



**SERS Retirement Board Audit Committee Agenda
Regular Meeting
December 17, 2025
2:30 P.M.**

1. Roll call (R)
2. Approval of September 17, 2025 minutes (R)
3. External Audit Update: Review external auditor's financial statement opinion letter, internal control letter, and required communications
4. Internal Audit Update: Chief Audit Officer's Report
 - o Q2 Update on the FY2026 Audit Plan
 - o Status of Outstanding Audit Recommendations
 - o Recently Completed Audits and Other Activities
 - o ORSC Annual Audit Committee Report
5. Executive session pursuant to R.C. 121.22 (G) (1) to consider the employment of a public employee (R)
6. Audit committee requests and follow-up items
7. Adjournment

SCHOOL EMPLOYEES RETIREMENT SYSTEM

AUDIT COMMITTEE

December 17, 2025

_____ P.M.

Roll Call:

Catherine Moss	_____
James Rossler	_____
Aimee Russell	_____

Guests in Attendance:

SCHOOL EMPLOYEES RETIREMENT SYSTEM

**APPROVAL OF MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON
SEPTEMBER 17, 2025**

_____moved and _____seconded the motion to approve the minutes of the Audit Committee meeting held on September 17, 2025.

Upon roll call, the vote was as follows:

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Catherine Moss	_____	_____	_____
James Rossler	_____	_____	_____
Aimee Russell	_____	_____	_____

School Employees Retirement System		AUDIT COMMITTEE MINUTES	
Preparer	Megan Robertson	Meeting Date:	September 17, 2025
Committee Chair	Aimee Russell	Committee roll call was as follows: Catherine Moss, James Rossler, Aimee Russell. Also in Attendance: Maggie O'Shea, Representative of the Ohio Attorney General, along with members of the public who joined via Zoom. Staff Members: Steve Ritzer, Joe Marotta, Marni Hall, Colette Barricks, Phil Grim, Jay Patel, Richard Stensrud, Karen Roggenkamp, Vatina Gray, Nicole Whitacre, and Megan Robertson.	
Agenda	<ol style="list-style-type: none">1. Roll call (R)2. Approval of June 17, 2025 minutes (R)3. Executive session pursuant to R.C. 121.22 (G)(6) to discuss security matters (R)4. Internal Audit Update: Chief Audit Officer's Report<ul style="list-style-type: none">o Q1 Update on the FY2026 Audit Plano Status of Outstanding Audit Recommendationso Internal Audit Chartero Recently Completed Audits and Other Activities5. Annual Confirmation of Internal Audit Independence6. Executive session pursuant to R.C. 121.22 (G)(1) to consider the employment of a public employee (R)7. Approve FY2026 Chief Audit Officer Goals (R)8. Audit committee requests and follow-up items9. Adjournment		
Discussion	<p>The meeting began in open session at 2:30 p.m.</p> <p><u>Roll Call</u></p> <p>The SERS Special Audit committee began with a roll call. The committee roll call was as follows: Catherine Moss, James Rossler, and Aimee Russell.</p> <p>Also in attendance was Maggie O'Shea, Representative of the Ohio Attorney General, along with members of the public who joined via Zoom. Staff Members: Steve Ritzer, Joe Marotta, Marni Hall, Colette Barricks, Phil Grim, Jay Patel, Richard Stensrud, Karen Roggenkamp, Vatina Gray, Nicole Whitacre, and Megan Robertson.</p> <p><u>Approval of Minutes (R)</u></p> <p>Catherine Moss moved, and Jamie Rossler seconded the motion to approve the minutes of the Audit Committee meeting held on June 17, 2025. Upon roll call, the vote was as follows: Yea: Catherine Moss, James Rossler, Aimee Russell. The motion carried.</p> <p><u>Executive session pursuant to R.C. 121.22 (G) (6) to discuss security matters (R)</u></p> <p>Jamie Rossler moved, and Catherine Moss seconded the motion that the Audit Committee convene into Executive Session pursuant to R.C. 121.22 (G) (6) to discuss security matters. Upon roll call, the vote was as follows: Yea: Catherine Moss, James Rossler, Aimee Russell. The motion carried.</p>		

The committee convened in executive session at 2:30 p.m.

The committee returned to open session at 2:42 p.m.

