



**STATE TEACHERS
RETIREMENT SYSTEM
OF OHIO**

275 East Broad Street
Columbus, OH 43215-3771
614-227-4090
www.strsoh.org

March 31, 2025

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

Dear Bethany:

Pursuant to Substitute Senate Bill 133 and as required by Section 3307.044 of the Ohio Revised Code, enclosed is a report of the actions of the Audit Committee of the State Teachers Retirement Board for calendar year 2024.

Please don't hesitate to contact me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "A. Hood", written over the printed name.

Aaron Hood
Interim Executive Director

Enclosure

To: Ohio Retirement Study Council (ORSC)

Subject: STRS Ohio Audit Committee Reports - 2024 Activities

Date: March 21, 2025

As required by Section 3307.044 of the Ohio Revised Code, the following report outlines the activities of the STRS Ohio Audit Committee and the STRS Ohio Internal Audit Department for the year ending Dec. 31, 2024. This report outlines the following: audit reviews completed during 2024; STRS Ohio Audit Committee meetings and actions; and the 2025 Internal Audit Plan. Audit Committee members of the August 2024 meeting were Wade Steen (Chair/ Appointee), Michelle Flanigan (Active Member), Rudy Fichtenbaum (Retired Member), Alison Falls (Appointee), and Julie Sellers (Active Member). Audit Committee members of the December 2024 meeting were Michael Harkness (Chair/ Active Member), Alison Falls (Appointee), Elizabeth Jones (Retired Member) and Julie Sellers (Active Member).

Audit Reviews Completed During 2024

The attached 2024 Internal Audit Summary lists the audits performed, the scope of each audit, the recommendations to management; management's response and expected implementation dates. The Internal Audit Summaries were provided to all STRS Ohio Board Members in March, August, and December of 2024.

STRS Ohio Audit Committee Meetings and Actions

The Audit Committee met on August 15, 2024, at 3:36 p.m. and was called to order by the committee chair. Committee members taking part were Wade Steen, Michelle Flanigan, Rudy Fichtenbaum, Julie Sellers and Alison Falls. Also in attendance were board members Pat Davidson, Carol Correthers, Elizabeth Jones and Scott Hunt. Staff present included Lynn Hoover, Robert Vance, Stacey Wideman, Christina Elliott, Sandra Lee Branch, Phil Licata, Kimberly VanGundy, Bonnie Wild and Wendie Ballard.

The chair recognized Mr. Steen for a report from the Audit Committee.

Mr. Steen reported that the committee met on Thursday, August 15 and had a discussion regarding the internal audit summary provided by Robert Vance, chief audit executive. He reported that the committee met with STRS Ohio's external auditor, Crowe LLC, who provided an update on the current financial statement audit. Mr. Steen reported that the ACA Group presented their verification of FY24 investment performance results/returns. Finally, he noted that staff provided an update on the status of STRS Ohio's implementation of the fiduciary audit recommendations. Mr. Steen reported that the committee suggested that the board, with the help of staff, consider providing a fraud hotline that staff could use if they identify or see something that should be reported. Mr. Steen stated that the committee recommends that the chief audit executive's salary be increased by approximately 4% to \$184,500 effective July 1, 2024 and so moved.

Upon roll call, the vote was as follows: Mr. Steen, yes; Ms. Correthers, yes; Mr. Davidson, yes; Ms. Falls, absent; Dr. Fichtenbaum, yes; Ms. Flanigan, yes; Ms. Herrington, absent; Dr. Hunt, yes; Ms. Jones, yes; Ms. Sellers, yes. The motion carried.

The Audit Committee met on December 15, 2024, at 11:02 a.m. and was called to order by the committee chair. Committee members taking part were Michael Harkness, Elizabeth Jones, Alison Falls and Julie Sellers (remotely). Also in attendance were board members Pat Davidson, Rudy Fichtenbaum and Carolyn Everidge-Frey. Staff present included Aaron Hood, Robert Vance, Matt Worley, Christina Elliott, Stacey Wideman, Sandra Lee Branch, Phil Licata, Kimberly VanGundy, Bonnie Wild and Wendie Ballard.

The chair recognized Mr. Harkness for a report from the Audit Committee.

Mr. Harkness reported that the committee met on Wednesday, December 11, 2024, and reviewed the 2024 Internal Audit Summary, the Internal Audit Plan for 2025, and received an unmodified or “clean” audit opinion from STRS Ohio’s external auditor, Crowe, on the fiscal 2024 financial statements. Crowe found no significant deficiencies or material weaknesses in internal controls. The committee recommended approval of the 2025 Internal Audit Plan, and Mr. Harkness so moved.

Upon roll call the vote was as follows: Mr. Harkness, yes; Mr. Allison, yes; Ms. Correthers, yes; Mr. Davidson, yes; Ms. Everidge-Frey, yes; Ms. Falls, yes; Dr. Fichtenbaum, yes; Ms. Flanigan, yes; Ms. Jones, yes; Ms. Sellers, yes. The motion carried.

Mr. Harkness expressed appreciation for Mr. Robert Vance, chief audit executive, for the work he and his department did on the internal and external audits and for deciding to postpone his retirement.

Mr. Harkness moved, seconded by Ms. Falls, that the board approve an increase in compensation for the chief audit executive as discussed in executive session.

Upon roll call the vote was as follows: Mr. Harkness, yes; Ms. Falls, yes; Mr. Allison, yes; Ms. Correthers, yes; Mr. Davidson, yes; Ms. Everidge-Frey, yes; Dr. Fichtenbaum, yes; Ms. Flanigan, yes; Ms. Jones, yes; Ms. Sellers, yes. The motion carried.

Mr. Harkness reported that the date of the next committee meeting is yet to be determined.

