duties, including proxy voting, were reassigned to various areas within ERS. The hours originally budgeted for the corporate governance review were utilized for additional investments compliance monitoring during the 2009 fiscal year. The review of proxy voting is included in the proposed FY 2010 internal audit plan.

STAFF RECOMMENDATION:

The ERS staff recommends the following motion:

I move that the Board of Trustees of the Employees Retirement System of Texas approve the revision to the Fiscal Year 2009 ERS Internal Audit Plan described in the attachments to this agenda item.

ATTACHMENTS – 2 (Attached Under Separate Cover, *Audit Committee Meeting*)

Exhibit A – Proposed Revision to the Fiscal Year 2009 ERS Internal Audit Plan

Exhibit B – Proposed Revised Fiscal Year 2009 ERS Internal Audit Plan