



Audit and Compliance Committee Meeting

[1111 E. Main Street](#)
[Third Floor Board Room](#)

Tuesday, 3/29/2022

2:00 - 4:00 PM ET

- I. Welcome
- II. Minutes of the December 6, 2021 Meeting
 - Meeting Minutes - Page 2*
- III. Audit Report
 - A. Report 442: Conformance with VITA's Security Program
 - Audit Report 442 - Page 6*
- IV. Report on Code of Ethics by Management
 - Code of Ethics Reporting - Page 21*
 - A. Report from Administration
 - Code of Ethics Memo - Administration - Page 22*
 - VRS Code of Ethics Amended and Approved - Page 23*
 - B. Report from Investments
 - Code of Ethics Cover Memo - Page 25*
 - Code of Ethics Report - Page 26*
 - Code of Ethics and Standards of Professional Conduct Policy - Page 29*
 - MNPI Policy - Page 39*
 - Personal Trading Policy - Page 47*
 - Gifts Policy - Page 55*
- V. FY2022 Audit Plan Progress as of December 31, 2021
 - Progress Report - Page 59*
- VI. Miscellaneous Updates
 - A. Quarterly Report on Fraud, Waste and Abuse Hotline Cases
 - Fraud Waste and Abuse Report as of January 31, 2022 - Page 65*
 - B. Internal Audit's Review of the Cost of Living Adjustments
 - Internal Audit COLA Memorandum - Page 68*
 - C. Management's Quarterly Travel Expenses and Per Diem Report
 - Travel Expense and Per Diem Report - Page 72*
 - D. Next Meeting Date: Thursday, June 16, 2022

Minutes

The Audit and Compliance Committee of the Board of Trustees met on December 6, 2021, 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
O’Kelly E. McWilliams, III, Board Chair

Other Members of the Board of Trustees:

J. Brandon Bell, II
John M. Bennett
Troilen G. Seward, Ed.S.

VRS Staff:

Patricia Bishop, Jennifer Schreck, Judy Bolt, Jeanne Chenault, Michael Cooper, Valerie Disanto, Barry Faison, Jonathan Farmer, Joshua Fox, John T. Grier, Krystal Groff, Robert Irving, Chung Ma, Curt Mattson, Matthew Priestas, Paula Reid, Mark Rein, Kristy Scott, Jillian Sherman and Cynthia Wilkinson

Auditor of Public Accounts: Zach Borgerding and Erin Rodriguez

The meeting convened at 2:00 p.m.

WELCOME

Joseph W. Montgomery called the meeting to order and welcomed everyone to the December 6, 2021, meeting of the Audit and Compliance Committee of the Virginia Retirement System’s Board of Trustees and noted no changes or additions to the meeting agenda.

MINUTES

Upon motion of Mr. McWilliams, seconded by Mr. Hayes, the Committee approved the minutes of the Audit and Compliance Committee meeting held on September 13, 2021.

***EXIT ON THE 2021
ANNUAL
COMPREHENSIVE
FINANCIAL REPORT
(ACFR) AUDIT***

Mr. Borgerding informed the Committee that the APA’s audit work over VRS’ fiscal year 2021 ACFR was in its final stages. Mr. Borgerding indicated the APA anticipates issuing an unmodified opinion dated on or about December 10, 2021. Mr. Borgerding noted as a part of the audit, the APA would issue a “Report on Internal Controls and Compliance” which would not include any formal recommendations.

***ENTRANCE WITH
APA REGARDING
EMPLOYER
ASSURANCES***

Mr. Borgerding then provided the Committee with an overview of the APA’s upcoming examinations designed to provide participating employers and their auditors the assurances necessary to prepare their own annual financial statements in accordance with:

- *GASB Statement No. 68*, which focuses on employer reporting over pension plans, and
- *GASB Statement No. 75*, which deals with employer reporting over other post-employment benefit plans.

Mr. Borgerding noted the examinations will cover the period July 1, 2020, through June 30, 2021, and that the APA anticipates issuing its opinions on these matters on or about June 30, 2022. He further indicated an engagement memo would be provided to the Committee at a later date.

AUDIT REPORTS

The Committee received one audit report from staff.

Audit Report 441

Ms. Bolt presented audit report 441 – Retiree Payroll and Changes which evaluated processes associated with the monthly retiree payroll and changes to it as well as the annual generation and distribution of the related 1099-R tax data and forms to determine if they are working as expected. There were no written recommendations resulting from the review.

The Committee discussed with Ms. Bishop the disbursement payment methods and tax treatment related to the monthly retiree payroll.

**ACCEPTANCE OF
AUDIT REPORT**

Upon motion of Mr. McWilliams, seconded by Mr. Hayes, the Committee accepted audit report 441 as presented.

**QUARTERLY REPORT
ON FRAUD, WASTE
AND ABUSE HOTLINE
CASES**

Ms. Bolt presented the Fraud, Waste and Abuse cases investigated for the period August 1, 2021, through October 31, 2021. Ms. Bolt noted there was one case reported during the period. The case alleged abuse of retirement benefits and was determined to be unfounded and therefore closed.

**ANNUAL REPORT ON
INTERNAL AUDIT'S
QUALITY
ASSURANCE
IMPROVEMENT
PROGRAM**

Ms. Schreck presented the results of the annual internal Quality Assurance and Improvement Program Review as of June 30, 2021, noting the Principal Auditor for Quality Assurance had completed the review and concluded there was reasonable assurance that the Internal Audit Department was performing in conformance with the *International Standards for the Professional Practice of Internal Auditing*. Ms. Schreck noted the next external quality assurance review will occur in the fall of 2024.

The Committee discussed with Ms. Schreck the Department's progress in obtaining additional IT audit resources and the growing IT audit experience and qualifications of the existing audit team members.

**MISCELLANEOUS
UPDATES**

Management's Quarterly Travel Expense and Per Diem Report

Ms. Schreck shared 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 March 29, 2022, at 2:00 p.m.

***MEETING
ADJOURNMENT***

There being no further business, upon motion by Mr. McWilliams, seconded by Mr. Hayes, the committee agreed to adjourn the meeting at approximately 2:32 p.m.

Committee Chair

Secretary

Audit Reports

Conformance with VITA's IT Security Program as of January 1, 2022

Highlighting VRS Core Values: *Integrity, Teamwork, Accountability* and *Agility* in Action

THIS REPORT IS INTENDED SOLELY FOR THE USE OF THE VRS BOARD OF TRUSTEES AND THE MANAGEMENT OF VRS AND IS NOT INTENDED FOR OTHER PURPOSES.



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Dear Members of the Audit and Compliance Committee,

We have completed audit number 442, “Conformance with Virginia Information Technology Agency’s (VITA) Security Program as of January 1, 2022”. The main purpose of our audit was to review VRS’ Information Technology Security Policies and Procedures conformity with the mandatory information technology security policies and standards disseminated by VITA.

We conducted our audit in accordance with the *International Standards for the Professional Practice of Internal Auditing*. These standards require that we plan and perform the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for the conclusions based upon our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This report was distributed to the VRS Director and members of management for review and comment. As our review did not result in a written recommendation, management did not provide a written response but expressed substantial agreement with our report.

We appreciate the cooperation and assistance of the Information Technology Department throughout this audit.

Respectfully Submitted,

A handwritten signature in black ink that reads 'Jennifer P. Bell Schreck'.

Jennifer P. Bell Schreck, CPA, CISA, PMP
VRS Internal Audit Director

EXECUTIVE SUMMARY

We conducted an examination of VRS' Conformance with Virginia Information Technology Agency's (VITA) Information Technology (IT) Security Program as of January 1, 2022. VRS is subject to VITA's IT Security Policy, VITA's Prohibited Hardware, Software, and Services Policy and seven standards which form VITA's IT Security Program. The security program requirements are laid out in the following documents.

- VITA IT Security Policy;
- VITA IT Security Standard;
- VITA IT Security Audit Standard;
- VITA IT Risk Management Standard;
- VITA IT Standard Use of Non-Commonwealth Computing Devices to Telework;
- VITA Removal of Commonwealth Data from Electronic Media Standard;
- VITA Hosted Environment Information Security Standard;
- VITA Security Awareness Training Standard; and
- VITA Prohibited Hardware, Software and Services Policy.

Conformance with this IT security program is mandatory for all executive branch agencies, as well as institutions of higher education, legislative branch and independent agencies unless an exemption is requested by the agency and granted by VITA. VRS has not requested an exemption from this mandatory IT security program.

Agencies may elect to adopt the VITA Policies and Standards for their use, or they may develop their own internal policies and standards that, at a minimum, meet the provisions of the VITA Security Program. VRS has chosen to develop its own VRS IT Security and Telework Policies while adopting all other VITA Standards with supplemental information to clarify specific VRS procedures and processes.

This review did not address compliance with VRS' IT Security Program. These areas were most recently reviewed in Reports No. 411 and 417, which addressed controls over certain applications used by VRS, and Vendor Hosted Systems in Administrative Operations, Report No. 439. Additionally, a review over IT Client-Server General Controls is currently in progress.

AUDIT SNAPSHOT

VITA's **Security Program** includes **2** IT Security Policies and **7** IT Security Standards, as of **January 1, 2022**.

To conform, VRS has developed **3** IT Security Policies and **2** IT Security Standards which **adopt** the **VITA Security Program** as its own, while also **enhancing** it to **meet VRS' unique needs**.

VRS is in the process of **updating** key **documents** within its **Security Program** to ensure its continued **alignment**.

AUDIT ASSESSMENT

Due to the pending updates, VRS' IT Security Program partially conforms with VITA's mandatory IT Security Program. VRS conformance should be realized, once VRS finalizes and formally approves its revisions to its IT Security Program which includes adoption of the newly introduced VITA governance documents.

Written Recommendations: 0

BACKGROUND

CODE OF VIRGINIA §2.2-2009

“To provide for the **security** of state government **electronic information** from unauthorized uses, intrusions or other security threats, the (VITA) **CIO** shall **direct** the **development** of **policies, standards, and guidelines** for assessing **security risks**, determining the appropriate **security measures** and performing **security audits** of government **electronic information**. Such **policies, standards, and guidelines** shall apply to the **Commonwealth's** executive, legislative, and judicial branches and **independent agencies....”**

VRS is subject to the requirements of VITA’s Information Technology (IT) Security Program. The purpose of the VITA IT Security Program is *“To protect the Commonwealth information technology assets (and the information processed) by defining the minimum information technology security program for agencies of the Commonwealth of Virginia.”* This program is comprised of the IT Security Policy, VITA’s Prohibited Hardware, Software, and Services Policy and seven IT Security Standards which help agencies in creating and documenting their information security programs.

Compliance with this program is mandatory for all executive branch agencies, as well as institutions of higher education, legislative branch and independent agencies. *(VITA’s IT Security Program for judicial branch agencies includes two additional standards that relate specifically to services they provide.)* All such entities must adhere to this policy and standards, unless an exemption is requested by the entity and granted by VITA. VRS has not requested an exemption from the policy or from the mandatory standards.

VITA POLICIES AND STANDARDS

Periodically, VITA changes, updates or revises a particular policy or standard to incorporate emerging best practices or align them with changes to the *Code of Virginia*. We last reviewed this area in Report No. 435, Conformance with VITA’s IT Security Program as of November 1, 2020.

To perform this review, we determined each governance document’s current status and assessed the impact of any changes. This analysis confirmed two new VITA documents had been introduced since our previous examination, the Security Awareness Training Standard and Prohibited Hardware, Software and Services Policy. Of the existing seven documents comprising the VITA IT Security Program, all seven included changes since the prior review, dated November 1, 2020.

Updated VITA Requirements

The mandatory VITA documents updated since our last examination are listed in the table on the following page which includes a hyperlink to the current version.

Mandatory VITA Documents	Current Version	Brief Description
VITA IT Security Policy	SEC 519-01	This policy provides direction and assistance to each agency in developing and implementing agency information security programs that reduce the risk to information irrespective of the medium containing the information.
VITA IT Security Standard	SEC 501-11.4	This standard establishes a minimum acceptable level of IT security and baseline for information technology security controls in accordance with applicable statutes and best practices.
VITA IT Security Audit Standard	SEC 502-04	This standard delineates the methodology for conducting an IT security audit of sensitive IT systems that contain agency information as identified and prioritized in an agency's Business Impact Analysis.
VITA IT Standard Use of Non-Commonwealth Computing Devices to Telework	SEC 511-1	This standard defines the minimum acceptable level of security controls necessary for eligible employees to use computers, computing devices or related electronic equipment not owned or leased by the Commonwealth to telework.
VITA Removal of Commonwealth Data from Electronic Media Standard	SEC 514-5.01	This standard establishes minimum procedures that must be followed by each agency and their service providers when electronic media is surplus, transferred, traded-in, disposed of or replaced.
VITA IT Risk Management Standard	SEC 520-03	This standard provides a uniform approach for assessing and managing information technology risk within the Commonwealth.
VITA Hosted Environment Information Security Standard	SEC 525-04.1	This standard establishes minimum information security requirements for activities associated with Commonwealth data stored in a data center not owned or leased by an agency. Integration support for this standard is laid out in the VITA's Cloud Third Party Use Policy (Standard was renamed and updated during the audit period). Due to VRS' independence, it is not required to explicitly follow these procedures since VRS does not use VITA as an IT service provider nor receives hosted vendor approvals from VITA's Enterprise Cloud Oversight Service.

New VITA Standards and Policies

VITA developed one new standard and one new policy within their IT Security Program since our prior review. These two new documents are described in the table below which includes a hyperlink to the current version.

Mandatory VITA Documents	Current Version	Brief Description
VITA Cybersecurity Awareness Training Standard	SEC 527	This Standard defines the curriculum course requirements that agencies shall implement when creating an annual information security program. State agencies shall develop additional training materials that address specific needs of such agency, provided that such materials do not contradict the training curriculum and materials developed by the CIO.
VITA Prohibited Hardware, Software and Services Policy	SEC 528-00.1	This policy prohibits executive, judicial, legislative and independent agencies from entering into, or extending or renewing, a contract with an entity that utilizes any equipment, system, or service that has been prohibited by the Commonwealth of Virginia or the federal government as defined within the policy.

VRS IT POLICIES AND STANDARDS

To address these information security requirements mandated by VITA, VRS has formulated its own IT Security Program. The foundation of this program is structured around two main documents, the VRS IT Security Policy and the VRS IT Security Standard. To supplement the IT Security Standard, VRS also maintains a less technical policy for its system users called the VRS User IT Security Policy. This policy allows users to understand and apply these security documents to VRS business processes to protect the *integrity* of VRS systems and the information that remains within. In addition, VRS has created its own Telework Policy. Finally, VRS has rounded out the program by adopting the remaining applicable VITA standards.

SECURITY AWARENESS PROGRAMS

In addition to the minimum **security awareness standards** promulgated by VITA, **VRS routinely** incorporates security awareness throughout the year into its **VRS Today meetings**, quarterly **focused training** modules, **phishing** testing, cyber **security week** activities, and **screen saver** and **hall monitor messages**.