Special Reviews/Projects

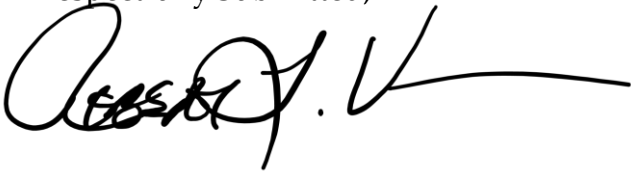
Internal Audit received no requests for supplemental reviews from the Audit Committee or management. See the 2024 Internal Audit Summary, "Other Audit Related Activity" section, for additional departmental activities.

2025 Internal Audit Plan

The 2025 Internal Audit Plan was approved by the STRS Ohio Board on December 12, 2024. A copy of the 2025 Internal Audit Plan is enclosed.

If you have any questions, or need additional information, please feel free to call me at (614) 227-4046.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Robert L. Vance", followed by a long horizontal flourish.

Robert L. Vance,
MBA, MSA
Chief Audit Executive

State Teachers Retirement System of Ohio
2024 Annual Audit Report
(Submitted to ORSC, 03/28/2025)

Current Year Completed Audits with Recommendations and Management Response

Audit Area	Scope	Recommendation, Risk Rating, and Summarized Finding	Management's Response	Recommendation Status	Anticipated Implementation Date
Broker/CSA/Research	Sufficiency of/Compliance with Policies and Procedures	Ensure procedures are complete, annually reviewed and updated.	Agree	Open	December 2025
	Approved Brokers	Include detailed desktop procedures specific to the commissions and broker processes.	Agree	Open	December 2025
	Compliance with SEC Section 28 (e)	Perform semiannual reviews to confirm variances between commissions paid and the research allocation.	Agree	Open	June 2025
	Broker Utilization				
	Fees	Review individual accesses to the CSA platform.	Agree	Closed	November 2024
	Trade Accuracy	The Senior Officer, Investment Policies, should have a cross-trained backup, including written procedures.	Agree	Open	*December 2025
	Proper Allocation				
	Segregation of Duties	Risk: Low			
	Board Reporting Accuracy				
Comment: Job description completed and posted. Actively recruiting.					
Cloud Computing/Infrastructure	Incident Response Notification and Remediation	Perform documented, periodical reviews of ServiceNow and WorkDay audit logs and incident logs to aid in the timely identification and management of potential risks.	Agree	Closed	July 2024
	Data Security and Integrity				
	Key Management	Risk: Low			
	Identity and Access Management				
	Logging				
	Business Continuity				
	Operational Security				
	Virtualization				
Comments: N/A					
IT Security Access	Password Settings	Disable Active Directory accounts within 30 days of passwords becoming inactive.	Agree	Closed	December 2024
	User Access	Increase non-expiring service account passwords to complex 25 characters and continue to manage all administrative accounts through the CyberArk PAM tool.	Agree	Closed	December 2024
	Physical Access				
	Database and Privileged Access Limitations				
	Active Directory Settings	Risk: Low			
Comments: N/A					
Trading	Sufficiency of/Compliance with Policies and Procedures	Ensure procedures are complete, annually reviewed and updated.	Agree	Open	December 2024
	Best Execution	Automate the pre-market update of stock splits for the APAC region.	Agree	Open	December 2025
	Authorized and Accurate Trading	Include additional independent oversight and approval in the Transaction Cost Analysis process.	Agree	Open	December 2025
	Use of Approved Brokers				
	Proper Allocations	Review opportunities for automation of updates for auto-matching of non-US Equity trades within Triton OMS.	Agree	Open	December 2025
	Segregation of Duties				
	Board Reporting Accuracy	Risk: Low			
	Failed Trades				
Comments: N/A					

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
Board Expenses (2023)	General Compliance with/Sufficiency of Policies/Procedures	Develop a fully trained backup for the Executive Coordinator position.	Agree	Open	January 2025
	Pre-Approval of Travel & Follow-Up Segregation of Duties Key Person Risk Expenses: - Accuracy - Reasonableness - Prohibitions	Risk: Low Comments: N/A			
Death Match	Policies and Procedures	Ensure procedures are complete, annually reviewed and updated.	Agree	Closed	April 2023
	Death Monitoring				
	Overpayments	Consider a supplemental death match audit every three to five years in addition to current vendor reviews.	Agree	Open	January 2025
	Collections	Consider adjusting POL (Proof of Life) letters with a beneficiary plan of payment less than Joint & Survivor Same.	Agree	Closed	April 2023
	Write-Offs	Consider reducing manual processing aspects of the benefits claims process. Risk: Low Comments: N/A	Agree	Open	June 2025
Investment Performance (PBI Review): 2023	Written Policy and Procedures	Following the PBI Policy update, HRS, Finance, Investments, Compliance, and Internal Audit update PBI processes to include desktop procedures and detailed calculations to maintain consistency, proper oversight, and continuity risk mitigation.	Agree	Closed	March 2024
	Associate Eligibility				
	Segregation of Duties				
	External, Independent Services	As priorities allow, where possible, further automate and streamline the PBI calculation process to eliminate manual calculations.	Agree	Open	December 2025
	Independent Recalculations	Risk: Low Comments: N/A			
Quality Assessment Review: Independent Verification (Internal Audit)	Compliance with the Institute of Internal Auditor's International Professional Practices Framework (Standards).	Consider acknowledging adherence to Standards 1120 (Individual Objectivity) and 1130 (Impairment to Independence or Objectivity) with each assigned audit engagement.	Agree	Closed	March 2024
		Consider using the IIA Supplemental Guidance and focus on periodic monitoring (KPIs, Scorecard, etc.) to emphasize performance, quality, continuous improvement.	Agree	Closed	December 2024 (Ongoing)
		Define and document the approach to the communication of the improvement program results on an annual basis.	Agree	Closed	December 2024 (Ongoing)
		Risk: Low Comments: N/A			

