

**Proposal to the
Ohio Retirement System Study Council
to Perform a
Fiduciary Performance Audit
of the School Employees Retirement
System of Ohio**

[View HTML Proposal](#)

July 31, 2026



Funston
Advisory
Services LLC

3838 Tamiami Trail N. Suite 416, Naples FL 34103

4.1 PROPOSAL SUMMARY	4
Executive Summary	4
4.2 CAPABILITIES AND EXPERIENCE	9
Overview of Funston Advisory Services LLC (FAS)	9
Specific Areas of Experience	18
4.3 STAFF QUALIFICATIONS	22
Project Team Organization and Roles	40
4.4 REFERENCES	45
4.5 METHODOLOGY, WORK PRODUCT, AND TIMELINE	49
Our Methodology and Framework	50
Our Process at a Glance	51
1. Project Kick-off	52
2. Document Review and Preliminary Analysis	52
3. Discussion Document	54
4. Survey	54
5. Interviews	54
6. Report and Closing Conference	55
Working with the ORSC and SERS	55
Deliverables	55
Timeline	56
4.6 ADDITIONAL INFORMATION	57
4.7 GLOSSARY	58
4.8 COST INFORMATION	60
Appendix A – InGov® Intelligence	61
Appendix B – Preliminary Data Request	65
Appendix C – Preliminary Interview List	70
Appendix D – Workplan and Timeline	71
Appendix E – AI Policy	79

Funston Advisory Services LLC

Governance · Operations · Risk Intelligence for Public Retirement Systems

July 27, 2026

Ohio Retirement Study Council
30 East Broad Street, Columbus, Ohio 43215

Re: Proposal to Perform a Fiduciary Performance Audit of the School Employees Retirement System of Ohio

Members of the Council:

On behalf of Funston Advisory Services LLC (FAS), I am pleased to submit our proposal to conduct the fiduciary performance audit of the School Employees Retirement System of Ohio (SERS) required under R.C. 171.04(F). The proposal that follows sets out our team, our methodology, and our record with SERS and the Council. This letter speaks to something the proposal cannot: why this audit, at this moment, matters for a system like SERS—and what we intend it to accomplish.

The fiduciary landscape has shifted markedly since SERS was last reviewed. Boards now oversee larger and more complex private-market allocations, with the fees and conflicts that accompany them. They must defend the integrity of member data and benefit operations against escalating cybersecurity and third-party risk. They compete for scarce investment and operations talent and they are asked to govern the responsible use of artificial intelligence within their own organizations. Underlying all of it is a rising expectation that trustees demonstrate not merely that a decision was reasonable, but that it is defensible as measured against an external, authoritative standard that is able to withstand scrutiny.

That is the standard to which we build every engagement. We measure a system first against the requirements of law and regulation, then against authoritative professional guidance, and then our professional experience. Only then do we compare the system against the practices of its peers. This is done so that a lagging field never appears adequate and each finding rests on the standard rather than the average. Our InGov® technology accelerates the collection and comparison. It is our subject matter experts who render the judgment, not an algorithm. We look beyond the boardroom to the executives who exercise delegated authority and to the staff where policy becomes practice, because that is where governance succeeds or fails in operation.

We also examine the statutory environment itself. A board can govern well within constraining law or poorly within permissive law. Distinguishing between the two is what makes a finding fair to trustees and genuinely useful to the Ohio Retirement Study Council.

I will hold overall responsibility for this engagement and its results. Evan Norton, a Principal of the firm, will serve as your day-to-day contact and project manager. We will hold weekly status calls with the SERS liaison and provide the ORSC with at least bi-weekly progress updates throughout. We would be privileged to continue our service to the Council and to SERS, and we welcome your questions. Thank you for your consideration.

Respectfully,

Frederick (Rick) Funston

Chief Executive Officer
Funston Advisory Services LLC

4.1 PROPOSAL SUMMARY

Executive Summary

Each proposal shall provide a narrative summary of the proposal being submitted. This summary should identify all of the services and work products that are being offered in the proposal and should demonstrate your firm's understanding of the project.

Funston Advisory Services LLC (FAS) is pleased to submit this proposal to the Ohio Retirement Study Council (ORSC) to conduct the fiduciary performance audit of the School Employees Retirement System of Ohio (SERS) required under R.C. 171.04(F). We understand the purpose of this audit is to identify SERS's areas of strength and weakness, to compare SERS's operations against the best practices of other public pension plans, and to make clear, actionable recommendations for improvement—delivered in a way that respects the demands on the Board and staff who keep the System running for its members.

Our journey with SERS and the ORSC

As you know, this is not our first work in Ohio. FAS reviewed SERS's investment operations in 2013 and conducted the System's most recent fiduciary performance audit in 2017. Our service to the ORSC now extends across Ohio's retirement systems: we have since completed fiduciary performance audits of the Ohio Police & Fire Pension Fund (OP&F, 2022), the State Teachers Retirement System (STRS, 2022), and the Ohio Highway Patrol Retirement System (HPRS, 2023). That breadth means we begin with a working knowledge of SERS's governance structure, its people, and the Ohio statutory environment in which the Board and the ORSC operate. With current, firsthand insight into how Ohio's systems compare, more of our time is spent on analysis and insight, and less on getting up to speed.

A great deal has changed at FAS since 2017—to Ohio's benefit

Our capabilities have advanced in three ways that translate directly into more value for SERS and the ORSC:

- **A deeper bench.** The FAS network has grown to more than 30 pension and investment specialists. We have expert coverage of all functions within a pension system and public fund. A rising share of our team has served in executive at some of the nation's largest retirement systems—they have sat in the very seats we are engaged to review.
- **A proven, lighter-touch methodology.** We have refined our approach based on more than 60 fiduciary and operational reviews. The result is a disciplined process that reduces the time and commitment required of already-busy SERS Board and staff.
- **Technology that raises the ceiling on insight.** Through InGov®, our AI-enabled, human-in-control governance benchmarking platform, we score a system against an authoritative standard built on three questions: What is required by law? What is recommended by professional bodies (CFA Institute, GFOA, GASB, and others)? And what is leading practice, drawn from FAS's in-the-field observations? We then measure SERS against more than 100 systems held to that same standard, producing peer and industry intelligence no other firm can match. Because the analytics do the data work, our experts spend their time on value-

added judgment, which we believe materially increases the value of our deliverables while lowering the cost to Ohio relative to prior audits.

What we will deliver

FAS will perform an independent fiduciary performance audit across the full scope set out in this RFP. We will audit board governance and administration; organizational structure and staffing; investment policy and oversight; legal compliance; risk management and controls; and information technology operations. We will provide at least bi-weekly progress updates to the ORSC and deliver a written final report and interactive HTML that includes a plain-language executive summary, our opinions on SERS's strengths and weaknesses, a comparison of SERS's operations to leading public-pension practice, and prioritized, clearly identified recommendations. These will be supported by our working papers and a closing presentation to the Council and then the SERS Board.

We would be privileged to continue our relationship with the ORSC and SERS, and to bring our people, our methodology, and our technology to bear on a System that serves more than 165,000 active members and 83,000 retirees across Ohio.

Staff Relationships and Independence Statement

Except as disclosed below, neither Funston Advisory Services LLC (FAS) nor any professional proposed for this engagement holds any current financial, ownership, or business relationship with the School Employees Retirement System (SERS), its Board members, executives, investment managers, consultants, custodian, actuary, external auditor, or other service providers whose work will be examined in this audit.

SERS is a client of Board Smart, an affiliated company of FAS that provides fiduciary education. This relationship is limited to fiduciary-education services, is unrelated to the investment, actuarial, custodial, audit, and advisory functions this audit will examine, and does not impair our independence. FAS will apply its external, standards-based methodology throughout and will not treat any affiliate-provided material as a benchmark of good practice.

Our compensation is fixed and in no way contingent on the nature of our findings or recommendations. FAS sells no investment products, manages no assets, does not select investment managers, offers no actuarial services and receives no fees, commissions, or referral arrangements from any organization we may evaluate.

Should any other specific relationship bearing on a particular area of review emerge during the engagement, we will disclose it promptly to the ORSC and SERS and recuse the affected individual from that matter. FAS affirms that it will conduct this audit independently and objectively, and that the relationship disclosed above does not impair that independence.

General Information

In addition to the summary, please provide all of the following general information:

- *Your firm's primary contact for ORSC staff use and, if different, for SERS staff use during the audit;*
- *General ownership structure of your organization, including subsidiary and affiliated companies, and joint venture relationships;*
- *Information regarding any material change in your firm's structure or ownership within the last eighteen months, or any material change in ownership, staff, or structure currently under review or being contemplated by your firm;*
- *If available, a third-party assessment or report concerning client satisfaction and measures of your firm's strengths and weaknesses;*
- *Any material litigation to which your firm is currently a party;*
- *A list and brief description of litigation brought against your firm by existing or former clients over the last five years; and*
- *A list of any professional relationships involving the ORSC, the five Ohio public retirement systems, the State of Ohio, or its political subdivisions for the past five years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed review.*

General Information

Evan Norton, a Principal with FAS, will be the primary contact person for both the ORSC and SERS. He can be contacted via email at enorton@funstonadv.com or via telephone at (647) 282-7454. Evan has led successful assignments from start to finish at some of the nation's largest and most complex public funds, and public retirement systems and multi-employer plans (including DC, DB and Hybrid plans).

FAS is and has been 100% owned by Rick Funston since its founding in 2010. No changes are currently being contemplated. FAS has no subsidiaries, nor does it have any equity positions in joint ventures. However, Rick Funston is the founder and super majority shareholder of an affiliated fiduciary insights and education company, Board Smart LLC. FAS often works with other firms either as a prime contractor or as a subcontractor in order to include the appropriate experience and capabilities for a specific engagement.

FAS has not been evaluated by a third-party firm for client satisfaction; however, we would be pleased to have the ORSC contact our reference clients to discuss our work.

FAS is not now, nor has it ever been, party to any material litigation.

FAS has conducted five prior engagements in support of the Ohio Retirement Study Council's statutory mandate to conduct a fiduciary performance audit of each statewide retirement system at least once every ten years.

FAS also conducted a fiduciary review of the investment-related operations of the School Employees Retirement System of Ohio ("SERS") at the request of SERS in 2013. In 2016, FAS was engaged by the Ohio Retirement Study Council ("ORSC") to conduct the SERS fiduciary performance audit.

As part of that engagement, FAS team members interviewed the ORSC Director and General Counsel as key stakeholders in the SERS fiduciary audit process. Since completion of the audit, FAS team members have had periodic informal conversations with SERS and ORSC executives regarding the audit recommendations and implementation progress.

FAS does not believe that any of these prior engagements or professional interactions create a conflict of interest for this proposed SERS fiduciary performance audit assignment. To the contrary, this experience provides the proposed FAS project team with valuable institutional knowledge of Ohio's public retirement system environment, the ORSC fiduciary audit process, and SERS' governance, operations, and policy structure. This background should enhance FAS's ability to perform the engagement efficiently, independently, and effectively on behalf of the ORSC.

General Information: Certifications & Warranties

By submitting this proposal, Funston Advisory Services LLC (FAS) warrants and certifies that:

- It is eligible for award of a contract by the Attorney General's Office, pursuant to Ohio Revised Code Sections 9.24, 125.11, 125.25, and 3517.13;
- It has familiarized itself with the ethics statutes governing state employees and appointees, including those concerning employment of former government employees, gifts, and lobbying;
- FAS, any subcontractor, and any person acting on behalf of FAS or a subcontractor shall not discriminate, by reason of race, color, religion, sex, age, genetic information, disability, military status, national origin, or ancestry, against any citizen of this state qualified and available to perform the work under any contract resulting from this RFP;
- It has read the RFP, understands it, and agrees to be bound by its requirements;
- If awarded a contract arising out of this RFP, it shall negotiate such contract in good faith, in a form provided by the Attorney General's Office/ORSC; and
- It has not included any legal terms or conditions for the contract in its proposal.

Funston Advisory Services LLC



By:

Name: Frederick (Rick) Funston Title: Chief Executive Officer

Date: July 26, 2026

4.2 CAPABILITIES AND EXPERIENCE

Overview of Funston Advisory Services LLC (FAS)

Funston Advisory Services is recognized as one of the nation's preeminent advisors to public retirement systems in the areas of governance, operations (including investment operations) and risk intelligence. We are distinguished by the caliber and experience of our FASNET team of subject matter experts, the authoritative standard and cross system capability our InGov benchmarking, and the quality and pragmatism of our advice. We are independent and provide an unbiased perspective and recommendations. Consulting and education on governance, strategy, risk and operations to retirement systems is our only business.

Our approach is based on leading practices and tempered with decades of practical experience, gained over 60+ fiduciary reviews. We have seen what actually works in specific circumstances. We bring a track record of success and an outstanding team dedicated to this project and its success. Our firm brings direct experience with the public retirement systems under the purview of the Ohio Retirement Study Council, and FAS has served SERS of Ohio through fiduciary and investment-operations reviews since 2013.

Over the past five years, FAS has helped a growing number of major state public retirement systems and state investment boards in evaluating their fiduciary performance and identifying governance, and operational improvement opportunities. Our reviews typically result in a high level of acceptance of the results and extensive implementation of the recommendations.

The case examples below collectively attest to FAS's qualifying recent experience:

#	Client	Plans	Engagement Type	Period
1	Ohio Retirement Study Council (ORSC): oversight body for four Ohio statewide retirement systems (HPRS, STRS Ohio, OP&F, SERS)	DB, DC, Hybrid	Statutorily mandated fiduciary performance audits (governance, investment decision-making, risk management, controls, legal compliance)	2017, 2022, 2022, 2023
2	North Dakota State Investment Board and North Dakota Teachers' Fund for Retirement (NDSIB/NDTFFR) — \$29B	DB, DC, Hybrid	Governance policy reviews and governance policy system rewrites, fiduciary education, on-going advisory retainer	2025 – On-going
3	State of Wisconsin Investment Board (SWIB) — \$178B	n/a	Governance advisory, Board & Executive evaluations, and fiduciary education and insights	2023 – On-going

#	Client	Plans	Engagement Type	Period
4	South Carolina Retirement System Investment Commission (RSIC) — \$50B	n/a	Governance structure review, fiduciary performance audits, enterprise performance and risk management – KPR development, governance advisory retainer	2018, 2022, 2025 – Ongoing
5	Pennsylvania PSERS, \$64.2B	DB, Hybrid DB/DC, and DC	Board Governance Review	2020–2021

Each reference independently reflects more than the three-year minimum experience requirement, and collectively they cover the full scope of services contemplated by this solicitation which includes: board governance, organization and staffing, investment policy and oversight, risk and internal controls, legal compliance and IT operations. The ORSC engagements are particularly analogous, and provide FAS with a unique level of institutional knowledge about Ohio SERS and its peers which will provide continuity and deeper understanding of how to continue modernize for the future. For additional information see: [Experience](#) and [References](#).

Unique Capability: InGov® The Fiduciary Scorecard

At the center of our methodology is InGov®, FAS’s fiduciary benchmarking capability, which converts governance data into actionable intelligence—so a board sees exactly where it stands, where its peers stand, and where the highest-leverage improvements lie.

InGov® is built on a principle we call *absolute first, relative second*: we score a system against an absolute fiduciary Standard of Comparison before introducing any peer comparison, because pure peer benchmarking can create false reassurance—a group of underperformers can all appear “average.”

The Standard reflects what is *required* (by law), what is *recommended* (by authoritative bodies such as the CFA Institute, GFOA, and GASB), and what constitutes *leading practice* drawn from FAS’s in-the-field observations. Using more than 1,600 fiduciary criteria, InGov® measures a system across four interconnected pillars—Structure, Policy, Practice, and Outcomes—with policy scored independently across the Governance, Investment, Retirement, and Administration domains, and investment performance assessed through our Information Ratio.

