Ohio Police & Fire Pension Fund
2024 Annual Audit Report

(Submitted to ORSC December 2024, resubmitted August 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
Check Run (CR) Process	Evaluate the adequacy of controls, verify the process is documented and periodically tested for business continuity.	1.Prepare training documents that can be used for cross-training and succession planning. The documents should be high-level and focused on key information to ensure staff receive consistent information about the process. (Mod)	1. Management agreed and implemented.	1. Closed	1. Completed
		2.Work closely with IT to develop a testing plan for the CR process and test annually. Ensure the monthly CR disbursement files are securely backed up and stored on the appropriate server. Testing will help identify and address gaps, determine if the plan is appropriate, verify staff are prepared and ensure the process will continue to operate as expected during and after a disruption. (Mod)	2. Management agreed and implemented.	2. Closed	2. Completed
		Comments: None			

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
Investment Reporting	Evaluate the process to verify the accuracy and reliability of reports.	1.Require consultants to submit reports timely to allow OP&F management sufficient time to review the documents prior to the date that materials are due to the board clerk. (Mod)	1. Management agreed and implemented.	1. Closed	1. Completed
		2.Management should cross train employees and periodically rotate job duties. Cross training can improve efficiency, increase staff effectiveness, enable flexibility, promote teamwork, and help employees develop new skillsets. (Mod)	2. Management agreed and implemented.	2. Closed	2. Completed
		Comments: None			

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
Retirement Benefits	Verify quality assurance reviews are performed and payments are made timely. Ensure metrics are available and used to monitor operations.	1. Management should review and update policies/procedures annually. (Mod)	1. Management agreed and implemented.	1. Closed	1. Completed
		2. Management should cross-train employees and periodically rotate job duties. (Mod)	2. Management agreed and implemented.	2. Closed	2. Completed
		3. Management should consider a risk-based approach to improve the efficiency of the process. Consider implementing peer reviews by experienced and senior members of the team to improve operational efficiency, increase productivity, enhance employee motivation, and improve teamwork and collaboration. (Mod)	3. Management agreed and implemented.	3. Closed	3. Completed

		4. Management should consider eliminating the interim calculation and quality assurance review when all payroll and documents are available. Immediately performing a final calculation will streamline the process and eliminate unnecessary steps. (Mod)	4. Management agreed and implemented.	4. Closed	4. Completed
		5. Management should eliminate non-value-added steps and move towards a paperless environment. (Mod)	5. Management agreed and implemented.	5. Closed	5. Completed
		6. Management should reevaluate the adjustments and determine if they are material and necessary. Guidelines with examples for exceptions should be developed, documented, and followed consistently by staff. Staff should be trained on the guidelines prior to implementation. (Mod)	6. Management agreed and implemented.	6. Closed	6. Completed
		7. Access should be assigned based on least privilege to prevent unnecessary access to sensitive data. (Mod)	7. Management agreed and implemented.	7. Closed	7. Completed
		Comments: None			

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
Survivor Benefits	Assess the design and effectiveness of internal controls and determine compliance with policies, procedures, and regulations.	Management should delete the documents after verifying the Report of Death (ROD) is in the member's images and when they are no longer needed to process the survivor application/survivor payment. (Low)	1. Management agreed and implemented.	1. Closed	1. Completed
		Management should follow guidelines and suspend payment according to policy. (Low)	2. Management agreed and implemented.	2. Closed	2. Completed

		Management should consider streamlining the process and having the survivor processing group complete the ROD form for individuals found on the PBI report and for those members/survivors reported directly to the team. This would eliminate the back-and-forth steps with Customer Service. The Survivor Team should collaborate with the Customer Service team to ensure all steps are covered. (Low)	3. Management agreed and implemented.	3. Closed	3. Completed
		Comments: None			

<u>Risk Rating Levels:</u>

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.

