



## State Teachers Retirement System of Ohio (STRS Ohio)

### Implementation of Fiduciary Audit Recommendations/Governance Considerations-Part 2

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# Agenda

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**Recap of Board  
Consensus-  
November Meeting**

2

**Additional  
Recommendations/  
Governance  
Considerations**

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**Proposed  
Implementation  
Timeline**

# 1

## Recap of Board Consensus- November Meeting



# Audit Recommendations-Committees/Board Consensus

Recommendation	Board Consensus
1. The Board should formally delegate policy and decision due diligence and more oversight responsibilities to its committees to reduce full Board meeting time and improve decision-making and oversight.	Agree
2. The Board should eliminate the Board's Disability Review Panel (DPR) and delegate the appeals process to staff and the medical review board and focus the Board more on oversight of the policies and procedures, including approval of selection of the medical review Board. This will enable to the Board to focus on process and oversight where it determines that delegation is prudent.	Staff to present education around disability appeals process and potential implementation options, including continued Board participation in the process.
3. The STRS Board should eliminate the Final Average Salary Committee and delegate the approval responsibilities to staff.	Agree. Legislative changes will be necessary.

# Audit Recommendations-Committees/Board Consensus

Recommendation	Board Consensus
4. The Board commit to a functioning standing board committee approach, with a streamlined structure with five standing committees and new charters should be developed that clearly articulate the responsibilities of each committee.	Agree there should be standing committees with a streamlined structure and new charters. Board's current consensus on standing committees is set forth on next slide.

## Current Board Committees – Review of Board’s Discussion

Committee	Board Consensus
Disability Review Panel	Staff to bring forth education on current disability review process, options for implementation to include continued Board participation
Final Average Salary	Dissolve and Delegate to Staff - <i>Note legislative changes necessary</i>
Audit	Maintain and Expand Scope
Investment	Maintain and Increase Utilization
Staff Compensation & Benefits	Dissolve and use Full Board
Health Care	Dissolve and use Full Board/Dashboard
Ad Hoc Board Governance	Make standing committee and add to scope of authority, including assuming responsibilities currently assigned to the Ad Hoc Board Education & Planning Committee
Ad Hoc Board Education & Planning	Dissolve and delegate to Board Governance Committee
Ad Hoc Legislative	Make standing committee

# Audit Recommendations-Committees/Board Consensus

Recommendation	Board Consensus
5. The Board Chair should meet with each trustee, especially when they are first elected or appointed, and discuss their interests and experience in consideration of their appointment to committees.	Agree
6. Revise the Officer Policy and practices for participation and leadership of committees based on Board member skills and competencies to be identified and supported through a robust process for skills assessment and continuing education.	Agree
7. The Board Governance Manual should be revised consistent with the existing practice where the Board Chair proposes committee membership each year and makes the recommendation to the full Board for approval.	Agree

# Audit Recommendations-Committees/Board Consensus

Recommendation	Board Consensus
8. Each committee should elect its chair annually; the Board Chair should not be the chair of any Board committees, except for the Board Governance Committee if that new committee is implemented.	Agree
9. Appointed trustees should be considered as potential committee chairs, especially when they have the most relevant experience in the area of responsibility of the committee.	Agree
10. Revise the Officer Policy to permit broader participation in Board leadership.	Disagree



# Audit Recommendations-Committees/Board Consensus

Recommendation	Board Consensus
11. The Board Governance Manual should be revised consistent with the existing practice where the Board Chair proposes committee membership each year and makes the recommendation to the full Board for approval.	Agree
12. Once a well-functioning committee structure is realized, the Board should consider reducing the frequency of its full Board meetings to bi-monthly.	Agree. Implementation and operation of the standing committee structure and trust in the process first needs to be realized before this can be ultimately implemented.

*Note there are more fiduciary audit committee specific recommendations (e.g., Audit Committee) that will be addressed once the standing committees are finalized.*

# Audit Recommendations-Trustee Education/Board Consensus

Recommendation	Board Consensus
<p>1. Develop an overall onboarding and continuing education plan for the full Board and for each individual trustee. Establish a formal process for self-assessment, including a skill inventory, and tie the annual education plan to identified developmental needs and the strategic plan.</p> <ul style="list-style-type: none"><li>a) Identify individual needs and priorities that consider new trustees, leadership roles, and committee membership</li><li>b) Include the curriculum and source of training (e.g., in-house, external conference, webinar, online training)</li><li>c) Overall timetable and progress reporting compared to plan.</li></ul>	<p>Agree. Aon will work with the Board Governance Committee to build the Trustee Education Plan, for ultimate adoption by the full Board. Board also discussed establishment of a basic orientation curriculum for mentors to assist new Board members with individual needs and priorities.</p>