Real Estate	Proper Documentation and Approval	For indirect real estate investments, ensure the completeness of vetting and fiduciary oversight documentation and store with consistent file structures in centralized, accessible locations.	Agree	Closed	June 2022
	Written Policies and Procedures				
	Due Diligence				
	Property Management Company Audit Recommendations	Enhance written procedures and include appropriate checklists for approval documents, acquisitions, monitoring, etc.	Agree	Closed	June 2022
	Segregation of Duties	Increase key-person risk coverage of indirect real estate investments to ensure continuity during periods of employee turnover.	Agree	Closed	August 2024
	Compliance Monitoring				
	Key Person Risk	Risk: Low			
Comments: N/A					
Securities Lending	Written Policies and Procedures	Staff should review the existing department specific securities lending procedures at least annually.	Agree	Closed	September 2024
	Compliance				
	Collateral	Annually review securities lending compliance checks to ensure thorough testing of new or updated policies and guidelines, as approved, and in their entirety.	Agree	Closed	November 2024
	Income and Expenses				
	Securities Lending Contract	Develop a documented approval process for the Approved Borrowers List similar to that of the Approved Issuers List.	Agree	Closed	November 2022
	Prior Recommendations				
	Financial Reporting	Increase interim compliance testing in key areas of the securities lending program to ensure the lending agent adheres to agreed-upon guidelines throughout each monthly reporting period.	Agree	Open	December 2024
	Segregation of Duties				
	Key Person Risk	Review BNY contracts to ensure all current negotiations are represented.	Agree	Closed	November 2024
		Initiate documented cross-training and backup support for the Senior Officer, Investment Policies position to mitigate potential key-person risk.	Agree	Open	September 2025
Risk: Mod.					
Comments: N/A					

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
Accounts Payable	<p>Sufficiency of/compliance with Policies and Procedures</p> <p>Appropriate Access</p> <p>Segregation of Duties</p> <p>Vendor Updates and Approvals</p> <p>Appropriate Signoff</p> <p>Sufficient Documentation</p> <p>Comments: N/A</p>
Associate Travel Expenses	<p>Sufficiency of/compliance with Policies and Procedures</p> <p>Prior Authorization</p> <p>Approval/Payment of Expenses</p> <p>Compliance with the STRS Ohio Travel Policy</p> <p>Comments: N/A</p>
Business Continuity Plan	<p>Sufficiency of/compliance with Policies and Procedures</p> <p>Monitoring</p> <p>Testing</p> <p>Change Management</p> <p>Comments: N/A</p>
Health Care	<p>Sufficiency of/compliance with Policies and Procedures</p> <p>Segregation of Duties</p> <p>Key-person Risk</p> <p>Enrollment and Eligibility Mgmt.</p> <p>Compliance with Laws and Regulations</p> <p>Monitoring/Resolution of Issues</p> <p>Vendor Management</p> <p>Member Account Billing and Refunds</p> <p>Comments: N/A</p>
IT Change Control	<p>Change Authorization</p> <p>Change Testing</p> <p>Change Approval</p> <p>Change Monitoring</p> <p>Comments: N/A</p>
Investment Performance (PBI Review 2024)	<p>Sufficiency of/Compliance with Policy and Procedures</p> <p>Associate Eligibility</p> <p>Segregation of Duties</p> <p>External Independent Services</p> <p>Independent Recalculations</p> <p>Comments: N/A</p>
Member Withdrawals	<p>Sufficiency of/compliance with Policies and Procedures</p> <p>Compliance with Ohio Revised Code</p> <p>Refund Payments</p> <p>Segregation of Duties</p> <p>Comments: N/A</p>

Personal Investment Disclosures	Sufficiency of/compliance with Policies and Procedures
	Monitoring Participation Conflict Segregation of Duties Key-Person Risk/Personnel Backup Records Retention Participant Audits
Comments: N/A	
Risk Management/Insurance	Compliance with the STRS Ohio Insurance and Risk Mgmt. Manual
	Adequacy of Existing Insurance Policies Adequacy of Carrier Ratings Accuracy of Premium Payments Segregation of Duties
Comments: N/A	

Active Audits

Audit Area	Scope	Target Completion
Associate Separations (HRS)	Sufficiency of/Compliance with Documented Policies and Procedures Termination of Physical Access Termination of Systems Access Property Collection General Compliance Interview Process Key-Person Risk	January 2025
Board Expenses	Sufficiency of/Compliance with Policy and Procedures Compliance with Policy and Procedures Preapproval of Travel and Follow-up Segregation of Duties Key-Person Risk Expense Processing Travel Limitations	December 2024
Data Privacy	Data Management and Collection Data Security Third-Party Compliance and Contractual Agreements Incident Management and Escalation	December 2024
Disability Benefits	Sufficiency of Documented Policies and Procedures Due Diligence: Benefit Calculation Input Accuracy Segregation Duties Key Person Risk: Backup of Key Personnel Re-examination Schedules Statement of Employment and Earnings Terminated Benefits and Proper Notification Proper Medical Invoice Payments Accurate Application and Eligibility Process	December 2024
Domestic Equities	Accuracy of Board Reporting Sufficiency of/Compliance with Written Policies and Procedures Key-Person Risk Accuracy of External Manager Fees	January 2025

Liquidity Reserves	Sufficiency of Documented Policies and Procedures	December 2024
	Approved Issuers	
	Approved Guidelines	
	Independent Reviews	
S.W.I.F.T.- Customer Security Program (CSP) Self Assessment	Internet Access Restrictions	December 2024
	Protection of Critical Systems	
	Reduce Attack Surface and Vulnerabilities	
	Physical Security	
	Access Management	
	Incident Response	

Other Audit Related Activity

Area	Subject/Project	Description
Multi-departmental	SimCorp (Maximis system replacement)	Consult during the various phases of technical and business process
Multi-departmental	STRS Ohio Disaster Recovery	Participate in disaster recovery testing review. Strategize on business
Multi-departmental	Organizational Risk Assessment	Participate in multi-departmental risk identification/mitigation efforts.
I.T.S.	ITS Table Top Reviews	Participate in incident response/ransomware preparedness activities.