The result for SERS and the ORSC is an objective, defensible scorecard. It has been refined across more than 60 governance reviews and benchmarked against a curated peer universe that lets our experts spend their time on judgment and recommendations rather than data collection, and gives the Council measurement it can stand behind.

1,600+ fiduciary criteria scored | **60+** governance reviews behind the Standard | **103** system anonymized peer universe (to select from)

FAS' InGov Fiduciary Scorecard process is described in [4.6 ADDITIONAL INFORMATION](#)

Each proposal shall describe your firm's capabilities and recent experience (at least during the last five years) in performing fiduciary audits or studies of public employee retirement systems. The firm should include information on the types and sizes of public employee retirement systems for which past work has been performed, including whether the systems were defined benefit or defined contribution plans, the types and number of participating employers, number of participants, and other relevant indicators of plan type, size, and comparability to SERS. You may provide a sampling or summary description of the scope of these projects and non-proprietary key findings and recommendations.

Relevant Case Examples

Fiduciary audits, governance reviews, and GRC assessments of public employee retirement systems (2020–2026)

The following case examples summarize Funston Advisory Services' recent experience performing fiduciary audits and related governance and risk assessments of public employee retirement systems. Each describes the system's background, the primary areas of focus, its size and complexity (including plan type, participants, and participating employers), and the results, including non-proprietary key findings and recommendations. Together they span defined benefit, defined contribution, and hybrid plans; single- and multiple-employer systems; and assets ranging from under \$1 billion to more than \$250 billion, including three of Ohio's five ORSC-audited statewide systems directly comparable to SERS.

South Carolina Retirement System Investment Commission (RSIC)

Fiduciary Performance Audit · 2022 (also 2018 and 2014) · Office of the State Auditor

Background of the Retirement System

RSIC holds exclusive authority for investing and managing the assets held in trust for the participants and beneficiaries of South Carolina's five statewide defined benefit plans. FAS was selected by the South Carolina Office of the State Auditor (OSA) to conduct the 2022 fiduciary performance audit, and had also conducted RSIC's 2018 audit (for the OSA) and 2014 audit (for the State Inspector General), giving FAS a multi-cycle perspective on the system's governance evolution.

Primary Areas of Focus

The 2022 scope focused on evaluating implementation of the 2018 recommendations and their continued relevance given significant investment-strategy changes; reviewing policy and practice changes tied to the simplification of the portfolio's asset allocation and their effect on risk; evaluating whether the board's evolving role from management to oversight positions it to fulfill its fiduciary duties; and noting enhancements toward prevailing and best practices. Earlier cycles had covered governance; policy review and development; organizational structure; investment administration; legal compliance; and information technology.

Size and Complexity

Plan type: Investment commission for five statewide defined benefit plans. **Assets:** approximately US\$50 billion under management. **Participating employers:** of the underlying DB plans, South Carolina state agencies, public school districts, and local governments. Demonstrates FAS experience with a large, investment-focused public fiduciary body and repeat multi-year engagements.

Results and Overview

7-month engagement (May–Dec 2022), the third in a series. The 2014 audit produced 126 recommendations and 8 legislative recommendations that contributed to the State's 2017 Pension Reform legislation, which addressed all but two of the legislative recommendations, including: fiduciary designation, actuarial return-setting, external counsel selection, expansion of the Commission's size and composition, and commissioner qualifications; FAS assessed 110 of the 126 recommendations as fully implemented and 9 more as substantially implemented. The 2018 audit added 52 prioritized recommendations with cost/benefit analysis. The 2022 audit evaluated implementation progress and the risk implications of the simplified asset allocation and the board's shift toward an oversight model. During the engagement history, FAS provided testimony to a State Senate subcommittee and a special joint committee. FAS was again engaged by RSIC in 2025 for ongoing governance advisory and the development of Key Performance Risk (KPR) frameworks—the most recent in a relationship spanning 2014, 2018, 2022, and 2025.

Florida State Board of Administration (SBA)

Governance, Risk Management and Compliance (GRC) Review · 2022–2023

Background of the Retirement System

The Florida SBA manages the assets of the Florida Retirement System (FRS), one of the largest public retirement plans in the U.S., along with some 30 additional mandates. In May 2022, the SBA's Audit Committee commissioned FAS to review its Governance, Risk and Compliance (GRC) program and related controls; FAS had also conducted the SBA's prior 2018 GRC review.

Primary Areas of Focus

An assessment of the current state of the SBA's GRC program and related controls, including the monitoring and oversight activities associated with its investment management, middle- and back-office operations, and certain other processes; leveraging the COSO framework across the three lines of defense, plus independent advisory council/audit committee oversight and external independent verification. The review also assessed progress on the 109 recommendations from the 2018 GRC review and, at the SBA's request, included an Independent Validation Statement for the Office of Internal Audit's self-assessment consistent with the IIA's Quality Assessment Manual.

Size and Complexity

Plan types managed: the FRS Pension Plan (defined benefit), roughly three-quarters of SBA assets, and the FRS Investment Plan (defined contribution), among ~30 mandates. **Assets:** approximately \$250 billion under management. **Membership / employers:** FRS covers more than 1 million members across approximately 1,000 participating employers (state agencies, counties, school districts, and universities). A large, internally-managed investment organization; the review engaged nearly 80 staff along with committee members and the external auditor.

Results and Overview

8-month engagement (Oct 2022–June 2023; summary presented to the Audit Committee in Aug 2023). FAS used a three-phase approach (data gathering; documentation, analysis and preliminary findings; recommendations and final report), including a management survey of 4 Audit/Investment Advisory Committee members and 44 management-team members, peer benchmarking via FAS's proprietary InGov® knowledgebase, and interviews with nearly 80 staff, the Audit Committee Co-Chairs, the Investment Advisory Committee Chair, and the external auditor. For each area within scope, FAS documented current policies and practices, stated the standard of comparison based on peer practices, and rated current state on a three-point scale. The final report included 42 recommendations for improvement, which the SBA is implementing.

North Dakota State Investment Board (NDSIB)

Governance Review and Policy Rewrite · 2025–2026 and ongoing advisory

Background of the Retirement System

NDSIB is a \$29 billion public investment organization managing defined benefit, hybrid, and defined contribution retirement plans. FAS was engaged for a governance review and redesign from September 2025 to July 2026 and has since been retained for ongoing advisory services.

Primary Areas of Focus

A comprehensive review and assessment of NDSIB’s governance structure, policies, and practices in the context of current leading practices for fiduciary governance of a public investment board, including: board composition, delegation of authority, roles and responsibilities of the Board and senior leadership, committee structure and charters, and the policies, procedures, and practices governing the system. FAS performed a thorough policy and charter diagnostic, benchmarking NDSIB’s governance documentation against an authoritative standard using FAS’s InGov knowledgebase.

Size and Complexity

Plan types: defined benefit, hybrid, and defined contribution plans, demonstrating FAS experience across all three plan types within a single client. **Assets:** approximately \$29 billion. **Structure:** a public investment board managing assets on behalf of multiple state funds.

Results and Overview

FAS provided formal written recommendations on improvements to governance structure, policies, and charters, and participated in meetings with the Executive Director and Board to present and refine findings. Based on the review’s findings, FAS was contracted to rewrite NDSIB’s governance policy manual, transforming a static policy document into a highly navigable governance policy system. FAS has since been retained for ongoing advisory services and a second governance review and policy-system rewrite for the North Dakota Teachers’ Fund for Retirement.

Ohio Retirement Study Council (ORSC) — STRS Ohio, OP&F, and HPRS

Fiduciary Performance Audits · 2021–2023 · Commissioned by the Ohio Retirement Study Council

Background of the Retirement Systems

The Ohio Retirement Study Council (ORSC) provides legislative oversight of Ohio’s five statewide retirement systems and, by statute, commissions an independent fiduciary performance audit of each system at least once every ten years—the same mandate under which the SERS audit is being procured. Through competitive ORSC processes, FAS was selected to conduct three of these audits in succession: the State Teachers Retirement System of Ohio (STRS Ohio), serving the State’s public educators; the Ohio Police & Fire Pension Fund (OP&F), serving Ohio’s full-time municipal police officers and firefighters and their beneficiaries; and the Ohio Highway Patrol Retirement System (HPRS), serving members of the Ohio State Highway Patrol.

Primary Areas of Focus

Each audit addressed the same six areas defined by the ORSC’s Request for Proposal (Board Governance and Administration; Organizational Structure and Staffing; Investment Policy and Oversight; Legal Compliance; Risk Management and Controls; and IT Operations), the identical scope contemplated for the SERS engagement. In each, the purpose was to identify strengths and weaknesses, compare the system’s operations with the leading practices of other retirement systems, and make recommendations for improvement.

Size and Complexity

These engagements span the full range of the Ohio public-plan spectrum, all under ORSC oversight and directly comparable to SERS. STRS Ohio is a large defined-benefit system (which also offers defined contribution and combined plan options) with approximately \$98 billion in assets invested on behalf of 500,000 Ohioans. The majority managed internally, including a directly-owned real estate program and paid more than \$7.5 billion in service, disability, and survivor benefits to nearly 157,000 individuals in FY2021, including \$437 million for health care. OP&F is a mid-sized statewide defined-benefit system with an investment portfolio of approximately \$19 billion (as of March 2022), serving roughly 27,000 active members and more than 30,000 retirees and beneficiaries across Ohio municipalities employing police and fire personnel. HPRS sits at the small-system end—a single-employer defined-benefit plan with approximately 1,225 active members, 1,549 retirees, and 320 survivors (141 active members participate in the DROP), supported by an internal staff of eight that relies extensively on external service providers. Together they demonstrate FAS’s experience across Ohio systems that mirror SERS in sector, scale, and statutory oversight.

Results and Overview

FAS completed all three audits in succession: STRS Ohio (8-month engagement, Sept 2021–May 2022, presented to the ORSC in June 2022), OP&F (11-month engagement, Oct 2021–Aug 2022, presented Sept 2022), and HPRS (6-month engagement, Dec 2022–May 2023, presented June 2023). Across the engagements FAS reviewed policies, procedures, reports, board and committee charters, and samples of investment transactions; interviewed trustees, executives, and outside service providers (external auditors, actuaries, investment consultants, external asset managers, custodial banks, and Treasurer of State staff); conducted governance self-assessment surveys; and applied FAS’s proprietary InGov public-retirement-system peer benchmarking data. The three

reviews produced more than 430 recommendations in total (170+ for STRS Ohio, 150+ for OP&F, and 110+ for HPRS), including several proposed legislative changes offered for ORSC consideration—relating to designation of the Treasurer of State as fund custodian, limitations on qualified and Ohio-based custodial banks, and the Attorney General’s authority for engaging external counsel. This unbroken sequence of ORSC audits gives FAS current, direct familiarity with the Council’s process and expectations and with the Ohio statutory environment—continuity we will bring to the SERS engagement.

Specific Areas of Experience

You should include other information you believe may be relevant in demonstrating your capabilities in performing the fiduciary audit, including other professional experience and data processing capabilities. Please include your firm's experience and capability regarding all of the following:

Information technology capabilities: FAS fiduciary reviews with the South Carolina Retirement System Investment Commission and the Public Employee Benefit Authority, and the New York City Bureau of Asset Management, New York State Common Retirement Fund, all included reviews of the information technology environment and capabilities, as well as evaluating business continuity and disaster recovery plans and capabilities.

On the team for this proposal, we have three team members with extensive IT experience and expertise. Steven Ross is a leading IT consultant and former Deloitte practice leader with over 40 years of IT operations (technology and applications) and cybersecurity experience. Larry Jensen has extensive IT experience from an internal audit perspective at CalSTRS and CalPERS. Both Steven and Larry are Certified Information Systems Auditor (CISA). Matt Jacobs, JD has extensive IT oversight experience, including having responsibility for enterprise risk and business continuity management for CalPERS.

The engagements below demonstrate direct, documented experience in each of the requested review areas.

A. Reviewing internal trading and trade processing operations

South Carolina RSIC (2018, 2022, 2025). Both fiduciary performance audits reviewed internal trading (limited to liquidity and short-duration fixed income), broker-dealer selection and the Internal Investment Committee's semi-annual trade-volume review, and the independent review of the fixed income trading process and supporting operations, including Abel Noser trade-execution analysis and transition management.

Florida SBA (2023). The GRC review assessed middle-office trade processing, pre-trade compliance screening as a preventive control, post-trade compliance, trade-order compliance systems, and trade-entry exceptions tracked as operating “vital signs.”

Ohio OP&F (2022) and Ohio HPRS (2023). Both audits evaluated transaction-cost measurement, directed brokerage, commission recapture and soft-dollar practices, and best-execution testing, using third-party trade-cost analysis (Zeno).

Central Pension Fund – IUOE (2023). The operational review examined back- and middle-office trade execution and rebalancing processes and staff monitoring of trading costs (Abel Noser).

B. Reviewing internal operational and investment risk controls

Florida SBA (2023). The entire engagement applied a “Four Lines” governance, risk and compliance framework, evaluating enterprise risk management, investment risk reporting at the total-fund level

(leverage, liquidity, concentration, currency, derivatives), and the design of a middle office covering investment controls and operational risk.

South Carolina RSIC (2018, 2022, 2025, 2026). Reviewed ERM, internal audit and compliance and, in 2022, the integrated portfolio risk system (with Deloitte engaged on control design) and counterparty/custody risk. A stated purpose was to evaluate the amelioration of investment, operational, and compliance risk. In 2025, developed key performance risk indicators. In 2026, ongoing legal operational risk review.

Ohio OP&F (2022) and HPRS (2023). Both included a dedicated Risk Management and Controls section, recommending an integrated enterprise performance-risk framework and strengthened internal-controls policy, plus pre- and post-trade external-manager compliance monitoring.

Additional engagements. Central Pension Fund (2023, risk-management policies and exception reporting), Wyoming RS (2019, operational-risk root-cause analysis and segregation-of-duties findings), Rhode Island SIC (2022, risk appetite/tolerance and internal control), Fairfax County URS/ERS/PORS (2024, risk-management policies and Enterprise Risk Officer recommendation), and Cincinnati RS (2024, internal-control framework).

C. Reviewing ancillary investment functions (cash management, securities lending, proxy voting, shareholder litigation, regulatory reporting)

DC Retirement Board (2022). Reviewed the custodial relationship in detail, covering cash management, securities lending, foreign exchange, corporate actions, proxy voting, tax reclaim, and class-action / securities-litigation processing, recommending separate contracting for securities lending and FX.

South Carolina RSIC (2018, 2022). Extensive proxy-voting oversight analysis, securities-litigation policy updates (including retained securities-claim law firms), and securities-lending recommendations.

Ohio OP&F (2022) and Central Pension Fund (2023). OP&F covered cash management, securities lending (Northern Trust), proxy voting, securities litigation, and FX benchmarking; CPF covered cash/liquidity, securities lending, proxy voting (Glass Lewis), and class-action/litigation policy.

Florida SBA (2023), Rhode Island SIC (2022), and Fairfax County URS/ERS/PORS (2024). SBA covered cash management, securities lending, class actions, and regulatory reporting (KYC/AML, pay-to-play, ADV, regulatory filings); RI SIC and Fairfax addressed securities lending, proxy voting, placement-agent disclosure, and securities litigation within IPS reviews.

D. Reviewing external manager and advisor selection, fee structures, reporting, and oversight

This area is documented across virtually every engagement. South Carolina RSIC (2018, 2022), Florida SBA (2023), Ohio OP&F (2022), Ohio HPRS (2023), Central Pension Fund (2023), Rhode Island SIC (2022), Pennsylvania SERS (2021), Wyoming RS (2019), Fairfax County URS/ERS/PORS (2024), and Cincinnati RS (2024) each reviewed external manager and consultant selection, due diligence, monitoring and termination, delegation of manager hiring, and fee structures/oversight, including: manager fee reconciliation and reporting, side-letter and ILPA fee terms, competitive re-

procurement of consultants, and third-party fee/cost benchmarking (e.g., CEM Benchmarking, Albourne). Florida SBA and DC DCRB additionally reviewed operational due diligence and independent verification of fees paid against contract terms.

