



Position Specification
School Employees Retirement System of Ohio
Chief Audit Officer

SERS, with approximately \$14.7 billion in net assets at FY2018, is searching for a *Chief Audit Officer* (CAO) to join this highly regarded statewide public retirement system. Located in Columbus, Ohio, SERS is the 61st largest public pension fund in the country.

System Overview

SERS is a statewide, cost sharing, multiple employer defined benefit retirement system for non-teaching persons employed by Ohio's public K-12 schools districts; vocational, technical and community schools; community colleges; and certain employees of the University of Akron. Serving over 240,000 active and retired members, and more than 1,000 employers, SERS provides retirement, disability and survivor benefits, and access to health care coverage for eligible benefit recipients and their dependents.

SERS' mission is *"To provide our membership with valuable lifetime pension benefit programs and services."* The System is governed by Ohio law, and the Retirement Board is responsible for the System's general administration and management. The Board comprises nine members: four elected employee members; two elected retiree members; and three appointed investment expert members. One investment expert is appointed by the Governor, a second by the State Treasurer, and the third jointly by the Speaker of the House and President of the Senate.

A SERS hallmark is its customized service delivery model where members interact directly with a benefit expert. Member, Retiree, and Employer satisfaction, as measured in the Saperstein Surveys, is at an all-time high in each of these customer groups. In February 2017, SERS began using a new state-of-the-art benefits system. The SERS Member and Retiree Tracking System (SMART), a \$30 million technology investment, replaced a legacy system and has provided efficiency and increased productivity.

Every 10 years, the Ohio Retirement Study Council hires an independent auditor to assess the fiduciary performance of each Ohio pension system. In 2017, Funston Advisory Services reviewed six key areas: board governance and administration, organizational structure and staffing, investment policy and oversight, legal compliance, risk management and controls, and information technology operations. In summary, the auditor said "SERS is in a great position. It is fine-tuning rather than fixing big problems."

SERS' investment portfolio is diversified by asset class, investment approach, and investments within each asset class to reduce overall portfolio risk and volatility. The portfolio generated positive performance in FY 2018 in both absolute and relative terms. The Total Fund return of 9.25% (net) exceeded the policy benchmark by 0.9% and the 7.5% actuarial rate. The 34-Year Annualized Return was 9.4% compared to the current actuarial assumption of 7.5%.

Overall plan funding remains sound with the funding ratio for pension benefits at 70.7% for FY2018, a significant improvement over the past five years where the funding ratio ranged from 65.3% to 68.8%.

Public pension plans such as SERS positively impact local, state and national economies. Of the 81,332 plus members receiving SERS' pension benefits, 93% live in Ohio. In FY2018, total pension benefit payments of approximately \$1.2 billion were distributed among Ohio's 88 counties, positively impacting the state's economy. For every dollar in employer contributions invested in SERS' pensions in FY2018, \$2.75 was returned to local economies.

For additional information, visit www.ohsers.org. A copy of the most recent Comprehensive Annual Financial Report (CAFR) is available at <http://ohsers.org/financial-reports>.

SERS Culture

SERS examined its culture about 10 years ago and successfully transformed into an organization where employees are empowered and valued, and where innovation is encouraged. The change generated a strong bias for openness, transparency and collaboration to support implementation of best and leading practices throughout the organization. SERS is recognized as an employer of choice and where employees enjoy their work, are recognized and rewarded.

Internal Audit Department Overview/Responsibilities

The CAO reports to the Audit Committee of the Board (comprising three Board members) and is under direction of the Committee; the Committee Chair serves as the primary contact. Quarterly Audit Committee meetings are held, with special meetings scheduled as needed.

The internal audit activity is governed by adherence to the mandatory elements of The Institute of Internal Auditors' (IIA) International Professional Practice Framework (IPPF), including the Core Principles for Professional Practice of Internal Auditing, the Code of Ethics, the Internal Standards for Professional Practice of Internal Auditing and the definition of Internal Auditing.

The SERS Internal Audit vision is *"To be a highly regarded internal audit organization that adds value and mitigates risk by working collaboratively with SERS' leadership to provide objective insights and innovative recommendations to improve operations."*

The CAO is responsible for conducting audits to assess the effectiveness of controls, accuracy of financial records, efficiency of operations, and the means of safeguarding assets. The CAO, functioning as a sole contributor, will work independently with extensive latitude for initiative,

independent judgment, and follow through. The CAO is a member of the executive team. Specifically, key responsibilities include:

- Lead the development of the annual audit plan, and direct and execute the plan to ensure accomplishment of intended objectives.
- Determine the required resources to execute the annual audit plan and direct the technical and administrative aspects of the Internal Audit function.
- Coordinate, attend and oversee presentations for the Audit Committee meetings and the Board, if necessary.
- Collaborate with the Chief Risk Officer to develop a comprehensive risk registry.
- Issue timely Audit Reports setting forth findings, recommendations for improvement, and conduct timely follow-up reviews for corrective action.
- Analyze activities and evidential data for internal controls and compliance with management plans and policies, laws and government regulations.
- Coordinate the internal audit activities with internal and the external assurance providers, including enterprise risk management, to provide continuity of audit efforts and avoid duplication of audit resources.
- Perform and supervise special reviews requested by management, the Audit Committee or Board.
- Identify and recommend external resources for specialized audits and oversee outsourced audit projects.