Composition of Audit Committee at end of reporting year:

Johnathan Harkness, Active Member/Chair

Allison Falls, Appointee

Elizabeth Jones, Retired Member

Julie Sellers, Active Member



2025 Internal Audit Plan

INTERNAL AUDIT DEPARTMENT

Mission Statement

To work in partnership with associates to conduct value-added independent appraisals of policies and procedures to contribute to the continuous improvement of STRS Ohio.

Vision Statement

To be recognized as an innovative department that, through independent appraisals and partnered solutions, strives for quality enhancements and the elimination of non-value-added processes.

To create an environment that encourages teamwork, innovation, open communication, empowerment and personal and professional growth.

Guiding Principles

To achieve our mission and vision, we will:

- Prepare a comprehensive, practical, planned program of audit coverage consistent with STRS Ohio's mission, vision and guiding principles.
- Perform audits in compliance with the International Standards for the Professional Practice of Internal Auditing.
- Verify the adequacy and effectiveness of STRS Ohio's systems of administrative, operating and financial controls.
- Understand the associates' business from their perspective.
- Produce objective, clear, concise, constructive and timely reports.
- Maintain contemporary professional proficiency through continuing education and training.
- Seek to continuously improve our team, tools and processes.
- Develop professional expertise for potential career opportunities within STRS Ohio.

TABLE OF CONTENTS

EXECUTIVE SUMMARY

2025 Internal Audit Schedule.....	1
-----------------------------------	---

DETAILED SUMMARY

Risk Factors	3
Risk Assessment Scale.....	4
Assignment of Risk Rating	5
Risk Factors Weighted	10
2025 Internal Audit Work Plan	15

2025 INTERNAL AUDIT SCHEDULE*

Audit Area	Description of Audit Area	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
Quality Assurance and Improvement Program: Internal Audit	Ongoing Administrative Performance Reviews												
	External Quality Assessment Review Response												
Board/Audit Committee Support	Reviews Performed to the Request of the Board/ Audit Committee												
Internal Audit Recommendation Follow-Up	Document and Report on Recommendation Compliance												
Fiduciary Audit Support/Response	Recommendation Consultation												
	Implementation Tracking & Reporting												
	Compliance Support												
Board Reporting Verification (Funston Recommendation)	Key Board Reporting												
	Independent Verification												
Fixed Assets	Sufficiency of Documented Policies and Procedures												
	Tracking												
	Reporting												
	Monitoring												
	Depreciation												
	Disposition												
Building Services: Maintenance	Sufficiency of Documented Policies and Procedures												
	Compliance: Purchasing												
	Associate Training												
	Preventative Maintenance												
Member Benefits Processing	Sufficiency of Documented Policies and Procedures												
	Annuity Certain Expirations												
	Single Life Annuity Expirations												
	Joint and Survivor Annuity Expirations												
	Overpayments and Collections												
	Court-Ordered Deductions												
Legal: Contract Management	Sufficiency of Documented Policies and Procedures												
	Compliance												
I.T. Operations	Batch Job Processing												
	Monitoring												
	Backup and Recovery												
	Issues Management												
Alternative Investments	Sufficiency of Documented Policies and Procedures												
	Risk Management												
	Compliance												
	Due Diligence												
	Valuation and Fees												
	Board Reporting												
	Segregation of Duties												
	Conflicts of Interest												
	Key-Person Risk												
Proxy Voting	Sufficiency of Documented Policies and Procedures												
	Accuracy of Vendor Payments												
	Accuracy of Votes (Performance Monitoring)												
	Proper Board Notification												

*Audit scopes may be edited at the discretion of Internal Audit Department staff to appropriately address risks/concerns identified at the time of the audit. Audit Committee/board requests may also result in changes.

2025 INTERNAL AUDIT SCHEDULE*

Audit Area	Description of Audit Area	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
I.T. Incident Response Plan	Incident Preparation												
	Incident Identification												
	Incident Containment												
	Incident Eradication												
	Incident Recovery												
	Incident Communications												
Investment Performance/PBI Review	Sufficiency of Documented Policies and Procedures												
	Key-Person Risk												
	Associate Eligibility												
	Compliance with PBI Policy												
	Segregation of Duties												
	External, Independent Services												
I.T. Security: SimCorp Dimension Cloud Application Review	Independent Recalculations												
	Incident Response and Management												
	Access Management and Identity Governance												
	Data Backup and Recovery												
	Performance Monitoring and Management												
	Legal and Contractual Risk												
	Cloud Vendor and Provider Services												
	Strategy and Governance												
Derivatives	Security and Privacy												
	Sufficiency of Documented Policies and Procedures												
	Risk Management												
	Compliance												
	External Management												
	Board Reporting												
Board Expenses	Segregation of Duties												
	Key-Person Risk												
	Expense Processing												
	Travel Limitations												
	Sufficiency of Documented Policies and Procedures												
	Compliance with Policies and Procedures												
Custodians/Record Keepers	Preapproval of Travel & Follow-up												
	Segregation of Duties												
	Key-Person Risk												
	Expense Processing												
	Travel Limitations												
	Sufficiency of Documented Policies and Procedures												
	Reconciliations												
SWIFT — Customer Security Program (CSP)	Accuracy of Positions and Cash												
	Pricing and Performance												
	Board Reporting												
	Segregation of Duties												
	Conflicts of Interest												
	Key-Person Risk												
SWIFT — Customer Security Program (CSP)	Internet Access Restrictions												
	Protection of Critical Systems												
	Reduce Attack Surface and Vulnerabilities												
	Physical Security												
	Access Management												
	Incident Response												

*Audit scopes may be edited at the discretion of Internal Audit Department staff to appropriately address risks/concerns identified at the time of the audit. Audit Committee/board requests may also result in changes.

RISK FACTORS

RISK FACTOR	RISK FACTOR DESCRIPTION	WEIGHTING
A	Adequacy and Effectiveness of the System of Internal Controls	9
B	Major Changes in Technology, Operations, the Organization or the Economy	8
C	Dates and Results of Previous Audits	7
D	Recent or Relevant Changes in Key Personnel	6
E	Complexity or Volatility of Activities	5
F	Asset Size or Transaction Volume	4

RISK ASSESSMENT SCALE

The risk assessment scale is a 9-point system with graduations of risk as follows:

RISK FACTOR DESCRIPTION	SCORE
Extremely Risky	9
Very Risky	7
Risky	5*
Slightly Risky	3
Not Risky	1

* If no previous audit was performed, the auditable area was assessed a 5 — Risky.

