

Position Specification
School Employees Retirement System of Ohio
Chief Audit Officer



SERS, located in Columbus, Ohio, with over \$19.5 billion in net assets, is searching for a *Chief Audit Officer* (CAO) to join this highly regarded statewide public retirement system. The position is open as a result of the retirement of the current CAO.

System Overview

SERS is a statewide, cost-sharing, multiple-employer defined benefit public pension plan serving over 250,000 active and retired members. Established by state law in 1937, SERS provides retirement, disability, and survivor benefits to non-teaching employees of Ohio's public K-12 school districts, vocational, technical, and community schools, community colleges, and the University of Akron.

The Retirement Board is responsible for the general administration and management of the System. 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 one by the State Treasurer, and a third one jointly by the Speaker of the House and President of the Senate.

Several separate funds comprise the Retirement System. The funds include the Pension Trust Fund, the Medicare B Fund, the Death Benefit Fund, the Qualified Excess Benefit Arrangement (QEBA) Fund, and the Health Care Fund.

- The Pension Trust Fund holds the funds to pay for basic retirement, disability, and survivor benefits.
- The Medicare B Fund reimburses a portion of the Medicare Part B premiums paid by eligible benefit recipients.
- The Death Benefit Fund pays \$1,000 to a designated beneficiary of a deceased retiree or disability benefit recipient.
- The QEBA Fund pays benefits allowed by federal tax law to retirees whose SERS benefits exceed Internal Revenue Code limits.
- The Health Care Fund provides money for payment of health care expenses under SERS' health care coverage for retirees and other benefit recipients.

SERS' investment portfolio is diversified by asset class, investment approach, and individual investments within each asset class to reduce overall portfolio risk and volatility. Over the last 10 years, SERS investment returns have been in the top 2% of all pension systems in the Wilshire pension fund universe; and over the last four years, they have realized the highest returns with the lowest risk of all the plans.

Investment returns for FY2024 were 9.7% (Net of Fees) versus the benchmark return of 8.8% and the actuarial assumed rate of return of 7.0%. Total Fund Rate of Return (Net of Fees) for 3 Years was 5.4% compared to the Policy Benchmark of 4.0%, 8.9% versus 7.7% at 5 Years, and 7.8% compared to 7.0% at 10 Years.

SERS is financially sound and continues to make positive progress in funding. The funding level for basic pension benefits increased from 76.6% over a 21-year period to 79.0% over a 20-year period. The funding level for discretionary health care benefits increased from 46.1% to 61.6% over a 30-year period. The Health Care Fund is projected to remain solvent through 2069, a 45-year solvency period as of June 30, 2024.

Public pensions positively impact Ohio's economy. Of the 82,490 individuals receiving pension benefits from SERS, nearly 91% live in Ohio. In FY2024 alone, benefit payments of approximately \$1.29 billion were distributed among Ohio's 88 counties, positively impacting the state's economy. For every dollar in employer contributions invested in SERS' retirement benefits last year, \$2.40 was returned to local economies.

The FY2025-2029 Strategic Plan was constructed during FY2024 year with input from the Board, all levels of staff, and advocacy group representatives. It is a continuation of the previous plan with focus on sustainability, service delivery and operations, technology, education and engagement, talent and culture, and risk.

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

SERS Culture

SERS is proud to foster an employee-friendly environment where mission-focused individuals thrive. The organizational culture is based on five specific values:

- Focus on Service.
- Be Accountable.
- Support Collaboration.
- Respect Differences and Practice Inclusion.
- Remain Resourceful and Embrace Change.

These values are the foundation for business operations and organizational culture – how individuals work with each other and how they provide service to our membership. SERS appreciates the talents and abilities of all employees and cultivates an open, collaborative, and dynamic environment.

Internal Audit Department Overview/Responsibilities

The CAO reports to the Audit Committee of the Board and is under direction of the Committee. The CAO is also a member of the System's executive team. 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). The IPPF includes

mandatory Global Internal Audit Standards and Topical Requirements, and supplemental Global Guidance.

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 will work independently with extensive latitude for initiative, independent judgment, and follow through. Key responsibilities include:

- Lead the development of the annual audit plan for approval of the Audit Committee.
- Direct and execute the plan to ensure accomplishment of intended objectives.
- Determine the required resources to execute the audit plan and direct the technical and administrative aspects of the Internal Audit function.
- 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 resources and external assurance providers to provide continuity of audit efforts and avoid duplication of effort.
- 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.

Key Objectives

Input from the Audit Committee Chair and the executive team identified the following key objectives, against which the CAO's performance will, in part, be measured:

- Continue the positive direction and results of the Internal Audit Office.
- Explore building out this one-person department to increase its capabilities by hiring additional audit staff (where needed).
- Effectively integrate into the organizational culture and establish positive working relationships with management, the Audit Committee, and Board.
- Work closely with SERS' Chief Risk Officer, Enterprise Risk Management, and Information Security team.
- Maintain familiarity with best audit practices and up-to-date techniques, and implement changes, as necessary, to continually improve the Internal Audit Offices' effectiveness.
- Review and update the audit plan to ensure the necessary resources are assigned to the high risk areas – Information Technology, Investments, and Member Services, (more detail available in the FY2025 Audit Plan).
- Maintain the highest IIA rating, which has been awarded to SERS.

Qualifications and Preferences

SERS is searching for a knowledgeable audit or risk 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. Preference to candidates with operational 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.

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 relevant circumstances in forming judgments.

The CAO must have the strategic awareness to understand and consider 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, and in non-technical terminology, with a variety of stakeholders, internal and external to 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 leader 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. The target base salary, determined based on experience and qualifications, is \$155,000 to \$175,000. Relocation assistance is also provided.

Remote Work Policy

The CAO position is not a remote position. The office is in Columbus and the CAO is required to reside in the greater Columbus area or within a reasonable commuting distance of the office. SERS’ remote work policy allows for an employee to request a work schedule that includes up to two regularly scheduled remote workdays a week. Approval is at the Board’s discretion.

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