E. Reviewing investment accounting, performance computation, and custodial support

South Carolina RSIC (2018, 2022) and Florida SBA (2023). Reviewed custodial oversight (BNY Mellon), reconciliation between the accounting book of record (ABOR) and performance book of record (PBOR/IBOR), performance attribution, and independent verification of performance (cited as leading practice).

Ohio OP&F (2022) and HPRS (2023). Reviewed performance measurement and accounting processes, recommending segregation of investment accounting from the investment office (to Finance) and independent third-party/custodian verification of performance.

DC DCRB (2022), Wyoming RS (2019), Central Pension Fund (2023), and Cincinnati RS (2024). Reviewed custodial support, investment accounting, fund valuation and performance reporting, including: custodian reconciliation (Northern Trust), capital-call and fee processing, custodial monitoring tools (Amaces), and a CAFR review that identified a material securities-lending footnote error at Wyoming.

F. Reviewing staffing, structure, and employee satisfaction of investment organizations

FAS assessed investment-organization staffing, structure, and retention/engagement in South Carolina RSIC (2018, 2022, 2025, 2026), Florida SBA (2023), Ohio OP&F (2022), Ohio HPRS (2023), Central Pension Fund (2023), Rhode Island SIC (2022), Wyoming RS (2019), Fairfax County URS/ERS/PORS (2024), and Cincinnati RS (2024). This work covered organizational design and staffing levels benchmarked to peers, succession and key-person-risk planning, recruitment and retention, and staff morale/engagement (e.g., RSIC's talent-management and engagement pillars, RI SIC's use of exit interviews to improve retention, and OP&F's member/organizational satisfaction review).

G. Reviewing incentive compensation programs for public investment organizations

Wyoming RS (2019). A dedicated incentive-compensation-plan section analyzed the state's newly enacted investment-staff incentive plan against peers (e.g., SWIB, TRS Texas), addressing base limits, multi-year performance measurement, payout caps and deferral, and recommended engaging an independent compensation consultant.

South Carolina RSIC (2018, 2022). Reviewed the performance-based variable compensation system for investment staff, the awards pool (targeted near national levels), and recommended monitoring the effects of recent incentive-plan changes.

Florida SBA (2023), Ohio OP&F (2022), and Rhode Island SIC (2022). SBA addressed second-line monitoring of the incentive compensation program and the compensation subcommittee's use of a compensation consultant; OP&F recommended analyzing performance-incentive compensation

within its benchmark review; RI SIC assessed peer use of performance-based bonus pools relative to the SIC's authority.

H. Reviewing asset/liability studies and investment policies for a defined-benefit public pension plan

Nearly every engagement reviewed the DB plan's asset/liability study and Investment Policy Statement, including South Carolina RSIC (2018, 2022), Florida SBA (2023), Ohio OP&F (2022), Ohio HPRS (2023), Central Pension Fund (2023), Rhode Island SIC (2022), Pennsylvania SERS (2021), Wyoming RS (2019), Fairfax County URS/ERS/PORS (2024), and Cincinnati RS (2024). This work assessed asset-liability matching and modeling (including LDI alternatives at PA SERS), the periodicity of asset-liability and asset-allocation studies (typically every three to five years), consistency between the IPS, asset allocation and the A/L study, and the assumed-rate-of-return process. Ohio OP&F, HPRS, and Wyoming reviewed the plans' actual A/L studies against their investment policies.

4.3 STAFF QUALIFICATIONS

Each proposal shall describe the qualifications of all management and lead professional personnel who will participate in the fiduciary audit. Each personnel description shall include: (1) a resume; (2) a summary of experience each has had in performing fiduciary audits or studies of public employee retirement systems; and (3) a management plan identifying the responsibilities each will have on the audit. Each proposal shall also include a description of your firm's procedures in the event that a key person assigned to this engagement leaves your firm during the engagement.

Each resume should include information on the current and past positions held with your firm, educational background, relevant credentials, and other relevant information to demonstrate the person's qualifications.

The experience summaries should include information on the types and sizes of public employee retirement systems for which the designated staff have completed work, including whether the systems were defined benefit or defined contribution plans, the types and number of participating employers, number of participants, and other relevant indicators of plan type, size, and comparability to SERS. You may reference, rather than repeat, duplicative information provided in paragraph 3.2, Capabilities and Experience. The experience summaries also should describe the work performed and detail the roles and responsibilities that the individual staff had on the projects.

Project Team — Staff Qualifications

Funston Advisory Services LLC (FAS) was formed in 2010, and its principals have provided governance, strategy, and risk advisory services since at least 1980. FAS proposes a project team whose members combine decades of hands-on leadership inside the nation's largest and most complex public retirement systems with an extensive track record of statutory fiduciary performance audits and governance reviews for comparable defined-benefit and defined-contribution plans.

FAS works through a network of public pension experts who serve as independent subcontractors, each a highly experienced professional with decades of consulting, legal, and/or pension industry experience. The team that will serve SERS includes a former general counsel, chief audit executive, investment consultant, middle- and back-office executives, and Big 4 practice leaders.

This team has worked together on a series of high-profile governance and fiduciary assignments, including:

- South Carolina Retirement System Investment Commission (RSIC) & Public Employee Benefit Authority (PEBA) – Fiduciary Performance Audits & Enterprise Risk Program Development
- North Dakota State Investment Board – Governance Modernization
- California Public Employees' Retirement System (CalPERS) – Board Governance and Effectiveness Project
- State of Wisconsin Investment Board – Board and Executive Evaluations

Each engagement required a customized approach and in-depth review of governance structures, fiduciary responsibilities, critical decision-making processes, delegations of authority, investment operations, and accountabilities—frequently supported by extensive benchmarking and original research into leading and prevailing practices. Notably, Rick Funston led FAS's 2013 and 2017 fiduciary reviews of SERS of Ohio, and several proposed team members have conducted fiduciary reviews of other systems under the Ohio Retirement Study Council—giving this engagement both SERS-specific continuity and current, Ohio-wide perspective.

The biographies below summarize each member's qualifications, directly relevant public-pension experience, and engagement role. Team members are presented in two groups: engagement leadership, followed by the subject-matter leads aligned to the specific components of the SERS scope of audit.

ENGAGEMENT LEADERSHIP

Frederick (Rick) Funston*Founder & Project Lead — Governance, Risk & Fiduciary Oversight*

PROFILE

Location	Naples, Florida
Role (Ohio SERS)	Project Lead / CEO
Firm Role	Founder
Education	M.S.W., Tulane University; B.A., York University
Key Credentials	Former National Practice Leader, Deloitte Governance & Risk Oversight Services; leader of 60+ governance and fiduciary reviews of public retirement systems; thought leader and author of four books on governance and risk.

PROFESSIONAL SUMMARY

Rick Funston brings over 50 years of experience across governance, risk intelligence, and fiduciary oversight in both public and private sectors. As the former National Practice Leader for Deloitte's Governance and Risk Oversight Services (1998–2010), he served many of Deloitte's largest domestic and global clients and pioneered the concept of risk intelligence for value creation and protection. In 2010, he founded Funston Advisory Services LLC, which has become a leading firm for statutory fiduciary performance audits and governance reviews for public retirement systems across the United States.

Rick is the principal author of *Surviving and Thriving in Uncertainty: Creating the Risk Intelligent Enterprise®* (John Wiley & Sons, 2010), editor of *One of a Kind! A Practical Guide for 21st Century Public Pension Trustees* (2017), and principal author of *Adapt or Fail! A 5x5 Governance Framework for Boards* (De Gruyter, 2025). He has served as Adjunct Professor at Oakland University's Executive MBA program and as Special Advisor to the Risk Institute at Ohio State University's Max Fisher School of Business.

For the School Employees Retirement System (SERS) of Ohio, Rick will serve as Project Lead, providing overall engagement direction, governance framework analysis, board effectiveness assessment, and final quality assurance across all deliverables.

SELECT PAST ENGAGEMENTS

Organization	AUM	Scope / Focus Area
Ohio Retirement Study Council (ORSC): STRS, SERS, OP&F, and HPRS	>\$98B	Statutory Fiduciary Performance Audits, Project Lead
State of Wisconsin Investment Board (SWIB)	~\$178B	Board and Executive Annual Evaluations, 2022–ongoing
Maryland State Retirement Agency	~\$73.5B	Internal Management Capability Assessment, 2017
South Carolina Retirement System Investment Commission (RSIC)	~\$50B	Fiduciary Audit & Performance-Risk Management Reviews, Engagement Lead, 2016–ongoing
Florida State Board of Administration (SBA)	~\$227B	Enterprise GRC Review, Project Lead
North Dakota State Investment Board	~\$29B	Governance Review, Engagement Lead, 2025–ongoing

AREAS OF EXPERTISE

Board Governance & Independence • Risk Intelligence Frameworks • Fiduciary Duty Assessment • Delegation of Authority • Legislative Interface • Executive Leadership & QA • Public Pension Governance • Policy Design & Implementation

Evan Norton, MBA

Project Manager & Principal Consultant — Governance Analytics & Fiduciary Review

PROFILE

Location	Toronto, Canada / Naples, Florida
Role (Ohio SERS)	Project Manager & Governance Analytics Lead
Firm Role	Principal Consultant & COO
Education	MBA, Royal Roads University; Hon.B.A., Victoria College, University of Toronto
Key Credentials	Lead consultant, developer FAS Patient Capital Governance (PCG™) & InGov Platform; prior Fortune 250 Senior Operating Executive.

PROFESSIONAL SUMMARY

Evan Norton is a Principal Consultant at Funston Advisory Services, specializing in governance framework design, governance analytics, and strategic advisory for institutional investors and U.S. public pension systems. He advises boards, trustees, and executive leadership on strengthening fiduciary oversight, enhancing operating models, and aligning governance structures to long-horizon objectives.

Over the past year, Evan led projects of similar scope and complexity for North Dakota State Investment Board, South Carolina Retirement System Investment Commission, State of Wisconsin Investment Board, and 32BJ Funds. Evan led the development of the Patient Capital Governance (PCG™) Scorecard, transforming a qualitative governance framework into a deployable, data-informed benchmarking system used across FAS engagements. He also helped design and scale the Board Smart fiduciary intelligence and insights platform, which directly supports the board education and trustee-training elements of the SERS scope of audit.

Prior to FAS, he held senior operating roles in a Fortune 250 environment, managing multi-site P&Ls, large-scale capital projects, and enterprise transformation initiatives, bringing an operator's mindset to governance consulting. For the SERS engagement, Evan will serve as day-to-day project manager and principal analyst, responsible for delivery coordination, data synthesis, board self-evaluation administration, and reporting across all tasks.

SELECT PAST ENGAGEMENTS

Organization	AUM	Scope / Focus Area
North Dakota State Investment Board (NDSIB)	~\$29B	Governance Review & Redesign, PM and Lead Consultant
North Dakota Teachers' Fund for Retirement	~\$3.4B	Governance Review & Redesign, Board Education, PM and Lead Consultant
South Carolina Retirement System Investment Commission (RSIC)	~\$50B	Enterprise Performance Risk Management & KPR Development, PM and Lead Consultant
State of Wisconsin Investment Board (SWIB)	~\$178B	Executive and Board Evaluations & Fiduciary Education Design, PM and Lead Consultant
US Public Retirement Systems Board Education	Various	PCG™ Scorecard Development; InGov Platform; Board Smart eLearning Design
32BJ Funds (DC and DB)	~\$7B	Investment Operating Model Review, PM

AREAS OF EXPERTISE

Governance Framework Design • Fiduciary Analytics & Benchmarking • Data-Driven Governance Diagnostics • Board Self-Evaluation Design & Administration • Project Management • Trustee Education • Operating Model Design • Stakeholder Reporting

SUBJECT MATTER EXPERT LEADS**Matthew (Matt) Jacobs, J.D.***Senior Legal, Governance & Regulatory Advisor***PROFILE**

Location	California
Role (Ohio SERS)	Senior Legal & Governance Advisor
Firm Role	Senior Advisor
Education	J.D. (cum laude), University of Michigan Law School; B.S. (cum laude), UC Berkeley Haas School of Business
Key Credentials	Former General Counsel, CalPERS (~\$556B AUM); former First Assistant U.S. Attorney, Eastern District of California; Adjunct Professor, University of the Pacific McGeorge School of Law.

PROFESSIONAL SUMMARY

Matt Jacobs is one of the most experienced public pension legal advisors in the United States, with over 35 years of experience guiding corporate, governmental, and nonprofit leaders through high-stakes litigation, internal and regulatory investigations, and enterprise risk management. Most recently, he served as General Counsel for CalPERS, the nation's largest public pension fund, where he was a member of the executive team and served as strategic advisor and parliamentarian for the Board, overseeing the Legal, Compliance & Risk, and Information Security offices.

Before CalPERS, Matt was a litigation partner at DLA Piper LLP (US), representing public agencies, corporations, and executives in complex civil and criminal matters. Earlier in his career, he served as First Assistant U.S. Attorney and Chief of the Criminal Division in the Eastern District of California. Matt is currently an Adjunct Professor at the University of the Pacific's McGeorge School of Law and serves as a Judge Pro Tem of the Sacramento Superior Court.

For the School Employees Retirement System (SERS) of Ohio engagement, Matt will provide expert legal and regulatory counsel across all governance reviews, with particular focus on statutory authority, fiduciary duty, conflicts of interest, and roles and responsibilities delineation—areas directly addressed in the SERS scope of audit.

SELECT PAST ENGAGEMENTS

Organization	AUM	Scope / Focus Area
CalPERS — California Public Employees' Retirement System	~\$556B	General Counsel; Board Parliamentarian; oversight of Legal, Compliance & Risk
DLA Piper LLP (US)	N/A	Litigation Partner: Public Agency, Corporate & Executive Representation
U.S. Attorney's Office, Eastern District of California	N/A	First Assistant U.S. Attorney & Chief of the Criminal Division
South Carolina Retirement System Investment Commission (RSIC)	~\$50B	1. Enterprise Performance Risk Management & KPR Development, Consultant-Legal. 2. Operational Review: Legal Department
Council of Institutional Investors	N/A	Leadership Engagement: Governance & Fiduciary Standards

AREAS OF EXPERTISE

Statutory Authority & Fiduciary Duty • Governance Design & Delegation • Conflict of Interest & Compliance • Board Advisory & Parliamentary Governance • Regulatory Risk • ESG • Complex Litigation & Internal Investigations • Compensation & Staffing Policy

Laurel Rutledge, MBA

Organizational Structure, Staffing & Human Capital Advisor

PROFILE

Location	Houston, Texas
Role (Ohio SERS)	Organizational Structure, Staffing & Human Capital Lead
Firm Role	Senior Advisor
Education	MBA, Indiana University Kelley School of Business
Key Credentials	Former VP & Global Head of HR Strategy & Analytics, Covestro (Bayer Material Science); background spanning accounting, internal audit, risk management & HR; ~30 years of corporate experience.

PROFESSIONAL SUMMARY

Laurel Rutledge is a senior organizational and human capital executive whose nearly 30-year career bridges accounting, internal audit, risk management, consulting, and human resources across a broad range of industries—positioning her to assess how effectively a public retirement system organizes, staffs, compensates, develops, and retains the professionals who carry out its mission. As CEO and founder of LKR Group LLC, she advises executives and their teams on aligning strategy with execution, strengthening leadership, and building high-performing teams through her AlignmentVisionAction© framework.

Her final corporate role was Vice President and Global Head of HR Strategy and Analytics at Covestro (formerly Bayer Material Science), where she led enterprise human capital strategy and workforce analytics for a global organization; earlier she served as VP of HR for U.S. Operations and VP of HR for Bayer Material Science, leading large-scale human capital projects, labor negotiations, and merger integrations. She previously held HR leadership roles at Hillenbrand Industries' Hill-Rom division and at Cameron, and began her career in accounting, internal audit, consulting, and risk management with Deloitte, Texas Instruments, and Federal-Mogul.

