



# Audit Committee

April 18, 2024

- **Elect Committee Chair**
- **Review Committee Charter**

# Audit Committee Charter

POLICY TYPE: GOVERNANCE PROCESS

POLICY TITLE: AUDIT COMMITTEE CHARTER

## Purpose

The purpose of the Audit Committee is to assist the Board in fulfilling the internal audit process, external audits/examinations/investigations, process for monitoring compliance, financial reporting, and engagement of external auditors while ultimately ensuring that the records of STRS Ohio properly reflect the transactions and conditions of the Retirement System in accordance with the laws of the State of Ohio and are consistent with Board Policies.

## Function

The Audit Committee communicates with the Executive Director, Deputy Executive Director – Finance and the Chief Audit Executive in exercising its responsibilities. The Internal Audit Department reports directly to the Audit Committee, while providing relevant administrative updates to the Executive Director. The Audit Committee may at any time seek information it requires from employees – all of whom are directed by the Board to cooperate with the Committee’s requests – external auditors, consultants, and external parties. The Chief Audit Executive or the independent public accountant may meet privately with the Audit Committee, to the extent permitted by law, if there are material weaknesses, or other matters of significant concern, involving the office of the Executive Director or any other part of the organization, or if the Executive Director has failed to respond to recommendations of either the Chief Audit Executive or the independent public accountant. The work of the Audit Committee may be confidential to the extent allowed by law.

## Composition

Five Board members will be appointed by the Board Chairperson to the Committee. The five members will comprise three elected Board members and two appointed Board members, including at least one retirant member, one contributing member, and one ex officio member in accordance with Ohio Revised Code 3307.044. The Chairperson of the Committee will be elected from the membership of the Committee at the first Committee meeting of the fiscal year and remain in that role until he/she steps down or the Committee elects another Chairperson. Both elected and appointed Board members from the Committee are eligible to be elected Committee Chairperson. The Board Chairperson will appoint or reappoint Committee members as needed and fill any mid-term vacancies on the Committee with an appointment that will be noticed to the Board at its next meeting. The Board Chairperson is disallowed from serving as the Committee Chairperson.

## Authority

The Audit Committee has the authority to conduct or authorize investigations into any matters within its scope of responsibility and is authorized to retain independent counsel, accountants, or others to advise or assist the Committee in the performance of its responsibilities. The Committee may meet with management, external and internal auditors, or outside counsel as necessary. The Chief Audit Executive is authorized to have free and unrestricted access to members of the Board and Audit Committee, including in private meetings without management present.

## Responsibilities

The responsibilities of the Audit Committee are:

- To meet, as often as needed, but in no circumstances less than twice annually, usually in August and December. Annually, the Audit Committee should meet privately with the external auditor and internal auditor, excluding members of the management team other than legal counsel.
- Work with staff to develop and maintain a comprehensive monitoring and compliance calendar.
- As needed, hire a professional advisor to provide continuity to the ongoing work of the Committee, minimize disruption caused by member turnover, provide ongoing and relevant education for the Audit Committee, provide coaching and guidance to the Chief Audit Executive, monitor the Audit Committee’s adherence to its Charter, monitor the Internal Audit Department’s adherence to its Charter and provide ongoing professional input and advice to the Internal Audit Department, the Audit Committee, and Board.
- The Internal Audit Department should annually certify to the Audit Committee that no actual or perceived conflicts of interest exist that would impair objectivity or independence.
- Review the audit plans of the internal auditor and independent public accountant with specific inquiry as to the extent to which planned audit scope can be relied on to detect any weakness in the internal controls. This review shall include the annual risk assessment included in the Annual Internal Audit Plan.
- Review the quarterly and year-end internal audit summaries of findings and recommendations; ensure all quarterly and year-end internal audit summaries are provided to all Board members and immediate reporting of any critical issues to all Board members in the interim. Ensure there are no unjustified restrictions or limitations on the functioning of the Internal Audit Department.



# Questions?

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