VRS IT Security Policy

The VRS IT Security Policy was developed to establish the framework for VRS' IT Security Program to maintain system and data integrity and protect VRS' systems and data from credible threats and unauthorized access or use, whether internal or external, deliberate or accidental. The policy defines VRS' *accountability* with a chart summarizing the mandatory security program documents. Within this chart, VRS either adopts the acceptance of the VITA document or points to the republished VRS version.

VRS IT Security Standard

This standard establishes a minimum acceptable level of IT security and baseline for information technology security controls within VRS in accordance with applicable statutes and best practices. While VRS has chosen to adopt the VITA IT Security Standard as its own VRS IT Security Standard, with the adoption of this document, VRS has enhanced particular areas of VITA's standard to supplement and clarify certain procedures as they apply to VRS and its functions.

VRS User IT Security Policy

Daily security and protection of VRS' information technology assets and information start with VRS employees, along with all authorized system users. The VRS User IT Security Policy communicates technical security requirements in the VRS IT Security Standard in layman's terms while applying them to applicable VRS business processes.

System users are routinely made aware of their responsibility to act with *integrity* regarding VRS' IT assets through their acknowledgement they have read and understand the VRS Security policies and standards, initially when hired and annually during VRS-provided security awareness training. This document was most recently updated in October 2020 to provide clarification, guidance, and additional examples, as well as ensuring language alignment with SEC501.

VRS Cloud Services Security Standard

Cloud computing has grown exponentially over the last decade and VITA has put an emphasis around certain requirements associated with these services. VRS developed its own Cloud Services Security Standard to provide holistic guidance and formal adoption of VITA's Hosted Environment Information Security Standard. This document pertains to all requests for acquisition or continuance of cloud computing services. This document has not been updated since our last review in 2020.

Conformance with VITA'S IT Security Program as of January 1, 2022 Pg. 7 of 14

ANNUAL ASSESSMENT

Annually, **Internal Audit** assesses **VRS'** conformance with **VITA's IT Security Program**.

VRS Removal of Commonwealth Data from Electronic Media Standard

VRS had previously created a set of processes and procedures to define the proper course of action when electronic media is surplus, transferred, traded-in, disposed of or replaced. Since our last examination, VRS adopted VITA's Removal of Commonwealth Data from Electronic Media Standard SEC 514 as its own and eliminated this Standard.

VRS Telework Policy

VRS has established a policy to manage flexible work arrangements that support employee job satisfaction, employee retention, improved productivity, safety and reasonable accommodation. This policy allows the agency to utilize mobility to effectively accomplish goals and fulfill its mission outside the physical boundaries of the agency's offices. Employees working at alternate work locations must always adhere to the User IT Security Policy and are responsible for the security and confidentiality of any VRS information, documents, records or equipment in their possession. Employees must agree to follow agency security procedures in order to ensure confidentiality and security of data. This document was most recently updated in December 2020, entirely replacing the previous version dated January 1, 2016.

REVISION ASSESSMENT

As previously noted during 2021, VITA introduced a new standard and a new policy to the mandatory IT Security Program. These new requirements along with changes made throughout the year to the existing policy and standards have provided VRS with the opportunity to reexamine its IT Security Program and security governance structure.

As a result, VRS is in the process of an extensive rewrite of the VRS IT Security Policy as well as the VRS User IT Security Policy. The new versions of these documents are presently in draft form and had not been formally approved as of the audit period, January 1, 2022, or as of the transmittal date of the results of this review, February 17, 2022.

SCOPE AND METHODOLOGY

The primary purpose of our examination was to evaluate whether VRS was in conformity with the mandatory documents included in VITA's IT Security Program as of January 1, 2022. Therefore, we assessed the documented policies, standards and procedures in place, as applicable to IT security at VRS.

We focused our review on new or updated VITA standards and any revised VRS documents since our last examination of VRS' Conformance with VITA's IT Security Program, as of November 1, 2020, Report No. 435. We reviewed revised or new requirements to ensure VRS policies, standards and procedures in place reflect any applicable changes.

We did not, at this time, assess VRS' compliance with such VRS policies and procedures. The sole purpose of our current examination was to evaluate the existing VRS policies and procedures in light of VITA's current requirements.

Compliance with such policies and procedures is considered separately in conjunction with our examinations of the overall effectiveness of security for the IT client-server environment utilized by VRS as well as the various reviews of application controls. These areas were most recently reviewed in Report No. 411, Report No. 417 and Report No. 439. Our review over IT Client-Server General Controls is currently in progress.

CONCLUSIONS

GENERAL ASSESSMENT AND UNDERSTANDING

Overall, our review found the VRS IT Security Policies and Procedures to partially conform with the mandatory VITA IT Security Program requirements, as VRS has not completed its incorporation of the updates introduced throughout 2021 into their approved standards or policies. We acknowledge VRS' intentional approach to these updates and that the VRS Technology Security Department has developed and continues to maintain a strong security program to protect IT systems and data from unnecessary risks; however, a final approved

GENERAL ASSESSMENT

The **VRS IT security policies** and **procedures partially conform** with the mandatory **VITA IT Security Program** since VRS has **not completed** its update of the affected policies **as of January 1, 2022**.

version of the revised VRS IT Security Program Policy or VRS User IT Security Policy were not available as of the audit date, January 1, 2022.

The draft revision of the IT Security Program Policy is in committee review for approval as of the publication date of this report as discussed further below. VRS conformance should be realized once VRS finalizes and formally approves its revisions to its IT Security Program which includes adoption of the newly introduced VITA governance documents.

REVISED POLICIES AND STANDARDS

VITA Revisions

With respect to VITA requirements, all documents comprising the VITA IT Security Program included changes since the prior review, dated November 1, 2020. The table below summarizes the changes in each document by describing whether the changes were administrative or more comprehensive. In addition, two new documents were introduced since our previous examination, VITA’s Security Awareness Training Standard and VITA Prohibited Hardware, Software and Services Policy. These documents are also included in the table below.

Mandatory VITA Documents	Standard	Last Updated	Summary of Update
VITA IT Security Policy	SEC 519	9/15/2021	This document was rewritten. Additional content included consent of monitoring and no expectation of privacy.
VITA IT Security Standard	SEC 501	12/28/2021	The changes to this document were administrative.
VITA IT Security Audit Standard	SEC 502	9/15/2021	The changes included revised requirements and updates to referenced framework.
VITA Use of Non-Commonwealth Computing Devices to Telework Standard	SEC 511	8/10/2021	The changes included additional verbiage and updates required by the <i>Code of Virginia</i> .

Mandatory VITA Documents	Standard	Last Updated	Summary of Update
VITA Removal of Commonwealth Data from Electronic Media Standard	SEC 514	5/21/2021	The changes to this document were administrative.
VITA Risk Management Standard	SEC 520	12/1/2021	The changes included revised requirements and updates to referenced framework.
VITA Hosted Environment Information Security Standard	SEC 525	12/28/2021	The changes to this document were administrative.
VITA Cybersecurity Awareness Training Standard	SEC 527	1/1/2021	New Standard.
VITA Prohibited Hardware, Software, and Services Policy	SEC 528	11/4/2021	New Policy.

VRS Revisions

The status of VRS' Policies and Standards as of the audit date, January 1, 2022, including in-progress revisions, are reflected in the table below, which continues on the following page.

Mandatory VITA Documents	Last Updated	Changes Required or Made	Observations
VRS IT Security Policy	2/25/2020	Yes	A draft version of this completely rewritten VRS policy was available and is awaiting final review and approval before it can be implemented.

Mandatory VITA Documents	Last Updated	Changes Required or Made	Observations
VRS IT Security Standard	2/21/2020	No	As VRS has adopted VITA's standard as its own, no changes are required.
VRS User IT Security Policy	10/1/2020	Yes	This document is in the process of being updated and is not yet ready for final review and approval.
VRS Cloud Services Security Standard	1/10/2020	No	This document formally accepts VITA's SEC525 as the VRS standard.
VRS Removal of Commonwealth Data from Electronic Media Standard	7/8/2021	Yes	This document is now obsolete and VRS accepts VITA's SEC514.
VRS Telework Policy	12/17/2020	Yes	The changes to this policy since our last review clarified eligibility, expectations and other general provisions. The updated policy is consistent with VITA's current Policy relative to Telework.

As reflected above, the VRS IT Security and VRS User IT Security Policies are in the process of being revised. We encourage management to expedite the approval of these draft security policies to fully align VRS' IT Security Program with the VITA's mandatory IT Security Program.

We performed a limited review of the available draft VRS IT Security Policy and found the proposed revisions to be comprehensive and reflective of a continued strong governance model. Once both outstanding revised policies are formally approved, their revisions will be reviewed in detail during the next Conformance Review.



FOLLOW-UP ON PRIOR REPORTS

There were no outstanding audit recommendations to consider.

RECOMMENDATIONS

We have no written recommendations to offer as a result of our review.

MANAGEMENT EXIT CONFERENCE

This report was distributed to Ms. Bishop and other members of VRS' management and staff for review and comment. They expressed substantial agreement with this report.

REPORT DISTRIBUTION

Submitted to the Audit and Compliance Committee at its meeting held
March 29, 2022.

MEMBERS OF THE AUDIT AND COMPLIANCE COMMITTEE

Joseph W. Montgomery, Committee Chair
W. Brett Hayes, Committee Vice Chair
O'Kelly E. McWilliams, Board Chair

WITH COPIES TO:

OTHER MEMBERS OF THE BOARD OF TRUSTEES

J. Brandon Bell, II
John M. Bennett
Michael P. Disharoon
William A. Garrett
Susan T. Gooden
Troilen G. Seward

VRS EXECUTIVE LEADERSHIP

Patricia S. Bishop
Ronald D. Schmitz
Members of the Director's
Executive Committee

AUDITOR OF PUBLIC ACCOUNTS

Staci A. Henshaw

JLARC

Kimberly A. Sarte
Jamie Bitz

PRINCIPAL AUDITOR IN-CHARGE

Joshua Fox, CIA, CIDA, CFA

AUDIT SUPERVISOR

Matthew Priestas, CIA, CRMA, CISA, PMP

Report on Code of Ethics by Management

Internal Audit Code of Ethics

As a part of VRS, the Internal Audit Department adheres to the VRS Code of Ethics.

Due to its conformance with the *International Standards for the Professional Practice of Internal Auditing*, the Internal Audit Department also adheres to the Institute of Internal Auditors' Code of Ethics.

As such, we are expected to uphold the following principles:

Integrity
Objectivity
Confidentiality
Competency

Internal Audit members participate in VRS Code of Ethics training and certify their conformance with the IIA's Code of Ethics annually.

Members of Internal Audit also hold various other professional designations and memberships, which provide similar frameworks for ethical behavior in the practice of that profession. Those professional organizations also require annual certification.

Code of Ethics Reporting

In accordance with the Audit and Compliance Committee Charter, management provides regular reports to the Committee regarding the process for communicating the VRS Code of Conduct to agency personnel, and for monitoring compliance therewith. This includes the processes and compliance mechanisms in place for both administrative and investment department personnel.

At the Committee's March 29th meeting, the Chief Operating Officer will provide an update on the administrative department personnel, followed by an update from the Chief Administrative Officer and Investments Regulatory and Legal Officer on the investment department personnel.

Administrative Overview

The following items were provided by the Chief Operating Officer to support his update and are included in the meeting book.

Administration 2021 Code of Ethics Report
VRS Code of Ethics Amended and Approved

Investments Overview

The items below were provided by the Chief Administrative Officer to support his update and follow the administrative department's materials.


Investments Cover Memo –Annual Report on Code of Ethics
Investments 2021 Code of Ethics Committee Report
Investment Department Code of Ethics and Standards of Professional Conduct Policy
Investments MNPI Policy
Investments Personal Trading Policy
Investments Gifts Policy



March 24, 2022

MEMORANDUM

TO: VRS Audit and Compliance Committee

FROM: Patricia S. Bishop
Director 

RE: 2021 Code of Ethics Report

Since adopting its Code of Ethics in 2015, VRS expects all eligible full-time and wage employees to complete ethics training each year. Beginning in 2016, VRS established an online 30-minute interactive Code of Ethics course to more efficiently facilitate the required training. The course details the provisions of the VRS Code of Ethics and includes related scenarios that employees could face in the workplace. Each year the Human Resources staff reviews the training course to ensure it is current.

It is the goal of the agency to have all eligible employees complete the Code of Ethics course at least once during the year. Although a few staff members were unable to complete the training before December 30, 2021, due to extended leave of absence, all applicable staff members have successfully satisfied the training at this time.

To the best of our knowledge, all employees are in compliance with the requirements and expectations described in the VRS Code of Ethics.

Attachment



Virginia Retirement System Code of Ethics

Vision

The VRS vision statement is: *“To be the trusted leader in the delivery of benefits and services to those we serve.”* We, as VRS employees, share the responsibility for delivering this vision by following the VRS Code of Ethics, the agency’s Core Values and applicable law, regulation and policy.

The VRS Code of Ethics provides the foundation for the VRS culture and establishes our approach for engaging with our members, employers, retirees, business partners and fellow VRS colleagues.

The Code of Ethics is built on our commitment to upholding the highest standards of integrity, ethical principles and professional conduct.

Ethical Principles

- **Integrity**

Integrity is the ability to act with honesty and be consistent in administering benefits and managing investments. Integrity serves as the foundation for building trust with the public, retirees, members and employers as we provide services.

- **Accountability**

Accountability is being responsible for decisions made, actions taken and assignments completed. Accountability reinforces our commitment to ethically perform our duties to meet the goals of the agency.

- **Confidentiality**

Confidentiality is exercising discretion and performing our ethical duty to protect the personal information of our members, retirees, beneficiaries and employers. We safeguard personal data and sensitive VRS information that is viewed, acquired or otherwise accessible during the course of VRS employment.

- **Inclusivity**

Inclusivity is embracing a diversity of thinking that helps us reach solutions that achieve excellence and meet the needs of our customers. We encourage an open work environment and an ethical culture in which colleagues are treated with respect and are free to raise issues or concerns without fear of retaliation.

Ethical Conduct

As employees of the Commonwealth of Virginia and the Virginia Retirement System, we will:

- Perform our work with integrity, competence and dignity and in an ethical manner that earns the trust of members, employers and retirees as we deliver benefits and services.
- Act solely in the best interest of the fund, its members, beneficiaries and retirees.
- Remain free from influence, or the appearance of influence, of any conflicting interests as we conduct business ethically and in compliance with applicable policies and laws.
- Maintain and protect the confidential information of our members, retirees, employers, business partners and employees.
- Deal fairly, objectively and impartially in all matters relating to VRS.
- Promote a positive and welcoming work environment, free from hostility, violence and harassment of any kind.
- Promote safety and security to minimize hazards and threats in our workplace.
- Exercise good faith, civility and professionalism in our interactions with those we serve and with each other.
- Create a climate of trust and respect that contributes to a productive work environment.
- Act as good stewards, effectively and efficiently using resources, while ensuring accountability to our members, retirees and employers that we serve.
- Refrain from having a direct or indirect interest, including financial or other interests, or engaging in a personal business activity that could conflict with the proper discharge of duties or management of VRS.
- Embrace differences in backgrounds, experiences, perspectives and talents and leverage those differences as a fundamental strength of VRS.
- Share in the responsibility to protect the reputation of VRS.