ASSIGNMENT OF RISK RATING

Audit Area	Risk Factors*						Total
	A	B	C	D	E	F	
ADMINISTRATION							
Associate Travel Expenses	2	1	1	2	1	1	8
Attendance Reporting	4	2	2	2	2	2	14
Benefit Payment Process	2	2	1	2	3	3	13
Board Expenses	1	1	1	2	1	1	7
Fixed Assets – Computer Equipment	3	4	2	3	3	4	19
Flexible Spending Plans	2	2	2	2	3	2	13
HRS: Associate Payroll	2	2	2	3	2	2	13
HRS: Educational Assistance Program	2	2	2	2	2	2	12
HRS: Exit Interview Management	1	1	5	1	1	1	10
Insurance/Risk Management	2	2	1	2	3	3	13
Legal: Contract Management	3	2	3	2	4	5	19
Legal: OEC Reporting	1	2	1	2	2	1	9
Legal: Records Management	2	2	4	1	2	3	14
Other Staff Expenses	2	1	1	1	1	1	7
Personal Investment Disclosure	1	1	2	2	3	2	11
Purchasing Practices	3	2	3	2	2	3	15
STRS Ohio Self Insurance Plan	3	2	3	2	3	3	16
Third-Party Relationships: Administration	3	3	5	3	3	4	21
Unused Sick and Vacation Leave	2	1	2	2	2	1	10

* See Page 3 for risk factors.

ASSIGNMENT OF RISK RATING

Audit Area	Risk Factors*						Total
	A	B	C	D	E	F	
FINANCE							
Accounts Payable	2	1	2	1	2	2	10
Administrative Services: Postage	2	2	2	1	2	3	12
Administrative Services: Security & Safety	3	2	5	1	1	1	13
Annual Reporting	2	3	2	2	2	2	13
Building Services: Maintenance	3	2	3	2	2	2	14
Contribution Reporting	1	3	1	1	3	5	14
Financial Reporting (STRS Ohio)	2	2	2	2	3	4	15
Fixed Assets	3	2	3	3	2	2	15
Investment Accounting	3	5	5	1	5	5	24
Member Income Taxes	1	1	2	3	3	5	15
Member Withdrawals	2	1	2	2	2	2	11
Petty Cash/Café Operations	2	2	2	3	1	1	11
Purchasing Service Credit by Payroll Deduction	2	2	2	2	2	3	13
Tax Management	3	5	5	1	3	4	21
Third-Party Relationships: Finance	3	3	5	4	3	4	22

* See Page 3 for risk factors.

ASSIGNMENT OF RISK RATING

Audit Area	Risk Factors*						Total
	A	B	C	D	E	F	
INFORMATION TECHNOLOGY SERVICES							
Active Directory/Azure	5	3	5	1	3	3	20
Business Continuity Plan	3	3	3	3	5	3	20
Cloud Computing/Infrastructure	4	5	5	3	5	3	25
Compliance: B.Y.O.D.	4	3	4	1	4	3	19
Data Analytics	5	3	5	1	5	3	22
Data Loss Prevention (DLP)	3	3	3	1	3	3	16
Data Management	5	3	5	1	3	3	20
Data Privacy	5	3	5	1	2	3	19
Data Warehouse	5	3	5	1	5	3	22
Database Security	3	3	3	1	4	3	17
Email Security	3	3	3	3	5	3	20
External Partners/Assessments	3	3	3	1	4	5	19
Firewall Security	5	3	3	1	5	3	20
I.T. Cloud/CASB	3	3	3	1	3	3	16
I.T. Operations	3	3	3	1	3	3	16
I.T. Security: Change Control	4	3	3	3	3	3	19
I.T. Security: Cyber Vulnerabilities	4	4	5	1	5	3	22
I.T. Security: Logical/Physical Access	3	3	3	1	5	3	18
I.T. Security: MRI	3	3	3	1	3	3	16
I.T. Security: SimCorp Dimension	5	5	5	5	5	5	30
I.T. Security: Workday	3	3	3	3	4	3	19
I.T. Vendor Contract Management	3	3	3	1	5	3	18
Incident Response Plan	5	3	5	1	2	3	19
Intrusion Protection System (IPS)	5	3	5	1	5	3	22
Manage Requests	3	3	3	1	3	3	16
Network Security	5	5	5	3	5	3	26
Project Management (ITS Projects)	4	3	3	3	3	3	19
Social Engineering	5	3	3	1	5	3	20
SWIFT — Customer Security Program (CSP)	5	5	5	5	5	5	30
Web Security	3	3	3	1	5	3	18
Wireless Security	4	3	3	3	3	3	19

* See Page 3 for risk factors.

ASSIGNMENT OF RISK RATING

Audit Area	Risk Factors*						Total
	A	B	C	D	E	F	
INVESTMENTS							
Alternative Investments	3	3	2	4	5	4	21
Brokers/CSA/Research	4	3	2	2	3	4	18
Compliance	4	5	5	1	4	4	23
Consultants	5	3	5	1	4	3	21
Custodians/Record Keepers	5	5	5	1	4	3	23
Derivatives	4	4	3	2	5	3	21
Domestic Equities	2	3	3	3	2	4	17
External Management	5	3	5	3	3	3	22
Fixed Income	1	3	1	1	3	4	13
International Investing	3	3	2	3	3	4	18
Investment Performance (PBI Review)	2	2	2	3	3	2	14
Investments Operations	5	5	5	5	3	4	27
Liquidity Reserves	2	2	1	3	2	3	13
Proxy Voting	2	2	1	3	2	3	13
Real Estate	3	3	3	3	3	3	18
Securities Lending	2	3	2	3	3	4	17
Trading	4	3	2	1	3	4	17

* See Page 3 for risk factors.