For the SERS engagement, Laurel will lead the review of organizational structure and staffing, including staffing levels and hiring practices, roles and qualifications, compensation and performance management, succession planning for key positions, continuing education, and member and employee satisfaction.

SELECT PAST ENGAGEMENTS

Organization	AUM	Scope / Focus Area
South Carolina Retirement System Investment Commission (RSIC)	~\$50B	Enterprise Performance Risk Management & KPR Development, Consultant-HR
Hillenbrand Industries — Hill-Rom Division	N/A	Executive Director, Human Resources
Covestro (formerly Bayer Material Science)	N/A	VP & Global Head of HR Strategy & Analytics; VP HR, U.S. Operations
Deloitte / Texas Instruments / Federal-Mogul	N/A	Accounting, internal audit, consulting & risk management

AREAS OF EXPERTISE

Organizational Design • Staffing & Workforce Planning • Compensation & Performance Management • Succession Planning • Employee & Member Engagement • Internal Audit & Risk (Foundational) • Change & Integration Management • People Analytics

Mario Pardo, MS

Investment Policy, Manager Oversight, & Fee Review Advisor

PROFILE

Location	United States
Role (Ohio SERS)	Investment Policy, Manager Oversight, & Fee Review Advisor.
Firm Role	Senior Advisor, FAS Expert Network (FASNET)
Education	M.S., Management of Technology, Massachusetts Institute of Technology (MIT); degree(s), Vanderbilt University
Key Credentials	Founder & CEO, Ryse, Inc.; 20+ years advising institutional asset owners representing more than \$50 billion in assets under advisement; risk methods endorsed by Nobel laureates Robert C. Merton and Myron Scholes.

PROFESSIONAL SUMMARY

Mario Pardo is a risk-management and quantitative-finance specialist with more than 20 years advising institutional asset owners (public pension plans, national retirement systems, university endowments, family offices, and hedge funds) whose engagements collectively represent more than \$50 billion in assets under advisement. He is the founder and CEO of Ryse, Inc. (established 2006) and earlier served for two decades as risk manager for a \$3 billion European family office.

His risk methods have been endorsed by Nobel laureates Robert C. Merton and Myron Scholes, and he has received letters of recommendation from the Utah Retirement Systems, the National Social Security Fund of Uganda, Columbia University, and the University of Connecticut Foundation. Since 2019 he has been a mentor and industry collaborator with Columbia University's Department of Industrial Engineering & Operations Research, where Ryse was selected to train graduate and undergraduate students in portfolio risk management, non-linear analytics, machine learning, copula theory, and credit risk. He has presented at the Bloomberg Quant Seminar (2025), the Institutional Society of Risk Professionals (2024), and multiple GAIM institutional conferences, and authored "The Cost of Expertise: Human Teams vs. AI Agents" (Journal of Business and Artificial Intelligence, 2024).

His public-fund and institutional experience is directly relevant to this engagement. For the Utah Retirement Systems he served as an independent risk-management advisor to the CIO, Investment Risk Officer, and investment staff. He delivered portfolio risk analytics, stress testing, manager selection, investment-committee support, and risk-reporting frameworks for the Absolute Return program—work URS formally recognized during and after the Global Financial Crisis. Through Funston Advisory Services, he supported the South Carolina Retirement System Investment Commission (RSIC) in developing Key Performance Risk (KPR) indicators and validating quantitative risk metrics for the investment function to strengthen board-level oversight. He has also advised the National Social Security Fund of Uganda (since 2016) and the University of Connecticut Foundation on multi-asset risk analytics, stress testing, scenario analysis, and manager risk attribution.

For the SERS engagement, Mr. Pardo will lead the review of Investment Policy, Manager Oversight, & Fees.

SELECT PAST ENGAGEMENTS

Organization	AUM	Scope / Focus Area
Utah Retirement Systems (URS)	~\$45B	Independent risk advisor: portfolio risk analytics, stress testing, manager selection, and Absolute Return risk reporting (formal recommendation)
South Carolina Retirement System Investment Commission (RSIC)	~\$50B	Key Performance Risk (KPR) framework development (via FAS): risk-metric validation and board-level oversight tools
National Social Security Fund of Uganda (NSSF)	—	Risk advisor since 2016: multi-asset risk analytics, stress testing, scenario analysis, and AI (formal reference, 2024)
University of Connecticut Foundation	—	Portfolio risk reporting, manager risk attribution, and scenario analysis for the CIO and Investment Committee

AREAS OF EXPERTISE

Investment & Fiduciary Governance & Risk • Risk Budgeting & Reporting • Portfolio Risk Analytics • Stress Testing & Scenario Analysis • Key Performance Risk (KPR) Metrics • Manager Selection & Risk Attribution • Investment Governance Tools • Quantitative Finance & Copula Theory • Machine Learning / AI for Portfolio Risk

Shankar Subramanian, MBA

Investment Operations, Operating Model & Governance Advisor

PROFILE

Location	United States
Role (Ohio SERS)	Investment Operations & Operating-Model Advisor
Firm Role	Senior Advisor, FAS Expert Network (FASNET)
Education	M.B.A., Indian Institute of Management; B.S. (Engineering), Indian Institute of Technology
Key Credentials	Former Leader, Public Funds Practice, Cutter Associates (50+ pension, sovereign, and treasury engagements); 25+ years advising retirement and investment organizations on operating models, governance, and investment operations; recognized public-fund thought leader.

PROFESSIONAL SUMMARY

Shankar Subramanian is a strategic business and technology advisor with more than 25 years of experience serving retirement and investment organizations, with deep specialization in public pension and sovereign wealth funds. He brings a pragmatic, collaborative approach to complex operating problems, working seamlessly with C-level executives and delivery teams to translate long-term vision into actionable, right-sized solutions.

As Leader of the Public Funds Practice at Cutter Associates, he led more than 50 consulting engagements for pension funds, sovereigns, and state treasuries—advising on business processes and controls, target operating models, and organizational governance—and earlier spent more than a decade with PricewaterhouseCoopers and IBM Business Consulting. He has authored white papers, created managed benchmarking surveys, and convened public-fund roundtables, establishing recognized thought leadership on transforming the operating models of public pension funds. His engagements span many of the nation’s largest systems—including CalPERS, the State of Wisconsin Investment Board, the Teacher Retirement System of Texas, the New York State Teachers’ Retirement System, and the Maryland State Retirement & Pension System—and have included Ohio systems such as the Ohio Public Employees Retirement System and the Ohio Police & Fire Pension Fund.

For the SERS engagement, Mr. Subramanian will support the review of investment operations and the organizational operating model—evaluating front-to-back investment processes, target-operating-model design, controls and segregation of duties, and supporting technology—complementing the Investment Policy & Oversight and Organizational Structure & Staffing workstreams.

SELECT PAST ENGAGEMENTS

Organization	AUM	Scope / Focus Area
CalPERS — California Public Employees' Retirement System	~\$556B	Investment operations and technology strategy; target operating model; enterprise/operational risk assessment
State of Wisconsin Investment Board (SWIB)	~\$178B	Operating model and investment-governance advisory; data strategy and systems
Teacher Retirement System of Texas (TRS)	~\$200B	Investment operating model and governance advisory
New York State Teachers' Retirement System (NYSTRS)	~\$140B	Investment operations strategy and governance
Maryland State Retirement & Pension System (SRPS)	~\$77B	Investment Operating Model Roadmap, Engagement Lead (2017)

AREAS OF EXPERTISE

Investment Operating Model Design • Organizational Governance & Restructuring • Front-to-Back Investment Process • Technology Strategy & Vendor Evaluation • Target Operating Model Development • Performance & Risk Infrastructure • Business Process Improvement • Public-Fund Benchmarking & Thought Leadership

Larry Jensen, CIA, CISA, CRMA, CCEP*Risk Management, Compliance & Internal Audit Advisor***PROFILE**

Location	Sacramento, California
Role (Ohio SERS)	Risk Management, Compliance & Internal Audit Lead
Firm Role	Senior Advisor
Education	B.A., Accounting, National University
Key Credentials	First Chief Risk Officer of CalPERS; former Chief Auditor, CalPERS and CalSTRS; CIA, CISA, CRMA, CCEP; 36 years of public pension service.

PROFESSIONAL SUMMARY

Larry Jensen is a nationally recognized authority on public pension fund audit, risk, and compliance, with more than 25 years of executive and senior management experience inside two of the largest public retirement systems in the United States—CalPERS and CalSTRS, both defined-benefit systems serving millions of members and hundreds of participating employers. As the first Chief Risk Officer of CalPERS, he built the system’s enterprise-wide risk management program, with emphasis on pension funding, benefits administration, and operations, and designed its compliance programs, including enterprise risk assessments, policy management, ethics and fraud hotlines, and investigations.

As Chief Auditor for both CalPERS and CalSTRS, Larry directed audits spanning risk management, governance, compliance, investment operations, benefits administration, third-party administrators, master custodians, and participating employers. As an Assistant Executive Officer for Administrative Services at CalPERS, he managed the Fiscal Services Division, Human Resources, Operations Support Services, and Strategic Management Services, preparing and implementing a \$300 million operating budget and producing the system’s financial statements. He retired after 36 years of public service and now leads Audit and Risk Management Services LLC.

For the SERS engagement, Larry will lead the review of risk management and internal controls, compliance, and internal audit, and will support the review of governance, budgeting, and administrative costs, benchmarking SERS practices against those of comparable public retirement systems.

SELECT PAST ENGAGEMENTS

Organization	AUM	Scope / Focus Area
CalPERS — California Public Employees' Retirement System	~\$556B	First Chief Risk Officer; Chief Auditor; Assistant Executive Officer, Administrative Services
CalSTRS — California State Teachers' Retirement System	~\$350B	Chief Auditor: risk, compliance & operations audits. Consultant: Disaster Recovery and Business Resilience (2026)
Sacramento County Employee's Retirement System	~15.5B	Developed enterprise risk management framework, governance charters and policies, monitoring and reporting tools, and internal audit program. Conducted enterprise-wide risk assessment
Mendocino County Employees Retirement Association	~\$664M	Enterprise-wide Risk Assessment and Internal Audit Plan

AREAS OF EXPERTISE

Enterprise Risk Management • Internal Audit • Compliance & Ethics Programs • Investment Operations Controls • Budgeting & Administrative Operations • Fraud & Investigations • Policy Management • Public Pension Governance

Steven (Steve) Ross, CISSP, MBCP, CDPSE, CISA

Information Technology, Cybersecurity & Resilience Advisor

PROFILE

Location	New York, New York
Role (Ohio SERS)	IT, Cybersecurity, Business Continuity & Disaster Recovery Lead
Firm Role	Senior Advisor
Education	Columbia University
Key Credentials	Executive Principal, Risk Masters International; former Director & Global Practice Leader, Deloitte; author, “Information Security Matters” (ISACA Journal, since 1998); CISSP, MBCP, CDPSE, CISA.

PROFESSIONAL SUMMARY

Steven (Steve) Ross is one of the country’s foremost specialists in information systems security and control, with deep expertise in information security, business continuity management, and IT disaster recovery planning—capabilities central to evaluating the operational resilience, data integrity, and continuity of a modern public retirement system. As Executive Principal of Risk Masters International, which he founded in 2009, he has implemented information security and business continuity programs for banks, government agencies, and industrial corporations, with recent focus on prevention, detection, and recovery from cyberattacks and other catastrophic disruptions.

His recent clients have included pension funds, financial institutions, service companies, defense contractors, and government agencies. Steve was a Director and Global Practice Leader with Deloitte, where he led business continuity and information security services. He is the editor of the multi-volume series e-Commerce Security, author of Creating a Culture of Security, and has written the “Information Security Matters” column for the ISACA Journal since 1998.

For the SERS engagement, Steve will lead the review of information technology, cybersecurity, business continuity, and disaster-recovery capabilities as they relate to the security and continuity of SERS’ investment and administrative operations.

SELECT PAST ENGAGEMENTS

Organization	AUM	Scope / Focus Area
State Teachers Retirement System of Ohio (2022)	≈ \$98B	Fiduciary performance audit (ORSC): IT, governance, risk
Ohio Highway Patrol Retirement System (2023)	≈ \$1.0B*	Fiduciary performance audit (ORSC): IT, governance, risk
CalSTRS — California State Teachers' Retirement System (2025-2026)	~\$350B	Disaster Recovery
Public Pension Funds & Financial Institutions (various)	N/A	Cybersecurity, BCM & IT disaster-recovery program design and implementation
ISACA Journal	N/A	Author, "Information Security Matters" column (since 1998)

AREAS OF EXPERTISE

Information Security • Cybersecurity Risk • Business Continuity Management • IT Disaster Recovery • Data Privacy • IT Governance & Controls • Resilience & Recovery Planning • Security Policy & Standards

Project Team Organization and Roles

The management plan should specify the roles and responsibilities that each of the management and professional staff will have on the fiduciary audit and include an estimated portion of the audit's time that will be spent by each on the audit and the individual's hourly billable rate.

Lead professionals included on the project team should, at a minimum, have performed a fiduciary audit or study of a public employee retirement system within the last two years.

The following chart indicates the roles of each individual, denoted by “L” for leader or “S” for support for each section, as well as the planned hours for each team member.

Team Member	A. Board Gov. & Admin.	B. Org. Structure & Staffing	C. Investment Policy & Oversight	D. Legal Compliance	E. Risk Mgmt. & Controls	F. IT Operations	Project Oversight & Mgmt.	Planned Hours
Rick Funston	L	S					S	125
Evan Norton (PMO)	S	S	S	S	S	S	L	135
Subject Matter Experts:								
Matt Jacobs	S			L				62.5
Mario Pardo			L					100
Shankar Subramanian			S		S			100
Larry Jensen				S	L	S		100
Steven Ross					S	L		100
Laurel Rutledge		L						50
Total	111	68	174	63.5	138	139	79	772.5

Each deliverable is covered by at least two subject-matter experts to mitigate key-person risk; each scope area receives a multiple-expert review.

Lead Professional Experience Within the Last Two Years.

The professionals leading this engagement have each performed a fiduciary audit or study of a public employee retirement system within the last two years. **Rick Funston**, our Project Lead, directs FAS’s current fiduciary work for the South Carolina Retirement System Investment Commission (RSIC), a \$50.3 billion public retirement investment organization for which our relationship spans three consecutive fiduciary audit cycles, including the current 2025–2026 cycle. **Evan Norton**, our Project Manager, has over the past year led governance and fiduciary reviews of comparable scope for the North Dakota State Investment Board (a \$29 billion public retirement investment organization with DC, DB and hybrid plans); comprehensive governance review and redesign, September 2025–July

2026), the RSIC, 32BJ Multi-Employer Plan (DC, DB) and the State of Wisconsin Investment Board. Each of these is an engagement with a public employee retirement system conducted within the last two years. They are supported by a team whose expert members have collectively conducted more than 60 such reviews.

Staffing-Continuity

FAS is committed to continuity of staffing throughout this engagement, and to date no project team member has left the firm during an active assignment. To further safeguard continuity, we have intentionally assigned a minimum of two subject-matter experts to each scope area, and no scope area relies on junior consultants. In the event a team member becomes unavailable for any reason, this depth assures that qualified, senior expertise remains in place without disruption to the audit schedule or quality of work. Should additional expert support be warranted, FAS will draw on its broader network of public pension specialists to identify a suitably qualified replacement. In all such cases, we will discuss available options with the ORSC project liaison and mutually agree on the most appropriate course of action before proceeding.

Professional Affiliations

FAS maintains active affiliations with the leading organizations that sponsor and support investment and fiduciary-related research for public pension plans. FAS professionals regularly contribute to these organizations as members, presenters, and authors. Representative memberships and recent publications, white papers, and presentations are summarized below.

