



Audit and Compliance Committee Meeting

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

**Thursday, 12/12/2024
10:00 AM - 12:00 PM ET**

I. Minutes of the September 18th Meeting

Meeting Minutes - Page 2

II. Matters for Discussion with the Auditor of Public Accounts

Matters for Discussion with the APA - December 2024 - Page 9

APA 2024 VRS Board Update - Page 11

A. Exit on 2024 Annual Comprehensive Financial Report

B. Entrance on the 2024 Employer Assurances Review

III. Audit Report

PPS Audit Report - Page 38

IV. Results of the Quality Assurance Review

Quality Assurance Improvement Program Annual Results - FY 2024 - Page 58

V. Update on the Global Internal Audit Standards Implementation

Global Internal Audit Standards Implementation Update - Page 61

VI. Quarterly Report on Fraud, Waste and Abuse Hotline Cases

Fraud Waste and Abuse Report - August 1, 2024, through October 31, 2024 - Page 70

VII. Miscellaneous Updates

A. Management's Quarterly Travel Expenses and Per Diem Report

Travel Expense and Per Diem Report 2025 Q1 - Page 74

B. Next Meeting Date: Tuesday, April 15, 2025, at 3:00 p.m.

Minutes

The Audit and Compliance Committee of the Board of Trustees met on September 18, 2024, at the Virginia Retirement System located in Richmond, Virginia. The following individuals were present.

Audit and Compliance Committee Members:

Sen. J. Brandon Bell, II, Committee Chair
John M. Bennett, Committee Vice Chair
A. Scott Andrews, Board Chair

Other Members of the Board of Trustees:

Jessica L. Hood
Lindsey K. Pantele

VRS Staff:

Patricia Bishop, Andrew Junkin, Jennifer Schreck, Judy Bolt, Jessica Budd, Jeanne Chenault, Michael Cooper, Juanita Cribbs, Joshua Fox, Krystal Groff, Sandy Jack, Curt Mattson, David Porter, Matthew Priestas, Paula Reid, Mark Rein, Kristy Scott, Scott Weaver and Leslie Weldon

Guests:

Jamie Bitz, Joint Legislative Audit and Review Commission and Zach Borgerding, Justin Ferrell and Erin Shell, Auditor of Public Accounts

The meeting convened at approximately 10:30 a.m.

Opening Remarks

Sen. Bell called the meeting to order and welcomed everyone to the September 18, 2024, meeting of the Audit and Compliance Committee and noted no changes or additions to the meeting agenda.

Approval of Minutes

Upon motion of Mr. Bennett, seconded by Mr. Andrews, the committee approved the minutes of the Audit and Compliance Committee meeting held on June 11, 2024.

Exit on the 2023 Employer Assurances Review

Mr. Borgerding reported the Auditor of Public Accounts (APA) has completed their Employer Assurances audit work. This audit covers the data VRS prepares and supplies to employers and their auditors to support required financial reporting over pension plans and other post-employment benefits (OPEBs) under Governmental Accounting Standards Board (GASB) Statements No. 68 and No. 75.

Update on the 2024 Annual Comprehensive Financial Report (ACFR) Audit

Mr. Borgerding reported the APA is progressing as planned with the annual audit of VRS' ACFR. The goal is for the audit to be finished in advance of the December 2024 Audit and Compliance committee meeting. He noted currently there are no formal findings and provided an update on the audit's staffing.

Audit Report

The committee received the following audit report:

Audit Report 459 – Investment Balances, Performance Reporting and Investment Manager Compensation

Mr. Fox presented the results of Internal Audit's review of Investment Balances, Performance Reporting and Investment Manager Compensation. The review determined investment balances, performance reporting and investment manager compensation are accurately reported and complete. In addition, the review concluded the 2023 VRS Popular Annual Financial Report accurately summarized activities for fiscal year 2023 as reported in the VRS ACFR. There were no recommendations resulting from the review.

Acceptance of Audit Report

Upon motion of Mr. Andrews, seconded by Mr. Bennett, the committee accepted audit report no. 459 as presented.

Internal Audit Assurance Reviews

Agency Performance Outcomes and Operational Measures

Ms. Schreck reported on Internal Audit's review of the Agency Performance Outcomes and Operational Measures for the fiscal year ended June 30, 2024, noting the review's results support the representations set forth by management.

VRS' Investment Incentive Compensation

Ms. Schreck disclosed the results of Internal Audit's review of the Investment department's proposed 2024 incentive compensation calculations for the fiscal year ended June 30, 2024. The review found all investment professionals met the eligibility requirements and both the proposed aggregate and individual payment amounts were accurately computed in accordance with the Investment Professionals' Pay Plan.

Charter Updates

Audit and Compliance Committee Charter

Ms. Schreck reviewed proposed changes to the Audit and Compliance Committee charter. The updates include revisions because of changes to the Institute of Internal Auditors' *Global Internal Audit Standards*, which are intended to better align the charter with the new standards. Ms. Schreck noted the remaining updates provide clarity in some sections of the charter and reflect associated changes made across all board governance documents.

Ms. Schreck further acknowledged upon recommendation by the committee these updates will be shared with the Administration, Finance and Talent Management Committee for review along with all other committees' proposed charter revisions. Upon review, the Administration, Finance and Talent Management Committee will then recommend approval of the proposed Board governance document to the Board of Trustees at its September meeting.

Internal Audit Charter

Ms. Schreck then reviewed proposed changes to the Internal Audit charter. As with the Audit and Compliance Committee charter, the revisions were suggested to align the charter with the *Global Internal Audit Standards*, provide clarity to some sections and address other changes resulting from the review of related VRS governance documents.

Ms. Schreck thanked management for their feedback and collaboration throughout the process of updating the charters. She noted the committee is required to act on the proposed changes to this charter, but action by the Administration, Finance and Talent Management Committee and Board of Trustees was not necessary.

Approval of Proposed Changes to the Audit and Compliance Committee and Internal Audit Charters

Upon motion of Mr. Bennett, seconded by Mr. Andrews, the committee recommended approval of the proposed changes to the Audit and Compliance Committee charter to the Administration, Finance and Talent Management Committee and approved the proposed changes to the Internal Audit Charter.

Annual Progress Reports on Internal Audit

Annual Report on Internal Audit Department

Ms. Schreck recognized the contributions of the Internal Audit team over the past year. She explicitly confirmed to the committee the VRS Internal Audit department and its staff are organizationally independent of the activities they examine and possess the appropriate qualifications to meet the needs of the approved audit plans. She also discussed the department's conformance with the *Global Internal Audit Standards*. The committee discussed how the VRS Internal Audit department compares to its peers and requested related information.

Annual Report on the Audit Recommendation Follow-up System

Ms. Schreck highlighted the Annual Report on the Audit Recommendation Follow-Up System (ARFUS) for management as of June 30, 2024. Ms. Schreck noted ARFUS contained 14 recommendations and seven were represented as implemented, two of which were issued by the APA. Six recommendations were released, two with comment. As a result, there were eight outstanding recommendations in ARFUS which would be monitored during FY 2025.

Annual Reports on FY 2024 Annual Plan and FY 2021 - FY 2024 Long Range Plan Status

Ms. Schreck then presented the annual plan results for the fiscal year ended June 30, 2024, along with the status of the long-range plan for the four years ending June 30, 2024. Ms. Schreck noted modifications have been made to the long-range plan to accommodate the changing risk environment.

FY 2025 – FY 2027 Long Range Plan

Ms. Schreck presented the proposed long-range plan for fiscal years 2025-2027. The committee discussed the risk assessment process and allocation of audit resources.

RBA: FY 2025 – FY 2027 Long Range Plan

Upon motion of Mr. Andrews, seconded by Mr. Bennett, the committee recommended approval of the action to the full Board of Trustees:

Request for Board Action: *The VRS Board of Trustees approves the proposed FY 2025 – FY 2027 Long-Range Plan.*

FY 2025 Annual Plan

Ms. Schreck then presented the proposed annual plan for FY 2025, noting it is derived from the long-range plan and represents the first year of the long-range plan period.

RBA: Approval of the FY 2025 Annual Plan

Upon motion of Mr. Bennett, seconded by Mr. Andrews, the committee recommended approval of the action to the full Board of Trustees.