Illegal or Unethical Behavior

As we strive to maintain an ethical culture, we act in good faith in our interactions with each other, business partners and external customers. We openly discuss and disclose ethical issues.

If at any time, we believe a potential violation of our Code of Ethics has occurred, it is incumbent upon us to seek clarity through discussion with our supervisor, manager, director or human resource office.

If the issue involves information security risks or threats, we should contact the VRS Information Security Officer. If the issue involves waste, fraud or abuse, we should contact the VRS Internal Audit Director, who reports directly to the VRS Board of Trustees.



Virginia Retirement System, Investment Department
1200 East Main Street, Richmond, Virginia 23219

To: Members of the Audit and Compliance Committee

From: Curtis M. Mattson, Chief Administrative Officer
Richard W. Brooks, Regulatory and Legal Officer

Date: March 21, 2022

Subject: Annual Report on Investment Department's Code of Ethics and Standards of Professional Conduct Policy (as of December 31, 2021)

As required in the Audit and Compliance Committee Charter, please find attached the annual report on the Investment Department's Code of Ethics and Standards of Professional Conduct Policy. This report describes the process for communicating this Policy to the Investment Department personnel and monitoring compliance with this Policy.

Attached you will also find the current Code of Ethics and Standards of Professional Conduct Policy and the respective stand-alone policies referenced in this Policy.

Let us know if you have any questions.

VRS Investment Department
Annual Report on the Code of Ethics and Standards of Professional Conduct Policy
As of December 31, 2021

Overview

The Investment Department Code of Ethics and Standards of Professional Conduct Policy (the “Code of Ethics”) is built on our commitment to upholding the highest standards of integrity, ethical principles, and professional conduct. All Investment associates (including new hires, interns, and those working part-time) are subject to this Code of Ethics.

The Investment Department first adopted its Code of Ethics in 2006. This document is periodically reviewed and updated to confirm that its contents and procedures are current. The most recent version of the Code of Ethics became effective July 1, 2015.

The Code of Ethics continues to address potential conflicts of interest in three main areas:

- The treatment of confidential and material non-public information;
- Trading of securities in personal accounts; and
- The disclosure of discussions of potential employment arrangements or other forms of consideration between Investment associates and entities conducting business with the VRS.

Incorporated by reference and made part of the Code of Ethics are the following stand-alone policies:

- Material Non-Public Information Policy;
- Personal Trading Policy; and
- Policy on Gifts.

A copy of each of these policies, as well as the Code of Ethics, is attached.

Communicating and Monitoring Procedures

The Code of Ethics and related stand-alone policies are located on the Investment Department’s network drive, which is accessible by all Investment associates.

Initial Certification Process

- As part of the Investment Department’s new employee orientation process, the Code of Ethics and related stand-alone policies are provided to the newly hired Investment associate by the Regulatory and Legal Officer.
- Completed and physically signed (or electronic equivalent) initial certification forms are received from the Investment associate.
- All initial certifications are received and reviewed by the Regulatory and Legal Officer. These certifications require the signature (or electronic equivalent) of the Investment associate, his or her immediate supervisor, and either the Regulatory and Legal Officer or the Chief Administrative Officer.

Quarterly Procedures

- Following the end of each fiscal quarter, the Personal Trading Policy is sent to all Investment associates by the Regulatory and Legal Officer.
- Certification of compliance with the Personal Trading Policy for the prior fiscal quarter, as well as supporting documentation for applicable personal trades made during that period, is required from each Investment associate.
- All certifications and supporting documentation are received and reviewed by the Regulatory and Legal Officer. These certifications require the signature (or electronic equivalent) of the Investment associate, his or her immediate supervisor, and either the Regulatory and Legal Officer or the Chief Administrative Officer.

Annual Procedures

- At the beginning of each fiscal year, the Code of Ethics and related stand-alone policies are sent to all Investment associates by the Regulatory and Legal Officer.
- Each Investment associate is required to certify their compliance with each of these policies during the prior fiscal year, which includes an acknowledgement from the Investment associate that, during the prior fiscal year, he or she had no known personal conflicts of interest related to entities conducting business with the VRS.
- All certifications are received and reviewed by the Regulatory and Legal Officer. These certifications require the signature (or electronic equivalent) of the Investment associate, his or her immediate supervisor, and either the Regulatory and Legal Officer or the Chief Administrative Officer.

Results

FY 2021

- Initial certifications of compliance with the Code of Ethics, which incorporates by reference the stand-alone policies, have been received from all Investment associates hired during FY 2021 and were properly reviewed.
- Annual certifications of compliance with the Code of Ethics, which incorporates by reference the stand-alone policies, have been received from all Investment associates and were properly reviewed.
- Personal trading certifications for each fiscal quarter during FY 2021 have been received from all Investment associates and were properly reviewed.

FY 2022 (through December 31, 2021)

- Initial certifications of compliance with the Code of Ethics, which incorporates by reference the stand-alone policies, have been received from all Investment associates hired during FY 2022 (through December 31, 2021) and were properly reviewed.

- Personal trading certifications for the first two fiscal quarters of FY 2022 have been received from all Investment associates and were properly reviewed.

Overall Conclusion

- To the best of our knowledge, all Investment associates have been and continue to be in compliance with the requirements of the Investment Department Code of Ethics and Standards of Professional Conduct Policy and the stand-alone policies incorporated therein by reference.



Virginia
Retirement
System

Investment Department

Code of Ethics

and

Standards of Professional Conduct Policy

Effective Date – July 1, 2015

Adopted December 2007 – Previously updated February 17, 2011

**Virginia Retirement System
Investment Department
Code of Ethics and Standards of Professional Conduct Policy**

Introduction

Investment associates (i.e., VRS Investment Department personnel), as employees of a public entity, a fiduciary, and a major market participant, should exemplify the highest standards of ethical conduct in all matters related to VRS. Investment associates owe a duty of loyalty to the Fund and should avoid conflicts that may reasonably be perceived as abusing the faith and confidence that has been placed in the VRS Investment Department.

Policy

The VRS Investment Department Code of Ethics and Standards of Professional Conduct Policy (COE or Policy) was established in an effort to ensure loyalty as well as a commitment to fairness, openness and transparency in the governance of the Fund. Furthermore, the VRS Investment Department has also incorporated the CFA Institute Code of Ethics and Standards of Professional Conduct (see pages 5 and 6 of this document) into its COE.

In addition to the incorporation of the CFA standards, this Policy specifically addresses: (i) the treatment of confidential information; (ii) the disclosure of discussions of potential employment arrangements or other forms of consideration between investment associates (or members of their immediate families) and entities conducting business, either directly or indirectly, with the VRS Investment Department where a potential for conflict of interest exists; and (iii) additional policies adopted by the Investment Department to mitigate risks associated with potential conflicts of interest between an investment associate's own interests and those of the Fund.

Any variety of activities, events or matters may cause a potential conflict of interest. The intent of this COE is to help ensure that no VRS investment associate or any member of the investment associate's immediate family seek or accept personal gain in conflict with the provisions this COE and from the investment decisions of the VRS investment programs. For the purposes of this COE, "immediate family" means a spouse and any child who lives at home and who is a dependent of the investment associate.

This Policy is not intended to address every situation or activity where a conflict of interest might exist. Investment associates are strongly encouraged to seek the advice of the Regulatory and Legal officer (RLO) whenever there is uncertainty about compliance with this Policy.

Treatment of Confidential Information

In the course of performing their duties, VRS investment associates are expected to exhibit the utmost discretion in handling and/or acting upon any confidential information that has been provided to them with the expectation (whether explicit or implicit) of confidentiality. In their handling of confidential information, VRS investment associates shall exercise reasonable care to protect and preserve the privacy of such information entrusted to them by either internal or external sources. Furthermore, all actions based on, or communications involving confidential information shall be limited to the legitimate

business purposes of the VRS. VRS investment associates shall fully comply with all applicable laws concerning public disclosure of information. Also, see the Investment Department's Material Non-Public Information Policy.

Potential Employment/Other Forms of Consideration

This Code of Ethics and Standards of Professional Conduct Policy specifically addresses the disclosure of discussions of potential employment arrangements or other forms of consideration between an investment associate (and members of their immediate family) and entities conducting business, either directly or indirectly, with the VRS Investment Department where a potential for conflict of interest exists. For purposes of this Policy, an "entity conducting business with the VRS Investment Department" includes but is not limited to: investment managers, placements agents, consultants, broker/dealers, and related vendors.

The appearance of a breach of a duty of loyalty can arise if an investment associate or a member of their immediate family is discussing prospective employment or other forms of consideration with an entity conducting business with the VRS Investment Department, which could reasonably be expected to create a conflict of interest, without first notifying the Chief Investment Officer (CIO). Therefore, all investment associates are required to provide disclosure to the CIO, or his or her designee, regarding such discussions with any entity doing business within the associate's program (such as Total Public Equity, Internal Equity Management, Fixed Income, Credit Strategies, Real Assets, Private Equity, Strategic Opportunities, etc.) or for entities doing business with other areas within the VRS Investment Department for which the associate has had significant input or participation (such as initial evaluation, ongoing due diligence, reviewing fee calculations, etc.).

These disclosures will provide the CIO an opportunity to take appropriate steps to protect the Fund, the VRS Investment Department, and the investment associate from allegations of a conflict of interest. Due to the nature of the Investment Department's Management Committee (responsible for reviewing all investment recommendations), all Program Directors and all other participants on that Committee are required to provide disclosures regarding such discussions (including those involving members of their immediate family) with any entity conducting business with the VRS Investment Department. If the CIO is required to make any such disclosures under this Policy, he or she will do so to the Chairman of the VRS Board.

In addition to these disclosure requirements, all members of the Management Committee are prohibited from accepting employment with any entity with which the VRS Investment Department has a contractual agreement for a period of one year from the most recent contract inception date with VRS.

Finally, the Virginia State and Local Government Conflict of Interests Act applies to each investment associate. A portion of this Act prohibits accepting any business or professional opportunity when the recipient knows there is a reasonable likelihood that the opportunity is being afforded for influence in the performance of the recipient's official duties. For details regarding the Virginia State and Local Government Conflict of Interests Act see Exhibit A.

Other Investment Department Policies

In addition to this Code of Ethics and Standards of Professional Conduct Policy, the Investment Department has adopted a number of policies to mitigate risks associated with potential conflicts of interest between an investment associate's own interests and those of the Fund. These additional policies include, but are not limited to, the Investment Department's Personal Trading Policy, Material Non-Public Information Policy, and the Policy on Gifts. These policies are incorporated by reference and made part of this COE.

(i) Personal Trading Policy

The VRS Investment Department has adopted a Personal Trading Policy that applies to all investment associates. This policy is intended to provide guidance and direction on the types of personal trading activities permitted or prohibited. See the separate Personal Trading Policy.

(ii) Material Non-Public Information Policy

In the course of employment and potentially from other sources, VRS investment associates may come into possession of material non-public information relating to publically traded securities. The VRS Investment Department has adopted a Material Non-Public Information Policy to protect against misuse of material non-public information and to comply with Federal securities laws. See the separate Material Non-Public Information Policy.

(iii) Policy on Gifts

The Investment Department has adopted a Policy on Gifts that sets forth specific guidelines and restrictions governing the acceptance of gifts and entertainment by investment associates. It is also the intent of the VRS Investment Department to treat the sections of the State and Local Government Conflict of Interests Act ("COIA") relating to gifts as the minimum acceptable standard - see Exhibit A. Also, see the separate Policy on Gifts.

Reporting and Certification Procedures

Upon implementation of this updated Policy, all current and prospective investment associates (including new hires and interns) will be required to sign an Initial Certification form that they: have read the VRS Investment Department Code of Ethics and Standards of Professional Conduct Policy; understand these documents; acknowledge there are penalties for non-compliance; and, agree to comply with this Policy – see Exhibit B. All VRS investment associates will also be required to annually certify that they have complied with this COE and all aforementioned policies incorporated by reference - see Exhibit C. The RLO will maintain a file of completed forms.

This COE will be updated and revised as necessary. The RLO will provide a copy of this Policy to all investment associates no less frequently than annually or when substantive changes are made to this Policy.

Reserve the Right to Request Information from Investment Associates

If the need arises, the RLO and the Chief Administrative Officer (CAO) reserve the right to request and review Statement of Economic Interests forms, personal brokerage statements and other relevant information from any investment associate or members of their respective immediate households. Investment associates agree to make a reasonable effort to obtain requested information from members of their immediate households if such is requested.

Non-Compliance

Every investment associate is expected to adhere to the requirements of this COE. Failure to comply could result in sanctions, the level of which will depend on the severity of the infraction. Sanctions may include, but not be limited to: a written reprimand; demotion of job duties; disgorgement of profits; and/or, termination of employment. Additionally, improper or illegal actions could result in criminal penalties and/or civil liabilities. All persons subject to this Code of Ethics and Standards of Professional Conduct Policy should report any known violations to the RLO.



CODE OF ETHICS AND STANDARDS OF PROFESSIONAL CONDUCT

PREAMBLE

The CFA Institute Code of Ethics and Standards of Professional Conduct are fundamental to the values of CFA Institute and essential to achieving its mission to lead the investment profession globally by promoting the highest standards of ethics, education, and professional excellence for the ultimate benefit of society. High ethical standards are critical to maintaining the public's trust in financial markets and in the investment profession. Since their creation in the 1960s, the Code and Standards have promoted the integrity of CFA Institute members and served as a model for measuring the ethics of investment professionals globally, regardless of job function, cultural differences, or local laws and regulations. All CFA Institute members (including holders of the Chartered Financial Analyst® [CFA®] designation) and CFA candidates must abide by the Code and Standards and are encouraged to notify their employer of this responsibility. Violations may result in disciplinary sanctions by CFA Institute. Sanctions can include revocation of membership, revocation of candidacy in the CFA Program, and revocation of the right to use the CFA designation.

THE CODE OF ETHICS

Members of CFA Institute (including CFA charterholders) and candidates for the CFA designation ("Members and Candidates") must:

- Act with integrity, competence, diligence, respect and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets.
- Place the integrity of the investment profession and the interests of clients above their own personal interests.
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities.
- Practice and encourage others to practice in a professional and ethical manner that will reflect credit on themselves and the profession.
- Promote the integrity and viability of the global capital markets for the ultimate benefit of society.
- Maintain and improve their professional competence and strive to maintain and improve the competence of other investment professionals.

STANDARDS OF PROFESSIONAL CONDUCT

I. PROFESSIONALISM

- A. Knowledge of the Law.** Members and Candidates must understand and comply with all applicable laws, rules, and regulations (including the CFA Institute Code of Ethics and Standards of Professional Conduct) of any government, regulatory organization, licensing agency, or professional association governing their professional activities. In the event of conflict, Members and Candidates must comply with the more strict law, rule, or regulation. Members and Candidates must not knowingly participate or assist in and must dissociate from any violation of such laws, rules, or regulations.
- B. Independence and Objectivity.** Members and Candidates must use reasonable care and judgment to achieve and maintain independence and objectivity in their professional activities. Members and Candidates must not offer, solicit, or accept any gift, benefit, compensation, or consideration that reasonably could be expected to compromise their own or another's independence and objectivity.