Chief Audit Officer's Report

Chief Audit Officer (CAO), Steve Ritzer, provided a presentation on the status of his FY2026 Internal Audit Plan for the first quarter. The audit plan has been moving smoothly, with one audit completed, two in process, and others pending for the fiscal year ahead.

Mr. Ritzer continued his presentation by going over the status of audit recommendations overall. He spoke briefly on the status of an external audit recommendation related to monthly bank reconciliations, Building Service Policies and Procedures, Identity and Access Management, and IT Infrastructure.

Mr. Ritzer next discussed the Internal Audit Charter. The Internal Audit Operation Manual states that the Charter needs reviewed when there is a change of SERS' CAO, which occurred in July 2025 upon the hiring of Mr. Ritzer. Mr. Ritzer explained that the Institute of Internal Auditors (IIA) issued revised standards that became effective January 2025. These standards are a set of principle-based requirements that guide internal auditing. After comparing the Internal Audit charter that was last updated in March 2025 to the new IIA standards recent 2025 updates, Mr. Ritzer confirmed to the Committee no further changes are needed to the charter at this time.

Recently completed audits and other activities were also briefly discussed.

Annual Confirmation of Internal Audit Independence

Mr. Ritzer reported SERS' internal auditors must maintain independence and objectivity in performing their duties. Specifically, the IIA *Standards* have several requirements that were affirmed by Mr. Ritzer. There were no issues and no conflicts of interest to report.

Executive session pursuant to R.C. 121.22 (G) (1) to discuss the employment of a public employee (R)

Catherine Moss moved, and Jamie Rossler seconded the motion that the Audit Committee convene into Executive Session pursuant to R.C. 121.22 (G) (1) to discuss the employment of a public employee. Upon roll call, the vote was as follows: Yea: Catherine Moss, James Rossler, Aimee Russell. The motion carried.

The committee convened in executive session at 3:10 p.m.

The committee returned to open session at 3:25 p.m.

Approve FY2026 Chief Audit Officer Goals (R)

James Rossler moved, and Catherine Moss seconded the motion to approve the Chief Audit Officer's goals for FY2026. Upon roll call, the vote was as follows: Yea: Catherine Moss, James Rossler, Aimee Russell. The motion carried.

Committee Requests and Follow Up Items

	<p>The next audit committee meeting will be on December 17, 2025.</p> <p>There were no requests or follow-up items discussed.</p> <p>The meeting adjourned at 3:26 p.m.</p>		
	Action Items	Assigned Person	Due Date
Action Items	n/a		
Agenda for Next Meeting			

James Rossler, Committee Chair

Richard Stensrud, Secretary

EXTERNAL AUDIT UPDATE

Review external auditor's financial statement opinion letter, internal control letter, and required communications

Memo

To: SERS Audit Committee
From: Marni Hall, CFO
CC: Steve Ritzer, Richard Stensrud, Karen Roggenkamp
Date: December 9, 2025
Re: June 30, 2025 Audit memo

FY2025 Financial Statement Audit Results

Finance is pleased to report there were no material weaknesses or significant deficiencies noted during the FY2025 audit, and the prior year finding was fully resolved. All bank reconciliations are completed timely, with their review documented by management.

Communication With Those Charged With Governance

Each year the auditors issue a report listing information to be shared as required per professional standards. In that report you'll note the FY2025 audit includes an uncorrected misstatement. This memo further describes the scenario and adjustments made to our year end close schedule going forward.

SERS year-end close schedule reviews cash receipts during the 90 days leading up to closing the accounting books for items relating to the previous fiscal year. When identified, those receipts are accrued as receivables and revenue during the period earned.

In October 2025, SERS received a retiree pharmacy rebate from ESI for claims paid in FY2025. Since the rebate was received after the books had been closed, the receivable was not recorded. Opening the books to post an adjustment would cause the Annual Comprehensive Financial Report to not match the recently issued June 30, 2025 actuarial reports. Therefore, it was determined the best course of action was to recognize a passed audit adjustment, as noted in the auditor's letter.

Going forward, Finance has updated its year-end close procedures to add a step to review for outstanding retiree pharmacy rebates. If expected rebates are not received by the time books are scheduled to close, Finance will work with Health Care to reasonably estimate a receivable for the outstanding rebate.

I am happy to answer questions or provide additional detailed information.