Request for Board Action: *The VRS Board of Trustees approves the proposed FY 2025 Annual Plan.*

Quarterly Report on Fraud, Waste and Abuse Hotline Cases

Ms. Schreck shared there were two Fraud, Waste and Abuse Hotline complaints reported to Internal Audit via the Office of the State Inspector General during the period of May 1, 2024, through July 31, 2024.

One case alleging a lack of proper oversight over VRS IT contract management was determined to be unsubstantiated and therefore closed. The second case alleging abuse of the Virginia IT Agency state contract process was determined to be unfounded and therefore closed.

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 committee's review.

Committee Meeting Schedule for Calendar Year 2025

Ms. Schreck provided the calendar year 2025 VRS Board and committee meeting dates.

Next Committee Meeting Date

Ms. Schreck noted the next meeting of the committee is scheduled for December 12, 2024, at 10:00 a.m.

New Standards: Chief Audit Executive Position Qualifications and Competencies

Ms. Schreck provided the committee an overview of position qualifications and competencies for a chief audit executive in conformance with the requirements of the new *Global Internal Audit Standards*. The committee discussed how the highlighted competencies will be prioritized as part of the Human Resources department's upcoming updates to VRS' position descriptions, with the committee's feedback considered as part of these updates. In addition, the committee received a timeline of related upcoming committee activities and responsibilities.

Performance Review (Closed Session)

Mr. Bennett moved, with a second by Mr. Andrews, that the Audit and Compliance Committee of the Virginia Retirement System Board of Trustees convene a closed meeting in accordance with the Virginia Freedom of Information Act to evaluate the performance of the VRS Internal Audit director, pursuant to the personnel exemption at Virginia Code § 2.2-3711(A)(1).

Upon return to the open meeting, Mr. Bennett moved, with a second by Sen. Bell, the following resolution:

WHEREAS, the Audit and Compliance Committee of the Virginia Retirement System Board of Trustees convened a closed meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act; and

WHEREAS, § 2.2-3712 of the *Code of Virginia* requires a certification by this committee that such closed meeting was conducted in conformity with Virginia law;

NOW, THEREFORE, BE IT RESOLVED, that the committee certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements under this chapter were discussed in the closed meeting to which this certification resolution applies, and (ii) only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed or considered by the committee.

The committee approved the resolution upon the following roll call vote:

Mr. Andrews: Aye
Mr. Bennett: Aye
Ms. Hood: Aye
Ms. Pantele: Aye
Sen. Bell: Aye

RBA: Approval of Performance Bonus for Audit Director

Upon motion of Mr. Andrews, seconded by Mr. Bennett, the committee recommended approval of the action to the full Board of Trustees:

Request for Board Action: *The VRS Board of Trustees approves a 7% performance bonus for the audit director payable on October 16, 2024.*

RBA: Approval of Salary Increase for Audit Director

Upon motion of Mr. Andrews, seconded by Mr. Bennett, the committee recommended approval of the action to the full Board of Trustees:

Request for Board Action: *The VRS Board of Trustees approves a 3% salary increase for the audit director effective on October 10, 2024.*

Adjournment

There being no further business, the Audit and Compliance Committee adjourned the meeting at approximately 12:24 p.m.

Committee Chair

Secretary

Matters for Discussion with the Auditor of Public Accounts

Matters for Discussion with the APA

Exit on the 2024 VRS ACFR Audit

The Auditor of Public Accounts (APA) anticipates finalizing their opinion on VRS' Annual Comprehensive Financial Report (ACFR) no later than December 13th. As their work will be substantially complete, the APA plans to exit with the committee on December 12th. At the time of compilation of these materials, the APA's examination was in its final stages, minor observations had been shared with management which are not expected to be included in the Report on Internal Controls.

QUESTIONS POSED TO EXTERNAL AUDITORS WHEN EXITING

For reference purposes, a list of example questions posed to external auditors when exiting is set forth below. However, exit meetings with the APA are typically informal, with questions posed as the members of the committee see fit.

- Are there any unresolved accounting or auditing problems?
- Were there any significant adjustments to the accounting records?
- Were there any significant accounting or auditing problems encountered during the examination?
- Were there any significant changes in accounting policies or principles during the year?
- Are there any major year-to-year fluctuations in the amounts reported in the financial statements? What were the causes of the changes?
- In your review of other documents prepared by management (e.g., Department of Accounts ACFR submissions), did you identify any inconsistencies or material misstatements of fact?
- Were there any indications of financial weaknesses, which should be addressed by the committee?
- Did you detect any material errors, fraud, illegal acts or significant deficiencies or material weaknesses in the internal control system?
- Are there any pertinent comments concerning operations in general?
- Did you review information furnished to others (e.g., actuaries)?
- Did the quality and quantity of personnel involved in the preparation and control of financial information appear adequate? Did personnel seem to be fulfilling their responsibilities in a conscientious and professional manner?
- Was the level of cooperation received from management and internal audit during the examination appropriate?
- Did you have enough time to complete all phases of your audit?

APA Exit Materials

The APA has provided a series of slides highlighting the status of the audit and addressing certain required communications.

APA 2024 Report on Internal Control

The APA's companion Report on Internal Control and Compliance issued in conjunction with its opinion on the financial statements will be provided to the committee and Board of Trustees once finalized. Given the expected completion date for fieldwork, the APA anticipates releasing their report in January 2025.

VRS 2024 ACFR

Due to the voluminous nature of VRS' ACFR, it is not included in the meeting materials. An unaudited draft report was provided to the Trustees ahead of this meeting. Once finalized, the 2024 ACFR will be found on VRS' website at the following link, along with prior year annual reports dating back to 2002:

[Publications | Virginia Retirement System \(varetire.org\)](https://www.varetire.org/publications/vrs-2024-acfr)

Entrance on the VRS 2024 Employer Assurances Audit

The APA will entrance with the committee on their 2024 Employer Assurances Audit. Materials relating to the entrance begin on page 15 of their presentation, which immediately follows this document. A copy of their engagement memorandum, which details the staffing, timing, scope and reports, as well as the terms of the engagement, will be discussed with management and provided to members of the committee at a later date.

For reference, a list of example questions posed to external auditors when entrancing is provided below. However, entrance meetings with the APA are typically informal, with questions posed as the committee deems necessary.

QUESTIONS POSED TO EXTERNAL AUDITORS WHEN ENTRANCING

- Do you anticipate any substantial changes in your audit approach, scope, standards, procedures, resources allocated or other circumstances which may significantly affect your examination?
- Are there any significant changes in generally accepted accounting principles or other changes which will significantly impact your examination, our financial reporting or your opinion thereon?
- Have you identified any possible changes in the character of VRS' activities? Have these changes, if any, affected your audit approach or scope?
- Are there any special areas in which you expect to focus?
- Are there any potential restrictions on your audit scope or other matters that could affect your audit opinion?
- Do you foresee any significant problems and, if so, how will they be handled?
- Are there any issues the committee needs to be aware of or are there any areas where you require special assistance or cooperation from VRS?

Scope

As was done for 2023, the scope of work for this year's Employer Assurances Audit will include the reporting requirements for Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions (as amended) and GASB Statement No. 75, Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions (as amended).

The Virginia Local Disability Program (VLDP) administered by VRS will not be included in the scope due to immateriality.

Engagement Memo

A more detailed document defining the terms of the audit engagement will be discussed with management and provided to members of the committee at a later date.