- C. Misrepresentation.** Members and Candidates must not knowingly make any misrepresentations relating to investment analysis, recommendations, actions, or other professional activities.
- D. Misconduct.** Members and Candidates must not engage in any professional conduct involving dishonesty, fraud, or deceit or commit any act that reflects adversely on their professional reputation, integrity, or competence.

II. INTEGRITY OF CAPITAL MARKETS

- A. Material Nonpublic Information.** Members and Candidates who possess material nonpublic information that could affect the value of an investment must not act or cause others to act on the information.
- B. Market Manipulation.** Members and Candidates must not engage in practices that distort prices or artificially inflate trading volume with the intent to mislead market participants.

CFA Code of Ethics and Standards of Professional Conduct (page 2 of 2)

III. DUTIES TO CLIENTS

- A. Loyalty, Prudence, and Care.** Members and Candidates have a duty of loyalty to their clients and must act with reasonable care and exercise prudent judgment. Members and Candidates must act for the benefit of their clients and place their clients' interests before their employer's or their own interests.
- B. Fair Dealing.** Members and Candidates must deal fairly and objectively with all clients when providing investment analysis, making investment recommendations, taking investment action, or engaging in other professional activities.
- C. Suitability.**
1. When Members and Candidates are in an advisory relationship with a client, they must:
 - a. Make a reasonable inquiry into a client's or prospective client's investment experience, risk and return objectives, and financial constraints prior to making any investment recommendation or taking investment action and must reassess and update this information regularly.
 - b. Determine that an investment is suitable to the client's financial situation and consistent with the client's written objectives, mandates, and constraints before making an investment recommendation or taking investment action.
 - c. Judge the suitability of investments in the context of the client's total portfolio.
 2. When Members and Candidates are responsible for managing a portfolio to a specific mandate, strategy, or style, they must make only investment recommendations or take only investment actions that are consistent with the stated objectives and constraints of the portfolio.
- D. Performance Presentation.** When communicating investment performance information, Members and Candidates must make reasonable efforts to ensure that it is fair, accurate, and complete.
- E. Preservation of Confidentiality.** Members and Candidates must keep information about current, former, and prospective clients confidential unless:
1. The information concerns illegal activities on the part of the client or prospective client,
 2. Disclosure is required by law, or
 3. The client or prospective client permits disclosure of the information.

IV. DUTIES TO EMPLOYERS

- A. Loyalty.** In matters related to their employment, Members and Candidates must act for the benefit of their employer and not deprive their employer of the advantage of their skills and abilities, divulge confidential information, or otherwise cause harm to their employer.
- B. Additional Compensation Arrangements.** Members and Candidates must not accept gifts, benefits, compensation, or consideration that competes with or might reasonably be expected to create a conflict of interest with their employer's interest unless they obtain written consent from all parties involved.
- C. Responsibilities of Supervisors.** Members and Candidates must make reasonable efforts to ensure that anyone subject to their supervision or authority complies with applicable laws, rules, regulations, and the Code and Standards.

V. INVESTMENT ANALYSIS, RECOMMENDATIONS, AND ACTIONS

- A. Diligence and Reasonable Basis.** Members and Candidates must:
1. Exercise diligence, independence, and thoroughness in analyzing investments, making investment recommendations, and taking investment actions.
 2. Have a reasonable and adequate basis, supported by appropriate research and investigation, for any investment analysis, recommendation, or action.
- B. Communication with Clients and Prospective Clients.** Members and Candidates must:
1. Disclose to clients and prospective clients the basic format and general principles of the investment processes they use to analyze investments, select securities, and construct portfolios and must promptly disclose any changes that might materially affect those processes.
 2. Disclose to clients and prospective clients significant limitations and risks associated with the investment process.
 3. Use reasonable judgment in identifying which factors are important to their investment analyses, recommendations, or actions and include those factors in communications with clients and prospective clients.
 4. Distinguish between fact and opinion in the presentation of investment analysis and recommendations.
- C. Record Retention.** Members and Candidates must develop and maintain appropriate records to support their investment analyses, recommendations, actions, and other investment-related communications with clients and prospective clients.

VI. CONFLICTS OF INTEREST

- A. Disclosure of Conflicts.** Members and Candidates must make full and fair disclosure of all matters that could reasonably be expected to impair their independence and objectivity or interfere with respective duties to their clients, prospective clients, and employer. Members and Candidates must ensure that such disclosures are prominent, are delivered in plain language, and communicate the relevant information effectively.
- B. Priority of Transactions.** Investment transactions for clients and employers must have priority over investment transactions in which a Member or Candidate is the beneficial owner.
- C. Referral Fees.** Members and Candidates must disclose to their employer, clients, and prospective clients, as appropriate, any compensation, consideration, or benefit received from or paid to others for the recommendation of products or services.

VII. RESPONSIBILITIES AS A CFA INSTITUTE MEMBER OR CFA CANDIDATE

- A. Conduct as Participants in CFA Institute Programs.** Members and Candidates must not engage in any conduct that compromises the reputation or integrity of CFA Institute or the CFA designation or the integrity, validity, or security of the CFA Institute programs.
- B. Reference to CFA Institute, the CFA Designation, and the CFA Program.** When referring to CFA Institute, CFA Institute membership, the CFA designation, or candidacy in the CFA Program, Members and Candidates must not misrepresent or exaggerate the meaning or implications of membership in CFA Institute, holding the CFA designation, or candidacy in the CFA program.



www.cfainstitute.org

EXHIBIT A

VRS Investment Department Code of Ethics and Standards of Professional Conduct Policy

Summary of Virginia State and Local Government Conflict of Interests Act Virginia Code § 2.2-3100 et seq.

Certain sections of the Act directly applicable to investment associates include, but are not limited to:

Use of confidential information and accepting gifts that could influence decisions: Officers and employees may not use confidential state information, not available to the public, for their own or for anyone else's economic benefit. Officers or employees may not accept any money, loan, gift, favor, or any other thing of value that could tend to influence their work and the decisions that would influence them in the performance of their official duties. [CITE: Virginia Code § 2.2-3103(4), (5).]

Business or professional opportunity: Furthermore, officers and employees cannot accept a business or professional opportunity when they know that there is a reasonable likelihood that the opportunity is being offered to influence them in the performance of their official duties. [CITE: Virginia Code § 2.2-3103(6).]

See Virginia Code § 2.2-3100 et seq. for the entire Virginia State and Local Government Conflict of Interests Act.

EXHIBIT B

**VRS Investment Department
Code of Ethics and Standards of Professional Conduct Policy**

INITIAL CERTIFICATION FORM

I have read the VRS Investment Department Code of Ethics and Standards of Professional Conduct Policy. I understand the requirements of this document, recognize that I am subject to this Policy, understand the penalties for non-compliance and agree to comply with this Policy.

Investment Associate Signature: _____

Name: _____
(Please Print)

Title: _____

Date: _____

Reviewed by RLO or CAO: _____

Date: _____

Reviewed by Supervisor: _____

Date: _____

Return this completed form to the RLO

EXHIBIT C

**VRS Investment Department
Code of Ethics and Standards of Professional Conduct Policy**

ANNUAL CERTIFICATION FORM

For the Period _____

I certify that to the best of my knowledge for the period stated above:

1. I was in compliance with the requirements of the VRS Investment Department Code of Ethics and Standards of Professional Conduct Policy.
2. I was in compliance with the requirements of the VRS Investment Department Personal Trading Policy.
3. I was in compliance with the requirements of the VRS Investment Department Material Non-Public Information Policy.
4. I was in compliance with the requirements of the VRS Investment Department Policy on Gifts.
5. I am not aware of any conflict of interest between myself (or members of my immediate family) and entities conducting business, either directly or indirectly, with the VRS Investment Department. These entities include, but are not limited to: investment managers, placement agents, consultants, broker/dealers, and related vendors.

Investment Associate
Signature: _____
Print Name: _____
Title: _____
Date: _____

Reviewed by RLO
or CAO: _____
Date: _____

Reviewed by Supervisor:
Signature: _____
Date: _____

Return this completed form to the RLO

VRS Investment Department
Material Non-Public Information Policy
Effective Date – July 1, 2015

Introduction

Investment associates (i.e., VRS Investment Department personnel), as employees of a public entity, a fiduciary, and a major market participant, should exemplify the highest standards of ethical conduct in all matters related to VRS. While public pension funds are exempt from many of the federal securities laws governing money managers, VRS and investment associates are not exempt from important anti-fraud provisions under federal securities laws that prohibit insider trading and other manipulative and dishonest behavior that threatens the integrity of the market.

This Policy applies to all VRS investment associates. This Policy cannot and is not intended to address all insider trading issues that may arise in connection with an investment associate's duties. Investment associates are strongly encouraged to seek the advice of the VRS Investments Regulatory and Legal Officer (RLO) if they have questions related to this Policy or issues it addresses.

Policy

Material, Non-Public Information

In the course of employment and potentially from other sources, VRS investment associates may come into possession of non-public information relating to publically traded securities. Trading on inside information is not a basis for legal liability unless the information is material. Both positive and negative information can be material. The underlying factor is whether the information could have a market impact.

Federal insider trading laws and regulations generally prohibit those who possess material, non-public information from buying or selling securities or passing on such information to others who may be induced to buy or sell securities on the basis of such information. Such information is of special importance under the anti-fraud sections of the federal and state securities laws, and misuse of that information can lead to civil and criminal penalties for VRS and investment associates. Whether information is material and non-public is not always obvious. This Policy section, therefore, starts with a short discussion of what might constitute material, non-public information.

Material Information

Information is deemed material if it would be considered important by a reasonable investor in deciding whether to buy, sell or refrain from any activity regarding that security. In addition, such information would be material if it were likely to have a significant impact on the market price or value of that company's securities. Whether information is material is established by reviewing all the facts and circumstances.

Information provided by a company could be material because of its expected effect on a particular class of securities, all of a company's securities, the securities of another company, or the securities of several companies. The prohibition against misusing material, non-public information applies to all types of financial instruments including, but not limited to, stocks, bonds, warrants, options, futures, forwards, swaps, and commercial paper.

Those covered under this Policy who are aware of material, non-public information regarding a company are prohibited from, directly or indirectly, making investment decisions on behalf of VRS or any other transactions, related to that company. If an investment associate is uncertain whether the information is material, the safest course of action is for the employee to treat the information as material. In such a situation, the investment associate should consult the RLO before initiating any transactions with respect to the subject security.

The following partial list illustrates types of information that would generally be considered material:

- Projections of future earnings or losses or other financial results;
- A gain or loss of a material contract, customer or supplier or material changes in the profitability status of a current contract;
- Merger, acquisitions, tender offers, or joint ventures;
- A significant sale of assets, write-downs or write offs or disposition of a subsidiary;
- Expansion or curtailment of company or major division operations;
- Innovative products, processes, or discoveries;
- New licenses, patents, or other intellectual property milestones;
- Regulatory approval or rejection of a product;
- Changes in management;
- Events regarding the issuer's securities (i.e. defaults on senior securities, changes in dividends, or stock repurchases);
- Debt service or liquidity problems or unannounced plans to file for a bankruptcy;
- Criminal, civil and government investigations and indictments;
- Undisclosed regulatory or law enforcement proceedings;
- Pending labor disputes;
- Undisclosed plans to issue restatement of financial statements; and
- Undisclosed order for large trades before they are executed.

This list of examples is not intended to be exhaustive, and other types of information may also be material. As discussed further below, after information such as that listed above becomes public, it generally no longer creates a risk of insider trading.

Non-Public Information

Non-public information is information that is not generally known or available to the general public. Once information has been effectively communicated in the marketplace, it is no longer considered non-public. However, the distribution of material, non-public information must occur through commonly recognized channels for the classification to change. One must be able to point to some fact to show that the information is generally public. For example, information found in a report filed with the SEC, or appearing in Dow Jones, Reuters Economic Services, The Wall Street Journal, Bloomberg or other publications of general circulation would be considered public. In addition, there must be adequate time for the public to receive and evaluate the information. When material information has been publicly disclosed, you should continue to refrain from buying or selling securities in question until the information has been adequately disseminated to the public so that investors have had the opportunity to evaluate the information. Adequate dissemination requires allowing enough time after the announcement for the market to react to the information.

Non-public information does not change to public information solely by selective dissemination. Corporations that disclose information on a limited basis create the potential for insider-trading violations. Information concerning a public company's financial statements or regulatory filings prior to completion is non-public. Similarly, disclosure to a room full of analysts does not necessarily make the disclosed information public until it is made available to investors in general. The confirmation by an insider of unconfirmed rumors, even if the information in question was reported as rumors in a public form, may be non-public information.

Examples of the ways in which non-public information might be transmitted include, but are not limited to:

- In person;
- In writing;
- By telephone;
- During a presentation;
- By email, instant messaging, or Bloomberg messaging;
- By text message or through Twitter; or
- On a social networking site such as Facebook or LinkedIn.

Definition of an Insider

The term insider trading is not specifically defined under the federal securities laws (most guidance in this area can be found under case law and related judicial decisions). The term insider is generally used to refer to trading in securities on the basis of material, non-public information. Insiders are not limited to officers, directors and employees (corporate officials) of a company and major shareholders. A person can be a “temporary insider” if he or she enters into a special confidential relationship in the conduct of a company’s affairs and as a result is given access to information solely for the company’s purpose.

A person could be liable for insider information simply by possessing inside information regarding a given security, breaching a fiduciary duty to the source of the information, and then trading it with a self-serving intent, even if he or she would have made the trade anyway. The Securities and Exchange Commission (“SEC”), which is the primary U.S. regulator under the federal securities laws, takes the view that the mere fact that a person knows the information is enough to bar him or her from trading, even if the reasons for the potential trade are not based on that information.

This duty may be imputed to others. For example in cases where an insider “tips” another person about material, non-public information likely to have an effect on the company’s share price, the duty the insider owes is now imputed to the recipient of the information. This person would be in violation if he/she trades on the basis of this information. A restricted person, who tips information to a person who then trades, is subject to the same penalties, even if the restricted person did not trade and did not profit from the trading.

Prohibition/Penalties

Each investment associate is required to adhere to this Policy. Failure to comply could result in VRS sanctions, the level of which will depend on the severity of the infraction. Sanctions may include, but not be limited to: a written reprimand; demotion of job duties; disgorgement of profits; and/or, termination of employment.

In addition to VRS penalties, the consequences of insider trading violations can be severe under U.S. law. The SEC takes the position that these laws apply to all transactions in shares or options of companies listed for trading in the U.S., whether or not the actual trades take place in the U.S. For individuals who trade on inside information (or tip information to others), possible penalties include:

- A civil penalty of disgorgement, or return, of profit gained or loss avoided, plus a fine of up to three times the profit gained or loss avoided.
- Criminal fine (no matter how small the profit) of up to \$1 million; and
- A jail term of up to ten years for felony convictions.

An entity that knowingly and recklessly disregards the fact that an employee is likely to engage in illegal trading and fails to take appropriate steps to prevent the illegal activity is currently subject to possible penalties which may include:

- A civil penalty of the greater of \$1 million or three times the profit gained or the loss avoided as a result of the employee's violation; and/or
- A criminal penalty of up to \$2.5 million.