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School Employees
Retirement System of
Ohio

Audit Presentation
December 17, 2025



Introductions



Kristin Hunt, CPA
Partner

Ashley Raden, CPA
Senior Manager



Jackson Walker
Senior



Agenda

- ✓ Audit timeline and deliverables
- ✓ Audit areas of focus
- ✓ Results of the audit
 - ✓ Audit opinion letter
 - ✓ Required communications
- ✓ Questions



Audit timeline and deliverables

Audit timeline:

- Spring 2025 – Initiated planning procedures
- June 2025 – Performed interim testing procedures
- July/August 2025 – Performed additional planning and audit procedures
- September/October 2025 – Fieldwork testing
- November 2025 – Finalization of census testing and review of financial statements
- December 5, 2025 – Issuance of audit opinion on Annual Comprehensive Financial Report (ACFR)
- February 28, 2026 – Issuance of audit opinions for GASB 68 and GASB 75

Deliverables:

- SERS' 2025 ACFR opinion and Required Communications with the Board
- GASB 68 Schedule of Employer Allocations and Schedule of Pension Amounts by Employer
- GASB 75 Schedule of Employer Allocations and Schedule of OPEB Amounts by Employer



Audit areas of focus

The ultimate goal of the audit is the expression of an opinion on your financial statements.

- Investment valuations
- Census data testing
- Actuarial assumptions and actuarial calculations
- Accuracy of benefit calculations and related payments
- Financial reporting



Results of the audit

Opinion

We have audited the financial statements of School Employees Retirement System of Ohio (SERS) as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise SERS' basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of SERS as of June 30, 2025 and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

✓ **Unmodified Opinion**

- ✓ Free from material misstatement
- ✓ Highest level of assurance you can obtain



Results of the audit

Required Communication with Those Charged With Governance

- Management estimates included within the financial statements
 - Harder to value investments – based upon information obtained from various sources
 - Actuarial assumptions
 - Long-term expected rate of return and discount rate
 - Mortality assumptions
- No difficulties or disagreements with management in performing the audit
- No corrected misstatements; one uncorrected misstatement (passed adjustment)
 - Understatement of receivables and overstatement of expenses for prescription rebates earned but not received until after year-end.



Results of the audit

Report on Internal Control over Financial Reporting

Audit identified no Material Weaknesses or Significant Deficiencies

- Audit standards require us to communicate instances when a control is not operating effectively
 - Categories of deficiencies as defined by auditing standards generally accepted in the United States of America:
 - **Material Weakness** – A deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.
 - **Significant Deficiency** – A deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.
 - **Control Deficiency** - Exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.



Questions?



Thank you!

For more information contact:

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Independent Auditor's Report

To the Retirement Board
School Employees Retirement System of Ohio

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of School Employees Retirement System of Ohio (SERS) as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise SERS' basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of SERS as of June 30, 2025 and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of SERS and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SERS' ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

To the Retirement Board
School Employees Retirement System of Ohio

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of SERS' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SERS' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise SERS' basic financial statements. The supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual financial report. The other information comprises the introductory, investment, actuarial, statistical, and plan summary sections, as listed in the table of contents, but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

To the Retirement Board
School Employees Retirement System of Ohio

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements or whether the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2025 on our consideration of SERS' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of SERS' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SERS' internal control over financial reporting and compliance.

Plante & Moran, PLLC

December 5, 2025



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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management and the Retirement Board
School Employees Retirement System of Ohio

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of School Employees Retirement System of Ohio (SERS) as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise SERS' financial statements, and have issued our report thereon dated December 5, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered SERS' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SERS' internal control. Accordingly, we do not express an opinion on the effectiveness of SERS' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of SERS' financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether SERS' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To Management and the Retirement Board
School Employees Retirement System of Ohio

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of SERS' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SERS' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

December 5, 2025

December 5, 2025

To the Retirement Board
School Employees Retirement System of Ohio

We have audited the financial statements of School Employees Retirement System of Ohio (SERS) as of and for the year ended June 30, 2025 and have issued our report thereon dated December 5, 2025. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated July 14, 2025, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we considered the internal control of SERS. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Our audit of SERS' financial statements has also been conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Under *Government Auditing Standards*, we are obligated to communicate certain matters that come to our attention related to our audit to those responsible for the governance of SERS, including compliance with certain provisions of laws, regulations, contracts, and grant agreements; certain instances of error or fraud; illegal acts applicable to government agencies; and significant deficiencies in internal control that we identify during our audit. Toward this end, we issued a separate letter dated December 5, 2025 regarding our consideration of SERS' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on June 17, 2025.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by SERS are described in Note 1 to the financial statements.