2024 VRS Financial Statement Audit Update

December 12, 2024

Zach Borgerding

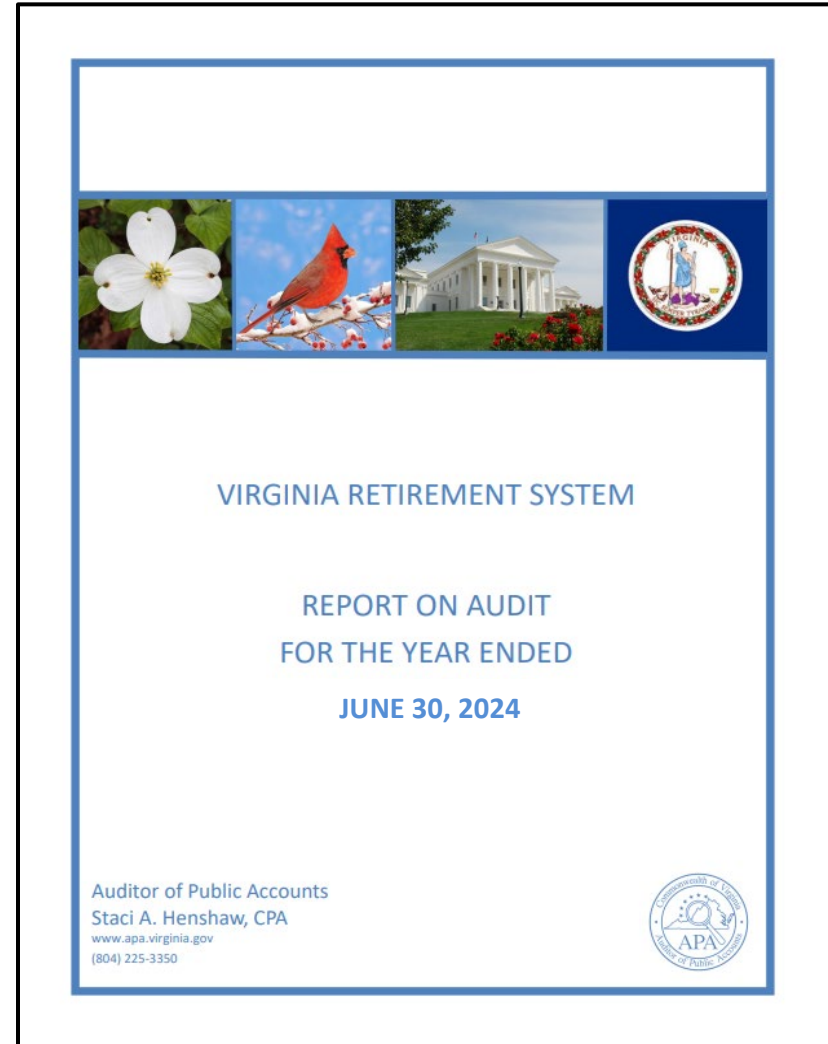
Auditor of Public Accounts

Audit Status as of December 6th

- Audit work is in final stage
- All adjustments currently proposed have been discussed with management
- Anticipate issuing an unmodified opinion to be dated no later than December 13, 2024
- Anticipate issuing our report on internal controls and compliance in January 2024

Report on Internal Controls

- **Results of Internal Control and Compliance Testing as of Dec. 6th**
 - No new findings to report
 - Improve IT Change Control and Configuration Management Process – **Corrective Action in Progress**
 - Improve Database Security – **Corrective Action Complete**
 - Improve Retirement Benefit Calculations – **Corrective Action Complete**



Opinion Letter: Emphasis and Other Matter Paragraphs

- Anticipate paragraphs to be consistent with prior years
- No additional emphasis of matters or other matters expected
- Emphasizes the System's relationship to the Commonwealth
- Explains the level of audit assurance provided over comparative information

Prior Year Emphasis and Other Matters

Emphasis of Matter

Relationship to the Commonwealth of Virginia

As discussed in Note 1, the basic financial statements of the System are intended to present the financial position and the changes in financial position of only that portion of the aggregate remaining fund information of the Commonwealth of Virginia that is attributable to the transactions of the System. They do not purport to, and do not, present fairly the Commonwealth of Virginia's overall financial position as of June 30, 2023, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matter

Report on Summarized Comparative Information

We have previously audited the System's 2022 financial statements, and we expressed an unmodified audit opinion on the respective financial statements in our report dated December 7, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Audit Adjustments

- No material adjustments proposed to the financial statements as of December 6th
- No uncorrected misstatements remain as of December 6th
- Miscellaneous wording adjustments proposed throughout Financial Section

Fraud and Illegal Acts

- Audit team assessed the risk of fraud through a collaborative brainstorming process
- Audit team conducted interviews of employees throughout the agency asking about known or suspected fraud and fraud opportunities
- Audit team exercised professional skepticism throughout engagement
- **No fraud or illegal acts were identified as a result of the audit**

Significant Accounting Policies and Estimates

- No significant changes in accounting policies (See Note 1 in the Annual Report)
- Significant estimates include:
 - Fair value measurements
 - Actuarially determined amounts
- Audit team evaluated estimates and found them to be reasonable and fairly presented

Substantive Audit Approach to Fair Value

Evaluation of pricing methodologies used by master custodian (BNY Mellon)

Fair Value Levels 1 & 2

Fair Value Level 3 & NAV

Analytical procedures

Comparisons of pricing to market quotes or secondary pricing vendors

Reviewed audited financials and manager statements

Reperformed roll-forward procedures as applicable

- See Note 5 in the VRS Annual Report for detailed information relating to fair value

Audit Approach to Actuarial Amounts



Census Data Responsibilities



Employers

- Responsible for accuracy of active member data
- CPA firms examine census data for local government



- Responsible for maintenance of inactive member data
- Ensures confidentiality, integrity, and availability of all census data in its custody
- Ensures accurate accumulation of data to the actuary



- Audits active member data for state employers
- Reviews active member data results for local government
- Audits inactive member data at the plan
- Audits plan's accumulation of data to the actuary

Employer Audit Results - Active Member Data

Local Employers

- 326 examination reports on myVRS Navigator (VNAV) data and related controls received as of December 6th
- 252 (77.2%) include unmodified opinions
- 18 (5.5%) reported errors in samples of census data
- 56 (17.2%) reported non-census data related findings

State Employers

- 12 audits have reported results as of December 6th
- 2 exceptions to certain data elements out of 350 members tested
- Two internal control deficiencies reported related to VNAV reconciliations

- See Notes 2 and 3 and Actuarial Section in VRS Annual Report for additional information on actuarial amounts and assumptions

Additional Audit Results

- Our audit identified:
 - Proper treatment of accounting principles
 - No material alternative accounting treatments
 - No significant accounting policies in controversial or emerging issues
 - No significant unusual transactions
 - No significant disagreements with management



Future Focus: Standards

Accounting

- **GASB Statement 101** – Compensated Absences (*Effective fiscal year 2025*)
- **GASB Statement 102** – Certain Risk Disclosures (*Effective fiscal year 2025*)
- **GASB Statement 103** – Financial Reporting Model Improvements (*Effective fiscal year 2026*)

Auditing

- **SAS 146** – Quality Management (*Effective fiscal year 2025*)
- **SAS 147** – Inquiries of Predecessor Auditor (*Not applicable*)
- **SAS 148** – Amendment to AU-C Section 935 (*Not applicable*)
- **SAS 149** – Audits of Group Financial Statements (*Not applicable*)

Future Focus: Potential Areas of Audit Emphasis

- Decoupling defined benefit and defined contribution rates for Hybrid members (effective July 1, 2024)
- Transition from MissionSquare to Voya Financial as third-party record keeper for VRS defined contribution plans
- Implementation of new access and resource management tool
- Implementation of new leverage policy



2024 Employer Audit Assurances

Employer Resources to Comply with GASB Statements 68 and 75

December 12, 2024

Eric Sandridge

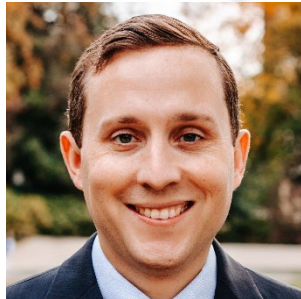
Auditor of Public Accounts

Audit Logistics

- Timing:
 - Audit Period: July 1, 2023 – June 30, 2024
 - Audit Timing: February, 2025 – July, 2025
- Audit Team:
 - Eric Sandridge (Project Manager)
 - Erin Shell (Co-In-Charge)
 - Justin Ferrell (Co-In-Charge)
 - Audit Staff
- Timing of staff auditors anticipated to align with planned availability of actuarial schedules

Our Team

Eric Sandridge



Deputy Auditor

- 17 years experience
- Final reviewer of VRS reports for several years
- CPA, CISA, CGFM, and Masters in Data Analytics
- Recent Projects: UVA, W&M, and Treasury