External Managers

As part of the normal course of business, VRS investment staff employs outside third-party managers to invest a portion of VRS assets. VRS may receive information about these managers' investment strategies and trading activities. Some of this information could be considered material non-public information and limit VRS's ability to trade in that issuer's public securities.

If a VRS investment associate expects that discussions with an outsider might involve the transmission of material, non-public information, the investment associate should inquire whether or not this information would make VRS an insider and should seek a representation regarding the counterparty's status as a potential insider. When practicable, this disclosure and representation should be communicated by email. It is recognized that VRS may enter into confidentiality agreements with third-parties through which investment associates of VRS may receive non-public information. In these instances, appropriate controls must be implemented through the use of information barriers.

Information Barriers/Chinese Walls

Federal and state securities laws generally prohibit VRS from trading in a security while in possession of material, non-public information related to the traded security or issuer. The federal securities laws, however, permit institutional investors to trade while one or more of its employees possess material, non-public information if the individual or group of individuals making the investment decision on behalf of the institutional investor is not aware of that information. Furthermore, the institutional investor must have implemented reasonable policies and procedures that ensure that the individual or group of individuals making an investment decision on behalf of the institutional investor is not aware of material, non-public information related to that investment decision.

All investment associates must consider material, non-public information as highly confidential and use information barriers to protect the confidentiality of such information. Furthermore, such information should be disclosed only to employees on a need to know basis to carry-out their job responsibilities.

Investment associates must safeguard non-public information whether generated internally or acquired from outside sources. Investment associates must use this information only for VRS related matters and not share this investment related information or resources with other VRS investment programs. In order to control access to this non-public information, business related communications

between VRS investment staff and other VRS employees should be kept to a minimum. Investment associates should be highly sensitive to the potential for disclosure of any non-public information.

Other VRS investment programs not privy to material, non-public information may still be permitted to trade in securities of an issuer so long as appropriate informational barriers exist and the guidelines in the Procedures for Protection of Material, Non-Public Information section of this document are followed.

Procedures for Protection of Material, Non-Public Information

Investment associates who may be in possession of material, non-public information should take protective steps to preserve the confidentiality of that information and prevent its intentional or inadvertent disclosure. These steps may include, but are not limited to, the following:

- Immediately report the potential receipt of material, non-public information to the RLO and immediate Supervisor;
- Not discuss any potentially material, non-public information with colleagues, except as specifically required by their position;
- Not trade the securities of any company about which they may possess material, non-public information;
- Refrain from discussing any potentially material, non-public information with any person who is outside of the barrier/Chinese wall;
- Refrain from, directly or indirectly, participating in, recommending or supervising any decisions to buy, sell or hold the securities of the issuer; and
- Safeguard all files, file cabinets and other storage areas that contain information concerning material non-public information.

Review and Determination

It is the responsibility of every VRS investment associate to notify his/her immediate supervisor and the RLO when in receipt of material, non-public information or whenever he/she has questions as to whether they are in possession of material, non-public information. The RLO will conduct research to determine if the information is likely to be considered material, and whether the information has been publicly disseminated. The RLO will keep a file describing the information, its source, and the date that the information was received.

After the RLO has reviewed the matter, a determination will be made as to whether the information is material and non-public. If a determination is made that the information is material and non-public, the security in question will be placed on a restricted list for the particular investment program that came into possession of such information. The RLO will provide notice of such determination in written format via e-mail to all employees known to have access to such information

and to the employees within the specific investment program. These employees are prohibited from placing any trades in such security and must adhere to the Procedures for Protection of Material, Non-Public Information previously covered.

Investment associates with such information have the responsibility to notify the RLO when they believe the security should be considered for removal from the restricted list. The RLO has the ultimate responsibility for maintaining a restricted list and no person, other than the RLO and the Chief Administrative Officer, can make a determination to exclude an issuer from VRS's restricted list. The restricted list shall be distributed to a limited number of investment associates on a need to know basis only.

Trading in affected securities may resume when the RLO or Chief Administrative Officer determines that the information has become public and/or immaterial. At such time, the RLO will notify in writing via e-mail the applicable investment associates that the restriction has been removed.

Initial Certification Form

Upon implementation of this Policy, all current and prospective investment associates (including new hires and interns) will be required to sign an Initial Certification form that they: have read the VRS Investment Department Material Non-Public Information Policy; understand this document; acknowledge there are penalties for non-compliance; and, agree to comply with this Policy – see Exhibit A. In addition, an annual certification of compliance with this Policy is required as part of the Investment Department Code of Ethics and Standards of Professional Conduct Policy.

Exhibit A

**VRS Investment Department
Material Non-Public Information Policy**

INITIAL CERTIFICATION FORM

I have read the VRS Investment Department Material Non-Public Information Policy. I understand the requirements of this document, recognize that I am subject to this Policy, understand the penalties for non-compliance and agree to comply with this Policy.

Investment Associate Signature: _____

Print Name: _____

Title: _____

Date: _____

Reviewed by RLO or CAO: _____

Date: _____

Reviewed by Supervisor: _____

Date: _____

Return this completed form to the Regulatory and Legal Officer

**VRS Investment Department
Personal Trading Policy
Effective Date – July 1, 2015**

Purpose

Investment associates (i.e. VRS Investment Department personnel), as employees of a public entity, a fiduciary, and a major market participant, should exemplify the highest standards of ethical conduct in all matters related to VRS. The interests of assets managed by VRS (“VRS Fund”) are of paramount importance and all investment associates must exercise care and caution always to place the interests of VRS before their own. It is integral to the culture of the VRS Investment Department to prohibit investment associates from undertaking personal transactions that may give rise to a conflict of interest, insider dealing or breach of confidentiality by virtue of an activity carried out on behalf of VRS.

This Personal Trading Policy applies to all VRS Investment Department personnel. This Policy is put forth to guard against improprieties or conflicts of interest involving an investment associate’s personal trading activities that could harm or adversely affect the credibility or reputation of VRS. This Policy is designed to provide guidance and direction to investment associates on the types of personal trading activities permitted or prohibited.

With the adoption and implementation of this updated Policy, investment associates will no longer be permitted to conduct personal securities transactions in covered securities for their own personal accounts. For purposes of this Policy, a personal security transaction is defined as any transaction in individual securities for an investment associate’s own account or for an account in which the associate has beneficial ownership and decision making authority for the account.

At the date of implementation of this Policy, any investment associates holding covered securities may continue to hold these securities indefinitely or may sell such securities with pre-clearance (as described below), from the Regulatory and Legal Officer (RLO) or the Chief Administrative Officer (CAO). This process is also applicable to new hires within the Investment Department.

Covered Securities

VRS investment associates are strictly prohibited from the purchase of individually traded equities or debt instruments of corporate issuers for their own personal accounts, including but not limited to the following:

- Stocks;
- Corporate bonds;
- Preferred stock;
- IPOs;
- Private Placements;
- Master Limited Partnerships;

- Short Sales;
- Convertible securities;
- Derivatives based on non-permitted securities; and
- Options, warrants, puts, calls and rights relating to publicly traded equity or debt securities.

Transactions where the investment associate has no decision making authority involving a covered security are permissible. Neither pre-clearance nor the reporting requirements (discussed further below) apply to these transactions. Examples include, but are not limited to, the following:

- Automatic dividend reinvestment plans;
- Acquisition of a covered security through a gift or bequest;
- Purchase, sale or other acquisition of a covered security in a trust in which the VRS investment associate holds beneficial ownership, but holds no decision making authority with respect to selection of investments (i.e. blind trust); and
- Discretionary management of personal account(s) by a portfolio manager (PM) or registered investment advisor (RIA). A discretionary account is defined as an account giving power of attorney to the PM or RIA to buy and sell securities with no prior communication with the account owner with respect to purchases or sales.

This Policy cannot address every situation that might confront VRS investment associates and as such, investment associates are strongly encouraged to seek advice of the RLO should there be a question as to the status of the potential transaction or a related situation.

Administration of the Policy

The RLO will be responsible for the administration of this Policy. The RLO will receive and review all reports required to be submitted pursuant to this Policy (reporting requirements are detailed below). The RLO will review the reports to determine that investment associates' trades are consistent with the requirements and restrictions set forth in this Policy and do not otherwise indicate improper trading activities. The RLO will also ensure that all books and records relating to this Policy are properly maintained.

Pre-Clearance for Selling Covered Securities

Pre-clearance is required for any sale involving a previously held covered security where an investment associate has decision making authority to conduct a sale. Immediate family members of VRS investment associates are not required to formally apply for pre-clearance unless the investment associate has beneficial ownership and decision making authority for the account. For the purposes of this Policy, "immediate family" means a spouse and any child who lives at home and who is a dependent of the investment associate. VRS investment associates will exercise reasonable care to protect and preserve confidential or sensitive information related to VRS matters. Communications involving such

confidential or sensitive information will not be shared with immediate family members or others and must only be used for legitimate business purposes. All VRS investment associates are also subject to the requirements of the Investment Department's separate policy on material non-public information.

An investment associate with an existing holding in a covered security must get pre-clearance in writing from either the RLO or the CAO prior to selling such security. The RLO or CAO may under certain temporary situations delegate the pre-approval process to another individual within the Compliance Department as appropriate (i.e. both out of the office). This temporary approval must be in writing and identify the compliance person prior to the approval or denial of any covered security transaction(s). No individual authorized to pre-clear transactions may pre-clear a transaction for a covered security in which he or she has beneficial ownership. The RLO will obtain pre-clearance from the CAO, if necessary.

Prior consent must be sought using the Personal Trading Pre-Clearance Form - see Exhibit D. This form must be signed by the employee seeking approval, the immediate supervisor, and the RLO or CAO. **No trading is permitted until approval is received.** Transactions that appear upon reasonable inquiry and investigation to present no likelihood of harm to VRS will be entitled to pre-clearance. Pre-clearance approval is valid for a period of five business days following the day approval is granted. After such time, pre-clearance approval will no longer be valid. The VRS investment associate will provide the RLO or CAO with a trade confirmation (or equivalent and acceptable documentation) within ten days of completion of such transaction. If no transaction occurs, the investment associate will provide written notification to the RLO or CAO as soon as reasonably practical upon expiration of the approval period.

Policy Distribution and Certifications

The RLO will provide a copy of this updated Policy to all investment associates no less frequently than annually or when substantive changes are made to this Policy. Investment associates will attest to compliance with this Policy through initial and quarterly certifications as described below.

Initial Certification Form

Upon implementation of this updated Policy, all current investment associates will certify that they have received, read and will comply with this Policy. All new hires to the Investment Department will receive a current copy of this Policy promptly after being employed. The RLO will meet with new investment associates to provide an overview of this Policy. All new investment associates will be required to acknowledge they are subject to this Policy and have read and understand this Policy as evidenced by the Initial Certification Form - see Exhibit A.

Quarterly Certification Form

Every investment associate must submit a Quarterly Certification Form (see Exhibit B) to the RLO following each quarter-end. The certification requires investment associates to indicate whether or not transactions in covered securities occurred during the previous quarter for an investment associate's

own account or for an account in which the associate has beneficial ownership and decision making authority for the account. **In the event an investment associate has no reportable trades to disclose, he or she will still be required to submit the report to the RLO certifying that no reportable trades occurred during the previous quarter.** A fully completed Transaction Report for Covered Securities (see Exhibit C) along with the Personal Trading Pre-Clearance Form (see Exhibit D) must be completed if trades occurred in covered securities during the previous quarter.

Violations

Investment associates must immediately report any known violation of this Policy to the RLO. All reports will be treated confidentially and investigated promptly and appropriately. VRS will not retaliate against any investment associate that reports a violation in good faith and any retaliation constitutes a further violation of this Policy.

Each investment associate is required to adhere to this Policy. Failure to comply could result in sanctions, the level of which will depend on the severity of the infraction. Sanctions may include, but not be limited to: a written reprimand; demotion of job duties; disgorgement of profits; and/or, termination of employment. Additionally, improper or illegal actions could result in criminal penalties and/or civil liabilities.

Training

The RLO will provide an overview related to this Policy to all employees at the time they begin employment at VRS and to VRS investment associates periodically thereafter. However, failure to provide this training or the failure of an employee to attend training will not excuse noncompliance with this Policy. The provisions of this Policy are intended to be read in conjunction with other VRS policies.

Exhibit A

**VRS Investment Department
Personal Trading Policy**

INITIAL CERTIFICATION FORM

I have read the VRS Investment Department Personal Trading Policy. I understand the requirements of this document, recognize that I am subject to this Policy, understand the penalties for non-compliance and agree to comply with this Policy.

Investment Associate Signature: _____

Print Name: _____

Title: _____

Date: _____

Reviewed by RLO or CAO: _____

Date: _____

Reviewed by Supervisor: _____

Date: _____

Return this completed form to the Regulatory and Legal Officer



Exhibit B

**VRS Investment Department
Personal Trading Policy**

Quarterly Certification Form – Quarter Ending _____

By checking this box, I certify that I have attached the Transaction Report for Covered Securities (see Exhibit C) for applicable trades done in my personal accounts and/or accounts whereby I exercise investment discretion for the time period indicated. To the best of my knowledge, the execution of this/these trade(s) does not violate the VRS Investment Department's Personal Trading Policy.

OR

By checking this box, I certify that no trades of such covered securities were executed for the time period indicated.

AND

By checking this box, I certify that to the best of my knowledge I was in compliance with all requirements of the Personal Trading Policy.

Investment Associate Signature: _____

Print Name: _____

Title: _____

Date: _____

Reviewed by RLO or CAO: _____

Date: _____

Reviewed by Supervisor: _____

Date: _____

Return this completed form to the Regulatory and Legal Officer

Exhibit C

VRS Investment Department
Transaction Report for Covered Securities

Quarter Ended _____

During the quarter referred to above, the following transactions were effected in covered securities which are required to be reported pursuant to the VRS Investment Department Personal Trading Policy.

Date of Transaction	Security Name	Security Symbol	Nature of Transaction (i.e. Sale)	Number of Shares	Share Price	Dollar Amount of Transaction

This Transaction Report excludes transactions not required to be reported by the Personal Trading Policy (i.e. non-covered securities). I hereby certify that the information contained in this Transaction Report is accurate and complete to the best of my knowledge.

Investment Associate
Signature: _____

Reviewed by RLO
or CAO: _____

Print Name: _____

Date: _____

Title: _____

Reviewed By Supervisor: _____

Date: _____

Date: _____

Exhibit D

VRS Investment Department
Personal Trading Pre-Clearance Form

Before trading (selling) in any covered security prior approval must be obtained from either the Regulatory and Legal Officer (RLO) or the Chief Administrative Officer (CAO) as evidenced by completion of this form.

Security Name	Security Symbol	Nature of Transaction (i.e. Sale)	Description of Requested Transaction Dollar Value or Quantity to be Sold

I hereby certify that the information contained in this Pre-Clearance Form is accurate and complete to the best of my knowledge.
I agree to provide a brokerage statement or trade confirmation for the transaction(s) listed above within ten business days of completion of the trade(s).
I will notify the RLO promptly if the approved transaction(s) does not occur.