Organizational Affiliations & Memberships

Organization	Nature of affiliation
Columbia University's Department of Industrial Engineering & Operations Research	Mario Pardo train's graduate and undergraduate students in portfolio risk management, non-linear analytics, machine learning, copula theory, and credit risk.
National Association of State Retirement Administrators (NASRA)	FAS is an associate member. Rick Funston is a frequent moderator of executive panels at the NASRA annual conference. FAS governance, risk, and investment white papers are hosted on the NASRA website.
National Association of Public Pension Attorneys (NAPPA)	Matthew Jacobs is an active member; Rick Funston has served as an invited keynote presenter.
ISACA	Past International President of ISACA
National Conference on Public Employee Retirement Systems (NCPERS)	Contributed to NCPERS PERSist (e.g., "The Cyber Threats for Pension Funds," Summer 2023).
Public Pension Financial Forum (P2F2)	Delivered keynote presentations at the P2F2 annual conference.
State and local bar associations	Matthew Jacobs is a member of the San Francisco Bar Association and the Sacramento County Bar Association.

Books & Monographs by FAS Professionals

Author / FAS Expert	Publication Name	Date of Publication
Rick Funston and Jon Lukomnik	<i>Adapt or Fail! A 5x5 Governance Framework for Board of Directors</i> — De Gruyter (Berlin)	2025
Rick Funston	<i>Transforming the Dialogue: Fiduciary Essentials</i> — Amazon	2025
Rick Funston (ed.)	<i>One of a Kind! A Practical Guide for 21st Century Public Pension Trustees</i>	2017
Rick Funston	<i>Surviving and Thriving in Uncertainty: Creating the Risk Intelligent Enterprise</i> — John Wiley & Sons (Hoboken, NJ)	2010
Steven (Steve) Ross	<i>Creating a Culture of Security</i> — ISACA	2011

Selected Articles, White Papers & Presentations

Examples relating to public pension fund fiduciary responsibilities, governance, and risk management:

Author / FAS Expert	Publication Name	Date of Publication
Rick Funston (quoted)	“North Dakota Governance Changes Investment Autonomy” — Pensions & Investments	July 2026
Mario Pardo	“The Cost of Expertise: Human Teams vs. AI Agents” — Journal of Business and Artificial Intelligence	2024
Steven (Steve) Ross	“The Cyber Threats for Pension Funds” — NCPERS PERSist	Summer 2023
Rick Funston, Lance Ihinger, Randy Miller, Keith Bozarth, and Keith Johnson	“Bringing Home the Investment — Part 1: Building the Case for Internal Investment Management” — NASRA	June 2015
Rick Funston, Lance Ihinger, Randy Miller, Keith Bozarth, and Keith Johnson	“Bringing Home the Investment — Part 2: What Does It Take to Make Internal Management Work?” — NASRA	June 2015
Rick Funston and Randy Miller	“How Can Trustees Learn to Trust? Achieving the Right Balance in Decision-Making between the Board and Executive Management” — NASRA	March 2015
Rick Funston and Randy Miller	“Kick-starting an Internal Risk Management Dialogue” — Pensions & Investments (p. 12)	September 29, 2014
Rick Funston	“New and Developing Approaches in Governance and Risk Management” — Presentation & panel, NASRA 60th Annual Conference, Asheville, NC	August 5, 2014
Rick Funston and Randy Miller	“ERM 101 for Public Retirement Systems” — Series of five white papers, NASRA	May 2014
Randy Miller and Rick Funston	“Public Pension Governance That Works” — White paper, NASRA	March 2014
Rick Funston	“Shift Happens: Pension Funds under Pressure” — Keynote, Public Pension Financial Forum (P2F2) 10th Annual Conference, Scottsdale, AZ	October 28, 2013
Rick Funston	“Leading Practices in Fund Governance” — Keynote, National Association of Public Pension Attorneys, Santa Fe, NM	June 26, 2013
Rick Funston	“Leading Practices in Governance and Risk Oversight” — Presentation, The Conference Board, New York	May 8, 2013
Rick Funston	“Leading Practices in Fund Governance” — Presentation, Institutional Investors Institute, Los Angeles	April 26, 2013
Rick Funston	“Leading Practices in Fund Governance” — Presentation, Fairfax County Retirement System Trustee Seminar	April 8, 2013
Rick Funston, Keith Johnson, Randy Miller, and Mark Barrott	“Public Pension Fund Governance: Alignment of Responsibility with Authority” — P&I Plan Sponsor Digest	August 1, 2012
Rick Funston	“What Every Trustee Needs to Know About Risk” — Presentation, Stanford Fiduciary College / National Council on Teacher Retirement Trustee Workshop, Palo Alto, CA	July 25, 2012
Steven (Steve) Ross	“Information Security Matters” (monthly column) — ISACA Journal	Monthly, since 1998

4.4 REFERENCES

You must include a list of organizations that may be used as references for your work on fiduciary audits or studies. Selected organizations may be contacted to determine the quality of the work performed, personnel assigned to the project, and contract adherence. The following should be included for the references listed:

- *Date of the fiduciary audit work;*
- *Name and address of client;*
- *Name and telephone number of individual in the client organization who is familiar with the work; and*
- *Description of the work performed.*

Reference information is indicated below. For more complete descriptions of these and other representative engagements, please refer to Section II, Capabilities and Experience.

References

Reference #1

Company Name	North Dakota State Investment Board (NDSIB)
Address	600 East Boulevard Avenue, Department 130
City, State, Zip	Bismarck, ND 58505
Contact Person	Jodi Smith, Executive Director
Phone	701 328 9885
Email	jansmith@nd.gov
Project Title/Type of Project	Governance Review and Policy Rewrite
Date(s) Contract Performed	September 2025 – July 2026, and on-going advisory

Funston Advisory Services serves the North Dakota State Investment Board (NDSIB), a \$29 billion public investment organization managing DB, hybrid, and DC retirement plans, on a governance review and redesign engagement from September 2025-July 2026. FAS conducted a comprehensive review and assessment of NDSIB's governance structure, policies and practices, within the context of current leading practices for fiduciary governance of a public investment board. FAS evaluated board composition, delegation of authority, roles and responsibilities of the Board and senior leadership, committee structure and charters, and the policies, procedures, and practices governing the system.

FAS performed a thorough policy and charter diagnostic, benchmarking NDSIB's governance documentation against an authoritative standard using FAS's InGov knowledgebase. FAS provided formal written recommendations on improvements to governance structure, policies, and charters, and participated in meetings with the Executive Director and Board to present and refine findings. Based on the governance review's findings, FAS was contracted to rewrite NDSIB's governance policy manual, which transformed a static policy document to a highly navigable governance policy system. FAS has since been retained for on-going advisory services and a second governance review and policy system re-write for the North Dakota Teachers' Fund for Retirement.

Reference #2

Company Name	South Carolina Retirement System Investment Commission (RSIC)
Address	1201 Main Street, Suite 1510
City, State, Zip	Columbia, SC 29201
Contact Person	Mike Hitchcock, Chief Executive Officer
Phone	(803) 737-7698
Email	mhitchcock@ic.sc.gov
Project Title/Type of Project	Governance Consultant Services — Fiduciary Performance Audit & Ongoing Advisory Services
Date(s) Contract Performed	2018, 2022, 2025-ongoing

Funston Advisory Services serves the South Carolina Retirement System Investment Commission (RSIC), a \$50.34 billion public investment organization, on both a project and ongoing advisory basis, with a relationship spanning three consecutive fiduciary audit cycles. Services provided are directly comparable to those required under this solicitation. FAS conducted a comprehensive review and assessment of RSIC's governance structure, evaluating board composition, roles and responsibilities, committee structure, delegation of authority, policy and charter adequacy, and statutory compliance — benchmarking findings against leading practices for public pension fiduciaries using FAS's InGov knowledgebase.

FAS delivered formal written recommendations on governance structure improvements, policy enhancements, and charter revisions, presented to the full Board. In the ongoing advisory engagement, FAS provides standing governance support including policy review, development of Key Performance Risk metrics, operation reviews, and board education. FAS also advised the Board on leading practices for board member performance evaluation and executive oversight. Prior FAS recommendations directly contributed to significant statutory governance reforms enacted through South Carolina's 2017 Pension Reform legislation, including clarification of fiduciary roles, Investment Commission composition requirements, and oversight of actuarial assumptions. Being retained for multiple fiduciary audits of similar scope evidences FAS's ability to deliver valuable intelligence and insights that lead to better outcomes.

Reference #3

Company Name	State of Wisconsin Investment Board
Address	4703 Madison Yards Way
City, State, Zip	Madison, WI 53705
Contact Person	Clyde Tinnen, Chair of Board
Phone	203 654 1309
Email	ctinnen@foley.com
Project Title/Type of Project	Advisory Services and Board Education
Date(s) Contract Performed	2023-Ongoing

Funston Advisory Services serves the State of Wisconsin Investment Board (SWIB), a \$178 billion public investment organization, on a continuous basis since January 2023. FAS designs, administers, and presents the annual performance evaluations of SWIB's Executive Director and Chief Investment Officer, working in consultation with the Board Chair to establish evaluation criteria and weighting, distributing an online questionnaire to all trustees, compiling and analyzing responses, and presenting findings and recommendations to the Board Chair and full Board — each year producing a formal evaluation report grounded in FAS's proprietary Patient Capital Governance (PCG™) framework, which assesses executive performance across five long-horizon governance dimensions.

In addition to facilitating the annual evaluation cycles, FAS advises the Board on leading practices for executive evaluation design, including how peer public investment organizations' structure ED and CIO scorecards and how to balance quantitative goals against qualitative governance criteria. FAS also provides annual board education through its Board Smart™ platform; a purpose-built fiduciary education system offering structured learning paths, video modules, and knowledge assessments with content curated to SWIB's strategic calendar and developed in coordination with the Executive Director and Board officers to assure immediate applicability to trustee decision-making.

4.5 METHODOLOGY, WORK PRODUCT, AND TIMELINE

Each proposal shall describe the proposed methodology for each element of the components listed in Section II, Scope of Audit. The description should include specific techniques that will be used, including anticipated sampling techniques and sizes, and proposed sources of data and information. You may propose alternative ways of addressing the elements of the audit's scope.

In describing your proposed methodology, also identify the type and level of assistance that you anticipate will be needed from the staff of SERS, including assistance to understand the operations and records of SERS and to access, obtain, and analyze information needed for the audit. The description of the proposed methodology shall also identify meetings, interviews, programming support, space needs, etc., that you anticipate needing from SERS.

Each proposal shall also include one or more examples of work products for fiduciary audits that may help to illustrate the proposed methodology and final work product.

Each proposal shall provide an estimated date that the final report will be submitted and the projected timeline or the anticipated work requirements and milestone dates to reach that date.

Methodology, Work Product, and Timeline

This section describes the methodology we will use for each element of the audit's scope, the assistance we will need from SERS staff, the deliverables we will produce, and the timeline and milestones by which we will complete the work. We have organized our approach around the sequence of the engagement, from project kick-off through the final report and presentation.

Our Methodology and Framework

We will apply the Funston Advisory Services (FAS) fiduciary and governance review framework and methodology, refined across similar engagements with other public retirement systems. For an integrated system such as SERS, we will begin with the overall duties of the fiduciary and address three questions:

- Are plan fiduciaries effectively assessing plan liabilities, making reasonable assumptions for investment returns and risk, and adopting prudent investment strategies?
- What is the legal, governance, and policy framework under which the plan operates, and how does it compare to industry practices?
- How do fund practices, procedures, and performance in administrative operations, compliance, and controls compare to peers, given its operating framework?

We will conduct a standards-based review across three tiers: 1. Laws (statutory and regulatory requirements), 2. Authoritative Standards (professional and industry guidance), and 3. Practitioner Expertise (the leading practices we have identified across more than 60 fiduciary and governance reviews).

We will measure SERS against each tier. We will benchmark its policies and practices using InGov®'s authoritative standard and compare fiduciary scores to peers. InGov is the nation's only governance benchmarking database. We will also use the FAS framework as a check on the completeness of the RFP scope, identifying and covering any potential gaps.

Our Process at a Glance

The engagement proceeds through six sequential stages, from project kick-off through the final report and presentation. The six analytical workstreams run in parallel within the document-review stage. We describe each stage in detail below.

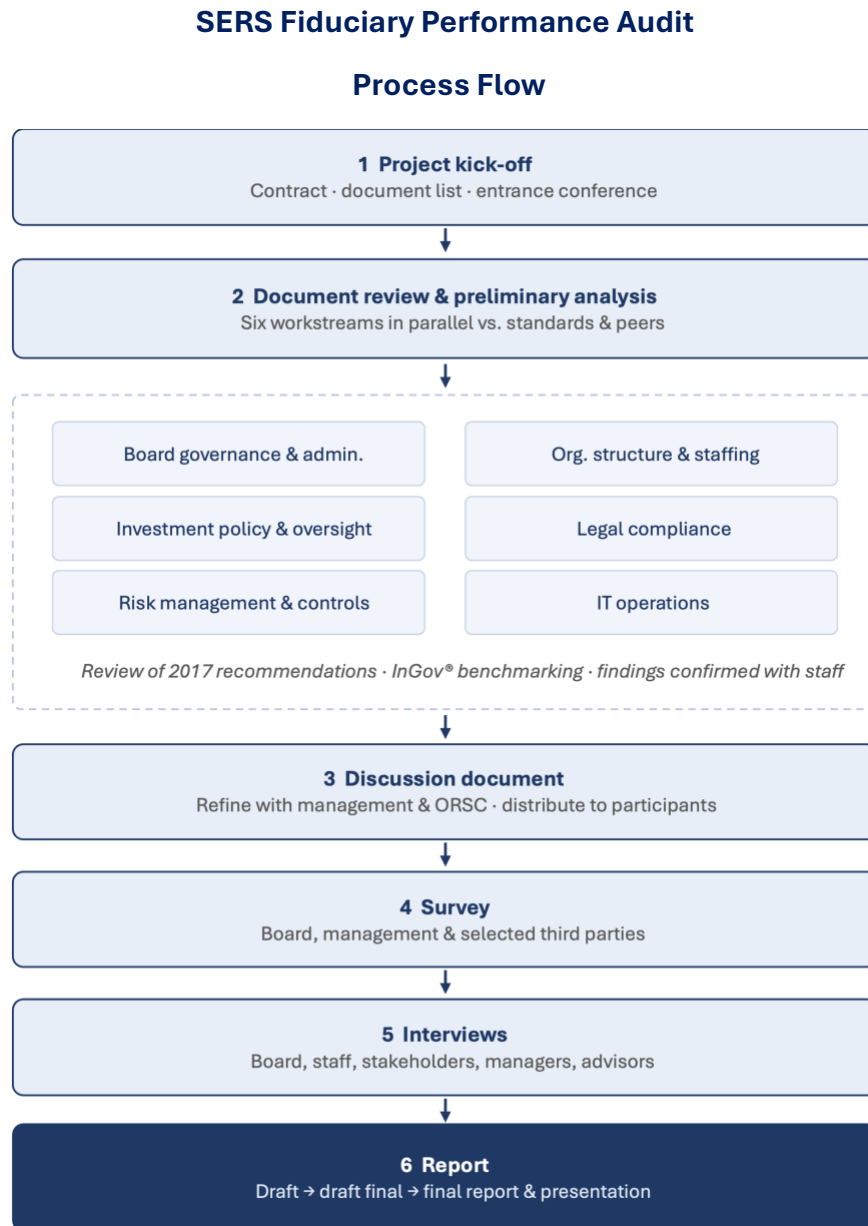


Figure 1. The six stages of the SERS fiduciary performance audit.

For more information on our InGov Fiduciary Scorecard Process for benchmarking see: [4.6 Additional Information](#).

1. Project Kick-off

Execute the contract

We will be prepared to begin within two weeks of finalizing the contract.