Justin Ferrell



Manager

- 14 years experience
- 5 years experience with VRS
- CPA, CISA and VCCO
- Specialty Focus: Capital Assets Management

Erin Shell



Supervisor

- 6 years experience
- 6 years experience with VRS
- MBA
- Specialty Focus: Data Analysis

Ben Rubert



Auditor

- 3 years experience
- 3 years assigned to VRS
- Specialty Focus: Data Analysis

TBD



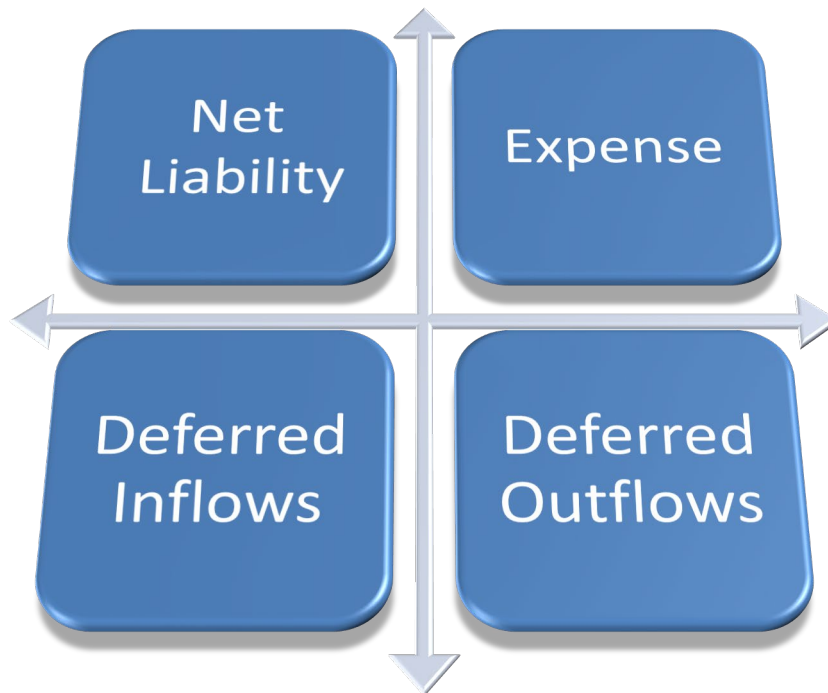
TBD

- One additional staff auditor will be assigned at a later date

Cost Sharing APA Audit Assurances

- Provide opinion on Pension/OPEB amounts at plan level

- Provide opinion on employer allocation percentages



Employer Code	Employer	Employer Contributions	Employer Allocation Percentage
40100	ACCOMACK COUNTY SCHOOL BOARD	\$ 3,023,764	0.35461%
40101	ALBEMARLE COUNTY SCHOOLS	9,491,479	1.11311%
40102	ALLEGHANY COUNTY SCHOOL BOARD	1,435,188	0.16831%
40103	AMELIA COUNTY SCHOOL BOARD	903,338	0.10594%
40104	AMHERST COUNTY SCHOOL BOARD	2,704,879	0.31721%
40105	APPOMATTOX COUNTY SCHOOL BOARD	1,176,909	0.13802%
40106	ARLINGTON PUBLIC SCHOOLS	29,095,514	3.41217%
40107	AUGUSTA COUNTY SCHOOL BOARD	6,291,642	0.73785%
40108	BATH COUNTY SCHOOL BOARD	498,809	0.05850%
40109	BEDFORD COUNTY SCHOOL BOARD	5,682,514	0.66642%
40110	BLAND COUNTY SCHOOL BOARD	483,108	0.05666%
40111	BOTETOURT COUNTY SCHOOLS	3,106,162	0.36427%
40112	BRUNSWICK COUNTY PUBLIC SCHOOLS	1,137,210	0.13337%
40113	BUCHANAN COUNTY SCHOOL BOARD	1,757,633	0.20613%
40114	BUCKINGHAM COUNTY SCHOOL BOARD	1,213,826	0.14235%

Cost Sharing Plans under Audit

- Teacher's Pension Plan
- State Pension Plan
- Teacher's Retiree Health Insurance Credit
- State Retiree Health Insurance Credit
- Group Life Insurance (GLI)
- Virginia Sickness and Disability Program (VSDP)
- Line of Duty Act (LODA)
- Virginia Local Disability Program (VLDP) will not be audited due to immateriality

Agent Multiple Plans under Audit

- Political Subdivision Pension Plans
- Political Subdivision Retiree Health Insurance Credit
- The following Retiree Health Insurance Credit Plans will not be audited due to immateriality:
 - Constitutional Officers
 - Registrars
 - Social Services Local Employees

Agent Multiple Plan APA Assurances

Provide opinion on proper accumulation of census data by the plan

Provide opinion on fair presentation of changes in fiduciary net position by employer

Net liabilities are the residual balance of total liabilities and fiduciary net position

Total Pension Liability

Less: Fiduciary Net Position (FNP)

Net Pension Liability

Total OPEB Liability

Less: Fiduciary Net Position (FNP)

Net OPEB Liability

Examination Opinion – Census Data

- Examination reports will include management assertions defining significant census data fields accumulated to the actuary
- Two separate reports and opinions will be issued for pension and OPEB census data
- Examination opinions will attest to management's assertion
- Employer information may be provided in two batches – pensions followed by OPEBs

Internal Controls Report

- We will not issue a separate internal controls report for this engagement
- Any significant internal control deficiencies will be reported to the Committee in a timely manner and included in the internal controls report for the FY 2025 financial statement audit

Audit Billing for Employer Assurances

- APA will bill VRS for work performed in accordance with existing memorandum of understanding (MOU)
- MOU instructs APA to bill for actual hours worked not to exceed \$259,500 unless mutually agreed to in advance
- APA has not previously exceeded the maximum and does not anticipate excesses for fiscal year 2024

Terms of the Engagement

A more detailed document defining the terms of the audit engagement will be discussed with management at a later date. We will ask that management provide written agreement to the terms and copy the Audit and Compliance Committee Chairman on the response.

Intended Use Statement

This presentation is intended solely for the information and use of those charged with governance and management, and is not intended to be, and should not be, used by anyone other than these specified parties.

Audit Report



Purchase of Prior Service

December 1, 2023, through May 31, 2024



TRANSMITTAL LETTER
October 10, 2024

Dear Members of the Audit and Compliance Committee,

We have completed audit number 460, "Purchase of Prior Service." The main purpose of our review was to determine the validity, accuracy and completeness of those transactions associated with the purchase of prior service.

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 objective. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

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 Purchase of Prior Service and Financial Controls departments throughout this review.

Respectfully Submitted,

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

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

TABLE OF CONTENTS	
TITLE PAGE	1
TRANSMITTAL LETTER	2
EXECUTIVE SUMMARY	3
BACKGROUND	4
SCOPE AND METHODOLOGY	13
CONCLUSIONS	16
FOLLOW-UP ON PRIOR REPORTS	18
RECOMMENDATIONS	18
MANAGEMENT EXIT CONFERENCE	18
REPORT DISTRIBUTION	19
PRINCIPAL AUDITOR IN-CHARGE	19

EXECUTIVE SUMMARY

We conducted an examination of VRS' Purchase of Prior Service process for the period December 1, 2023, through May 31, 2024.

Our review determined:

- Purchases of service generally are performed in accordance with the *Code of Virginia*.
- Purchases of service are accurate, valid and complete.
- Monitoring processes in place for the purchase of prior service are sufficient.
- System access for purchase of prior service staff is granted using the principle of least privilege and ensures appropriate segregation of duties.

While many purchase requests flow directly through VNAV, in certain circumstances some purchase requests, such as refunded service, follow an alternative path. In these cases, staff manually calculate the cost and enter the information to be processed through the system.

There are no written recommendations resulting from our review; however, we noted opportunities for minor enhancements.

SNAPSHOT

During the **audit period**, VRS **members** agreed to purchase **12,604 months** of service for approximately **\$7.5 million**.

These purchases included **533 Lump-Sum** agreements to purchase **9,544 months** of service for approximately **\$5.8 million** and **208 Payroll** agreements to purchase **3,060 months** of service for approximately **\$1.7 million**.