Investment Associate
Signature: _____
Print Name: _____
Title : _____
Date: _____

Reviewed by
Supervisor: _____
Date: _____

Reviewed by RLO
or CAO: _____
Date: _____

Approval: Granted Denied Trade did not occur
If Granted, this pre-clearance approval is good through close of business on _____.

**VRS INVESTMENT DEPARTMENT
POLICY ON GIFTS
Effective July 1, 2015**

I. PURPOSE

It is the intent of the VRS Investment Department to be a national leader in the area of internal governance and to display a high level of ethical conduct. The Department will strive to remain above reproach as it discharges the duties related to investments that have been assigned by the VRS Board of Trustees.

It is also the intent of the VRS Investment Department to treat the sections of the State and Local Government Conflict of Interests Act (“COIA”) relating to gifts as the minimum acceptable standard. Therefore, the policy on gifts that will govern the Department will strive to meet or exceed this standard.

In furtherance of these intents, this policy is established to define the behavioral guidelines within which all members of the VRS Investment staff are expected to conduct themselves.

II. PROHIBITED CONDUCT UNDER COIA

Generally, COIA prohibits the following conduct relating to gifts:

- A. Soliciting or accepting money or other thing of value for services performed within the scope of one’s official duties, except the compensation, expenses or other remuneration paid by the agency of which one is an officer or employee.
- B. Accepting any money, loan, gift, favor, service, or business or professional opportunity that reasonably tends to influence one in the performance of his official duties.
- C. Accepting a gift from a person who has interests that may be substantially affected by the performance of the officer's or employee's official duties under circumstances where the timing and nature of the gift would cause a reasonable person to question the officer's or employee's impartiality in the matter affecting the donor.
- D. Accepting gifts from sources on a basis so frequent as to raise an appearance of the use of one’s public office for personal gain.

III. GIFT-RELATED DISCLOSURE REQUIREMENTS UNDER COIA

A “required filer” under COIA must make the following annual disclosures:

- A. Lodging, transportation, money, or any other thing of value (excluding meals or drinks coincident with a meeting) with a combined value exceeding \$200 for the presentation of

a single talk, participation in one meeting, or publication of a work in his or her capacity as an officer or employee of the agency.

- B. Payments under (III. A) must be listed even if they are donated to charity.
- C. Generally, payments under (III. A) need not be listed if they are returned within 60 days after receipt.
- D. Any gift or entertainment at a single event where the value received by you from any business, governmental entity, or individual exceeds \$50 and for which you neither paid nor rendered services in exchange.
- E. Any gift or entertainment in any combination where the value received by you from any business, governmental entity, or individual exceeds \$100 and for which you neither paid nor rendered services in exchange.
- F. When completing the VRS Travel Expense Reimbursement Request form, VRS Investment staff must complete that portion of the form titled Detailed Record of Items for Conflict of Interest Reporting, if applicable.

IV. VRS INVESTMENT DEPARTMENT POLICY ON GIFTS

In light of the standard of conduct enunciated under COIA and the desire of the VRS Investment Department to strive to meet or exceed this standard, the VRS Investment Department Policy on Gifts will be as follows (for purposes of this policy the term “gift” includes entertainment):

- A. No member of the VRS Investment staff, while acting in his or her official capacity, will solicit or arrange a gift for him or herself or for any other person from any current, prospective, or potential external investment manager, placement agent, consultant, broker/dealer, or related vendor, or any affiliate thereof.
- B. No member of the VRS Investment staff will accept any unsolicited gift from any current, prospective, or potential external investment manager, placement agent, consultant, broker/dealer, or related vendor, or any affiliate thereof, unless it is a token, educational, promotional or advertising item of nominal value (i.e., estimated market value of less than \$50), and does not compromise, or appear to compromise, the independence or judgment of the VRS Investment staff member. Examples of token, educational, promotional or advertising items of nominal value include, but are not limited to: a hat, coffee mug, pen, tin of popcorn, nylon duffle bag, etc.
- C. No member of the VRS Investment staff will accept any gift through an intermediary, if he or she knows, or has reason to know, that the gift has originated from a source that would make the gift prohibited under this policy.
- D. In no event will a member of the VRS Investment staff accept a gift if the source of the gift is not identified. If the source of any gift cannot be ascertained, the gift will be donated to a suitable charitable organization.

- E. No member of the VRS Investment staff will accept any complimentary work or analysis offered or performed by a current, prospective, or potential external investment manager, placement agent, consultant, broker/dealer, or related vendor, or any affiliate thereof, that is intended to benefit personally the involved VRS Investment staff member if such work or analysis is offered to or performed for such VRS Investment staff member because of his or her official capacity.
- F. No cash, cash equivalents or securities of any value may ever be accepted.
- G. Any gift, the receipt of which is prohibited by this policy, will either be returned to its source immediately or donated to a suitable charitable organization.
- H. Meals and drinks that are coincident with a meeting are not considered to be items of value that implicate this policy.
- I. Sponsored paid travel is permitted under this policy where the VRS Investment staff member serves in an advisory capacity (i.e. Advisory Board) for current investments where these travel expense have been effectively paid by VRS through the management fees.

Where considered appropriate, the VRS Investment staff will inform current, prospective, or potential external investment managers, placement agents, consultants, broker/dealers, and related vendors, or any affiliate thereof, of the existence of this policy and request, wherever possible, that such entities refrain from placing VRS Investment staff in situations that would implicate this policy and its enforcement.

Annual Audit Plan Progress Report

Internal Audit FY2022 Annual Audit Plan Progress Report

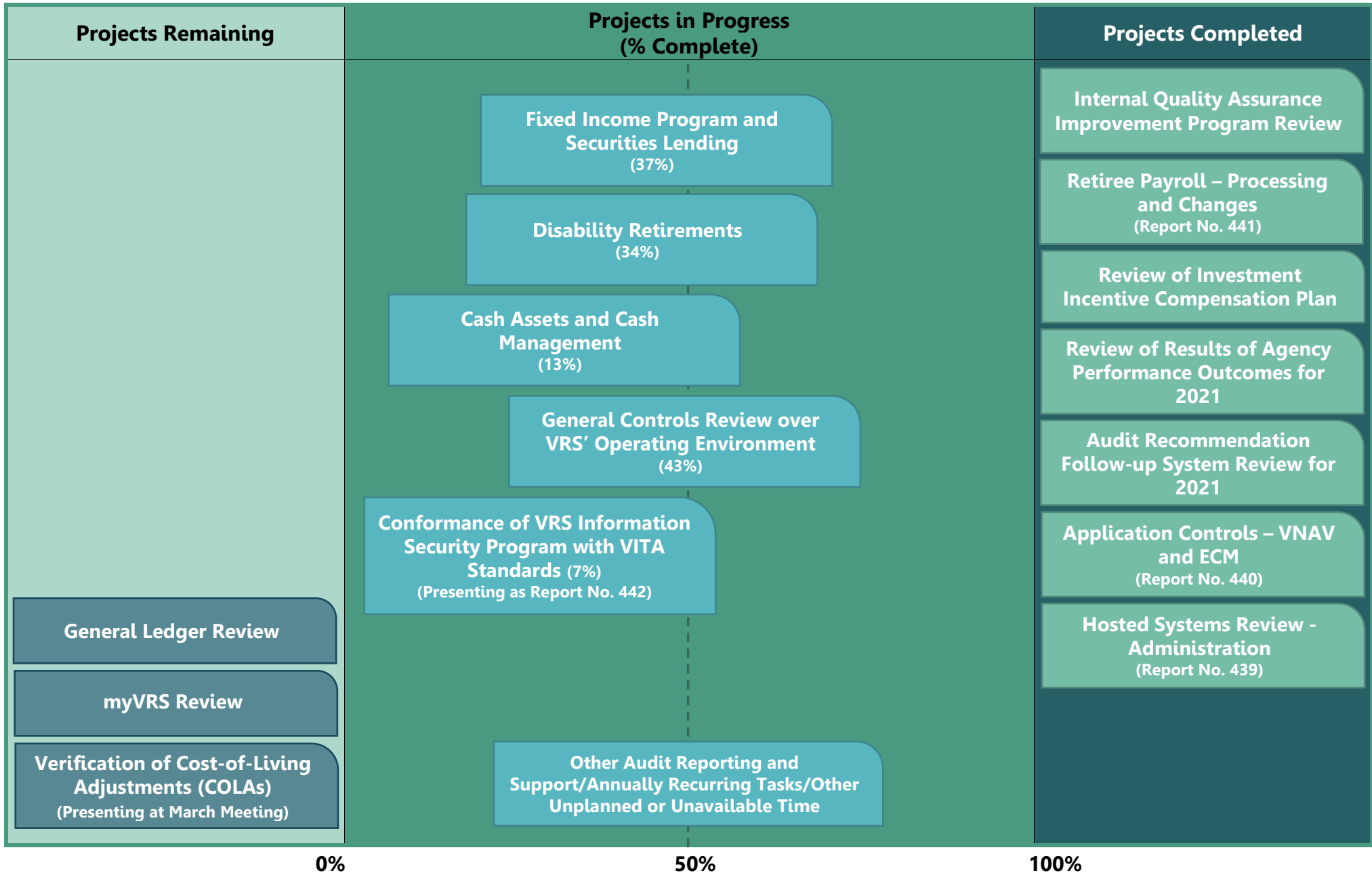
As of December 31, 2021



Progress Summary.....	1
Detailed Analysis.....	2-3
Explanatory Notes and Acronyms.....	4

FY2022 Annual Audit Plan – Progress Report – Summary

As of December 31, 2021 (A detailed Budget vs. Actual analysis follows)



We are currently on track to complete the Annual Audit Plan as explained in the notes on page 4.

FY2022 Annual Audit Plan - Progress Report - Detailed Analysis
Budget vs. Actual - As of December 31, 2021

Project/Activity	For FY2022		In FY2022		For the Project		For FY2023
	Budgeted Hours	Status	Total Actual Hours to Date	Estimated Remaining Hours	Actual or Estimate of Total Hours Needed	Estimated Variance Over/ (Under)	Planned Carryover Hours
RISK BASED PROJECTS							
Carry Over from Prior Annual Plan							
Retiree Payroll - Processing and Changes	550	Complete	796	-	796	246	-
Hosted Systems Review (Administration)	300	Complete	320	-	320	20	-
VNAV and Related Systems Review	300	Complete	240	-	240	(60)	-
Investments							
Fixed Income Program and Securities Lending	600	In Progress	219	381	600	-	-
Benefits							
Disability Retirements	700	In Progress	239	461	700	-	-
Operations							
Cash Assets and Cash Management (Administration and Investments)	600	In Progress	79	521	600	-	-
Information Technology							
Conformance of VRS Information Security Program with VITA Standards	150	In Progress	10	140	150	-	-
General Controls Review over VRS' Operating Environment	800	In Progress	346	454	800	-	-
General Ledger Review ⁽¹⁾	300	Not Started	-	300	300	-	300
myVRS Review ⁽¹⁾	500	Not Started	-	500	500	-	100
OTHER AUDIT REPORTING AND SUPPORT							
Other Reporting							
Audit Quality Assurance Improvement Program	150	Complete	133	-	133	(17)	-
Audit Recommendation Follow-Up System Annual Review ⁽²⁾	150	FY21 Complete	72	78	150	-	-
Audit Recommendation Follow-Up System Quarterly Monitoring	25	In Progress	28	15	43	18	-
Modernization Program Monitoring	60	Complete	56	-	56	(4)	-
Report on Fraud, Waste and Abuse Hotline Cases	75	In Progress	6	50	56	(19)	-
Review of Investment Incentive Compensation Plan	75	Complete	75	-	75	-	-
Review Results of Agency Performance Outcomes (APOS) ⁽²⁾	75	FY21 Complete	64	20	84	9	-
Verification of Cost of Living Adjustments (COLAs)	20	Not Started	-	20	20	-	-
Audit Support							
Coordination with the APA	40	Ongoing	5	20	25	(15)	-
Data Analytics and Support	900	Ongoing	416	484	900	-	-
Develop and Update Annual and Long-Range Plans	125	FY22 Complete	50	75	125	-	-
Monitor Annual and Long-Range Plan Progress	100	Ongoing	35	65	100	-	-

FY2022 Annual Audit Plan - Progress Report - Detailed Analysis
Budget vs. Actual - As of December 31, 2021

Project/Activity	For FY2022		In FY2022		For the Project		For FY2023
	Budgeted Hours	Status	Total Actual Hours to Date	Estimated Remaining Hours	Actual or Estimate of Total Hours Needed	Estimated Variance Over/ (Under)	Planned Carryover Hours
OTHER AUDIT REPORTING AND SUPPORT, Continued							
Audit and Compliance Committee Support							
Review, Compile and Publish Meeting Materials	300	Ongoing	153	147	300	-	-
Attend Audit and Compliance Meetings	80	Ongoing	35	45	80	-	-
Prepare Committee Report and Meeting Minutes	80	Ongoing	25	55	80	-	-
ONGOING ACTIVITIES							
Risk Monitoring Activities							
Attend Board and other Committee Meetings	170	Ongoing	105	65	170	-	-
Attend Executive Team Meetings (DEC, Roadmap, C-suite)	100	Ongoing	53	50	103	3	-
Monitor and Review Professional Literature	90	Ongoing	55	35	90	-	-
Participate in Professional Organizations	90	Ongoing	12	30	42	(48)	-
Other Administrative Activities							
Continuing Professional Education	360	Ongoing	177	183	360	-	-
Continuing Professional Education Administration	150	Ongoing	26	80	106	(44)	-
External Reporting and Other Interactions (OSIG/VITA)	10	Ongoing	12	12	24	14	-
Internal Audit Staff Meetings and Mentoring	300	Ongoing	227	200	427	127	-
Manage Budget, Departmental Files, SPCC, and Purchasing	100	Ongoing	33	50	83	(17)	-
Participate in VRS Events/Committees	150	Ongoing	68	82	150	-	-
Performance Standards and Evaluations	60	Complete	44	-	44	(16)	-
OTHER TIME							
Annual Leave	850	Ongoing	850	300	1,150	300	-
Holidays	648	Ongoing	504	144	648	-	-
Other Leave (Sick, Personal, Volunteer, etc)	660	Ongoing	249	411	660	-	-
Unplanned Hours ⁽⁵⁾	1,687	Ongoing	507	683	1,190	(497)	-
TOTAL TIME	12,480		6,324	6,156	12,480	-	400

Fiscal Year 2022 - Annual Audit Plan Progress – Detailed Analysis

Budget vs. Actual – as of December 31, 2021

Explanatory Notes:

- (1) These projects as approved were planned to start later in the fiscal year and therefore will carry over into the next audit plan year to be reported out either at the September or December Audit and Compliance Committee meetings.
- (2) These projects reflect annually recurring tasks which require testwork to be initiated in one audit plan year and the conclusion and reporting to occur in the next. The actual hours to date reflect time spent completing the FY2021 projects and initiating the FY2022 projects.
- (3) The unplanned hours reported reflect departmental items not explicitly planned for in our original budget, such as
 - (A) Administrative and computer issues;
 - (B) VRS provided training;
 - (C) Internal Audit's involvement in VRS' Enterprise Risk Management and Enterprise Performance Management Initiative;
 - (D) Internal Audit's involvement in VRS' Record Management Project;
 - (E) Review and enhancement of departmental policies and procedures and supporting tools;
 - (F) Collaboration with the Information Technology Department; and
 - (G) Continued enhancement of SharePoint capabilities to store and manage audit documentation.

