SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO
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RICHARD STENSRUD
Executive Director

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Deputy Executive Director

March 27, 2026

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

Dear Ms. Rhodes:

Pursuant to R.C. 3309.044, enclosed please find a report of actions taken by the Audit Committee of the SERS Retirement Board for calendar year 2025. The attached report was prepared by SERS' Chief Audit Officer (CAO), Steve Ritzer, and incorporates the reporting format approved by the Ohio Retirement Study Council.

This report is presented in the most recently revised format. The report documents the activities of the SERS Internal Audit Department for 2025 including:

- Current Year Completed Audits with Recommendations
- Prior Years Completed Audits with Updates to Recommendations
- Current Year Completed Audits with No Recommendations
- Active Audits
- Other Audit Related Activity

The attached report includes recommendations from two IT audits. To provide additional context, as part of our 5-Year Technology Roadmap (TRM), IT has upgraded our infrastructure to incorporate new technology and enhance security. Due to changes in our IT environment, two outsourced audits were conducted on IT infrastructure and identity and access management. As anticipated, while some recommendations are required in terms of process and documentation, we are pleased with each report's overall conclusion that foundational controls are in place. Recommendations from these two IT audit reports are included in the attached.

The SERS Audit Committee held six meetings in 2025. These meetings included discussions involving the audit plan, updates to open audit recommendations, hiring a new CAO in 2025, and updates to internal audit documentation relating to the new audit requirements.

Please feel free to contact Steve Ritzer or myself if you have any questions.

Sincerely,

Richard Stensrud
Executive Director
Enclosure

School Employees Retirement System of Ohio

2025 Annual Audit Report

(Submitted to ORSC March 27, 2026)

Current Year Completed Audits with Recommendations and Management Response

Audit Area	Scope	Recommendation, Risk Rating, and Summarized Finding	Management's Response	Recommendation Status	Anticipated Implementation Date
IT Infrastructure	Internal controls, policies, procedures and security related to IT Infrastructure	Sixteen recommendations were included in the final report which had an overall rating of 'satisfactory with exceptions'. Two received a high rating, five received a moderate rating, and nine received a low rating. The report was presented in executive session.	Management has developed a remediation plan for each recommendation.	Nine low rated recommendations, two high rated recommendations, and one moderate rated recommendation have been closed. Corrective action for the remaining four moderate recommendations is open.	April 2026 (1) June 2026 (3)
		Comments: Controls related to IT Infrastructure were operating effectively to achieve business objectives.			

Risk Rating Levels:

High: Requires Immediate attention and remediation.

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

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

Recommendation Status:

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

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

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

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

Prior Years Completed Audits with Updates to Recommendations and Management Response

Audit Area	Scope	Recommendation, Risk Rating, and Summarized Finding	Management's Response	Recommendation Status	Anticipated Implementation Date
Identity and Access Management	Internal controls, policies, procedures and security related to Identity and Access Management.	Eleven recommendations were proposed. Six received a moderate rating and five were rated as low. The report was presented in executive session.	Management has developed a remediation plan for each recommendation.	Five low rated recommendations and one moderate rated recommendation have been closed. Corrective action for the remaining three recommendations is open.	April 2026 (2) June 2026 (1)
		Comments: Controls related to Identity and Access Management were operating effectively to achieve business objectives.			
Tenant and Parking Revenue	Risk management, internal control design and effectiveness, contract management, information security, invoice/revenue monitoring, and financial reporting.	Management should develop policies and procedures related to tenant and parking revenue and other areas of operation. Risk rating: Moderate	Procedures will be documented by the department.	Closed	Corrective action implemented.
		Comments: Controls related to Tenant and Parking Revenue were operating effectively to achieve business objectives.			

Risk Rating Levels:

High: Requires Immediate attention and remediation.

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

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

Prior Years Completed Audits with Updates to Recommendations and Management Response

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

Risk Rating Levels:

High: Requires Immediate attention and remediation.

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

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

Recommendation Status:

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

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

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

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

Completed Audits with No Recommendations

Audit Area	Scope
Investment Incentive Compensation	Evaluate controls and payments associated with the FY2025 Investment Incentive Compensation Plan.
	Comments: The investment incentive plan appears supportive of the Board's intent to reinforce a performance philosophy to attract and retain high-quality talent within Investments. Management was effective in completing the calculations in an accurate manner with supporting documentation. There were no calculation errors identified during testing.
Conflict of Interest	Review disclosures by Investments staff and external investment service providers for conflicts of interest compliance. Review included: 1) Investment staff certification 2) Financial Disclosure Statements 3) Professional Conduct Statement 4) Investment Manager Agreement 5) Required Annual Disclosure
	Comments: Reviewed SERS' Investments staff disclosures and external investment service providers. No exceptions identified.
Undue Influence	Independently verify key SERS staff performed their job duties in good faith according to SERS' policies and reaffirm no one had attempted to coerce their work or influence their job performance.
	Comments: The CAO reviewed the submitted undue influence forms and determined they were properly filed with no instances reported on the forms submitted.
Required Minimum Distribution	To determine whether FY2025 required minimum distributions were being distributed in compliance with IRS requirements.
	Comments: The CAO reviewed the SERS' policies and procedures in accordance with compliance requirements. No exceptions identified.

Active Audits

Audit Area	Scope	Target Completion
Self-service Portal	Review SERS self-service member portal to ensure security measures are in place, verify compliance with applicable laws, regulations, and industry standards, assessing performance, and ensure data displayed to members is accurate.	March 2026

Other Audit Related Activity

Area	Subject/Project	Description
Health Care	Benefits - Pharmacy/Medical	Internal Audit provided consulting services related to ongoing health care claims audits.
Financial Reporting	Financial Statement Controls	The Chief Financial Officer regularly provides updates to the Committee on financial reporting processes, changes in accounting and financial reporting standards, comprehensive annual financial report overview, processes in place to limit material control weaknesses and fraud, and periodic updates on activities involving external auditors or other oversight entities.
Risk Management	Strategic Planning	Internal Audit provided ongoing consulting into the development and implementation of SERS' risk management program and practices, as identified in audit reports and SERS' FY2025-29 Strategic Plan.
External Audit	Financial Statements	External auditors provided all required written communication and verbal updates on the audit of the annual financial statements to the Audit Committee and Board.
Committee Report	CY2025 Report	Pursuant to R.C. 3309.044, a report of actions taken by the Audit Committee of the SERS' Retirement Board for calendar year 2025.
Internal Audit	Institute of Internal Auditors (IIA) Standards Update	Implement any changes necessary to the Audit Committee charter and the Internal Audit charter.
Internal Audit Plan	FY2026 Plan	The FY26 Internal Audit Plan was approved by the SERS Audit Committee in June 2025.
Continuous Auditing	Other	Ongoing auditing of SERS financial transactions. (monthly, quarterly, and annual basis)
Comment Remediation	Issued Audit Comments	Perform audit remediation activities involving internal, external, and other audit comments.
Internal Audit Operations	Internal Audit Quality Assurance	Updated Internal Audit Operations Manual, Audit Committee and Internal Audit Charters, and standard work paper forms. Completed CAO annual goals aimed at improving audit effectiveness, plan completion, coordination and collaboration.

Composition of Audit Committee at end of reporting year

Catherine P. Moss, Retired Member

Aimee Russell, Employee Member

James Rossler, Jr., Appointed Member