

PUBLIC AGENDA ITEM - #4

4. Review and Consideration of Proposed Fiscal Year 2010 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 the annual audit plan for the internal audit workload program. The annual audit plan shall be based on risk analysis and shall identify individual audits to be performed during the following fiscal year.

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 ERS Internal Audit Plan for Fiscal Year 2010 included in this item as Exhibit A. The ERS Audit Committee was also presented an overview of the risk assessment and planning process, including the ERS Risk Assessment Questionnaire with Weights and Scores under Exhibit B.

The Risk Assessment Questionnaire was completed for all auditable areas of ERS based on the current organizational chart. The scores for each answer were multiplied by the weight for each risk factor. The risk factor scores were added together for an overall risk score. Those areas with the highest risk scores were identified as potential audit projects. Management input was obtained to identify possible audit objectives for the identified projects.

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 Fiscal Year 2010 ERS Internal Audit Plan described in the attachment to this agenda item.

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

Exhibit A – Proposed Fiscal Year 2010 ERS Internal Audit Plan

Exhibit B – ERS Risk Assessment Questionnaire with Weights and Scores for FY 2010