No new accounting policies were adopted, and the application of existing policies was not changed during 2025, with the exception of the adoption of GASB Statements No. 101, *Compensated Absences*, and No. 102, *Certain Risk Disclosures*, which have been disclosed in Notes 18 and 17, respectively, and did not have a material impact on the current year financial statements. As disclosed in Note 18, SERS did apply GASB Statement No. 101 retrospectively.

We noted no transactions entered into by SERS during the year for which there is a lack of authoritative guidance or consensus.

We noted no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the financial statements were the fair values of harder-to-value investments, mainly the non-publicly traded investments, which do not have readily determinable fair values, and the assumptions utilized in the GASB 67 and GASB 74 actuarial valuations.

Management's estimates of the harder-to-value investments are based on audited financial statements, quarterly reports, appraisals, etc. SERS typically values the alternative investments using June 30 capital statements received from the various investment managers. We evaluated the key factors and assumptions used to develop these estimates in determining that the estimates are reasonable in relation to the financial statements taken as a whole.

Pension and OPEB Assumptions - Financial statement disclosures contain information about SERS' total pension liability and total OPEB liability. In order to determine this liability, the actuary must apply certain assumptions, which are highly sensitive to estimation. The most sensitive estimates used in the valuation are as follows:

- **Long-term Assumed Rate of Return** - For the purpose of Governmental Accounting Standards Board Statement Nos. 67 and 74, as of June 30, 2025, SERS is currently using 7.00 percent for the assumed long-term investment rate of return for pension and OPEB. This expected return is based on information provided by SERS' investment consultant and actuary. The use of this assumed long-term investment rate of return is based on the current approved asset mix and capital market assumptions. We encourage SERS to continually monitor this assumption to ensure it accurately represents SERS' expectations about future market performance.
- **Single Discount Rate** - The calculation of the single discount rate under GASB Statement Nos. 67 and 74, which is calculated using the long-term assumed rate of return as one of many assumptions, is also highly sensitive to estimates the actuary makes about future contributions and future benefit payments. Inherent in those assumptions is some subjectivity surrounding the projection of future contributions. The actuary assumed plan member contributions would be made at the current contribution rate and that employer contributions will be made as required, and these contributions will be sufficient to pay benefits as required by SERS for pension. For OPEB, the contributions are not expected to be sufficient to pay the benefits as required by SERS; thus, the discount rate for OPEB is 5.62 percent, up from 4.88 percent from the prior year.
- **Mortality Assumptions** - The mortality assumptions impact the calculation of total pension liability. The assumptions about mortality were estimated by the actuary by using the Pub-2010 mortality tables and the MP-2020 projection scales. We recommend SERS discuss with the actuary whether updating to the MP-2021 scales is appropriate for the next valuation.

We have reviewed these assumptions used to develop the total pension liability and total OPEB liability and determined that they are reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in performing and completing our audit.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

There was one uncorrected misstatement of the financial statements that was requested to be recorded to accrue for fourth quarter Express Scripts, Inc. prescription rebates in the amount of approximately \$14,800,000 that were received subsequent to year-end, resulting in an understatement of receivables and an overstatement of expenses. Management has determined that its effect is not significant to the financial statements taken as a whole. However, uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future period financial statements to be materially misstated.

Significant Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting SERS, and business plans and strategies that may affect the risks of material misstatement, with management each year prior to our retention as SERS' auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition of our retention.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 5, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a second opinion on certain situations. If a consultation involves application of an accounting principle to SERS' financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts.

To our knowledge, there were no such consultations with other accountants.

December 5, 2025

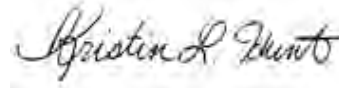
Other Information Included in Annual Reports

Our responsibility for other information included in annual reports does not extend beyond the financial statements, and we do not express an opinion or any form of assurance on the other information. However, we read the introductory, investment, actuarial, statistical, and plan summary sections of the Annual Comprehensive Financial Report (ACFR), and nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially misstated or materially inconsistent with the information or manner of its presentation appearing in the financial statements.