<u>Recommendation Status:</u>

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
Customer Service – Scheduling and Reporting	To evaluate the member scheduling and reporting process. To verify internal controls around sensitive data.	1. Track, monitor and analyze performance data to make operational decisions and important strategic moves and to help determine resource needs. (Low) 2. Consider utilizing an appointment reminder software system to send automated reminder messages and confirmations to reduce manual work and to reduce no shows. (Low) 3. Consider using a sign-in application that automates the visitor check-in process, has reporting capabilities and enhances security. (Low)	1. Management agreed and implemented. 2. Management evaluated but leveraged Microsoft Outlook instead. 3. Management evaluated but implemented another acceptable option.	1. Closed 2. Closed 3. Closed	1. Completed 2. Completed 3. Completed
		Comments: None			

Member Refunds	To verify eligible individuals received refunds, refunds were timely and complied with policies and regulations. To verify metrics are used to monitor productions and backlogs.	1. Cross-train employees and periodically rotate job duties. Cross-training can improve efficiency, increase staff effectiveness, enable flexibility, promote teamwork and help employees develop new skillsets. (Low)	1. Management agreed and implemented.	1. Closed	1. Completed
		Comments: None			
Buybacks	To verify payments for buybacks were accurate. To determine if payments were received and posted accurately and timely.	1. Develop metrics to help manage resources, assist with improving production and backlog efforts, demonstrate value in work, and help with reporting. (Low) Cross-train employees and periodically rotate job duties. Cross-training can help develop a more versatile workforce, improve efficiency, increase employee satisfaction, enable flexibility, improve collaboration and help employees develop new skillsets. (Low) Review and update policies/procedures annually. (Low)	1. Management agreed and implemented.	1. Closed	1. Completed

		Comments:			
Security, Access & Data Integrity	Evaluate the system access review process.	1. Revaluate the process for monitoring unusual activity to determine what items should be monitored, the frequency of monitoring and who should be notified when incidents occur. (Mod) 2. Cross train employees and periodically rotate job duties. Cross training can improve efficiency, increase staff effectiveness, enable flexibility, promote teamwork and help employees develop new skillsets. (Low)	1. Management agreed and implemented. 2. Management agreed and implemented.	1. Closed 2. Closed	1. Completed 2. Completed
		Comments:			
Deferred Retirement Option Plan (DROP) Distributions	Verify DROP distributions are accurate and timely and comply with policies and procedures.	1. Develop a training manual and periodically cross-train staff. (Low) 2. Review and update policies/procedures annually to ensure they reflect current practices. (Low) 3. Send emails to notify the member that documents are available for review in Member Self-Serve. If MSS is not available, send documents via secure email instead of printing and mailing. (Low)	1. Management agreed and implemented. 2. Management agreed and implemented. 3. Management agreed and implemented.	1. Closed 2. Closed 3. Closed	1. Completed 2. Completed 3. Completed
		Comments:			

Payment Processing	Evaluate the adequacy of internal controls, efficiency of operations and compliance with policies and procedures.	1. Review and update policies/procedures annually. In addition, develop a training manual to help users better perform tasks. Training manuals are intended to increase organization productivity, improve efficiency and ensure staff have the resources and information necessary to perform their jobs. The manual should explain everything a user needs to know about completing a task efficiently. (Low) 2. Work with IT to develop metrics for measurement and reporting. (Low) 3. Work with IT to automate the manual processes to help improve the efficiency of operations. (Low)	1. Management agreed and implemented. 2. Management agreed and implemented. 3. Management agreed and implemented.	1. Closed 2. Closed 3. Closed	1. Completed 2. Completed 3. Completed
		Comments:			

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

<u>Recommendation Status:</u>

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

Completed Audits with No Recommendations

Audit Area	Scope
Disclosure Statement Review	To proactively identify and prevent conflicts of interest.
	Comments: None
Ohio Ethics Disclosure Statement Review	To proactively identify and prevent conflicts of interest.
	Comments: None
Investment Management Fees	Verify process in place to validate and monitor management fees is working as intended.
	Comments: None
Retirement Application Process	To assess the design and effectiveness of key internal controls.
	Comments: None
Invoice Process	To assess the design and effectiveness of the invoice process.
	Comments: None
Employee Healthcare	To assess the design and effectiveness of key internal controls.
	Comments: None
Records, Imaging & Mail (RIM) Quality Assurance Process	To evaluate the effectiveness of the RIM quality assurance process.
	Comments: None

Data Security - Privacy Impact Assessment	Infrastructure and Security Related Review. Perform a privacy impact assessment to analyze how OP&F collects, uses, shares, and maintains personally identifiable information (PII). Verify controls are in place to minimize risk to individuals' personal data and privacy.
	Comments: None

Active Audits

Audit Area	Scope	Target Completion
	None in progress, 2024 Audit Plan projects were completed, 2025 Audit plan will be approved at December Admin/AC meeting - December 3, 2024.	

