

Minutes

The Audit and Compliance Committee of the Board of Trustees met on June 16, 2022, at the Virginia Retirement System located in Richmond, Virginia. The following individuals were present.

Audit and Compliance Committee Members:

Joseph W. Montgomery, Committee Chair
W. Brett Hayes, Committee Vice Chair
A. Scott Andrews, Board Chair

Other Members of the Board of Trustees:

John M. Bennett
Troilen G. Seward, Ed.S.

VRS Staff:

Patricia Bishop, Jennifer Schreck, Judy Bolt, Valerie Disanto, Barry Faison, Joshua Fox, John T. Grier, Krystal Groff, Curt Mattson, Matthew Priestas, Mark Rein, Kristy Scott, Leslie Weldon and Cynthia Wilkinson.

Guests:

Jamie Bitz, Department of Planning and Budget; and Zach Borgerding, Auditor of Public Accounts

The meeting convened at 2:00 p.m.

Opening Remarks

Joseph W. Montgomery called the meeting to order and welcomed everyone to the June 16, 2022 meeting of the Audit and Compliance Committee of the Virginia Retirement System Board of Trustees and noted no changes or additions to the meeting agenda.

Approval of Minutes

Upon motion of Mr. Hayes, seconded by Mr. Andrews, the Committee approved the minutes of the Audit and Compliance Committee meeting held on March 29, 2022.

Exit for the 2021 Employer Assurances Review

Mr. Borgerding updated the Committee on the status of the Auditor of Public Accounts' (APA) separate examinations designed to provide participating employers and their auditors the assurances necessary to prepare their own annual financial statements in accordance with Governmental Accounting Standards Board Statements No. 68 and 75.

He noted these examinations are progressing as planned and the APA should conclude their work and issue the related opinions for the pension and OPEB plans during the month of July, with his update serving as the exit for the engagement.

Entrance Conference on 2022 Annual Comprehensive Financial Report

The Committee proceeded to the scheduled entrance with the APA. The primary purpose of the entrance meeting was to review the approach and scope of the APA's annual examination of VRS' Annual Comprehensive Financial Report (ACFR) for the fiscal year ending June 30, 2022. Mr. Borgerding noted the APA's primary responsibilities under Generally Accepted Auditing Standards are to provide reasonable assurance as to whether the financial statements are free of material misstatements. Mr. Borgerding also noted APA's responsibility to determine that VRS' financial information is accurately incorporated into the statewide ACFR.

Mr. Borgerding further addressed the APA's use of materiality, responsibility for identifying fraud, as well as reporting on non-compliance items that could have a material direct or indirect effect on financial statements.

Finally, Mr. Borgerding shared a report on internal controls and compliance will be provided and any significant findings over internal controls would be included in the Statewide Single Audit (SSA) Report. Mr. Borgerding provided further information about the SSA and its related report and addressed the Committee's questions.

Audit Reports

The Committee received two audit reports from staff.

Audit Report 443 – Cash Management

Ms. Scott presented the results of Internal Audit's review of Cash Management. The review determined cash management processes support operational needs and comply with applicable statutory requirements, bank and investment accounts significant to cash management are adequately monitored and cash deposits are reasonably protected in the event of bank failure. There were no written recommendations resulting from the review. The Committee discussed the frequency of future reviews of this area.

Audit Report 444 – Review of IT General Controls

Mr. Priestas presented the results of Internal Audit's review of IT General Controls. The review determined overall VRS' IT architecture is effective and secure. There were four formal recommendations resulting from this review. Ms. Bishop discussed the report's results with the Committee, noting the organization's plans for addressing the recommendations.

Acceptance of the Audit Reports

Upon motion of Mr. Andrews, seconded by Mr. Hayes, the Committee accepted audit reports 443 and 444 as presented.

Miscellaneous Updates

Quarterly Report on Fraud, Waste and Abuse Hotline Cases

Ms. Schreck shared there were no Fraud, Waste and Abuse cases reported for the period February 1, 2022 through April 30, 2022.

Management's Quarterly Travel Expense and Per Diem Report

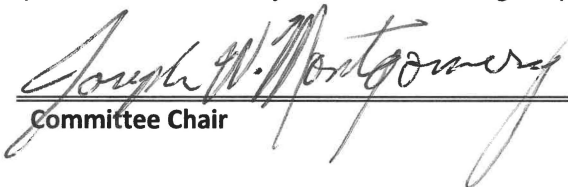
Ms. Schreck observed management's quarterly travel expense and per diem report was included in the meeting materials for the Audit and Compliance Committee's review.

Next Committee Meeting Date

Ms. Schreck noted the next meeting of the Committee is scheduled for September 13, 2022, at 2:00 p.m.

Meeting Adjournment

There being no further business, upon motion by Mr. Andrews, seconded by Mr. Hayes, the Audit and Compliance Committee adjourned the meeting at approximately 2:28 p.m.



Committee Chair



Secretary