Acronyms (Not defined elsewhere):

APA	Auditor of Public Accounts
ARFUS	Audit Recommendation Follow-Up System
C-suite	Chief Executives for VRS, including the Executive Director and Chief Investment Officer
DEC	Director's Executive Committee
IIA	Institute of Internal Auditors
ISACA	Information Systems Audit and Control Association
OSIG	Office of the State Inspector General
Roadmap	Program management tool used by VRS management to monitor critical organizational activities
SPCC	Small Purchase Charge Card
VITA	Virginia IT Agency

Miscellaneous Updates

Report of Alleged Fraud, Waste and Abuse Hotline Cases

**For Complaints Received During the Period
November 1, 2021 through January 31, 2022**

SUMMARY OF CASES REVIEWED AND CLOSED

During the period November 1, 2021 through January 31, 2022, we received no cases of potential Fraud, Waste and Abuse from the Office of the State Inspector General.

Background

Fraud, Waste and Abuse relating to VRS can be comprised of any number of concerns. Such items can be reported to VRS' Internal Audit Department directly or through the Office of the State Inspector General (OSIG) State Employee Fraud, Waste and Abuse Hotline. (A majority of complaints are received through OSIG.)

All matters that relate to Fraud, Waste and/or Abuse reported are reviewed to determine the proper protocol for investigation.

Committee Reporting

Cases of a serious and/or significant nature will be reported to the VRS Audit and Compliance Committee immediately. At a minimum, a summary of all Hotline cases will be reported to the Audit and Compliance Committee on a quarterly basis.

Retention

Hardcopy documents, including handwritten notes, are stored in a secure location until the case is closed, upon which they are shredded. Electronic files are stored on Internal Audit's secured drive. Documentation containing case details are labeled "**CONFIDENTIAL – STATE FRAUD, WASTE AND ABUSE HOTLINE DOCUMENTS**" and sensitive items are labeled FOIA Exempt. As appropriate, files are disposed of in accordance with the Library of Virginia's retention policy.

FRAUD, WASTE AND ABUSE CASE MANAGEMENT

PROCESSING OF COMPLAINTS

When received, the Audit Director and Hotline Auditor perform a preliminary review of the complaint. After initial discussion, the Hotline Auditor determines whether a formal response is required by OSIG (cases referred by OSIG may or may not require a formal response, depending on the nature of the complaint) and adds the case to Internal Audit's Hotline Tracking System.

The Hotline Auditor sets up a case file on Internal Audit's secured and restricted drive to maintain confidentiality. The Hotline Auditor then evaluates the case details and may review information available in VRS' systems to obtain further details about the subject of the complaint. Additionally, the Hotline Auditor may forward the details of the case to other VRS personnel for review. The Hotline Auditor also notifies the VRS Director of the case.

Complaints regarding disability benefits constitute the large majority of the Hotline cases received by VRS. The Hotline Auditor will meet with appropriate VRS staff, as necessary, to discuss details of the case in order for all parties to proceed forward with their portion of the investigation. Complaints forwarded to others are monitored for resolution. Actions and determinations for cases are reviewed for reasonableness by the Hotline Auditor. Once a determination of appropriate action has occurred, such action is documented in the Internal Audit case file and on the Hotline Tracking System. The Internal Audit Director is apprised of all actions and determinations.

For other complaints, such as internal fraud, waste or abuse (examples could include abuses of various types of leave, teleworking policies, employee theft, etc.), the Hotline Auditor investigates the allegation and obtains supporting documentation from management, as needed. If a determination is made that there is a reasonable possibility of fraud, waste or abuse, management is notified of the allegation by the Audit Director and given a reasonable timeframe in which to report back to the Audit Director any actions taken regarding the allegation. The Audit Director determines the reasonableness of such action, reports the actions and resolution of the complaint to the Hotline Auditor who documents the results in the case file and on the Hotline Tracking System.

All investigation results are reported to the VRS Director and members of the VRS Audit and Compliance Committee once a case is resolved, regardless of the outcome.



MEMORANDUM

TO: Patricia S. Bishop, VRS Director

FROM: Jennifer P. Bell Schreck, VRS Internal Audit Director 

DATE: February 1, 2022

RE: Cost of Living Adjustments (COLAs)

Internal Audit has reviewed the amounts referred to as "Cost of Living Adjustments" as set forth in the attached letter and supporting table from VRS' actuary, Cavanaugh Macdonald Consulting, LLC, dated January 20, 2022.

In conducting our review, we independently recalculated the "Cost of Living Adjustments" using data and procedures provided by management and the actuary, while confirming certain external components associated with such calculations. We also examined the Code of Virginia sections referred to in the actuary's letter and supporting table.

Based upon our review, we found the "Cost of Living Adjustments" in the above referenced letter and table to be valid and accurate, based on the data provided, subject to the assumptions included therein with respect to increases in both VSDP LTD benefits and VSDP and VLDP creditable compensation, where the amounts are not specified by statute, but instead are to be recommended by the actuary and approved by the Board.

Please let me know if you have any questions. I ask that you share this information with the Benefits and Actuarial Committee.

Attachment



Cavanaugh Macdonald

CONSULTING, LLC

The experience and dedication you deserve

January 20, 2022

Mr. Rory Badura, ASA, EA, MAAA
Senior Staff Actuary
Virginia Retirement System
1200 E. Main Street
Richmond, VA 23219

2022 Cost of Living Adjustments

Dear Rory:

As requested, we have calculated the Cost of Living Adjustments (COLAs) called for under Virginia Statutes for VRS, VSDP, and VLDP.

In the table enclosed we present the COLAs to be effective July 1, 2022.

By statute, the VRS COLA is based on the ratio of the average of the monthly CPI-U for the 2021 calendar year (270.970) to the average of the monthly CPI-U for the most recent calendar year used in the determination of a COLA, 2020 calendar year (258.811). The result is 4.70%. The VRS COLA formula is applied to the CPI increase to produce COLAs effective July 1, 2022 of 3.85% for Plan 1 members vested as of January 1, 2013 and 3.00% for Plan 1 members not vested as of January 1, 2013 and all Plan 2 and Hybrid Plan members.

Statute also provides a COLA under the Group Life Insurance program in the minimum \$8,000 life insurance amount for members with at least 30 years of creditable service. The increase is the same percentage as the VRS COLA of 3.00% used for Plan 1 members not vested as of January 1, 2013 and all Plan 2 and Hybrid Plan members. Applying this increase to the prior year minimum of \$8,722, the minimum effective life insurance amount for members with at least 30 years of creditable service will increase to \$8,984 effective July 1, 2022.

The VSDP and VLDP COLAs are required by statute but the actual amounts are set by Board resolution. We have calculated the VSDP increase in creditable compensation for VRS pension benefit purposes based on the approach adopted in 2011. As recommended in 2011, the VSDP creditable compensation COLA is based on the increase in the pay rate for State, SPORS and VaLORS VSDP members active at the beginning and the end of the most recent plan year before the date of determination of the COLA, capped at 4.00%. For 2022, it would be the ratio of the annual pays as of June 30, 2021 to the annual pays as of June 30, 2020 for VSDP members who were active in the State, SPORS and VaLORS plans as of both dates. The COLA calculated in this manner may be modified to reflect extraordinary pay adjustments during a given year. On this basis we have determined a VSDP creditable compensation COLA of 6.76% effective July 1, 2022, before applying the 4.00% maximum. Our calculation is based on the data provided by VRS for the June 30, 2020 and 2021 actuarial valuations. The final VSDP credible compensation COLA is capped at 4.00%.

3550 Busbee Pkwy, Suite 250, Kennesaw, GA 30144

Phone (678) 388-1700 • Fax (678) 388-1730

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Mr. Rory Badura
January 20, 2022
Page 2

We used a similar approach to determine the VLDP creditable compensation COLA. That is, we have based the VLDP creditable compensation COLA on the increase in the pay rate for Teachers and non-hazardous Political Subdivision Hybrid plan members active at the beginning and the end of the most recent plan year before the date of determination of the COLA. For 2022, it would be the ratio of the annual pays as of June 30, 2021 to the annual pays as of June 30, 2020 for non-hazardous members who were active in the Teachers and Political Subdivision Hybrid plans as of both dates. The COLA calculated in this manner may be modified to reflect extraordinary pay adjustments during a given year. On this basis we have determined a VLDP creditable compensation COLA of 3.74% effective July 1, 2022. Our calculation is based on the data provided by VRS for the June 30, 2020 and 2021 actuarial valuations.

We have enclosed a table showing the calculations of the COLAs in detail.

Please let us know if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read 'LL' with a stylized flourish underneath.

Larry Langer, ASA, FCA, EA, MAAA
Principal and Consulting Actuary

Enc.

Copy to: Cynthia Wilkinson (VRS)

**Virginia Retirement System (VRS), Virginia Sickness and Disability Program (VSDP), Virginia Local Disability Program (VLDP)
and Group Life Insurance Program**



Cost of Living Adjustments (COLAs) Recommendations Effective July 1, 2022

Item	Code Section(s)	CPI-U		CPI Increase	COLA Calculation		
		2020	2021		100% of First 3%	50% of Next 4%	COLA (maximum 5%)
VRS COLA - Plan 1 vested as of 1/1/2013 - (100% of the increase in the CPI-U up to 3%, plus 50% of the next 4%, with a maximum COLA of 5%)	51.1-166	258.811	270.970	4.70% *	3.00%	0.85%	3.85%
Item	Code Section(s)	CPI-U		CPI Increase	COLA Calculation		
		2020	2021		100% of First 2%	50% of Next 2%	COLA (maximum 3%)
VRS COLA - Plan 1 non-vested as of 1/1/2013, Plan 2 and Hybrid Plan - (100% of the increase in the CPI-U up to 2%, plus 50% of the next 2%, with a maximum COLA of 3%)	51.1-166	258.811	270.970	4.70%	2.00%	1.35%	3.00%
Item	Code Section(s)	Creditable Compensation		Increase in Pay	COLA Calculation		
		2020	2021		100% of First 4%		COLA (maximum 4%)
VSDP increase in creditable compensation for VRS pension benefit purposes (100% of the increase in the pay over the previous plan year for continuing active VSDP members in the State, SPORS and VaLORS plans, with a maximum COLA of 4%)	51.1-1117 51.1-1123 51.1-1128						
		\$3,918,972,090	\$4,183,957,341	6.76%	4.00%		4.00%
Item	Code Section(s)	Creditable Compensation		Increase in Pay	COLA Calculation		
		2020	2021		100% of First 4%		COLA (maximum 4%)
VLDP increase in creditable compensation for VRS pension benefit purposes (100% of the increase in the pay over the previous plan year for non-hazardous continuing active members in the Teachers and Political Subdivision Hybrid plans, with a maximum COLA of 4%)	51.1-1161 51.1-1169						
		\$3,362,579,487	\$3,488,293,389	3.74%	3.74%		3.74%
Item	Code Section(s)				COLA Calculation		
							COLA
VSDP increase in net LTD benefit - Plan 1 vested as of 1/1/2013 - (100% of the VRS COLA for Plan 1 vested as of 1/1/2013)	51.1-1112						3.85%
Item	Code Section(s)				COLA Calculation		
							COLA
VSDP increase in net LTD benefit - Plan 1 non-vested as of 1/1/2013, Plan 2 and Hybrid Plan - (100% of the VRS COLA for Plan 1 non-vested as of 1/1/2013, Plan 2 and Hybrid Plan)	51.1-1112						3.00%
Item	Code Section(s)				COLA Calculation		
					Before COLA	After COLA	COLA
Increase in minimum \$8,000 life insurance amount for members with at least 30 years of creditable service - (100% of the VRS COLA for Plan 1 non-vested as of 1/1/2013, Plan 2 and Hybrid Plan)	51.1-505.B.				\$8,722	\$8,984	3.00%


* CPI-U increase is ratio or percentage increase on CPI-U index year over year (270.970/258.811-1) = 4.70%.



P.O. Box 2500, Richmond, VA 23218-2500
Toll-free: 888-827-3847
Website: varetire.org
Email: vrs@varetire.org

Patricia S. Bishop
Director

MEMORANDUM

To: Jennifer P. Schreck, Internal Audit Director
From: Patricia S. Bishop, Director 
Date: March 2, 2022
Subject: Summary of Travel Related Expenses

I am attaching the following:

1. Summary of Travel Related Expenses Paid During the Quarter of and Fiscal Year-to-Date Through December 31, 2021.
2. Summary of Other Sponsored Travel Related Expenses Paid During the Quarter of and Fiscal Year-to-Date Through December 31, 2021. **There was no reportable Other Sponsored Travel Related Expenses for the period.**
3. Detail of Travel Related Expenses Paid During the Quarter of and Fiscal Year-to-Date Through December 31, 2021.
4. Record of Attendance and Per Diems for the Quarter Ended December 31, 2021.

This information should be shared with the Audit & Compliance Committee.

If you have any questions, please do not hesitate to ask.