This information is intended solely for the use of the retirement board and management of SERS and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Plante & Moran, PLLC

A handwritten signature in dark ink, appearing to read "Kristin L. Hunt".

Kristin L. Hunt, CPA
Partner

A handwritten signature in dark ink, appearing to read "Ashley Raden".

Ashley Raden, CPA
Senior Manager

INTERNAL AUDIT UPDATE
(Chief Audit Officer's Report)



Internal Audit Update

December 2025

Steve Ritzer, CAO – Internal Audit

Agenda



- FY2026 Audit Plan Status
- Status of Audit Recommendations
- Recently Completed Audits and Other Activities
- ORSC 2025 Annual Audit Committee Report (Draft)



FY2026 Audit Plan Status



[illegible]

FY2026 Audit Plan Status



Engagement	Qtr.	Type	Status	Comments
FY2025: Audit				
IT Infrastructure (issued 8/29/25)	Q4 2025	Audit	Completed	Outsourced Audit
FY2026: Compliance				
Undue Influence (issued 8/8/25)	Q1 2026	Audit	Completed	
Conflicts of Interest (issued 10/31/25)	Q2 2026	Audit	Completed	
Investment Incentive Compensation (issued 10/2/25)	Q2 2026	Audit	Completed	
FY2026: Audit				
Required Minimum Distribution (issued 11/24/25)	Q2 2026	Audit	Completed	

FY2026 Audit Plan Status



Engagement	Qtr.	Type	Status	Comments
FY2026: Audit				
Self Service Portal/On-Line Activity	Q2 – Q3	Audit	Started	
HIPAA Compliance	Q3 – Q4	Audit	Pending	Outsourced Audit
Identity and Access Management	Q4	Audit	Pending	
Purchasing/Contracts	Q4	Audit	Pending	
Continuous Auditing	Q1- Q4	Audit	Ongoing	

FY2026 Audit Plan Status



Engagement	Qtr.	Type	Status	Comments
FY2026: Consulting				
Other Consulting/Special Projects	Q1- Q4	Consulting	Ongoing	
IT Consulting	Q1- Q4	Consulting	Ongoing	
Health Care Medical/Pharmacy Claims	Q3 – Q4	Consulting	Pending	
FY2026: Internal Audit Activities				
Audit Committee Annual Report	Q2	Administrative	Pending	Annual Activities for Ohio Retirement Study Council
Fiscal Year 2027 Internal Audit Plan	Q3 - Q4	Administrative	Pending	
Internal Audit Strategic Plan	Q3	Administrative	In Review	
Internal Audit Recommendations Follow-up	Q1- Q4	Administrative	Ongoing	



Status of Audit Recommendations

Status of Audit Recommendations - Overall



Audit	Deficiency	Moderate	Total
External auditor			
Segregation of duties in change mgmt.	1		1
Management requested audits (outsourced) *			
Identity & Access Management		5	5
IT Infrastructure		<u>4</u>	<u>4</u>
Total	<u>1</u>	<u>9</u>	<u>10</u>

* These were audits requested by management and performed by third-parties.

Audit Recommendations Q1 to Q2



Audit	Q1 FY26	Change	Q2 FY26
External auditor			
Account reconciliations (note 1)	1	(1)	0
Segregation of duties in change mgmt.	0	1	1
Internal auditor			
Tenant Parking Revenue	1	(1)	0
Management requested audit (outsourced)*			
Identity & Access Management (note 2)	5	0	5
IT Infrastructure *	<u>6</u>	<u>(2)</u>	<u>4</u>
Total	<u>13</u>	<u>(3)</u>	<u>10</u>

Note 1: This recommendation has been removed as a significant deficiency for FY2025. As part of the bank reconciliation remediation plan, management transitioned the reconciliation process from a manual process to utilizing general ledger reconciliation software.

Note 2: Management is actively addressing these recommendations through process improvements and software solutions. Evaluation and procurement of tools can cause revised implementation dates.

Status of Audit Recommendations – Identity and Access Management



- An outsourced audit of Identity and Access Management was completed in Quarter 4 of FY2024.
- The details of the audit were discussed in executive session at the June 2024 Audit Committee meeting.
- There were six moderate risk recommendations.
- Progress in implementing corrective action is underway.
 - 1 recommendation has been corrected.
 - 5 recommendations have revised implementation dates through Quarter 4 of FY2026.