Other Audit Related Activity

Area	Subject/Project	Description
Enterprise-wide	Annual Reporting - Compliance	Completed the annual audit report for the Ohio Retirement Study Council to comply with R.C. 742.105.
IT	Compliance	Performed quarterly vulnerability assessment reviews to comply with policy.
Member Services, Finance, Legal	Consulting	Provided consulting, documented the member benefit overpayment process, and prepared a process map.
Internal Audit	Institute of Internal Auditors (IIA) Standards/Best Practices	Reviewed updated Internal Audit Standards effective January 2025 and the readiness tools to assist with compliance. Performed a gap assessment and attended training sessions held by the Institute of Internal Auditors. Continue to update procedures, audit templates, internal audit charter and other documents to move towards consistency with Global Internal Audit Standards. Will continue to monitor how many other small retirement audit shops adopt the Global Audit Standards to determine next steps.
Enterprise-wide	Control Environment	Reviewed and helped facilitate the update of the Risk Policy.
Enterprise-wide – Departments with Outstanding Audit Observations	Best Practice, Control Environment	Conducted audit follow-up on outstanding audit observations to ensure management continues to make progress on implementing corrective action.
Administration	Consulting	Performed a consulting review on the disability process and prepared a process map.

Based on Completed Audits	Compliance with IIA Standards	Performed workpaper quality assurance reviews.
Enterprise-wide	Best Practice, Control Environment	Updated the risk assessment and audit plan to reflect emerging risk and current climate.
Finance	Consulting	Provided consulting during the Calculation Modernization project and provided feedback.
Enterprise-wide	Consulting	Provided consulting during the Production Metrics Project.
Enterprise-wide	Control Environment, Compliance	Prepared updated training documents for staff. Provided HIPAA and Ethics training to OP&F staff. Tracked and monitored the completion of training.
Internal Audit	Compliance	Processed and returned gifts members/vendors sent to OP&F, prepared,
Investments	Consulting	Provided consulting, documented the global cash movement process, and prepared a process map.
Internal Audit	Compliance	Performed research on ethics questions submitted by staff members and
Enterprise-wide	Control Environment	Reviewed and helped facilitate the update of the Governance Manual.
Internal Audit	Compliance	Reviewed 2024 Employee Disclosure Statements for employees who
Enterprise-wide	Consulting	Reviewed the following and provided feedback to management - Processing and Transparency Policy and Records Retention Schedules.

Enterprise-wide	Control Environment	Prepared & provided fraud awareness training documents to staff during fraud awareness week.
Enterprise-wide	Best Practice, Control Environment	Performed risk assessment for 2025 audit plan. Reviewed planning documents and various internal and external reports. Prepared questionnaires for staff, directors, and the board of trustees. Reviewed questionnaires and held meetings to discuss them in more detail. Risk rated the audit universe and developed the audit plan.
Internal Audit	Best Practice, Compliance	Participated in various continuing professional education sessions to comply

Composition of Audit Committee at end of reporting year

Karin Maloney Stifler, Admin/Audit Committee Chair, Investment Expert Member appointed by the Treasurer of State
John R. Deal, Active, Cincinnati Fire
Mark E. Drum, Retired, Delaware Police
Stephen A. Corvi, Active, Columbus Firefighter
Clayton R. Cozart, Active, Akron Police
Marco J. Miller, Retired, Columbus Firefighter
Brian Steel, Active, Columbus Police
J. David Heller, Investment Expert Member appointed jointly by the Senate President and the Speaker of the House
Charles O. Moore, Investment Expert Member appointed by the Governor