AUDIT ASSESSMENT

Overall, Purchases of Prior Service are valid, complete and processed in accordance with the *Code of Virginia*.

Written Recommendations: 0

ORGANIZATIONAL CHART



BACKGROUND

INTRODUCTION

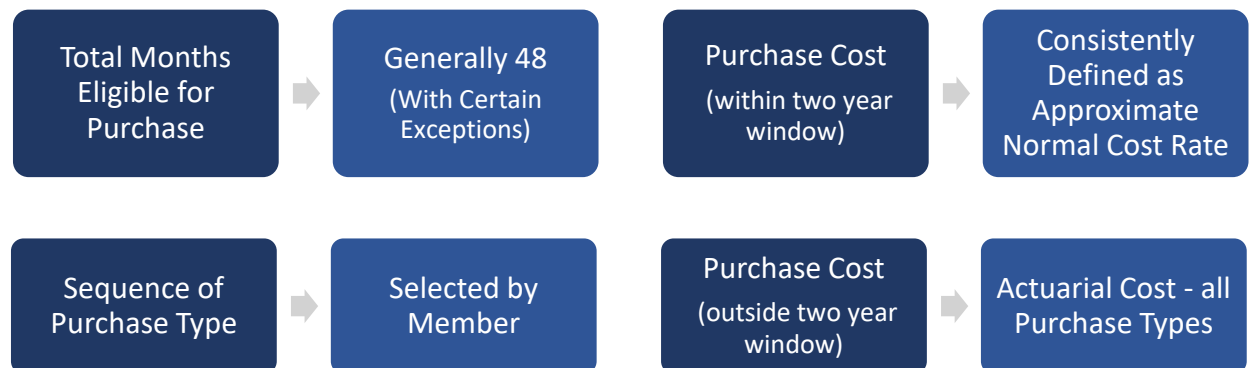
The purchase of prior service benefit authorized by the *Code of Virginia* allows creditable service to be purchased by or granted to active members for a variety of reasons. The nature of the prior service dictates the amount eligible to be purchased and the cost basis used for the purchase.

The Purchase of Prior Service department (PPS department) manages the processing of the purchase requests, while Financial Controls receives and records payments. The following sections highlight the purchase options offered through the program and the channels through which such purchases can be made.

GENERAL RULES

Legislative changes effective January 1, 2017, adjusted certain program requirements to ensure the purchase of prior service was more cost neutral to the fund and enhance program administration. No other significant changes to this benefit have occurred since 2017.

Overarching rules surrounding the purchase of prior service include:



In limited cases, the purchase cost is defined in different terms or is provided at no cost for the member. These service types include refunds, alternate hazardous duty, disability credit conversion, additional public service for school superintendents and no-cost military leave.

Cost Basis or Rate

Most Purchases

Members are eligible to purchase prior service at any point during their employment. However, there is an initial two-year window of time to purchase most types of service at approximate normal cost before the cost changes to an actuarial equivalent rate.

Approximate normal cost rates are evaluated for reasonableness every four years in conjunction with the quadrennial experience study and adjusted as appropriate. The current rates reflected in the chart to the right became effective July 1, 2021, and will be reconsidered during the spring 2025 experience study.

Refunds

As noted previously the two-year cost window does not apply to the purchase of refunded service. Refunded service is calculated as the return of the refunded amount plus interest from the date of the refund to the purchase date at 6.75 percent interest rate, compounded annually.

Other Exceptions

In regard to the other exceptions, the cost basis varies. One month of service is awarded for each 173 hours (or portion thereof) of disability credits available to be converted to service credits. While additional public service for school superintendents may be purchased at 10% cost rate within one year from the date of vesting, after the one-year period the cost will be actuarial equivalent. Eligible active duty military leave is granted at no cost to the member. The remaining exceptions generally use the actuarial equivalent cost basis.

INITIAL COST RATE (available up to two years from hire date)		
	PLANS	COST RATE
PLAN 1	VRS*	12.54%
	HAZARDOUS DUTY**	21.64%
	JUDICIAL	35.03%
PLAN 2	VRS*	10.89%
	HAZARDOUS DUTY**	19.97%
	JUDICIAL	33.13%
HYBRID	VRS*	6.68%
	JUDICIAL	18.12 %

* (State, Teachers and Local Non-Hazardous Duty)
 ** (VaLORS, SPORS, Local)

Purchase Methods

At any point during their employment, members may enter into an agreement to purchase prior service.

Payment Methods

Service can be purchased either through a lump-sum payment or through a purchase payment agreement. Additionally, a member may split their purchase, paying for a portion of their prior service via a lump-sum payment and the remainder of the service with a purchase payment agreement.

Purchase payment agreements may be through an after-tax payroll-deduction or through a pretax salary-reduction if the employer offers this option.

Lump-sum payments for the service may be made with a personal check, the transfer of funds from another retirement plan to VRS using a trustee-to-trustee transfer or a pretax rollover of funds from another retirement account. VRS members who are active participants in the Commonwealth of Virginia 457 Deferred Compensation Plan have the option of using employee contribution funds from their Commonwealth of Virginia 457 Plan for payment.

Agreements may include multiple types of prior service, provided they share the same cost basis, except for refunded service, which can be purchased with any other service. Members may have up to two purchase payment agreements in place at a time, one payroll and one lump-sum agreement. However, members cannot have more than one lump-sum or one payroll agreement active at the same time.

Payment Periods

A purchase payment agreement must be a minimum of six months or the number of months of service remaining to purchase, whichever is less, and a maximum of 12 months. The minimum required purchase is one month of service per month and a maximum of four months of service per month for the duration of an agreement. An agreement may not extend in duration beyond the cost window where the cost to purchase moves from approximate normal cost to actuarial equivalent cost.

Other Key Information

If a member moves their covered employment to a different employer type, such as from a state to a local employer, the existing purchase payment agreement will end. Subsequent agreements require new cost calculations for the remaining service purchase.

Recalculation of the cost of a purchase while an agreement is in effect is not allowed; the cost of a purchase remains the same for the duration of an agreement.

The Commonwealth is considered one employer; therefore, if a member moves their covered employment from one state agency to another state agency, their purchase payment agreement will remain in effect.

TYPES OF SERVICE ELIGIBLE FOR PURCHASE

Generally, VRS members can purchase periods of service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service to be added as service credits in their plan. Additional options are available but purchased or granted less frequently. They are acknowledged in the charts on the following pages.

Purchased service counts toward vesting and eligibility for retirement and health insurance credit benefits. Members who purchase service see that service credited to their current defined benefit plan, including refunded service. For example, a member currently covered under the Hybrid Plan who purchases Plan 1 refunded service would receive credit for that service under the Hybrid Plan.

Members cannot purchase service when in a non-covered position, on a leave of absence without pay or if they are a deferred (inactive) member or a retiree. Depending on the type of service, purchase amounts may be limited or unlimited (the member can purchase all eligible service).

Unlimited Purchase Amounts

The chart on the following page shows the types of service which are unlimited in the number of months that may be purchased and their associated purchase cost basis. As previously noted, for certain types of service, a cost window of two years dictates the use of approximate normal cost or an actuarial equivalent cost to determine the cost of the purchase.

UNLIMITED PURCHASE TYPES

Type	Description
Purchase Using Accumulated Sick Leave	Members eligible for a payment of unused sick leave at retirement may elect to have the after-tax value of this payment used to purchase service credits.
Refunded Service	Members may purchase any VRS refunded service. <i>(Members may purchase all or a portion of their refunded service at any time while an active VRS member. It will be credited to their current plan.)</i>
Disability Credit Conversion	Members eligible for a payment of unused disability credits under the Virginia Sickness and Disability Program (VSDP) at retirement may elect to have these credits converted to service credit.
Service Not Reported While on Workers' Compensation	If a member goes on workers' compensation and member contributions are not withheld from their workers' compensation payment or any compensation received from their employer, they may be eligible to purchase service credit for this period. <i>(Note: For leave without pay while on workers' compensation, the maximum amount eligible for purchase is 24 months per occurrence.)</i>
Service Not Reported by Employer	On occasion earned service will not be reported by an employer. Once identified, the employer will report and pay for the service. <i>(The cost bases paid by the employer for this service depends on the duration of time between the service being earned versus reported.)</i>
Ported Service	Members who move to a VRS-covered position from a non-covered position with an employer who has a portability agreement with VRS may be eligible to transfer retirement assets from the former employer's plan in exchange for VRS service credit. <i>(Members must make the request within 18 months of beginning VRS-covered employment and must have been in a salaried, permanent full-time position and vested with the former employer.)</i>
Active Duty Military Leave (No-Cost)	Members may be granted service for leave from a VRS-covered position for active duty military service. <i>(Provided their discharge is not under dishonorable conditions and they return to VRS-covered employment within one year of discharge.)</i>
Service Credited through ORPPA Transfers	A member of the Optional Retirement Plan for Political Appointees (ORPPA) who leaves that appointed position and immediately becomes employed in a VRS-covered position may transfer the accrued ORPPA contributions and earnings to purchase service in the VRS defined benefit plan. The cost of service is based on actuarial equivalent cost. The service purchased can not exceed the actual service in the ORPPA covered position.