Status of Audit Recommendations – IT Infrastructure



- An outsourced audit of IT Infrastructure was performed in Quarter 4 of FY2025.
- The details of the audit were discussed in executive session at the September 2025 Audit Committee meeting.
- There were two high and five moderate risk recommendations.
- Progress in implementing corrective action is underway.
 - Three recommendations have been corrected.
 - Four recommendations have implementation dates through Quarter 4 of FY2026.



Recently Completed Audits and Other Activities

Recently Completed Audits and Other Activities



- Three audits completed since the last committee meeting:
 - Investment Incentive Compensation (Attachment A). No issues noted.
 - Investment Conflicts of Interest (Attachment B). No issues noted.
 - Required Minimum Distribution (Attachment C). No issues noted.

Continuous Auditing



Area	Frequency	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Notes
Accounts payable	monthly		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>	
Credit card transactions	monthly		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>	
Member refund testing	quarterly					<input checked="" type="checkbox"/>								
Bank account changes	quarterly					<input checked="" type="checkbox"/>								tested for Sept only
Address changes	quarterly					<input checked="" type="checkbox"/>								tested for Sept only
Data fix changes	quarterly					<input checked="" type="checkbox"/>								
Duplicate transactions	quarterly				<input checked="" type="checkbox"/>									
Disability	quarterly					<input checked="" type="checkbox"/>								
Vendor/SERS employee comparison	annually						<input checked="" type="checkbox"/>							
Badge access	annually								<input type="checkbox"/>					
Review of service credit	annually								<input type="checkbox"/>					
Active employees vs. Active Directory users	annually						<input type="checkbox"/>							
Merit increases	annually												<input type="checkbox"/>	June/July

Internal Audit Advisory/Consulting Services



Executive

- Weekly Senior Leadership meetings
- Monthly Director meetings
- Information Governance committee

External Audit

- Weekly meetings with Plante during audit period

Risk

- Weekly team meetings
- Risk register review meetings
- Fiduciary self-assessment meetings
- Risk maturity model assessment

IT

- Annual disaster recovery exercise



ORSC 2025 Annual Audit Committee Report (Draft)

(DRAFT) ORSC Annual Audit Report – Current Year

Completed Audits - Recommendations



Audit Area	Risk Rating	Scope	Recommendations	Mgmt.'s Response	Implemented	Implementation or Target Implementation
IT Infrastructure (August 2025)	Mod	<u>IT Infrastructure</u> The objective of the review was to assist SERS with evaluating its IT infrastructure.	Sixteen recommendations were proposed. Two received a high rating, five received a moderate rating and nine were rated as low. The report was presented in executive session.	Management has developed a remediation plan for each recommendation.	In progress	June 2026
		Comments: Management agreed and will implement.				

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.

(DRAFT) ORSC Annual Audit Report – Prior Years Completed Audits – Updates to Recommendations



						Implementation or Target Implementation
Audit Area	Risk Rating	Scope	Recommendations	Mgmt.'s Response	Implemented	
Identity and Access Management (June 2024)	Mod	<u>Identity and Access Management</u> The objective of the review was to assess 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.	In progress	June 2026
		Comments: Management agreed and will implement.				
Tenant and Parking Revenue (July 2024)	Mod	<u>Tenant and Parking Revenue</u> The objective of the review was to assess internal controls, policies, procedures and security related to Tenant and Parking Revenue.	Management should develop policies and procedures related to tenant and parking revenue and other areas of operation.	Procedures will be documented by the department.	Yes	Corrective action implemented.
		Comments: Controls related to Tenant and Parking Revenue were operating effectively to achieve business objectives.				

(DRAFT) ORSC Annual Audit Report – Prior Years Completed Audits – Updates to Recommendations



Audit Area	Risk Rating	Scope	Recommendations	Mgmt.'s Response	Implemented	Implementation or Target Implementation
Employer Reporting (July 2023)	Mod	<u>Employer Reporting</u> The objective of the review was to assess internal controls, policies, procedures and security related to Employer Reporting.	Management should ensure employee web administrator (EWA) forms are imaged and available for review.	Management will complete a project to confirm and document the EWA form for each employer.	Yes	Corrective action implemented.
			Management should determine the appropriate resolution for receivable balances from FY17 and FY18.	Management will work with legal staff to determine the best approach and document the process to resolve outstanding items.	Yes	Corrective action implemented.
			Management should develop approaches to monitor higher risk activity.	Management will work with IT Services to develop additional monitoring tools.	Yes	Corrective action implemented.
			Comments: Controls related to Employer Reporting were operating effectively to achieve business objectives.			