# Audit Recommendations-Trustee Education/Board Consensus

Recommendation	Board's Consensus
<p>2. Rotate the for agenda for training topics for the annual retreat year over year to present new information and perspectives in addition to core subjects. For example, Board retreat should cover:</p> <ul style="list-style-type: none"><li>• Training on fiduciary duties that is periodically refreshed and covers the practical implication of fiduciary obligations, including relevant examples of situations that trustees could encounter.</li><li>• Development of Board priorities and strategic plans.</li><li>• Strategic issued education based on near-term priorities/issues.</li><li>• Subcommittee and Board member self-evaluations.</li><li>• Planning for continuing education for individual members and the Board as a whole.</li></ul>	<p>Agree. These duties will be performed by the Board Governance Committee. Board also recommended research of peer educational curriculums.</p>

# Parliamentary Procedure

- Board agreed that Robert's Rules should govern where applicable and consistent with law. Board Policies have been updated accordingly.
- Board agreed with engaging a parliamentary expert to assist with implementation, attend meetings, and assist with committee chair training. Part of the committee chair training will include standardized reporting for all committee reports to the full Board. The parliamentarian will begin attending board meetings this month.

# Executive Director Performance Evaluation Process

- Board agreed with recommendation to make the Executive Director performance evaluation more meaningful, and to design as a developmental tool with periodic check-ins during the year and ongoing feedback.
- The performance evaluation process will tie to the strategic plan and will include 360 feedback.

# Key Performance Indicators/Dashboard

- The Board discussed key performance indicators at a high level. Board desires development of a summary board dashboard, with capability of accessing underlying data. Staff to bring back demonstration of current metrics platform for Board discussion. Aon recommends the ultimate adoption of the key performance indicators in coordination with strategic planning discussions.

# 2

## Additional Recommendations/ Governance Considerations



# Audit Recommendations/Governance Considerations-Aon's Perspective

Recommendation	Aon's Perspective
<p>1. Revise the policy and process for tracking trustee requests for information from staff or consultants/advisors to involve the Board Chair, in consultation with the Executive Director, in prioritization, approval and follow-up requests.</p>	<p>Current policy states: <i>No board member or officer has authority over the Executive Director, except Board committees working within the scope of their respective charters. Information may be requested by these individuals or groups. However, if such request-in the Executive Director's judgment-requires a material amount of staff time or funds or is disrupted, it may be refused.</i></p> <p>Agree with recommendation and should also include the Executive Coordinator.</p>
<p>2. Adopt manager/vendor referral policy, which addresses ex parte communications and avoiding potential for board member improper influence.</p>	<p>Agree and can assist in drafting appropriate policy.</p>



# Audit Recommendations/Governance Considerations-Aon's Perspective

Recommendation	Aon's Perspective
<p>3. STRS should develop a more robust and transparent process around strategic planning. (Note, Fiduciary Audit Report contains more recommendations regarding timing and tying to other processes, such as ensuring the Executive Director evaluation process includes a review that ties to metrics established through strategic planning).</p>	<p>Agree</p>
<p>4. Public participation at board meetings.</p>	<p>Issue raised through Board feedback. Aon recommends policy be updated with parameters on process, registration and communication.</p>
<p>5. Agenda setting.</p>	<p>Current policy states: <i>The Chair will welcome input from fellow Board members regarding the Board's agenda for each meeting.</i>            Issue raised through Board feedback. Aon recommends additional language should be added, addressing timing of requests and interplay with new board business at meetings.</p>

# 3

## Proposed Implementation Timeline



# Proposed Implementation Timeline

Topic	Month
Board Chair to gather individual Trustee feedback regarding committee interest	January-March 2024
Disability Appeals Process Education and Board Decision on Disability Review Panel	February 2024
Standing Committee Charters/Policy Revisions	March 2024
Committee Reappointments	March 2024
Standing Committees set meeting schedules and at first meeting appoint respective Committee Chairs-Aon to assist each Committee with specific audit recommendations	April-May 2024
Strategic Planning (if the Board decides to conduct)	January-July 2024
Key Performance Indicators/Dashboard	July 2024

# Proposed Implementation Timeline

Topic	Month
Executive Director Performance Evaluation Process	August 2024
Other governance areas that need to be addressed, for example ERM, Funding Policy, etc.	Ongoing

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