Provide SERS with the required document list

Prior to the entrance conference, we will issue a document request (example provided as Appendix B) and allow several weeks for SERS staff to respond. We expect most documents, including investment manager contracts and related due diligence materials, to be available electronically. Our request will include the detailed InGov® system profile which will capture SERS's structure, policies, and procedures for peer benchmarking.

Hold the entrance conference

We will use the entrance conference to introduce FAS to ORSC and SERS executives and staff, finalize the workplan and project management structure, confirm project timing and communication protocols, and communicate the purpose of the audit to participating stakeholders. We will also review initial results of the InGov® profile and begin follow-up on data collection.

2. Document Review and Preliminary Analysis

Collect documents

We will review SERS documents, enabling legislation, and relevant statutes, and we will prepare the InGov® fiduciary scorecard and benchmarking report. We will gather documents working with the SERS project liaison, who will upload materials and coordinate responses.

Conduct preliminary analysis: six workstreams in parallel

We will run six workstreams concurrently. In each, we will compare SERS to authoritative standards (statute, professional guidance, and leading practice) and show how peers compare against the same standards, drawing on interviews, SERS documentation, the InGov® fiduciary scorecard and knowledgebase, and available benchmarking reports (e.g., CEM).

Board Governance and Administration

Scope: Governance structure and board composition; delineation and documentation of roles among board, staff, and managers; compliance with statutes and administrative rules; the budget process and adherence to it; conflict-of-interest policies; succession planning; administrative costs; and member and retiree communications.

What we will do: We will assess the governance structure, board composition, and lines of reporting compared to statutory, authoritative guidance and leading practices at peer systems (with emphasis on investment governance); evaluate oversight and monitoring activities; review conflict-of-interest and communications policies; benchmark board education and administrative costs; and identify any areas where the board is unduly limited from fulfilling its fiduciary duties.

Organizational Structure and Staffing

Scope: Overall organizational structure and its capacity to implement board and management direction; staffing size, hiring, qualifications, roles, compensation, and performance evaluation; ability to attract and retain qualified professionals; member-satisfaction processes; and staff continuing education.

What we will do: We will assess structure, staffing, and capabilities against peers; review HR policies, hiring, and evaluation processes; evaluate compensation policy relying on existing compensation and CEM administration studies (we will not perform a new study); and assess member-satisfaction and staff-training programs.

Investment Policy and Oversight

Scope: Investment policy adoption and the Investment Policy Statement (IPS); asset allocation and its consistency with the asset-liability study and experience review; rebalancing mechanisms and documentation of decisions; oversight and monitoring of managers and performance; transaction-cost measurement; benchmark selection; external-manager compensation and conflicts; manager selection and due diligence; investment and fiduciary risk; and the custodial relationship, including the Ohio Treasurer of State custody model.

What we will do: We will evaluate how the IPS is developed and updated, its content, and its consistency with the asset allocation and actuarial studies; assess controls and processes for performance monitoring, manager selection, due diligence, and compliance; review how the board assesses risk in setting asset allocation; and evaluate custodial services, fees, and oversight against peers. This will be a governance and process assessment, not an asset-allocation review, forensic review, financial-statement audit, or compliance inspection.

Legal Compliance

Scope: Adequacy of legal compliance with applicable state and federal law, including IRS regulations; adequacy of internal and external counsel; ethics training, disclosure, and monitoring; and board and staff compliance with legal requirements.

What we will do: We will review communications with the IRS and the process for monitoring and responding to compliance issues; benchmark legal services against peers; review ethics training and compliance-reporting programs; and test a sample of transactions against compliance checklists and legal requirements.

Risk Management and Controls

Scope: Risk review and control procedures and the essential components of internal control (segregation of duties; availability, timeliness, and accuracy of information; policy manuals; supervision and review; audits; training and planning); financial controls and statement integrity; purchasing policy and adherence; accounting processes; board and management reporting; internal and external audit sufficiency; and record-keeping.

What we will do: We will assess the internal control structure and financial controls; evaluate the processes for financial statements and accounting and purchasing; and, consistent with the IIA International Professional Practices Framework, assess internal audit sufficiency, the external-audit process, board reporting, and record-keeping against leading practices.

Information Technology Operations

Scope: Control, accuracy, and integrity of the IT system; IT governance and project/portfolio management; data management; application development and maintenance; network infrastructure; security; business continuity and disaster recovery; incident management; and identification of high-risk areas and mitigating controls.

What we will do: We will assess IT governance, structure, and project-management capabilities; evaluate the systems and data infrastructure, data integrity, confidentiality, and cybersecurity; review disaster-recovery and business-continuity planning and incident management; review major projects underway and related risks; and compare the control structure to IT industry practices, including impact analyses of recommended changes.

Review 2017 recommendations and prepare the benchmarking profile

We will review progress on the recommendations from SERS's 2017 fiduciary review. We will prepare a detailed system profile benchmarked against the InGov® standards and peer knowledgebase, and we will formulate preliminary observations and findings.

3. Discussion Document

We will consolidate our preliminary findings into a discussion document and review and refine it with SERS management and the ORSC to confirm factual accuracy. We will then distribute the discussion document to survey participants to inform the survey and interviews that follow.

4. Survey

We will administer an online survey of the board, management, and selected third parties, structured around two questions: what is working well, and what can be improved. We have found this both surfaces issues and improvement opportunities and engages the board and executive team in the review. We will then analyze the survey results and integrate them with our document-based findings.

5. Interviews

We will provide interview questions in advance, then schedule and conduct structured interviews with board members; executives and staff; and key stakeholders, including a sample of external investment managers, the custodian, the investment consultants, the actuary, and the external auditor. We will conduct many follow-up discussions by phone, which we find efficient and cost-effective for this type of review.

6. Report and Closing Conference

Draft Report

We will prepare a draft report and refine its findings and recommendations with SERS and the ORSC to confirm accuracy and practicality. We have found this step greatly increases the likelihood of acceptance and a high level of implementation.

Draft Final Report

We will present the draft final report to the ORSC and to the SERS Board.

Final Report and Presentation

We will present the final report to the ORSC and then to the SERS Board. We will work with SERS leadership to agree on priorities, timeframes, and resource implications, and we will present a summary at the closing conference. This collaborative close greatly increases adoption. We will provide the full final report in advance of the closing conference and present a PowerPoint summary at the conference itself.

Working with the ORSC and SERS

Rick Funston will have overall responsibility for the project and its results, and Evan Norton will serve as day-to-day contact and project manager. We will ask that the ORSC and SERS each appoint a part-time project liaison. The SERS liaison would obtain and upload requested documents, coordinate responses to the InGov® questionnaire, and assist in scheduling meetings and interviews.

We will establish clear communication protocols at the outset for interview and document requests, follow-up discussions, and scheduling, so as to make efficient use of executive and staff time. We will hold weekly status calls with the SERS liaison (and the ORSC liaison, as often as desired) and provide a formal progress report to the ORSC at least every two weeks (bi-weekly) on overall status and any issues identified. We will conduct on-site work in Columbus at the entrance and closing conferences and virtually, as needed, for follow-up interviews and review of preliminary observations.

Deliverables

We will provide at least bi-weekly status updates to the ORSC, with each progress update offering an opportunity to discuss status and raise questions. We will deliver the final report in Word, an interactive HTML, and print and it will include:

- A description of the work performed;
- An executive summary, including an overall opinion of SERS's strengths and weaknesses and an overall comparison of SERS operations with best practices of other public pension plans;
- Specific findings, comparisons to leading and prevailing peer practices, and prioritized recommendations for improvement; and
- Specific, concrete proposals to achieve the recommended improvements.

We will prioritize our recommendations and proposals and identify the potential costs or benefits of implementation. We will organize them to clearly identify to whom each is primarily directed (e.g., the Legislature, the SERS Board, and the ORSC), an approach that has produced a high level of adoption in comparable reviews. We will also provide, separately, one or more examples of prior fiduciary-audit work products to illustrate our proposed methodology and final work product.

Timeline

We will complete the fiduciary performance audit within six months, beginning within two weeks of contract finalization. We anticipate the following timelines for the major stages:

- **Project kick-off and document review with preliminary analysis:** approximately 8 to 10 weeks (contract execution, document request and collection, InGov® profile, entrance conference, and the six parallel workstreams).
- **Discussion document, survey, and interviews:** approximately 10 to 12 weeks (refining preliminary findings, administering and analyzing the survey, and conducting structured interviews).
- **Report:** approximately 6 to 7 weeks (draft report, draft final report to the ORSC and SERS Board, and final report and presentation at the closing conference).

We have provided a detailed GANTT-style workplan showing the expected duration of each task area as an appendix, see [Appendix D – Workplan and Timeline](#).

Working Papers

FAS will retain the working papers supporting this fiduciary performance audit and will make them available for review and duplication by the ORSC and its designees during the period of the awarded contract and for a period of not less than four years after the last payment date. FAS will also be available, at no additional cost beyond the contract price, to answer reasonable questions from authorized representatives of the ORSC regarding the audit, its findings, and the supporting working papers.

4.6 ADDITIONAL INFORMATION

Each proposal shall include any additional information that will be helpful to gain an understanding of the proposal. This may include diagrams, excerpts from reports, or other explanatory documentation that would clarify and/or substantiate the proposal. Any material included here should be specifically referenced elsewhere in the proposal.

4.7 GLOSSARY

Each proposal shall provide a glossary of all abbreviations, acronyms, and technical terms used to describe the services or products proposed. This glossary should be provided even if the terms are described or defined when first used in the proposal response.

ALS – Asset-liability study

BAM – New York City Bureau of Asset Management

CalPERS – California State Employees’ Retirement System

CCSA – Certification in Control Self-Assessment

CEO – Chief Executive Officer

CFO – Chief Financial Officer

CIA – Certified Internal Auditor

CIO – Chief Investment Officer

CISA – Certified Information Systems Auditor

COO – Chief Operating Officer

COSO – Committee of Sponsoring Organizations of the Treadway Commission

CRF – New York State Common Retirement Fund

CRMA – Certification in Risk Management Assurance

FAS – Funston Advisory Services LLC

GAO – Government Accountability Office

IAA – Institute of Internal Auditors

IRRCi – Investor Responsibility Research Center Institute

IT – Information Technology

ICGN – International Corporate Governance Network

ITIL – Information Technology Infrastructure Library

LACERA – Los Angeles County Employees Retirement Association

NAPPA – National Association of Public Pension Attorneys

NASRA – National Association of Public Retirement Administrators

OIC – Oregon Investment Council

OPERF – Oregon Public Employees’ Retirement Fund

OPERS – Ohio Public Employees Retirement System

ORSC – Ohio Retirement Study Council

OST – Oregon Office of the State Treasurer

P2F2 – Public Pension Financial Forum

PCAOB – Public Company Accounting Oversight Board

PEBA – South Carolina Public Employee Benefit Authority

RSIC – South Carolina Retirement System Investment Commission

SERS – School Employees Retirement System

STRS – State Teachers Retirement System

SIG – South Carolina State Inspector General

SIP – Statement of Investment Policy

SWIB – State of Wisconsin Investment Board

4.8 COST INFORMATION

The pricing summary should include a breakdown of costs per element, including personnel costs (including hourly rates and estimated hours for professional and clerical staff assigned to the audit); travel and lodging; data processing costs; materials; and any other potential costs. The cost estimates in the pricing summary must include all necessary charges to conduct the audit and must be a "not to exceed" figure.

Hours and Fees by Consultant and Scope Area

Consultant / Role	A. Board Gov. & Admin.	B. Org. Structure & Staffing	C. Investment Policy & Oversight	D. Legal Compliance	E. Risk Mgmt. & Controls	F. IT Operations	Project Oversight & Mgmt.	Planned Hours	Rate (\$/hr)	Fee (\$)
Rick Funston	95	5					25	125	\$550	\$68,750
Evan Norton (PMO)	6	13	12	6	31	13	54	135	\$550	\$74,250
Subject Matter Experts:										
Matt Jacobs	10			52.5				62.5	\$550	\$34,375
Mario Pardo			100					100	\$550	\$55,000
Shankar Subramanian			62		38			100	\$550	\$55,000
Larry Jensen				5	64	31		100	\$550	\$55,000
Steven Ross					5	95		100	\$550	\$55,000
Laurel Rutledge		50						50	\$550	\$27,500
Total	111	68	174	63.5	138	139	79	772.5		\$424,875

Fee Summary — Total Not-to-Exceed

	Hours	Rate	Total
Professional fees	772.5	\$550	\$424,875
Travel and lodging			\$32,087.50
Materials and other costs			\$5,750
Total (Not to Exceed)			\$462,712.50

Appendix A – InGov® Intelligence

This appendix illustrates how FAS’s InGov® fiduciary assessment works in enough detail for the ORSC to evaluate its rigor and objectivity. It is deliberately illustrative: the complete instrument, question banks, detailed scoring rubrics, and applicability logic—is proprietary to FAS and is summarized rather than reproduced here. InGov® is AI-enabled and human-in-control: technology accelerates evidence gathering and first-pass scoring, while experienced fiduciary professionals exercise judgment and sign off on every result.

1. A four-category framework

InGov® assesses a system across four connected categories, following the chain by which governance produces results—Profile → Policy → Practice → Performance—spanning the full fiduciary landscape of a public retirement or investment system.

Category	What it captures	Representative areas
Profile	The system’s statutory setting and structural context—the conditions within which the board operates.	Enabling Statutory Environment (ESE); scale and plan vitals
Policy	What the board has committed to in writing, scored against an authoritative standard.	Governance; Investment; Retirement & Benefits; Administration
Practice	How the board actually operates, evidenced over a rolling window of board records.	Meeting cadence & conduct; oversight; board development
Performance	The outcomes the system delivers for members, funding, and investments.	Key Performance Results (KPR)—see §5

2. The Standard of Comparison — absolute first, relative second

InGov® scores each system against a Best Practices fiduciary Standard before any peer comparison is introduced. This ordering matters. Pure peer benchmarking can create false reassurance, because a group of underperformers can all appear “average.” Comparing to the Best Practices Standard first shows whether the bar itself is being met. The Standard is organized as a three-tier expectation ladder—a maturity progression, not merely a ranking of authority.

Tier	What it represents	Illustrative basis
Tier 1 — Statutory & Regulatory	The compliance floor: binding law and regulation. Non-negotiable, and (where applicable) expected to be publicly discoverable.	State statute and regulation; open-meeting and public-records law
Tier 2 — Authoritative guidance	The prudent-fiduciary standard: practices widely expected of a prudent fiduciary.	GFOA, COSO, CFA Institute, NASRA, NCPERS, and other standard-setters
Tier 3 — Leading practice	Above and beyond: practices that exceed both compliance and general expectation.	Drawn from FAS’s in-the-field observations across dozens of systems

3. Scoring convention and roll-up

Each item is scored Yes (1), Partial (0.5), or No (0); items that do not apply are marked N/A and excluded from the denominator, so a system is never penalized for what it is not responsible for. Compound requirements are decomposed into sub-items that roll up to a single parent concept, and each parent counts once—preventing any single theme from being double-weighted. Parent scores roll up to subsection, protocol, and category results, which are reported separately. Where a peer cohort is large enough to be meaningful, a system’s standing is also expressed as a percentile within its own entity type.

4. Built for fair, like-for-like comparison

- **Applicability by system type.** Every system is scored only on what it is responsible for. Investment-only boards, member-serving (integrated) systems, and delegated benefits administrators each receive the applicable subset of items; out-of-remit items are excluded, never scored as a deficiency.
- **Enabling Statutory Environment (ESE).** Statutory factors beyond a board’s control—authority and delegation, investment latitude, structural and fiscal autonomy, and adaptability, among others—are assessed separately in the Profile on a calibrated anchor rubric, so boards are measured on what they can influence rather than what they cannot control.
- **Public-basis vs. internal-document protocols.** Public-basis protocols are assessed solely on publicly available information, so every system is compared on the same footing; here a “No” means the item is not publicly disclosed—the measured finding. Internal-document protocols rely on materials the system provides; a missing document is treated as not-yet-requested and tracked on a document register—never characterized as “requested and withheld.”
- **Evidence discipline.** Public-availability findings are confirmed by two independent searches—an automated pass and an independent human search—with live re-verification. The governing rule throughout is “no citation, no Yes.”