(DRAFT) ORSC Annual Audit Report – Completed

Audits: No Recommendations



Audit Area	Risk Rating	Scope	Management's Response
Undue Influence (August 2025)	Low	<u>All Departments</u> 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.	Not applicable.
		Comments: The Chief Audit Officer and Chief Risk Officer reviewed the submitted undue influence forms and determined they were properly filed with no instances reported on the forms submitted.	
Investment Incentive Compensation Review (October 2025)	Low	<u>Investments Department and Finance</u> Evaluate controls and payments associated with the FY2025 Investment Incentive Compensation Plan.	Not applicable
		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. The Assistant Director of Finance was effective in completing the calculations in an accurate manner with supporting documentation. There were no calculation errors identified during testing.	
Conflicts of Interest Compliance Review (October 2025)	Low	<u>Investments Department and Investment Compliance</u> Review disclosures by Investments staff and external investment service providers for conflicts of interest compliance. Review included: <ul style="list-style-type: none"> • Investment staff certification • Financial Disclosure Statement • Professional Conduct Statement • Investment Manager Agreement • Required Annual Disclosure Form 	Not applicable
		Comments: Reviewed SERS' Investments staff disclosures and external investment service providers. No exceptions identified.	

(DRAFT) ORSC Annual Audit Report – Completed Audits: No Recommendations (Cont.) and Active Audits



Audit Area	Risk Rating	Scope	Management's Response
Required Minimum Distribution Audit (November 2025)	Low	<u>Member Services</u> To determine whether FY2025 RMD distributions were being distributed in compliance with IRS requirements.	Not applicable.
		Comments: Reviewed SERS' policies and procedures in accordance with compliance requirements. No exceptions identified.	

Active Audits: As of December 2025

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

(DRAFT) ORSC Annual Audit Committee Report – Other Audit Related Activity



Audit Area	Risk Rating	Subject/Project	Description
Pharmacy Audit	Mod	Benefits	SERS engaged an external consultant to conduct bi-annual audits of its pharmacy benefit manager to determine overall claims processing accuracy and efficiency and to identify opportunities for improved administration. Internal Audit provided consulting services related to the audit.
Medical Claims Audit	Mod	Benefits	SERS engaged an external consultant to conduct a bi-annual audit of its medical claims administrator to determine overall claims processing accuracy and efficiency and to identify opportunities for improved administration. Internal Audit provided consulting services related to the audit.
Financial Reporting	N/A	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	N/A	Strategic Plan	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	N/A	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	N/A	CY2025 Annual 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 Annual Plan	N/A	FY2026 Plan	The FY26 Internal Audit Plan was approved by the SERS Audit Committee June 2025.
Continuous Auditing	N/A	Other	Ongoing auditing of SERS financial transactions. (monthly, quarterly, and annual basis)
Comment Remediation	N/A	Issued Audit Comments	Perform audit remediation activities involving internal, external, and other audit comments.
Internal Audit Operations	N/A	Internal Audit Quality Assurance	Internal Audit consists of one employee, a Chief Audit Officer (CAO). The CAO continues to maintain quality within audit practices to maintain conformance with IIA <i>Standards</i> . Audit activities include: <ul style="list-style-type: none"> 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.



Q & A

RESOLUTION FOR EXECUTIVE SESSION

(Personnel Matter)

EXECUTIVE SESSION

_____ moved and _____ seconded the motion that the Audit Committee convene in Executive Session pursuant to R.C. 121.22 (G)(1) to consider the employment of a public employee.

Upon roll call, the vote was as follows:

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Catherine Moss	_____	_____	_____
James Rossler	_____	_____	_____
Aimee Russell	_____	_____	_____

IN EXECUTIVE SESSION AT _____ A.M./P.M.

RETURN TO OPEN SESSION _____ A.M. / P.M.

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ADJOURNMENT

_____ moved that the Audit Committee adjourn to meet at its next regularly scheduled audit committee meeting.

The meeting adjourned at _____ p.m.

Aimee Russell, Audit Committee Chair