ASSIGNMENT OF RISK RATING

Audit Area	Risk Factors*						Total
	A	B	C	D	E	F	
MEMBER BENEFITS							
Annual Statements	2	3	2	2	2	2	13
Death Match	3	3	3	1	5	5	20
Defined Contribution Plan	2	2	2	2	2	3	13
Disability Benefits	3	2	2	4	2	3	16
Health Care	3	2	2	2	3	4	16
Member Benefits Processing	3	3	2	2	2	2	14
Member Records Management	2	3	2	2	2	2	13
Member Services Center	2	2	2	1	2	2	11
Purchasing Service Credit	2	3	2	2	2	2	13
Recipient Benefit Processing	2	2	3	2	3	3	15
Reemployed Retirees	2	3	2	2	2	2	13
Service Retirement Benefits	2	3	2	4	2	3	16
Survivor Benefits	1	3	1	1	3	4	13
Third-Party Relationships: Member Benefits	3	3	5	4	3	4	22

* See Page 3 for risk factors.

RISK FACTORS WEIGHTED

Audit Area	Risk Factors*						Total
	A	B	C	D	E	F	
ADMINISTRATION							
Associate Travel Expenses	18	8	7	12	5	4	54
Attendance Reporting	36	16	14	12	10	8	96
Benefit Payment Process	18	16	7	12	15	12	80
Board Expenses	9	8	7	12	5	4	45
Fixed Assets – Computer Equipment	27	32	14	18	15	16	122
Flexible Spending Plans	18	16	14	12	15	8	83
HRS: Associate Payroll	18	16	14	18	10	8	84
HRS: Educational Assistance Program	18	16	14	12	10	8	78
HRS: Exit Interview Management	9	8	35	6	5	4	67
Insurance/Risk Management	18	16	7	12	15	12	80
Legal: Contract Management	27	16	21	12	20	20	116
Legal: OEC Reporting	9	16	7	12	10	4	58
Legal: Records Management	18	16	28	6	10	12	90
Other Staff Expenses	18	8	7	6	5	4	48
Personal Investment Disclosure	9	8	14	12	15	8	66
Purchasing Practices	27	16	21	12	10	12	98
STRS Ohio Self Insurance Plan	27	16	21	12	15	12	103
Third-Party Relationships: Administration	27	24	35	18	15	16	135
Unused Sick and Vacation Leave	18	8	14	12	10	4	66

* See Page 4 for the Risk Assessment Scale.

RISK FACTORS WEIGHTED

Audit Area	Risk Factors*						Total
	A	B	C	D	E	F	
FINANCE							
Accounts Payable	18	8	14	6	10	8	64
Administrative Services: Postage	18	16	14	6	10	12	76
Administrative Services: Security & Safety	27	16	35	6	5	4	93
Annual Reporting	18	24	14	12	10	8	86
Building Services: Maintenance	27	16	21	12	10	8	94
Contribution Reporting	9	24	7	6	15	20	81
Financial Reporting (STRS Ohio)	18	16	14	12	15	16	91
Fixed Assets	27	16	21	18	10	8	100
Investment Accounting	27	40	35	6	25	20	153
Member Income Taxes	9	8	14	18	15	20	84
Member Withdrawals	18	8	14	12	10	8	70
Petty Cash/Café Operations	18	16	14	18	5	4	75
Purchasing Service Credit by Payroll Deduction	18	16	14	12	10	12	82
Tax Management	27	40	35	6	15	16	139
Third-Party Relationships: Finance	27	24	35	24	15	16	141

* See Page 4 for the Risk Assessment Scale.

RISK FACTORS WEIGHTED

Audit Area	Risk Factors*						Total
	A	B	C	D	E	F	
INFORMATION TECHNOLOGY SERVICES							
Active Directory/Azure	45	24	35	6	15	12	137
Business Continuity Plan	27	24	21	18	25	12	127
Cloud Computing/Infrastructure	36	40	35	18	25	12	166
Compliance: B.Y.O.D.	36	24	28	6	20	12	126
Data Analytics	45	24	35	6	25	12	147
Data Loss Prevention (DLP)	27	24	21	6	15	12	105
Data Management	45	24	35	6	15	12	137
Data Privacy	45	24	35	6	10	12	132
Data Warehouse	45	24	35	6	25	12	147
Database Security	27	24	21	6	20	12	110
Email Security	27	24	21	18	25	12	127
External Partners/Assessments	27	24	21	6	20	20	118
Firewall Security	45	24	21	6	25	12	133
I.T. Cloud/CASB	27	24	21	6	15	12	105
I.T. Operations	27	24	21	6	15	12	105
I.T. Security: Change Control	36	24	21	18	15	12	126
I.T. Security: Cyber Vulnerabilities	36	32	35	6	25	12	146
I.T. Security: Logical/Physical Access	27	24	21	6	25	12	115
I.T. Security: MRI	27	24	21	6	15	12	105
I.T. Security: SimCorp Dimension	45	40	35	30	25	20	195
I.T. Security: Workday	27	24	21	18	20	12	122
I.T. Vendor Contract Management	27	24	21	6	25	12	115
Incident Response Plan	45	24	35	6	10	12	132
Intrusion Protection System (IPS)	45	24	35	6	25	12	147
Manage Requests	27	24	21	6	15	12	105
Network Security	45	40	35	18	25	12	175
Project Management (ITS Projects)	36	24	21	18	15	12	126
Social Engineering	45	24	21	6	25	12	133
SWIFT – Customer Security Program (CSP)	45	40	35	30	25	20	195
Web Security	27	24	21	6	25	12	115
Wireless Security	36	24	21	18	15	12	126

* See Page 4 for the Risk Assessment Scale.