The position is open as a result of the promotion of the CAO, who was hired in 2015, to the Chief Risk Officer.

Key Objectives

Interviews with Audit Committee members and the executive leadership team identified the following key objectives, against which the CAO's performance will, in part, be measured:

- Effectively integrate into the organizational culture and establish positive working relationships with the management team, Audit Committee and Board.
- Continue the positive direction and results of the Internal Audit Office.
- Maintain familiarity with best audit practices and up-to-date techniques, and implement changes, as necessary, to continually improve the effectiveness of the Internal Audit Office.
- Review and update the audit plan, if necessary, to ensure the necessary audit resources are assigned to the High Risk areas – Information Technology, Member Services, Administrative Services and Finance (more detail available in the FY20 Audit Plan).
- Maintain the highest IIA rating, which has been awarded to SERS.

Qualifications and Preferences

SERS is searching for a knowledgeable audit and financial leader with seven plus years relevant and transferable audit experience. The CAO must be able to audit and make constructive recommendations in a wide variety of program areas requiring generalist experience and

knowledge, preference to candidates with forensic audit experience, and audit experience in claims processing, investments, healthcare, and information technology.

Other qualifications and preferences include:

- Bachelor's degree required; advanced degree preferred.
- CPA or CIA certificate preferred.
- Public accounting experience preferred.
- Public sector experience preferred.

Experience presenting and interacting with boards is preferred as the CAO regularly reports to the Audit Committee, Board and senior management.

Leadership Competencies and Characteristics

The CAO must be a confident leader who is curious and inquisitive. The CAO must exhibit the highest level of professional independence and objectivity in gathering, evaluating and communicating information, and make a balanced assessment of all the relevant circumstances in forming judgments.

The CAO must have the strategic awareness to understand and consider the future business needs within a changing external environment and how processes, methods and resource requirements might be affected by these trends and developments. Essential to the CAO's success is affecting change through people in a high performing culture.

The successful candidate will possess a strong ability to communicate effectively, both verbally and in writing, and in non-technical terminology to a variety of stakeholders, internal and external to the organization. The CAO must be visible and establish effective and collaborative working relationships with many people throughout the organization.

The CAO must have the poise and presence to expertly represent SERS on audit and risk matters to various audiences. It is also important the CAO understand and respect the requirements of working in a public environment.

Compensation

The CAO is an exempt position and an "at will" employee. Compensation is designed to attract the best-qualified audit executive and includes a base salary, retirement benefits (24% annual contribution – 14% employer paid and 10% employee paid, employee pays no social security) and attractive benefits package, including reimbursement for education and professional training. Relocation assistance is also provided.

Quality of Life and Living in Central Ohio

Greater Columbus, a metropolitan area of 1.7 million people, is the 14th largest city in the U.S., and the state capital. The city has a strong and diverse economy, ranking in the Top 10 overall in the U.S., based in education, insurance, health care, government, retail and technology. The Columbus region is one of the most dynamic and diverse metropolitan regions in the U.S. and is known for its value, top-ranked market access and talented workforce.

Central Ohio, with a comprehensive K-16 educational ecosystem, offers both public and private institutions with highly regarded academic reputations. With the second highest concentration of college students in the nation, 63 colleges and universities campuses educate more than 140,000 students annually with 20,000 graduates. Within a 25-mile radius, there are many higher education choices including The Ohio State University, Columbus State Community College, Ohio Wesleyan University, Capital University, Denison University, Ohio Dominican University, Otterbein University, and Franklin University.

The vibrancy of the local culture and arts community is a major attraction with many renowned performing arts institutions, including BalletMet, the Columbus Symphony Orchestra, and Opera Columbus. The Columbus Museum of Art; The Wexner Center for the Arts, a contemporary art gallery located on the Ohio State campus; and the Franklin Park Conservatory, a botanical garden, create memorable experiences for everyone.

“Buckeye Fever” permeates the Columbus culture and is a major part of the city’s identity. In addition to Ohio State, the city has the MLS Columbus Crew, NHL Blue Jackets, and the Columbus Clippers (Cleveland Indians AAA affiliate). Central Ohio is also home to the PGA Memorial Tournament, the Arnold Classic fitness expo and competition, and the All American Quarter Horse Congress.

There are many additional attractions providing fun for the family. COSI (Center of Science and Industry) is ranked the number one science center in the country and the Columbus Zoo and Aquarium, is also ranked number one in the country. The Columbus public library system is also highly ranked nationally.

There are two major airports that service the city. John Glenn International Airport and Rickenbacker International Airport, a multi-modal cargo complex, a high-speed logistics hub, and a charter passenger terminal. Visit www.columbuspartnership.com, www.columbusregion.com, and www.experiencecolumbus.com for more information.

For additional information or to apply, please contact Hudepohl & Associates, info@hudepohl.com or (614) 854-7300.