Limited Purchase Amounts

As noted in the chart below, with the exception of school superintendent service, members may purchase up to a combined total of 48 months of service for service types noted. Other than some types of active duty military service, these service types may not be used to qualify the member for a benefit under another retirement plan.

LIMITED PURCHASE TYPES

Type	Description
Educational Leave	Members may purchase approved educational leave from a VRS-covered position.
Birth, Adoption or Death of Child	Members may purchase approved leave up to 12 months maximum per occurrence from a VRS-covered position as the result of the birth, adoption or death of a child.
Family Medical Leave Act (FMLA) Leave	Members may purchase certain categories of FMLA leave up to 12 work weeks in a 12-month period as defined under FMLA and approved by their employer at the time of the leave.
Public Service other than VRS	Members may purchase full-time salaried service with a Virginia public employer who does not participate in VRS or with a public employer or a school system or institution of higher education of another state or U.S. territory.
Federal Service	Members may purchase full-time salaried service earned in a civilian position with the federal government.
Non-Covered Service	Members may purchase service in a temporary, part-time or other non-covered position for an employer who participates in VRS.
Non-Ported Service	If a member moves to a VRS-covered position from an employer who has a portability agreement with VRS, they may be eligible to transfer retirement assets from the employer's plan in exchange for VRS service credit, if certain conditions are met. If not all service transfers, the member may be eligible to purchase the remainder as non-ported service.
Active Duty Military Service	Members may purchase up to 48 months of active duty military service (in addition to the 48 months of other limited service types), provided their discharge was not dishonorable, was full-time service of at least 180 consecutive days and it does not qualify them for a military pension in the U.S. Army, Navy, Air Force, Marines, Coast Guard or reserve components. <i>(If they were in the U.S. Armed Forces Reserves or the National Guard, they may purchase up to 48 months of active duty military service (in addition to the 48 months of other limited service types), even if it will be used to qualify them for a military pension.)</i>
Service as a School Superintendent	If a member is a VRS vested school superintendent, they may purchase up to 10 years (120 months) of public service with a non-participating Virginia public employer or with a public employer or a school system of another state or U.S. territory.

Effective July 1, 2024, the *Code of Virginia* was updated by the 2024 General Assembly to allow VRS members who had at least 180 days of active duty in any federally established branch of the armed services to purchase credit for prior full-time activity duty. Prior law included only the Army, Navy, Air Force, Marines or Coast Guard.

PROCESSING THE PURCHASE OF PRIOR SERVICE

Purchases can be initiated through three channels.



By the member through VRS' member portal, myVRS



With assistance from the member's employer



Directly through VRS

Through myVRS

Members can initiate most purchases of service through their myVRS account. Through myVRS members can:

- Select the type and amount of prior service they wish to purchase.
- Choose the order in which they wish to purchase prior service.
- Calculate the cost to purchase the service.
- See the impact of the service purchase on future retirement benefits.
- Evaluate the time it will take to recover the purchase cost in retirement.

Once a member commits to the purchase, they can make a lump-sum payment directly to VRS, or they can set up the payroll deduction for a purchase payment agreement working with their current employer. Lump-sum payments or employer-approved purchase payment agreements must be received or initiated within 90 days from the agreement date, or the agreement is void and the member must reapply.

With Employer or VRS Assistance

Some purchases require the assistance of the member's employer or the VRS PPS department. Members may seek employer assistance at any time; however, employer assistance is required

For those transactions that require employer assistance for entry into VNAV or validation of member-provided information, VRS relies heavily on employers to maintain accurate and complete data.

for purchase types requiring certification of service or when payment through a purchase payment agreement is desired.

Employer Assistance

At the request of the member, the employer enters the following service eligibility into VNAV through the employer portal with the VRS PPS department assisting as necessary.

Active-Duty Military Leave	Birth, Adoption or Death of a Child Leave
Active-Duty Military Service	Family Medical Leave Act (FMLA)
Conversion of Disability Credits	Federal Service
Purchase using Accumulated Sick Leave	Public Service other than VRS
Unreported Service (Less than three years old)	Educational Leave of Absence

VRS Assistance

Due to the category or complexity of the purchase, the member must work directly with VRS to process the following types of purchases:

Refunded Service	Additional public service for a school superintendent
Ported Service (not available to Hybrid Plan members)	Non-covered service with a former employer who participates in VRS
Service not reported while on workers' compensation	Service not reported by an employer (over three years old)

These purchases must be calculated outside of and then entered in VNAV by the PPS department for processing. For complex purchases, the PPS department will perform additional research to validate the eligibility and ensure the purchase is entered accurately in VNAV. These purchases involve individuals with various unique scenarios, such as an Approved Domestic Relations Order (ADRO), incomplete service in VNAV or data anomalies in existence at the implementation of VNAV's PPS functionality.

Considered system overrides because these transactions do not follow VNAV's traditional automated processing path for the purchase of prior service, controls within VNAV segregate data entry from approval of the override transaction and management logs and monitors the transactions to ensure their validity, accuracy and completeness.

Certifying Eligibility for Purchase of Prior Service

Non-VRS-Participating Employers

Members purchasing eligible service from non-VRS-participating employers require the previous employer where service was earned to certify the prior service before they can complete the purchase. This includes active duty military service, no-cost military leave and full-time salaried federal or other public service. In addition, members who participated in the federal retirement system or the retirement system of another public employer must obtain certification from the previous retirement system that they are no longer eligible for a retirement benefit under the employer's plan.

VRS-Participating Employers

The purchase of certain eligible service from a VRS-participating employer requires the previous VRS employer (where the service was earned) to certify and confirm the member's prior service eligibility in VNAV before the member can complete the purchase. This includes:

- Non-covered service with a VRS-participating employer.
- Leave for the birth, adoption or death of a child.
- Educational leave.
- Family Medical Leave Act leave.
- VRS service not previously reported.

LUMP-SUM PAYMENT RECONCILIATION

Three reconciliations between VRS' general ledger and VNAV are performed monthly to confirm lump-sum payments are appropriately credited to member accounts. The first ensures the obsolete Payable Suspense – PPS Lump-Sum account previously used remains with a zero balance. The remaining reconciliations focus on the PPS Receivable and PPS Payable accounts.

The PPS Receivable account represents payments received for PPS that are awaiting final disposition. The PPS Payable account represents overpayments from members or payments that cannot be processed. De minimis amounts are either refunded to the member or transferred to be included as part of the member's future retirement benefit. Payments that cannot be processed are returned to the source of the given payment after 90 days.