RISK FACTORS WEIGHTED

Audit Area	Risk Factors*						Total
	A	B	C	D	E	F	
INVESTMENTS							
Alternative Investments	27	24	14	24	25	16	130
Brokers/CSA/Research	36	24	14	12	15	16	117
Compliance	36	40	35	6	20	16	153
Consultants	45	24	35	6	20	12	142
Custodians/Record Keepers	45	40	35	6	20	12	158
Derivatives	36	32	21	12	25	12	138
Domestic Equities	18	24	21	18	10	16	107
External Management	45	24	35	18	15	12	149
Fixed Income	9	24	7	6	15	16	77
International Investing	27	24	14	18	15	16	114
Investment Performance (PBI Review)	18	16	14	18	15	8	89
Investments Operations	45	40	35	30	15	16	181
Liquidity Reserves	18	16	7	18	10	12	81
Proxy Voting	18	16	7	18	10	12	81
Real Estate	27	24	21	18	15	12	117
Securities Lending	18	24	14	18	15	16	105
Trading	36	24	14	6	15	16	111

* See Page 4 for the Risk Assessment Scale.

RISK FACTORS WEIGHTED

Audit Area	Risk Factors*						Total
	A	B	C	D	E	F	
MEMBER BENEFITS							
Annual Statements	18	24	14	12	10	8	86
Death Match	27	24	21	6	25	20	123
Defined Contribution Plan	18	16	14	12	10	12	82
Disability Benefits	27	16	14	24	10	12	103
Health Care	27	16	14	12	15	16	100
Member Benefits Processing	27	24	14	12	10	8	95
Member Records Management	18	24	14	12	10	8	86
Member Services Center	18	16	14	6	10	8	72
Purchasing Service Credit	18	24	14	12	10	8	86
Recipient Benefit Processing	18	16	21	12	15	12	94
Reemployed Retirees	18	24	14	12	10	8	86
Service Retirement Benefits	18	24	14	24	10	12	102
Survivor Benefits	9	24	7	6	15	16	77
Third-Party Relationships: Member Benefits	27	24	35	24	15	16	141

* See Page 4 for the Risk Assessment Scale.

2025 INTERNAL AUDIT WORK PLAN

Audit Area	Priority	Dept.	Risk Score	Last Audit	Estimated Audit Date	Risk Codes
I.T. Cloud/CASB	HIGH	ITS	105	2021		F, I, C, O, PS
I.T. Security: Cyber Vulnerabilities	HIGH	ITS	146	2019		F, I, C, O, PS
International Investing	HIGH	I	114	2020		F, I, C, O
Domestic Equities	HIGH	I	107	2024		F, I, C, O
Real Estate	HIGH	I	117	2020		F, I, C, O
Derivatives	HIGH	I	138	2019	2025	F, I, C, O
Alternative Investments	HIGH	I	130	2021	2025	F, I, C, O
Fixed Income	HIGH	I	77	2021		F, I, C, O
Liquidity Reserves	HIGH	I	81	2024		F, I, C, O
Board Expenses	HIGH	A	45	2024	2025	I, C, O, PS
I.T. Security: SimCorp Dimension	HIGH	ITS	195	N/A	2025	F, I, C, O, PS
Network Security	HIGH	ITS	175	2024		F, I, C, O, PS
Cloud Computing/ Infrastructure	HIGH	ITS	166	2022		F, I, C, O, PS
SWIFT – Customer Security Program (CSP)	HIGH	ITS	195	2024	2025	F, I, C, O, PS
Legal: Contract Management	HIGH	A	116	N/A		F, I, C, O, PS
Investment Accounting	HIGH	F	153	N/A		F, I, C, O, PS
Investment Operations	HIGH	F	181	N/A		F, I, C, O
Compliance	HIGH	I	153	N/A		F, I, C, O
Compliance: B.Y.O.D.	MED.	ITS	126	2022		F, I, C, O, PS
Database Security	MED.	ITS	110	2020		F, I, C, O, PS
I.T. Vendor Contract Management	MED.	ITS	115	2020		F, I, C, O, PS
I.T. Operations	MED.	ITS	105	2021	2025	F, I, C, O, PS
I.T. Security: Change Control	MED.	ITS	126	2024		F, I, C, O, PS

Risk Codes:

F: Financial = Risk related to financial impact

I: Integrity = Risk related to accuracy of data or asset managed/presented

C: Compliance = Risk related to non-compliance with laws/regulations/internal policies

O: Operational = Risk related to operational efficiencies/inefficiencies

PS: Public Sensitivity = No material financial impact but high public sensitivity

2025 INTERNAL AUDIT WORK PLAN

Audit Area	Priority	Dept.	Risk Score	Last Audit	Estimated Audit Date	Risk Codes
I.T. Security: Logical/Physical Access	MED.	ITS	115	2024		F, I, C, O, PS
I.T. Security: WorkDay	HIGH	ITS	122	N/A		F, I, C, O, PS
Business Continuity Plan	MED.	A	127	2024		F, I, C, O
Financial Reporting (STRS Ohio)	MED.	F	91	2018		I, C, O
Service Retirement Benefits	MED.	MB	102	2023		I, C, O
Annual Statements	MED.	MB	86	2021		I, C, O
Health Care	MED.	MB	100	2024		I, C, O
Contribution Reporting	MED.	F	81	2020		I, C, O
Annual Reporting	MED.	F	86	2020		I, C, O
Defined Contribution Plan	MED.	MB	82	2020		I, C, O
Risk Management/Insurance	MED.	A	80	2023		F, I, C, O
Accounts Payable	MED.	F	64	2023		I, C, O
Data Analytics	MED.	ITS	147	N/A		F, I, C, O, PS
Data Management	MED.	ITS	137	N/A		F, I, C, O, PS
Data Privacy	MED.	ITS	132	2024		F, I, C, O, PS
Data Warehouse	MED.	ITS	147	N/A		F, I, C, O, PS
Data Loss Prevention (DLP)	MED.	ITS	105	N/A		F, I, C, O, PS
Email Security	MED.	ITS	127	N/A		F, I, C, O, PS
External Partners/ Assessments	MED.	ITS	118	N/A		F, I, C, O, PS
Firewall Security	MED.	ITS	133	2022		F, I, C, O, PS
Incident Response Plan	MED.	ITS	132	N/A	2025	F, I, C, O, PS
Intrusion Protection System (IPS)	MED.	ITS	147	N/A		F, I, C, O, PS
Manage Requests	MED.	ITS	105	N/A		F, I, C, O, PS

