



SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

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RICHARD STENSRUD
Executive Director

KAREN D. ROGGENKAMP
Deputy Executive Director

January 13, 2025

Bethany Rhodes, Director/General Counsel
Ohio Retirement Study Council
30 E. Broad St., 2nd Floor
Columbus, OH 43215

Dear Ms. Rhodes:

Pursuant to R.C. 3309.044, enclosed please find a report of actions taken by the Audit Committee of the SERS Retirement Board for calendar year 2024. The attached report was prepared by SERS' Chief Audit Officer, Jeff Davis, and incorporates the reporting format approved by the Ohio Retirement Study Council.

Please feel free to contact Jeff Davis or myself if you have any questions.

Sincerely,

Richard Stensrud
Executive Director

Enclosure

RETIREMENT BOARD

MATTHEW A. KING
Chair, Employee-Member

CATHERINE P. MOSS
Vice-Chair, Retiree-Member

JEANINE ALEXANDER
Employee-Member

JEFFREY DELEONE
Appointed Member

JAMES H. HALLER
Employee-Member

JAMES A. ROSSLER, JR
Appointed Member

AIMEE RUSSELL
Employee-Member

FRANK A. WEGLARZ
Retiree-Member

DANIEL L. WILSON
Appointed Member

School Employees Retirement System of Ohio 2024 Annual Audit Report

(Submitted to ORSC January 13, 2025)

Current Year Completed Audits with Recommendations and Management Response

Audit Area	Scope	Recommendation, Risk Rating, and Summarized Finding	Management's Response	Recommendation Status	Anticipated Implementation Date
Tenant and Parking Revenue	Risk management, internal control design and effectiveness, contract management, information security, invoice/revenue monitoring, and financial reporting.	Management should develop policies and procedures related to tenant and parking revenue and other areas of operation. Risk Rating: Moderate	Procedures will be documented by the department.	Open	June 2025
		Comments: Controls related to Tenant and Parking Revenue were operating effectively to achieve business objectives.			
Identity and Access Management	Internal controls, policies, procedures and security related to Identity and Access Management	Eleven recommendations were included in the final report. Six received a moderate rating and five received a low rating. The report was presented in executive session.	Management has developed a remediation plan for each recommendation.	Two low rated recommendations have been closed. Corrective action for the remaining nine recommendations is open.	March 2025 (8) June 2025 (1)
		Comments: Controls related to Identity and Access Management were operating effectively to achieve business objectives.			

Risk Rating Levels:

High: Requires Immediate attention and remediation.

Moderate (Mod.): Requires near-term attention.

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

Recommendation Status:

Closed: Management has implemented the audit recommendation and it has been validated by Internal Audit

In Process: Management has implemented the audit recommendation and it is in the process of being validated by Internal Audit

Open: Management has not yet implemented the audit recommendation (see anticipated implementation date)

Accepted: Management has chosen to accept the risk of not implementing this audit recommendation (additional discussion to be added in "Comments" section)

Prior Years Completed Audits with Updates to Recommendations and Management Response

Audit Area	Scope	Recommendation, Risk Rating, and Summarized Finding	Management's Response	Recommendation Status	Anticipated Implementation Date
Employer Reporting	Risk management, internal control design, information security, employer reporting, contributions, transaction reconciliation, monitoring and communication.	Management should ensure employee web administrator (EWA) forms are imaged and available for review. Risk Rating: Moderate	Management will complete a project to confirm and document the EWA form for each employer.	Closed	Corrective action implemented.
		Management should determine the appropriate resolution for receivable balances from FY17 and FY18. Risk Rating: Low	Management will work with legal staff to determine the best approach and document the process to resolve outstanding items.	Open	April 2025
		Management should develop approaches to monitor higher risk activity. Risk Rating: Low	Management will work with IT Services to develop additional monitoring tools.	Closed	Corrective action implemented.
		Comments: Controls related to Employer Reporting were operating effectively to achieve business objectives.			