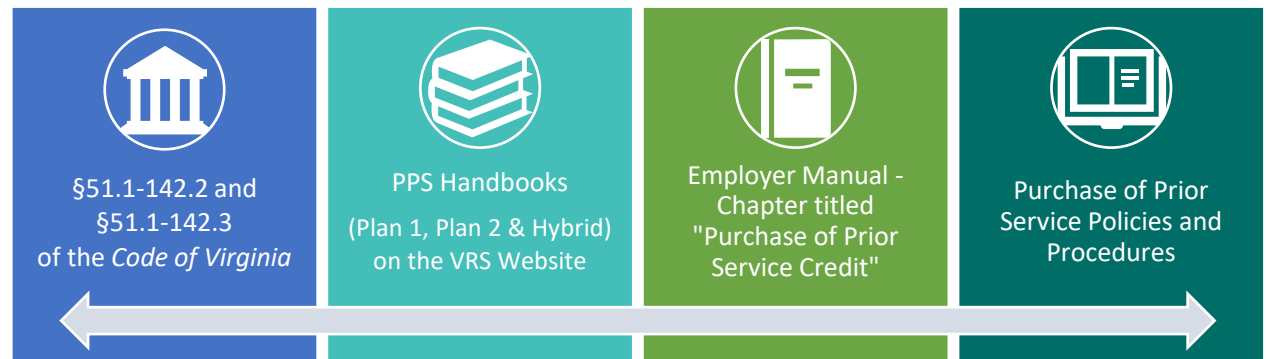
SCOPE AND METHODOLOGY

The primary purposes of the examination were to:

- Determine whether purchases of prior service are performed in accordance with the *Code of Virginia*.
- Determine the accuracy, validity and completeness of those transactions associated with the purchase of prior service.
- Determine if monitoring processes in place are sufficient.
- Determine whether system access related to the purchase of prior service is in accordance with the principle of least privilege and supports separation of duties.

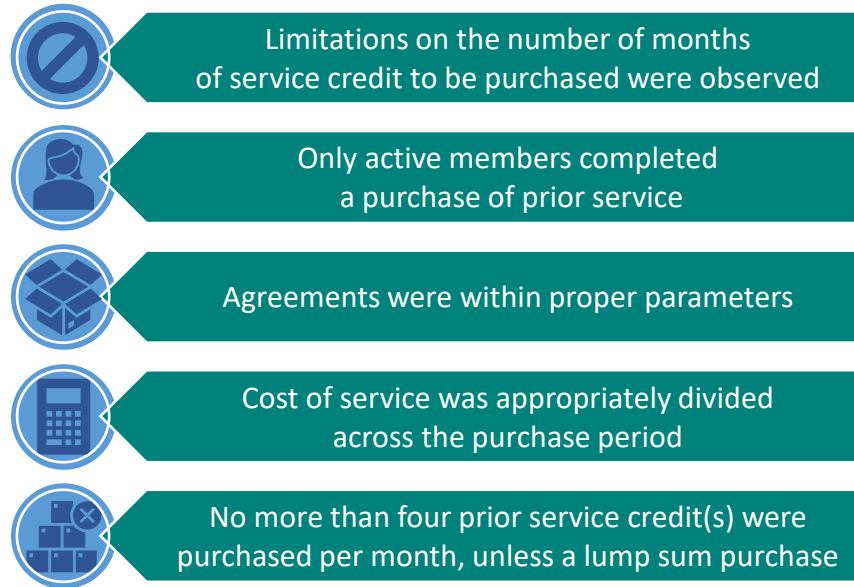
GENERAL ASSESSMENT AND UNDERSTANDING

A general understanding of the purchase of prior service process as well as the controls surrounding the benefit was obtained by meeting with key individuals responsible for its administration. To assist in gaining an understanding of the rules surrounding the purchase of prior service, relevant documentation was reviewed to gain an understanding of the rules surrounding the purchase of prior service process. Documentation reviewed included the following items.



CODE OF VIRGINIA COMPLIANCE

To ensure compliance with the *Code of Virginia*, where possible, the entire population of transactions in the audit period were tested. Data analytics were used to assess the following code requirements.



Where data analytics could not be used, a sample of purchases, as described in the next section, was reviewed to assess compliance with the *Code of Virginia*.

PURCHASE OF PRIOR SERVICE TRANSACTIONS

To validate compliance and controls over the purchase of prior service, data analytics and manual review of selected PPS transactions were performed.

Specifically, a sample of purchases was reviewed for compliance with certain *Code of Virginia* requirements, including:

- Service was eligible for purchase.
- Proper rate was used to compute the cost of the purchase.
- Purchase payment agreements were calculated using only one cost basis.
- Appropriate proof of service was obtained, where applicable.

In addition, this sample of purchases was reviewed to determine:

- Cost of the service was accurately computed.
- Service was properly credited to the member's account.
- Cost of service was charged to the appropriate employer.

A secondary sample of refunded service purchases was reviewed to assess cost calculation accuracy.

Further, we assessed the controls over transactions calculated and processed by VRS and entered directly into VNAV. This population was reviewed to determine the reasonableness of the transactions.

Finally, the population of PPS transactions was reviewed to determine if duplicate purchases existed, and if so, the reasonableness of such transactions.

RECONCILIATIONS

The purchase of prior service lump-sum reconciliations for one month from the audit period were reviewed to ensure they were performed timely and properly supported, reconciling items were cleared in a timely manner, the reconciliations appropriately tied to VRS' General Ledger and the reconciliations were reviewed and approved by management.

MONITORING PROCESSES

Through discussion with management, we gained an understanding of the monitoring activities for purchase of prior service transactions and how the daily transaction report is used as part of this process. We reviewed the related documentation for reasonableness and as evidence that the PPS department completed its monitoring processes as described.

Further, we reviewed the code fixes and data fixes requested since our last audit to obtain an appreciation for the frequency, nature and potential significance of the matters requiring such attention.



VRS plan handbooks as well as the Employer Handbook, located on VRS' website, thoroughly document the PPS rules and regulations for purchase and are an excellent resource for members and employers to gain an understanding of the rules and processes for purchasing service.

VRS has supplemented the above with tools designed specifically for employers to assist them in the execution of their roles, including online on-demand training.

SYSTEM SECURITY

We discussed system access with management and reviewed access role descriptions to identify critical roles for accessing and performing purchase of prior service activities. We evaluated access to these roles for reasonableness in relation to assigned job responsibilities, the principle of least privilege and appropriate separation of duties, as applicable.

In addition, the opportunity for override of system controls was considered.

CONCLUSIONS

GENERAL ASSESSMENT AND UNDERSTANDING

The review found overall that controls in place over the purchase of prior service process are well documented and operating as expected, the process ensures purchases are made in conformance with the *Code of Virginia* and system access for PPS processing is appropriately managed.

Since our prior audit, VRS enhanced ongoing monitoring to help mitigate errors in the calculation of the purchase of prior service whereby selected transactions with known complexities are viewed in VNAV to ensure that the factors that go into calculating the cost appear reasonable.

CODE OF VIRGINIA COMPLIANCE

Assessment of the rules governing the purchase of prior service process found they were designed to support compliance with the standards as set forth in the *Code of Virginia*. Data analytics used to test the audit population determined the transactions generally complied with the *Code of Virginia*. Additional sample-based testing of requirements that could not be validated through data analytics confirmed compliance with the *Code of Virginia*.

PURCHASE OF PRIOR SERVICE TRANSACTIONS

Evaluation of PPS transactions found purchases of service were eligible for purchase, service was properly credited to members' accounts under the appropriate employer and purchase payment agreements were calculated using only one cost basis, unless the purchase included refunded



The purchase of prior service manager and supervisor are relatively new in their positions with a little over a year in their respective roles.

Substantial efforts have been made since they took on the roles to enhance the administration and oversight of the benefit.

We commend the team for their efforts and progress.

service where, when purchased with other service, can have more than one cost basis. When applicable, proper proof of service was obtained to support the validity of the availability of service to purchase, and transactions were properly supported and approved.

Sample work surrounding purchases for refunded service found they generally were calculated accurately. We identified a limited number of actuarial calculations which were inaccurate. Once brought to management's attention, they took immediate action to understand the cause and are currently working to resolve the issues through code and data fixes.

Finally, no duplicate purchases were identified in the population.

RECONCILIATIONS

Evaluation of the March 2024 lump-sum payment reconciliations found they were performed timely, properly supported and reviewed and approved by management. Review confirmed that reconciling items added beginning in March 2023 were moving off the reconciliation appropriately over time.

However, it was noted that reconciling items placed on the reconciliation prior to the current PPS department's tenure remained outstanding. Management concurred with this observation and noted they would take action to ensure the amounts due to members were handled in accordance with their policy for overpayments.

MONITORING PROCESSES

The PPS department follows their processes, using the daily reports to monitor purchase of prior service transactions for accuracy.