Risk Codes:

F: Financial = Risk related to financial impact

I: Integrity = Risk related to accuracy of data or asset managed/presented

C: Compliance = Risk related to non-compliance with laws/regulations/internal policies

O: Operational = Risk related to operational efficiencies/inefficiencies

PS: Public Sensitivity = No material financial impact but high public sensitivity

2025 INTERNAL AUDIT WORK PLAN

Audit Area	Priority	Dept.	Risk Score	Last Audit	Estimated Audit Date	Risk Codes
Project Management (IT Project)	MED.	ITS	126	N/A		F, I, C, O, PS
Social Engineering	MED.	ITS	133	N/A		F, I, C, O, PS
Web Security	MED.	ITS	115	N/A		F, I, C, O, PS
Wireless Security	MED.	ITS	126	N/A		F, I, C, O, PS
Third Party Relationships: Member Benefits	MED.	MB	141	N/A		F, I, C, O, PS
Third Party Relationships: Finance	MED.	F	141	N/A		F, I, C, O, PS
Third Party Relationships: Administration	MED.	A	135	N/A		F, I, C, O, PS
Active Directory/Azure	MED.	ITS	137	N/A		F, I, C, O, PS
Legal: Records Management	MED.	A	90	2024		F, I, C, O, PS
Tax Management	MED.	F	139	N/A		F, I, C, O, PS
Trading	MED.	I	111	2024		F, I, C, O
External Management	MED.	I	149	N/A		F, I, C, O
Custodians/Record Keepers	MED.	I	158	N/A	2025	F, I, C, O
Consultants	MED.	I	142	N/A		F, I, C, O
Brokers/CSA/Research	MED.	I	117	2024		F, I, C, O
I.T. Security: MRI	LOW	ITS	105	2020		F, I, C, O, PS
Benefit Payment Process	LOW	A	80	2021		I, C, O
Member Income Taxes	LOW	F	84	2022		I, C, O
Fixed Assets – Computer Equipment	LOW	A	122	2018	2025	I, C, O
Reemployed Retirees	LOW	MB	86	2021		I, C, O
STRS Ohio Self Insurance Plan	LOW	A	103	2020		I, C, O
Securities Lending	LOW	I	105	2021		I, C, O

Risk Codes:

F: Financial = Risk related to financial impact

I: Integrity = Risk related to accuracy of data or asset managed/presented

C: Compliance = Risk related to non-compliance with laws/regulations/internal policies

O: Operational = Risk related to operational efficiencies/inefficiencies

PS: Public Sensitivity = No material financial impact but high public sensitivity

2025 INTERNAL AUDIT WORK PLAN

Audit Area	Priority	Dept.	Risk Score	Last Audit	Estimated Audit Date	Risk Codes
Fixed Assets	LOW	F	100	2018	2025	I, C, O
Personal Investment Disclosure	LOW	A	66	2022		I, C
Disability Benefits	LOW	MB	103	2024		I, C, O
Member Services Center	LOW	MB	72	2021		C, O
Purchasing Service Credit by Payroll Deduction	LOW	F	82	2019		I, C, O
Purchasing Practices	LOW	A	98	2019		I, C, O, PS
Survivor Benefits	LOW	MB	77	2022		I, C, O
Member Records Management	LOW	MB	86	2020		C, O
Building Services: Maintenance	LOW	A	94	2018	2025	I, C, O
Administrative Services: Postage	LOW	A	76	2018		I, C, O
Flexible Spending Programs	LOW	A	83	2019		I, C, O
Attendance Reporting	LOW	A	96	2018		I, C, O
HRS: Associate Payroll	LOW	A	84	2020		I, C, O
Member Benefits Processing	LOW	MB	95	2018	2025	I, C, O
Investment Performance (PBI Review)	LOW	I	89	2024	2025	I, C, O
Member Withdrawals	LOW	F	70	2022		I, C, O
HRS: Educational Assistance	LOW	A	78	2019		I, C, O
Petty Cash/Café Operations	LOW	F	75	2017		I, C, O, PS
Purchasing Service Credit	LOW	MB	86	2020		I, C, O

Risk Codes:

F: Financial = Risk related to financial impact

I: Integrity = Risk related to accuracy of data or asset managed/presented

C: Compliance = Risk related to non-compliance with laws/regulations/internal policies

O: Operational = Risk related to operational efficiencies/inefficiencies

PS: Public Sensitivity = No material financial impact but high public sensitivity

2025 INTERNAL AUDIT WORK PLAN

Audit Area	Priority	Dept.	Risk Score	Last Audit	Estimated Audit Date	Risk Codes
Unused Sick and Vacation Leave	LOW	A	66	2019		I, C, O
Associate Travel Expenses	LOW	A	54	2023		I, C, O, PS
Other Staff Expenses	LOW	A	48	2021		I, C, O, PS
Legal: OEC Reporting	LOW	A	58	2020		I, C, O, PS
Proxy Voting	LOW	I	81	2019	2025	I, C, PS
HRS: Exit Interview Management	LOW	A	67	2024		F, I, C, O, PS
Administrative Services: Security & Safety	LOW	F	93	N/A		C,O,PS
Recipient Benefits Processing	LOW	MB	94	N/A		F, I, C, O, PS
Death Match	LOW	MB	123	2022		F, I, C, O, PS

Risk Codes:

F: Financial = Risk related to financial impact

I: Integrity = Risk related to accuracy of data or asset managed/presented

C: Compliance = Risk related to non-compliance with laws/regulations/internal policies

O: Operational = Risk related to operational efficiencies/inefficiencies

PS: Public Sensitivity = No material financial impact but high public sensitivity