Risk Rating Levels:

High: Requires Immediate attention and remediation.

Moderate (Mod.): Requires near-term attention.

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

Recommendation Status:

Closed: Management has implemented the audit recommendation and it has been validated by Internal Audit

In Process: Management has implemented the audit recommendation and it is in the process of being validated by Internal Audit

Open: Management has not yet implemented the audit recommendation (see anticipated implementation date)

Accepted: Management has chosen to accept the risk of not implementing this audit recommendation (additional discussion to be added in "Comments" section)

Completed Audits with No Recommendations

Audit Area	Scope
Annual Member Statements	Accuracy of annual member statements, internal control design and effectiveness, policy and procedures documentation.
	Comments: Controls related to Annual Member Statements were operating effectively to achieve business objectives.
Investment Incentive Compensation	Evaluate controls and payments associated with the FY2024 Investment Incentive Compensation Plan.
	Comments: The investment incentive plan appears supportive of the Board’s intent to reinforce a performance philosophy to attract and retain high-quality talent within Investments. Management was effective in completing the calculations in an accurate manner with supporting documentation. There were no calculation errors identified during testing.
Conflict of Interest	Review disclosures by Investments staff and external investment service providers for conflicts of interest compliance. Review included: 1) Investment staff certification 2) Financial Disclosure Statements 3) Professional Conduct Statement 4) Investment Manager Agreement 5) Required annual disclosure
	Comments: Reviewed SERS’ Investments staff disclosures and external investment service providers. No exceptions identified.
Undue Influence	Independently verify key SERS staff performed their job duties in good faith according to SERS’ policies and reaffirm no one had attempted to coerce their work or influence their job performance.
	Comments: The CAO reviewed the submitted undue influence forms and determined they were properly filed with no instances reported on the forms submitted.

Active Audits

Audit Area	Scope	Target Completion
Retirement Benefits	Accuracy of retirement benefit estimates and final calculations, internal control design and effectiveness, policy and procedures documentation.	February 2025
IT Infrastructure	Review of IT Infrastructure updates from the past two fiscal years.	June 2025

Other Audit Related Activity

Area	Subject/Project	Description
Investments Compliance	Board Reporting	Review of monthly/quarterly Iran-Sudan reports.
Health Care	Benefits - Pharmacy/Medical	Internal Audit provided consulting services related to ongoing health care claims audits.
Financial Reporting	Financial Statement Controls	The Chief Financial Officer regularly provides updates to the Committee on financial reporting processes, changes in accounting and financial reporting standards, comprehensive annual financial report overview, processes in place to limit material control weaknesses and fraud, and periodic updates on activities involving external auditors or other oversight entities.
Risk Management	Strategic Planning	Internal Audit provided ongoing consulting into the development and implementation of SERS' risk management program and practices, as identified in audit reports and SERS' FY2025-30 Strategic Plan.
External Audit	Financial Statements	External auditors provided all required written communication and verbal updates on the audit of the annual financial statements to the Audit Committee and Board.
Committee Report	CY2024 Report	Pursuant to R.C. 3309.044, a report of actions taken by the Audit Committee of the SERS' Retirement Board for calendar year 2024.
Internal Audit Plan	FY2025 Plan	The FY25 Internal Audit Plan was approved by the SERS Audit Committee June 2024.
Board Reporting	Member Services	Ongoing review of data included in board reports.
Continuous Auditing	Other	Ongoing auditing of SERS financial transactions. (monthly, quarterly, and annual basis)
Comment Remediation	Issued Audit Comments	Perform audit remediation activities involving internal, external, and other audit comments.
Internal Audit Operations	Internal Audit Quality Assurance	Updated Internal Audit Operations Manual, Audit Committee and Internal Audit Charters, and standard work paper forms. Completed CAO annual goals aimed at improving audit effectiveness, plan completion, coordination and collaboration.

Composition of Audit Committee at end of reporting year

Catherine P. Moss, Retired Member

Aimee Russell, Employee Member

James Rossler, Jr., Appointed Member