5. Performance outcomes — Key Performance Results (KPR)

Outcomes are rated Blue / Green / Amber / Red across four domains, with results rolled up by domain and reported alongside the governance scores so the board can see how structure, policy, and practice connect to results.

Outcome domain	Representative indicators
Investments	Active Risk-Return Ratio (information ratio); net value added vs. policy benchmark; return vs. assumed rate; cost-effectiveness; downside resilience
Benefits	Payment accuracy and timeliness; member service and satisfaction; administrative cost per member; data integrity
Enterprise	Funded ratio and trajectory; contribution adequacy; sustainability; total cost per member; operational and cyber resilience
Other major outcomes	Intergenerational equity; stakeholder confidence; mission and mandate delivery

6. AI-enabled, human-in-control operating model

Technology does the heavy, repeatable work but fiduciary professionals do the judging. AI accelerates document extraction and a cited first-pass score. Our expert FAS reviewers then adjudicate every item, and no result becomes client-final without human sign-off.

Quality is enforced through defined gates, including citation and source-diversity checks, an applicability audit, a recomputation of every roll-up, and version locking of the instrument. Reviewers record item-level Approve/Revise decisions and maintain a document register (requested / received / reviewed) so the evidentiary trail behind every score is auditable, transparent and defensible.

7. Delivery — the interactive Fiduciary Scorecard

Findings are delivered in a self-contained, interactive Fiduciary Scorecard that includes the Profile, Policy, Practice and Performance. The Scorecard includes comparative insights that includes anonymized peer benchmarking. The board sees exactly where it stands against the Fiduciary Best Practice Standard, against credible peers, and where the highest-leverage improvements lie. It translates measurement into prudent, prioritized action.

Scale behind the Standard

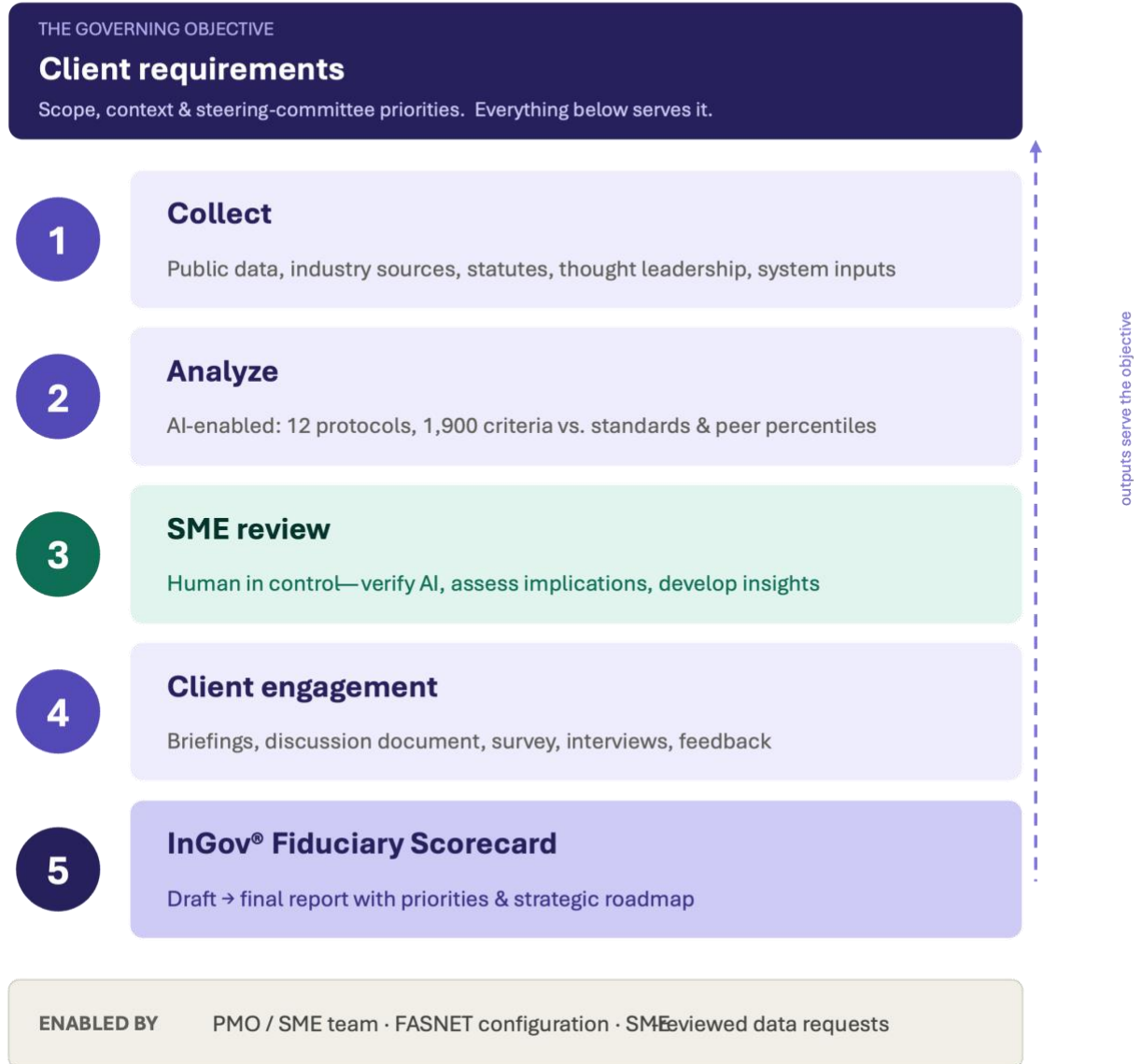
InGov® draws on more than 1,600 fiduciary criteria, a Best Practices Fiduciary Standard refined across 60+ governance reviews, and a scored universe of more than 100 U.S. retirement and investment systems—compared within entity-type peer cohorts for genuine like-for-like insight.

A note on proprietary detail

The complete InGov® instrument—its full question banks, detailed scoring rubrics, weightings, and applicability logic—is proprietary to Funston Advisory Services LLC. FAS will make the detailed instrument available for the ORSC's review under appropriate confidentiality arrangements.

InGov® Fiduciary Scorecard Process

A five-step, AI-enabled and humanled fiduciary review. The scorecard is the product of this process:



Appendix B – Preliminary Data Request

Source-area key

Gov - Board Governance & Administration

Org - Organizational Structure & Staffing

Inv - Investment Policy & Oversight (policy, oversight, risk, custodian)

Legal - Legal Compliance

Risk - Risk Management & Controls

IT - IT Operations

All - Cross-cutting / master request

1. Legal, Statutory & Regulatory Framework

- Ohio Revised Code Chapter 3309 and Chapter 171; relevant Ohio Administrative Code provisions; ORSC statutes and rules **Gov / Legal**
- Attorney General opinions relevant to SERS fiduciary duties, ethics, public records, open meetings, and custody **Gov / Legal / Inv**
- Compliance calendar; statutory compliance matrix; legal issue inventory; policy attestation records; compliance reports **Legal**
- IRS determination letters; plan amendments; tax counsel memos; RMD and 1099-R procedures; correction filings; private letter rulings (if any) **Legal**
- Ohio statutes governing custody; State custody policies; custody delegation agreements **Inv**

2. Governance Policies, Board & Committee Materials

- Governance manual / policy system; Board charter; committee charters; delegations of authority; Board/staff communication protocols; Board meeting and expense policies; Board self-assessment policy **Gov**
- Complete current policy library; policy inventory; policy owner matrix; policy review schedule; retired / superseded policies **All**
- Board and committee agendas, minutes, packets, dashboards, action registers / logs, consent agendas, and executive-session logs - last three fiscal years **Gov / All**

3. Trustee Education

- Orientation materials; annual education calendar; trustee attendance records; statutory education compliance records; training costs by trustee; external conference approvals; trustee education policy **Gov**
- Board legal briefings; open-meetings and public-records procedures; Board training records **Legal / Gov**

4. Ethics & Conflicts of Interest

- Ethics policy; financial disclosure procedures; gift policy; conflict-of-interest policy; investment / business-opportunity referral policy; whistleblower policy **Gov / Legal**
- Recusal records / logs; gift logs; conflict logs; ethics training records; whistleblower reports; disclosure review procedures **Gov / Legal**

5. Strategic Planning

- Current and prior strategic plans; annual business plans; implementation status reports; Board retreat materials; strategic risk reports **All**

6. Budget, Administrative Cost & Benchmarking

- Annual budgets for five fiscal years; budget policy; budget-to-actual reports; headcount budgets; capital budgets; office occupancy / cost reports **Gov / Risk**

- Administrative cost benchmarking reports; CEM pension-administration reports; CEM investment-cost reports; compensation studies; peer and customer-satisfaction benchmarking **Gov / Org / All**
- Annual comprehensive financial reports; administrative-cost data; investment-cost data; operational and member-service KPIs **All / Risk**

7. Organization, Staffing & HR

- Current and historical organization charts; executive reporting / committee structure; executive bios; staff directory; functional headcount by department for five years **Org / All**
- FTE counts by department; vacancies; turnover reports; retirement eligibility; new hires; terminations; time-to-fill; contractor / consultant use **Org**
- Position descriptions; job families; competency models; role descriptions; authority matrices **Org**
- HR policies: recruiting, onboarding, compensation, performance management, discipline, promotion, remote work, leave, training, succession, ethics, EEO, and termination **Org**

8. Compensation, Performance & Succession

- Compensation philosophy; most recent compensation study; salary ranges / structure; investment incentive plan; merit-increase history; market-adjustment analyses **Org**
- Performance evaluation templates; goal-setting guidance; calibration process; sample anonymized evaluations; development-planning process **Org**
- Succession plans for ED, CIO, CFO, General Counsel, Chief Audit Executive, CTO, CRO/ERM, and other key positions; emergency replacement and leadership-development plans **Gov / Org / All**
- Workforce plans; retirement-risk reports; critical-position inventory **Org**

9. Training, Member Service & Culture

- Training calendar / policy; required and role-specific training records; fiduciary, ethics, and security training records; certification and tuition reimbursement records; employee onboarding materials **Org**
- Call-center metrics; member and employer satisfaction surveys; complaint logs; processing-time dashboards; service-level agreements; portal / digital usage analytics; benefit-administration quality controls **Org / Gov**
- Employee / culture survey results; culture initiatives; exit-interview summaries; retention-risk analysis **Org**

10. Stakeholder Communications

- Stakeholder communications policy; communications plan; crisis-communications plan; media protocols; Board spokesperson policy; legislative-communications protocols; member / employer / retiree newsletters; website analytics **Gov**

11. Investment Policy, Asset Allocation & Actuarial

- Current IPS / SIP and prior five years of versions; investment policy appendix; investment committee charter; investment delegations; CIO authority documents **Inv**
- Investment policy review calendar; policy owner matrix; policy updates; Board approvals; staff review records **Inv**
- Latest asset/liability study; asset-allocation studies; Board materials approving asset allocation; capital-market assumptions; liquidity analyses; phase-in plans **Inv**
- Latest actuarial valuation; experience study; funding policy; assumed-rate materials; contribution analysis; health-care funding analysis **Inv**

- Rebalancing policy; rebalancing and exception reports; CIO approvals; risk reports informing rebalancing [Inv](#)
- Responsible investment policy; proxy-voting policy and reports; stewardship reports; ESG integration materials; manager ESG due-diligence questionnaires [Inv](#)

12. Investment Oversight: Performance, Managers, Fees & Operations

- Monthly and quarterly investment performance reports; consultant reports; custodian reports; benchmark policy and history; attribution reports [Inv](#)
- Manager watchlist; annual manager reviews; manager scorecards; termination memos; compliance certifications; manager meeting notes [Inv](#)
- Manager search / due-diligence memos and questionnaires; investment committee materials; operational due-diligence reports; legal review; consultant opinions; approval records [Inv](#)
- Manager fee schedules; invoices; fee-validation reports; private-markets fee and expense reports; ILPA templates; advisor / consultant contracts and fee schedules [Inv](#)
- Trade-cost analysis reports; brokerage and best-execution policies and reports; directed-brokerage and commission-recapture reports [Inv](#)
- Securities-lending reports; cash-management policies; regulatory-reporting records; shareholder-litigation policy and activity reports [Inv](#)
- Investment accounting and valuation policies; reconciliation reports; NAV review procedures; custodian reconciliations [Inv](#)
- Staff Investment Committee minutes; investment memos / thesis documents; due-diligence files; compliance checklists; approval cover sheets [Inv](#)
- Investment compliance reports; policy exception logs; manager guideline breaches and remediation records; side-letter and investment-management-agreement templates [Inv](#) / [Legal](#)

13. Investment & Fiduciary Risk

- Investment risk policy; risk appetite / tolerance statement; derivatives, leverage, liquidity, and counterparty-risk policies [Inv](#)
- Board and CIO risk reports; stress tests; scenario analyses; liquidity reports; risk-budget and active-risk reports [Inv](#)
- Risk-system documentation; data feeds; validation reports; model-governance documents; data-quality procedures [Inv](#)
- Risk-limit breach, escalation, and remediation records; compliance exceptions [Inv](#)
- Investment-risk organization chart; position descriptions; backup coverage; succession plan; risk-staff qualifications [Inv](#)
- Board education materials on asset-allocation, actuarial, liquidity, private-markets, leverage, derivatives, and stress-scenario risk [Inv](#)

14. Custodian

- Custodian contracts; service-level agreements; fee schedules; amendments; transition documents [Inv](#)
- Custodian performance reports; issue logs; service reviews; fee reports; cash-management and analytics reports [Inv](#)
- Custodian SOC 1 / SOC 2 reports; user-entity control reviews; reconciliation and cash-movement controls; exception reports [Inv](#)
- Meeting minutes with Treasurer / custodian; custodian scorecards; annual review materials; escalation records [Inv](#)

15. Legal Compliance - Counsel, Ethics & Transactions

- Legal department organization chart; position descriptions; outside-counsel list; engagement letters; legal budget; matter-management reports [Legal](#)
- Sample investment agreements; side letters; subscription documents; legal due-diligence memos; approval checklists; compliance sign-offs [Legal](#) / [Inv](#)

16. Enterprise Risk, Internal Controls & Finance

- ERM policy; risk taxonomy; risk appetite / tolerance statements; risk registers; risk reports; risk-committee materials; risk-owner assignments [Risk](#)
- Internal control policies; authority matrix; segregation-of-duties documentation; reconciliations; control self-assessments; exception logs [Risk](#)
- Financial statements; monthly / quarterly close procedures; accounting policies; financial-reporting calendar; sub-certification process [Risk](#)

17. Procurement, Audit & Records

- Purchasing policy; contract-management policy; vendor inventory; procurement files; sole-source exceptions; contract-monitoring reports [Risk](#)
- Internal audit charter; audit committee charter; risk-based audit plan; audit reports; issue tracking; follow-up reports; QAIP materials; IA staffing and budget [Risk](#)
- External audit reports; management letters; audit committee materials; auditor engagement letters; independence confirmations [Risk](#)
- Records-retention policy and schedule; destruction and legal-hold logs and procedures; records-system documentation; security protocols [Risk](#) / [Gov](#)

18. Board & Management Reporting

- Board dashboards; financial, operational, risk, and management reports; KPI / KRI reports [Risk](#) / [Gov](#)

19. IT Governance, Cybersecurity & Data

- IT strategic plan; IT policies; IT governance committee materials; Board IT reports; IT budget; IT project portfolio / roadmap [IT](#)
- Cybersecurity policy; IT risk assessment; vulnerability scans; penetration tests; security-awareness records; cyber-incident reports; cyber insurance [IT](#)
- User-access policy; privileged-access reports; access-review records; identity-management procedures; terminated-user reports [IT](#)
- Data-governance policy; data dictionary; data-quality reports; employer / member data validation and reconciliation procedures [IT](#)