PSB/lbk

Attachments

Summary of Travel Related Expenses
Virginia Retirement System
Board/Committee Members and Selected VRS Staff

Fiscal Year-To-Date **Q2 2022**

Traveler	Current Quarter Expenses											Fiscal Year-To-Date Expenses					
	Total Travel			Out-of-State-Travel								Total Travel			Out-of-State-Travel		
	Sponsor Paid	VRS Paid	Total	# Trips	Cost	Travel reasons							Sponsor Paid	VRS Paid	Total	# Trips	Cost
AM						BD	CF	DD	MM	SV	TR						
Beasley, Michael	-	\$2,948.36	\$2,948.36	-	-	-	-	-	-	-	-	-	-	\$2,948.36	\$2,948.36	-	-
Bell II, John	-	\$1,040.32	\$1,040.32	-	-	-	-	-	-	-	-	-	-	\$1,698.88	\$1,698.88	-	-
Disharoon, Michael	-	\$997.07	\$997.07	-	-	-	-	-	-	-	-	-	-	\$1,120.27	\$1,120.27	-	-
Garrett, William	-	\$739.25	\$739.25	-	-	-	-	-	-	-	-	-	-	\$1,179.33	\$1,179.33	-	-
Lewis, Wilbert	-	\$443.75	\$443.75	-	-	-	-	-	-	-	-	-	-	\$1,109.86	\$1,109.86	-	-
McWilliams III, O'Kelly	-	\$1,265.76	\$1,265.76	-	-	-	-	-	-	-	-	-	-	\$2,784.66	\$2,784.66	-	-
Montgomery, Joseph	-	\$449.12	\$449.12	-	-	-	-	-	-	-	-	-	-	\$637.28	\$637.28	-	-
Seward, Troilen	-	\$312.48	\$312.48	-	-	-	-	-	-	-	-	-	-	\$514.08	\$514.08	-	-
Bishop, Patricia	\$935.31	\$208.07	\$1,143.38	1	\$1,143.38	1	-	-	-	-	-	-	\$935.31	\$208.07	\$1,143.38	1	\$1,143.38
Alouf, John	\$2,845.86	\$1,009.56	\$3,855.42	3	\$3,855.42	2	-	-	-	1	-	-	\$2,845.86	\$1,009.56	\$3,855.42	3	\$3,855.42
Chang, Warren	\$961.09	\$1,098.59	\$2,059.68	2	\$2,059.68	1	-	-	1	-	-	-	\$2,102.00	\$1,118.59	\$3,220.59	3	\$3,220.59
Coleman, Thomas	-	\$1,009.01	\$1,009.01	1	\$1,009.01	-	-	-	-	-	1	-	-	\$2,999.46	\$2,999.46	3	\$2,999.46
Jones, De'Von	-	\$2,195.78	\$2,195.78	2	\$2,195.78	-	-	-	1	1	-	-	-	\$2,195.78	\$2,195.78	2	\$2,195.78
Mulvin, Thomas	-	\$157.92	\$157.92	1	\$157.92	-	-	-	-	-	1	-	-	\$157.92	\$157.92	1	\$157.92
Noland, Walker	-	-	-	-	-	-	-	-	-	-	-	-	-	\$266.08	\$266.08	1	\$266.08
Sarki-Hurd, Hajara	-	\$2,826.20	\$2,826.20	-	-	-	-	-	-	-	-	-	-	\$3,046.84	\$3,046.84	1	\$220.64
Total	\$4,742.26	\$16,701.24	\$21,443.50	10	\$10,421.19	4	0	-	2	2	2	-	\$5,883.17	\$22,995.02	\$28,878.19	15	\$14,059.27

Travel Reasons Legend			
AM	Advisory/Assoc. Meeting	MM	Manager Meeting
CF	Conference	SV	Site Visit
DD	Due Diligence	TR	Training
BD	Board/Committee meeting		

Virginia Retirement System
Summary of Other Sponsored Travel Related Expenses
(Staff Not Otherwise Includable in Quarterly Reporting)
Fiscal Year-To-Date Through December 2021

<u>Name of Traveler</u>	<u>Current Quarter</u>		<u>Fiscal Year-To-Date</u>	
	<u>Value Provided</u>	<u>Sponsor</u>	<u>Value Provided</u>	<u>Sponsor</u>
	-		-	
	-		-	
	-		-	
	-		-	
	-		-	
	-		-	
	-		-	
	-		-	
	-		-	
	-		-	
Totals	<u>-</u>		<u>-</u>	

Detail of Travel Related Expenses

Virginia Retirement System

Board/Committee Members and Selected VRS Staff

Paid in Q2 2022

Traveler	Travel Start	Travel End	Destination	Sponsor	Purpose	Sponsor Paid	VRS Paid	Total
Beasley, Michael	08/25/2021	08/30/2021	Richmond,, VA		Attend the August 26, 2021 IAC Meeting in Richmond, VA	-	\$1,457.11	\$1,457.11
Beasley, Michael	11/09/2021	11/10/2021	Richmond, VA		Travel to Richmond, VA to attend November 10, 2021 IAC Meeting	-	\$1,491.25	\$1,491.25
Bell II, John	10/14/2021	10/14/2021	Richmond, VA		Attended VRS Board of Trustees meeting.	-	\$219.52	\$219.52
Bell II, John	11/15/2021	11/16/2021	Richmond, VA		Attended the Benefits and Actuarial Committee, Administration and Personnel Committee and Board of Trustees meeting.	-	\$380.96	\$380.96
Bell II, John	12/06/2021	12/08/2021	Richmond, VA		Attended the VRS Audit and Compliance Committee meeting, VRS Board meeting and VRS Board retreat.	-	\$439.84	\$439.84
Disharoon, Michael	10/13/2021	10/14/2021	Richmond, VA		Attended the Benefits and Actuarial Committee meeting on October 13 and attended the Board of Trustees meeting on October 14.	-	\$372.67	\$372.67
Disharoon, Michael	11/10/2021	11/10/2021	Richmond, VA		Attended the Investment Advisory Committee meeting.	-	\$123.20	\$123.20
Disharoon, Michael	11/15/2021	11/16/2021	Richmond, VA		Attended the Benefits and Actuarial Committee and Board of Trustees meetings.	-	\$367.92	\$367.92
Disharoon, Michael	12/07/2021	12/08/2021	Richmond, VA		Attended the VRS Board meeting and VRS Board retreat.	-	\$133.28	\$133.28
Garrett, William	10/13/2021	10/14/2021	Richmond, VA		Attended the Benefits and Actuarial Committee meeting on October 13 and attended the VRS Board of Trustees meeting on October 14.	-	\$278.67	\$278.67
Garrett, William	11/15/2021	11/16/2021	Richmond, VA		Attended the Benefits and Actuarial Committee, Administration and Personnel Committee and Board of Trustees meetings.	-	\$342.98	\$342.98
Garrett, William	12/07/2021	12/08/2021	Richmond, VA		Attended the VRS Board meeting and VRS Board retreat.	-	\$117.60	\$117.60
Lewis, Wilbert	11/09/2021	11/10/2021	Richmond, VA		Travel to Richmond, VA to attend November 10, 2021 IAC Meeting	-	\$443.75	\$443.75

Detail of Travel Related Expenses

Virginia Retirement System

Board/Committee Members and Selected VRS Staff

Paid in Q2 2022

Traveler	Travel Start	Travel End	Destination	Sponsor	Purpose	Sponsor Paid	VRS Paid	Total
McWilliams III, O'Kelly	10/13/2021	10/14/2021	Richmond, VA		Attended the Benefits and Actuarial Committee meeting on October 13 and attended the VRS Board of Trustees meeting on October 14.	-	\$320.74	\$320.74
McWilliams III, O'Kelly	11/15/2021	11/16/2021	Richmond, VA		Attended the Benefits and Actuarial, Administration and Personnel Committee and Board of Trustees meetings.	-	\$389.14	\$389.14
McWilliams III, O'Kelly	12/05/2021	12/06/2021	Richmond, VA		Attended the Audit and Compliance Committee meeting.	-	\$258.34	\$258.34
McWilliams III, O'Kelly	12/06/2021	12/08/2021	Richmond, VA		Attended the VRS Audit and Compliance Committee meeting, VRS Board meeting and VRS Board retreat.	-	\$297.54	\$297.54
Montgomery, Joseph	10/14/2021	10/14/2021	Richmond, VA		Attended VRS Board of Trustees meeting.	-	\$62.72	\$62.72
Montgomery, Joseph	11/10/2021	11/10/2021	Richmond, VA		Attended the Investment Advisory Committee meeting.	-	\$62.72	\$62.72
Montgomery, Joseph	11/15/2021	11/15/2021	Richmond, VA		Attended the Benefits and Actuarial Committee meeting.	-	\$62.72	\$62.72
Montgomery, Joseph	11/16/2021	11/16/2021	Richmond, VA		Attended the Board of Trustees meeting.	-	\$62.72	\$62.72
Montgomery, Joseph	12/06/2021	12/06/2021	Richmond, VA		Attended the Audit and Compliance Committee meeting.	-	\$62.72	\$62.72
Montgomery, Joseph	12/07/2021	12/08/2021	Richmond, VA		Attended the VRS Board Meeting and VRS Board Retreat.	-	\$135.52	\$135.52
Seward, Troilen	10/14/2021	10/14/2021	Richmond, VA		Attended VRS Board of Trustees meeting.	-	\$50.40	\$50.40
Seward, Troilen	11/10/2021	11/10/2021	Richmond, VA		Attended the Investment Advisory Committee meeting.	-	\$50.40	\$50.40
Seward, Troilen	11/15/2021	11/15/2021	Richmond, VA		Attended the Benefits and Actuarial Committee meeting.	-	\$50.40	\$50.40
Seward, Troilen	11/16/2021	11/16/2021	Richmond, VA		Attended the Board of Trustees meeting.	-	\$50.40	\$50.40
Seward, Troilen	12/06/2021	12/06/2021	Richmond, VA		Attended the Audit and Compliance Committee meeting.	-	\$50.40	\$50.40
Seward, Troilen	12/07/2021	12/08/2021	Richmond, VA		Attended the VRS Board meeting and VRS Board retreat.	-	\$60.48	\$60.48

Detail of Travel Related Expenses

Virginia Retirement System

Board/Committee Members and Selected VRS Staff

Paid in Q2 2022

Traveler	Travel Start	Travel End	Destination	Sponsor	Purpose	Sponsor Paid	VRS Paid	Total
Bishop, Patricia	11/11/2021	11/14/2021	Park City, Utah	National Association of State Retirement Administrators	Attended the fall 2021 National Association of State Retirement Administrators Executive Committee meeting.	\$935.31	\$208.07	\$1,143.38
Alouf, John	11/03/2021	11/04/2021	New York, NY	Apollo; Apollo Global Mgmt	Apollo Advisory Committee	\$1,286.71	\$13.74	\$1,300.45
Alouf, John	11/16/2021	11/18/2021	New York, NY		Siris AGM and due diligence	-	\$995.82	\$995.82
Alouf, John	12/09/2021	12/10/2021	New York, NY	Hellman and Friedman	Hellman and Friedman Advisory Committee meeting	\$1,559.15	-	\$1,559.15
Chang, Warren	11/04/2021	11/05/2021	Westport, CT and Chester, NY		True Green Capital - Westport, CT and Chester, NY	-	\$1,079.59	\$1,079.59
Chang, Warren	11/30/2021	12/01/2021	Miami, FL	Digital Colony	Digital Bridge AGM and Advisory Meeting	\$961.09	\$19.00	\$980.09
Coleman, Thomas	11/15/2021	11/16/2021	Austin, TX		Pritzker Site Visit	-	\$1,009.01	\$1,009.01
Jones, De'Von	11/09/2021	11/11/2021	Boston, MA		Advent International Annual Manager Meeting	-	\$1,337.59	\$1,337.59
Jones, De'Von	12/13/2021	12/13/2021	New York, NY		Due Diligence / In-site meeting with Veritas VIII	-	\$858.19	\$858.19
Mulvin, Thomas	11/12/2021	11/12/2021	Charleston, SC		Site visit and assets tour for PRISA II and PGIM	-	\$157.92	\$157.92
Sarki-Hurd, Hajara	12/05/2021	12/10/2021	Charlottesville, VA		Commonwealth Management Institute (CMI)	-	\$2,826.20	\$2,826.20
Total						\$4,742.26	\$16,701.24	\$21,443.50

**VRS BOARD OF TRUSTEES AND COMMITTEES
RECORD OF ATTENDANCE & PER DIEMS
FOR 4Q2021**

Month Paid:		Oct-21		Nov-21			Dec-21					Total Days Attended	Per Diem Rate	Per Diem Payments			Total	
Member	Area	10/13/21	10/14/21	11/10/21	11/15/21	11/16/21	11/16/21	12/2/21	12/6/21	12/7/21	12/7/21			12/8/21	Oct	Nov		Dec
J BRANDON BELL, II	BOT	-	X	X	X	X	X	X	X	X	X	X	8	\$ 300.00	\$ 300.00	\$ 900.00	\$ 1,200.00	\$ 2,400.00
JOHN M. BENNETT	BOT	X	X	X	X	X	X	-	X	X	X	X	8	300.00	600.00	900.00	900.00	2,400.00
MICHAEL P. DISHAROON	BOT	X	X	X	X	-	X	-	-	X	X	X	7	300.00	600.00	900.00	600.00	2,100.00
WILLIAM A. GARRETT	BOT	X	X	-	X	X	X	-	-	X	X	X	6	300.00	600.00	600.00	600.00	1,800.00
SUSAN GOODEN	BOT	-	X	-	-	-	X	X	-	X	X	X	5	300.00	300.00	300.00	900.00	1,500.00
W. BRETT HAYES	BOT	-	X	X	-	X	X	-	X	-	-	-	4	300.00	300.00	600.00	300.00	1,200.00
O'KELLY E. MCWILLIAMS, III	BOT	X	X	X	X	X	X	-	X	X	X	X	8	300.00	600.00	900.00	900.00	2,400.00
JOSEPH W. MONTGOMERY	BOT	X	X	X	X	X	X	-	X	X	X	X	8	300.00	600.00	900.00	900.00	2,400.00
TROILEN G. SEWARD	BOT	X	X	X	X	X	X	-	X	X	X	X	8	300.00	600.00	900.00	900.00	2,400.00
RIVINDRA DEO	DPCAC	-	-	-	-	-	-	X	-	-	-	-	1	300.00	-	-	300.00	300.00
SHANNON T. IRVIN	DPCAC	-	-	-	-	-	-	X	-	-	-	-	1	300.00	-	-	300.00	300.00
RICK LARSON	DPCAC	-	-	-	-	-	-	X	-	-	-	-	1	300.00	-	-	300.00	300.00
BRENDA O. MADDEN	DPCAC	-	-	-	-	-	-	X	-	-	-	-	1	300.00	-	-	300.00	300.00
KATHERINE T. SEAY (2)	DPCAC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EDWARD N. SMITHER	DPCAC	-	-	-	-	-	-	X	-	-	-	-	1	300.00	-	-	300.00	300.00
DAVID A. WINTER	DPCAC	-	-	-	-	-	-	X	-	-	X	X	2	300.00	-	-	900.00	900.00
DEBORAH ALLEN-HEWITT	IAC	-	-	X	-	-	-	-	-	-	X	-	2	300.00	-	300.00	300.00	600.00
MICHAEL R. BEASLEY	IAC	-	-	X	-	-	-	-	-	-	-	-	1	300.00	-	300.00	-	300.00
THEODORE ECONOMOU (1)	IAC	-	-	X	-	-	-	-	-	-	-	-	1	-	-	300.00	-	300.00
THOMAS S.GAYNER	IAC	-	-	-	-	-	-	-	-	-	-	-	-	300.00	-	-	-	-
LAWRENCE E KOCHARD	IAC	-	-	X	-	-	X	-	-	-	-	-	2	300.00	-	600.00	-	600.00
NANCY G. LEAKE	IAC	-	-	X	-	-	-	-	-	-	-	-	1	300.00	-	300.00	-	300.00
WILBERT BRYAN LEWIS	IAC	-	-	X	-	-	-	-	-	-	-	-	1	300.00	-	300.00	-	300.00
ROD SMYTH	IAC	-	-	X	-	-	-	-	-	-	-	-	1	300.00	-	300.00	-	300.00
WILLIAM H. WEST	IAC	-	-	-	-	-	-	-	-	-	-	-	-	300.00	-	-	-	-
														\$ 4,500.00	\$ 9,300.00	\$ 9,900.00	\$ 23,700.00	

Number Attending	6	9	14	7	7	10	8	6	8	10	9	78						
Total Days per Diem Paid (Control Total)	6	9	14	7	7	3	8	6	8	2	9	79	x \$300				=	23,700.00

- (1) Payments of stipend and per diems were reinstated in October 2021.
(2) This individual waived the payment of per diem payments for meetings attended.

X = Present