20. IT Continuity, Applications & Infrastructure

- Incident response plan; tabletop-exercise materials; incident logs; escalation and breach-notification procedures [IT](#)
- Business continuity plan; disaster recovery plan; BIA; RTO / RPO documentation; DR test results; remediation plans [IT](#)
- SMART / application system documentation and inventory; SDLC policy; change-management records; release logs; testing procedures [IT](#)
- Network diagrams; asset inventory; patch-management, backup, monitoring, and capacity reports; infrastructure roadmap [IT](#)

21. Third-Party / Vendor Risk & Service-Provider Contracts

- IT vendor inventory; SOC reports; vendor contracts; cybersecurity clauses; vendor risk assessments; remediation tracking [IT](#)
- Contracts and performance reports for the actuary, investment consultant, custodian, external auditor, legal counsel, IT / cyber vendors, and major benefit-administration vendors [All](#)

22. Prior Audit (2017) Follow-Up

- 2017 FAS recommendation / implementation tracker; management responses; ORSC updates; Board and staff updates; documentation of completed, deferred, modified, superseded, or rejected recommendations and evidence of implementation [Gov](#) / [All](#)

23. Interviews

- List of trustees, executive staff, managers, staff specialists, external advisors, custodian / Treasurer representatives, auditors, actuary, consultants, selected investment managers, and key vendors [All](#)

Appendix C – Preliminary Interview List

1. Each SERS Board member
2. SERS executive staff
 - a. Executive Director
 - b. Deputy Executive Director
 - c. Chief Investment Officer
 - d. Asset class managers
 - e. Investment risk manager
 - f. General Counsel
 - g. Chief Compliance Officer
 - h. Director of Risk Management
 - i. Director of Internal Audit
 - j. Chief Financial Officer
 - k. Investment accounting staff
 - l. Financial staff who calculate investment manager fees
 - m. Chief Technology Officer and staff
 - n. Director of Member Services
 - o. Manager of Human Resources
3. General investment consultant
4. Asset class consultants
5. Investment managers (at least ten investment managers from a variety of asset classes, focusing on the most recently hired and those with the largest allocations)
6. SERS actuary
7. SERS custodial bank staff
8. Treasurer of State staff (those who interact with SERS regarding custodial bank matters)
9. SERS external auditor

Appendix D – Workplan and Timeline

The workplan below follows the six-stage methodology described in Section 4.5 and places the InGov® Fiduciary Scorecard at the center of the review. The audit is completed within approximately six months (26 weeks), beginning within two weeks of contract finalization; bars show the expected duration of each activity, and the six assessment workstreams run in parallel during document review and preliminary analysis. The stage-group durations reconcile to Section 4.5: project kick-off and document review with preliminary analysis span weeks 1–10 (8–10 weeks); the discussion document, survey, and interviews span weeks 10–21 (10–12 weeks); and the report spans weeks 20–26 (6–7 weeks). Throughout the engagement, FAS provides project management, holds weekly status calls with the SERS (and, if desired, ORSC) liaison, and delivers a formal progress report to the ORSC at least every two weeks, with on-site work in Columbus at the entrance and closing conferences and, as needed, for follow-up interviews.

Legend: ■ InGov® Fiduciary Scorecard steps ■ Standard activity duration (SERS) = task requiring SERS staff participation.

FAS Activities	Month 1				Month 2					Month 3				Month 4					Month 5				Month 6			
Week	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26
Stage 1 — Project Kick-off																										
Execute the contract and mobilize the FAS team	■																									
Issue document request and InGov® system profile questionnaire	■	■																								
Collect and upload documents to the secure collaboration tool		■	■	■	■																					
SERS completes the InGov® system profile questionnaire (SERS)		■	■	■																						
Finalize the workplan, project management structure, and communication protocols		■	■																							
Conduct the entrance conference (on-site, Columbus)			■																							
Review initial InGov® profile results and begin follow-up on data collection			■	■	■																					
Stage 2 — Document Review and Preliminary Analysis																										
Build the InGov® Fiduciary Scorecard: score SERS against the absolute Standard of Comparison (1,600+ criteria across Structure, Policy, Practice, and Outcomes)				■	■	■	■	■																		

FAS PROPOSAL TO CONDUCT A FIDUCIARY PERFORMANCE AUDIT OF SERS OF OHIO

FAS Activities	Month 1				Month 2					Month 3				Month 4					Month 5				Month 6			
Week	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26
Score Policy across the Governance, Investment, Retirement, and Administration domains; assess investment performance via the Active Risk Return Ratio																										
Benchmark SERS's fiduciary scores against the curated peer universe (relative comparison)																										
Review SERS implementation progress on 2017 fiduciary review recommendations																										
<i>Conduct preliminary analysis — six workstreams in parallel:</i>																										
A. Board Governance and Administration																										
Assess the overall SERS governance structure, Board composition, and lines of reporting and compare with leading practices at peer state retirement systems in the U.S., with particular emphasis on investment governance																										
Review the policies and role of the Board vis-à-vis SERS staff, advisors, and external managers																										
Evaluate oversight and monitoring activities																										
Review Board and staff processes for compliance with applicable laws, administrative rules and policies																										
Review conflict of interest policies and procedures and compare with leading practices																										
Compare SERS Board authorities and performance with leading, prevailing and lagging practices at peer funds and identify if there are areas where the Board is unduly limited by regulations from fulfilling its fiduciary duties																										
Assess SERS' budgeting and monitoring processes, its administrative costs, and its ongoing Board education program and costs and how they compare to peer retirement systems																										
Compare SERS' budgeting and expense monitoring processes with leading practices																										

FAS PROPOSAL TO CONDUCT A FIDUCIARY PERFORMANCE AUDIT OF SERS OF OHIO

FAS Activities	Month 1				Month 2					Month 3				Month 4					Month 5				Month 6			
Week	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26
Compare SERS' Board continuing education program with leading and prevailing practices at peer retirement systems																										
Review SERS' stakeholder communications policies and plans and compare to leading practices																										
B. Organizational Structure and Staffing																										
Assess the organization structure, staffing and capabilities of SERS as compared to peer retirement systems																										
Review human resources policies and practices and compare to leading practices																										
Assess staff qualifications and hiring and evaluation processes																										
Evaluate SERS compensation policies and structure																										
Assess SERS processes for monitoring, measuring and improving member satisfaction																										
Review SERS staff training and continuing education policies and program and compare to peer retirement systems																										
C. Investment Policy and Oversight																										
<i>a. Investment policy</i>																										
Assess how the SIP is developed and updated and compare to leading and prevailing practices																										
Review the content of the SIP and compare to peer leading practices																										
Assess consistency between the SIP and the asset allocation, the asset/liability study, and the most recent five-year experience study																										
Review mechanisms and decision-making processes for periodically reviewing and rebalancing the asset allocation																										

FAS PROPOSAL TO CONDUCT A FIDUCIARY PERFORMANCE AUDIT OF SERS OF OHIO

FAS Activities	Month 1				Month 2					Month 3				Month 4					Month 5				Month 6			
Week	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26
Evaluate SERS policies and practices for documentation of investment decisions																										
Assess SERS compliance with documented investment policies and procedures and identify any issues																										
Review SERS Board and staff policies and processes for periodic review and updating or investment policies, guidelines and procedures																										
<i>b. Investment oversight and review</i>																										
Assess SERS controls, procedures and capabilities for investment oversight, performance monitoring, and manager compliance																										
Assess SERS processes for monitoring and controlling transaction costs and compare to leading practices																										
Assess processes by which SERS selects performance benchmarks and monitors and measures performance																										
Evaluate external manager compensation and payment processes and compare to peers																										
Assess external manager conflict of interest policies and compliance procedures and compare to leading practices																										
Review SERS' investment manager due diligence and selection policies, practices and documentation and compare to leading practices																										
<i>c. Investment and fiduciary risk</i>																										
Evaluate how the Board assesses risk during the asset allocation process																										
Evaluate how SERS identifies and controls investment and fiduciary risk and compare to leading practices																										
<i>d. Custodian policy</i>																										
Compare the breadth and quality of services provided by the custodial bank to SERS with peer retirement systems																										

FAS PROPOSAL TO CONDUCT A FIDUCIARY PERFORMANCE AUDIT OF SERS OF OHIO

FAS Activities	Month 1				Month 2					Month 3				Month 4					Month 5				Month 6			
Week	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26
Evaluate the Ohio custody model and custodial bank oversight structure and compare to peer public retirement systems																										
D. Legal Compliance																										
Review communications with the IRS to identify any potential compliance deficiencies																										
Review the process by which SERS monitors compliance with IRS requirements and responds to compliance issues																										
Assess legal services in comparison to peers over the past three years																										
Review the ethics training and compliance programs, as well as compliance reporting processes, and compare them to leading practices																										
Review transaction compliance checklists for each asset class and review a sample of transactions for compliance with guidelines and legal requirements																										
E. Risk Management and Controls																										
Assess the SERS financial control structure and the adequacy of financial controls																										
Assess the process through which financial statements are created and their integrity																										
Assess SERS' purchasing policies and practices and procedures for compliance with those policies																										
Assess SERS accounting processes																										
Evaluate the utility of standard reports to the Board and management and compare to leading practices																										
Assess internal audit capabilities and procedures																										
Assess the external auditor selection process and services provided by the external auditor																										

FAS PROPOSAL TO CONDUCT A FIDUCIARY PERFORMANCE AUDIT OF SERS OF OHIO

FAS Activities	Month 1				Month 2					Month 3				Month 4					Month 5				Month 6			
Week	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26
Assess SERS record-keeping system																										
F. IT Operations																										
Assess SERS' overall IT governance structure, policies, procedures and control structure																										
Review the SERS technology infrastructure and applications portfolio along with the service catalog																										
Assess the organizational structure of SERS IT to support the ongoing performance of the fund operations																										
Assess SERS' project management policies, procedures and capabilities																										
Evaluate SERS' systems and data infrastructure																										
Evaluate SERS data integrity, confidentiality and security policies and practices and compare to industry leading practices																										
Review the cyber security capabilities of SERS' operations and systems, including the technology environment delivering applications and data																										
Review the SERS disaster recovery and continuity planning policies, plan and practices and compare to leading practices																										
Review major IT projects underway, including the status and related risks																										
Review SERS' incident reporting system																										
Assess risks associated with SERS IT operations																										
Prepare impact analyses of the recommended changes with suggestions for alternatives																										
Formulate preliminary observations and findings; review with staff to confirm the evidence																										

FAS PROPOSAL TO CONDUCT A FIDUCIARY PERFORMANCE AUDIT OF SERS OF OHIO

FAS Activities	Month 1				Month 2					Month 3				Month 4					Month 5				Month 6			
Week	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26
Stage 3 — Discussion Document																										
Consolidate preliminary findings into a discussion document																										
Review and refine the discussion document with SERS management and the ORSC																										
Distribute the discussion document to survey participants																										
Stage 4 — Survey																										
Administer online survey of the Board, management, and selected third parties																										
Analyze survey results and integrate with document-based findings																										
Stage 5 — Interviews																										
Provide interview questions in advance																										
Schedule and conduct structured interviews (Board; executives and staff; external service providers)																										
Conduct follow-up discussions by phone																										
Stage 6 — Report and Closing Conference																										
Prepare draft report; refine findings and recommendations with SERS and the ORSC																										
Submit complete draft report for ORSC and SERS review																										
Obtain feedback from ORSC and SERS and revise the report																										
Present the draft final report to the ORSC and the SERS Board																										

FAS PROPOSAL TO CONDUCT A FIDUCIARY PERFORMANCE AUDIT OF SERS OF OHIO

FAS Activities	Month 1				Month 2					Month 3				Month 4					Month 5				Month 6			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26
Deliver the final report — digital plus 25 bound copies to SERS and, separately, to the ORSC (within one week of completion)																										
Present the final report in person to the ORSC and to the SERS Board of Trustees; conduct the Closing Conference (on-site)																										

Appendix E – Artificial Intelligence Governance –

FAS Policy & Procedures Statement

Last updated: February 1st, 2026

Funston Advisory Services (“FAS”) maintains internal governance standards governing the responsible use of Artificial Intelligence (AI) tools in connection with client engagements. FAS’s policy framework is designed to align with public fiduciary standards and applicable confidentiality and public records laws.

FAS affirms that AI may support analysis but shall not replace independent professional judgment.

1. Fiduciary Primacy & Human Accountability

Policy

- AI outputs are advisory tools only.
- All engagement deliverables, recommendations, benchmarking conclusions, and governance assessments are reviewed, validated, and approved by senior FAS professionals.

Procedure

- No client-facing deliverable is issued without practitioner review.
- AI-generated content is independently verified against authoritative sources.
- Professional judgment governs final conclusions.
- AI tools are not used to make autonomous investment, governance, or risk decisions.

2. Confidentiality & Data Protection

Policy

FAS does not input confidential client data into public AI platforms.

Procedure

- Client-sensitive information is handled within secure environments.
- Confidential investment information, non-public records, and personally identifiable information are excluded from public AI systems.
- Where AI tools are used, anonymization and abstraction techniques are applied.
- FAS contracts include confidentiality provisions binding employees and subcontractors.

3. Transparency & Documentation

Policy

If AI materially informs analysis, FAS maintains internal documentation of methodology sufficient to explain how conclusions were reached.

Procedure

- AI-assisted research is supplemented by independent validation.
- Citations and authoritative sources are verified.
- Methodology descriptions in reports reflect the analytical process.
- AI is not represented as an independent authority.

4. Investment & Benchmarking Analysis

FAS's core services—fiduciary performance audits, governance reviews, benchmarking assessments—are practitioner-led and AI-enabled.

Controls

- Quantitative analyses are independently computed and verified.
- AI is not used as a substitute for empirical benchmarking data (e.g., CEM or peer data sets).
- Assumptions underlying scenario modeling are disclosed and reviewed.
- Investment governance conclusions are grounded in documented data and professional analysis.

AI may assist in organizing information but does not determine findings.

5. Cybersecurity & Vendor Controls

Policy

FAS uses commercially reasonable cybersecurity safeguards appropriate for advisory services to public institutional clients.

Procedure

- Access controls and secure storage for client documents.
- Role-based permissions.
- Regular software updates and patch management.
- Subcontractors subject to confidentiality and data protection agreements.

Where AI tools are used:

- Preference is given to enterprise or secure environments.
- Tools are evaluated for data retention practices.
- Public model training on client data is prohibited.

6. Records Retention

FAS maintains engagement records in accordance with contractual and professional standards.

Where AI materially supports an engagement:

- The final work product reflects validated analysis.
- Supporting documentation sufficient to explain findings is retained.

FAS understands that client materials may constitute public records and cooperates with client record retention requirements.

7. Training & Responsible Use

FAS provides internal guidance to professionals on:

- Responsible AI use;
- Avoiding hallucinations and unverified citations;
- Confidentiality risks;
- Maintaining professional skepticism.

AI outputs are treated as preliminary drafts requiring verification.

8. Prohibited Uses

FAS prohibits:

- Delegating final conclusions to AI;
- Entering confidential client investment data into unsecured public AI systems;
- Representing AI-generated content as independently authoritative;
- Creating synthetic communications that imply client endorsement or official position.

9. Principles

1. AI is advisory only; human judgment controls
2. Senior practitioner sign-off required
3. No unsecured input of protected data
4. Documented methodology and validation
5. Cybersecurity and vendor safeguards in place

10. Professional Standard Statement

FAS's use of AI is governed by the following principle: Technology may enhance efficiency and analytical depth, but prudence is measured by the quality of human oversight and documented reasoning.

AI tools are used to augment, not replace, independent fiduciary expertise.

End of Proposal