Further, we found that code and data fixes for purchase of prior service have trended downward since our last audit but still have a theme of adjustments made to purchase agreements and eligibility (such as correction of start dates or end dates, the employer associated with the service, etc.). We commend management and encourage their continued efforts to reduce these types of adjustments.

SYSTEM SECURITY

Review of VRS employee access to the PPS module found the access granted to individuals appeared reasonable and appropriate for employees' job functions and responsibilities and follow the principle of least privilege and provide for appropriate segregation of duties. Review of system overrides found that this functionality applies to manually entered information such as when purchases of refunded service are made or cost letters for refunded service are requested. Overrides may also occur for other types of service, such as when a start or end date of employment is incorrect or in other scenarios where manual entry is required. Our examination found that overrides are properly performed, are properly approved and have appropriate segregation of duties.

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.

As there are no written recommendations, a written response from management is not required.

REPORT DISTRIBUTION

Submitted to the Audit and Compliance Committee at its meeting held
December 12, 2024.

MEMBERS OF THE AUDIT AND COMPLIANCE COMMITTEE

The Hon. J. Brandon Bell, II, Committee Chair
John M. Bennett, Committee Vice Chair
A. Scott Andrews, Board Chair

WITH COPIES TO:

OTHER MEMBERS OF THE BOARD OF TRUSTEES

Lawrence A. Bernert, III
Michael P. Disharoon
Susan T. Gooden
Jessica L. Hood
The Hon. Matthew James
Lindsey K. Pantele

VRS EXECUTIVE LEADERSHIP

Patricia S. Bishop
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Members of the
Executive Committees

AUDITOR OF PUBLIC ACCOUNTS

Staci A. Henshaw

JLARC

Kimberly A. Sarte
Jamie Bitz

PRINCIPAL AUDITOR IN-CHARGE

Judy Bolt, CPA, CIA, CISA, CFE

DATA ACQUISITION

Krystal Groff, CIA, CISA

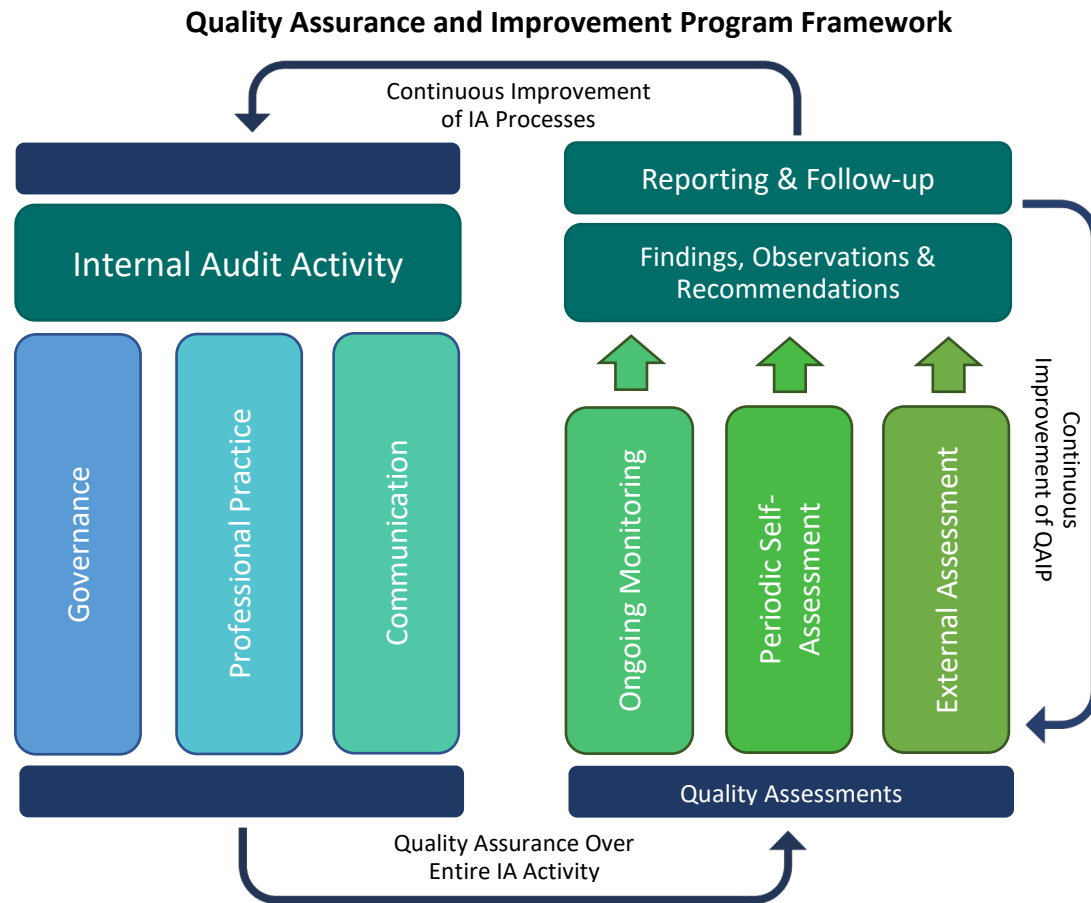
AUDIT SUPERVISOR

Kristy Scott, CPA, CIA, CISA

Results of the Quality Assurance Review

Quality Assurance and Improvement Program

In compliance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*, the VRS Internal Audit Department implemented a continuous Quality Assurance and Improvement Program (QAIP).



As a part of this program, the department performs on-going monitoring and conducts annual self-assessments. The self-assessment is managed and executed by the principal auditor charged with responsibility for this program. The focus of the self-assessment may vary each year. An externally validated quality assurance review is performed once every five years, which for VRS is FY 2024, the results of which will be reported today with the validation reported at the committee's April meeting.

Quality Assurance and Improvement Program



The requirements and characteristics of quality in an internal audit activity are defined by the IPPF which consists of mandatory and recommended guidance, all provided within the context of the Mission of Internal Audit as defined in the IPPF.

Overall Conclusion

Our review of the internal audit process and activity for FY2024 concluded there is reasonable assurance that VRS' Internal Audit department continues to generally conform with the *International Standards for the Professional Practice of Internal Auditing* effective for the period under review.

Annual QAIP Review Highlights for FY 2024



Update on the Global Internal Audit Standards Implementation



Global Internal Audit Standards: Implementation Update

CAE Position Description



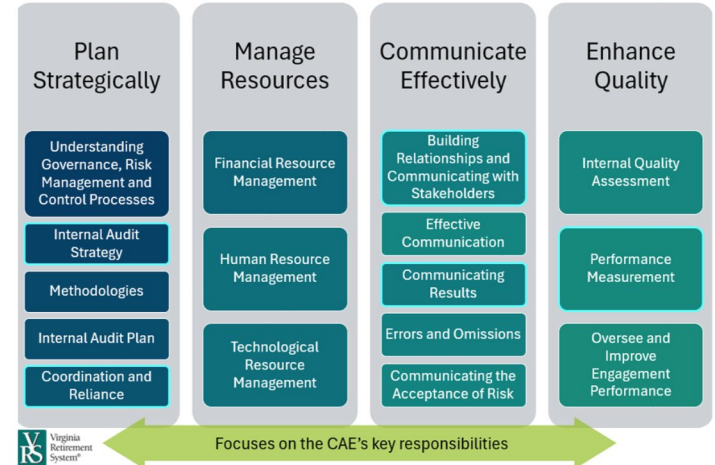
CAE Qualifications and Competencies

Standard 7.2

The chief audit executive must help the board understand the qualifications and competencies of a chief audit executive that are necessary to manage the internal audit function.

Global Internal Audit Standards™

Domain IV: Managing the Internal Audit Function



Qualifications

- Proven experience as an Audit Executive or similar role
- Excellent knowledge of relevant auditing standards and procedures, laws, rules and regulations
- Strong knowledge of audit procedures including planning and fieldwork techniques in conducting audits
- Working knowledge of information technology and security, finance and investments and audit techniques used to provide assurance in these areas
- Proven experience leading a team of skilled auditors and mentoring their professional growth
- High attention to detail and excellent analytical skills
- Sound independent judgement and high ethical standards
- Bachelor's degree in Accounting or closely related field; master's degree and professional certification (e.g. CPA, CMA, CIA) are preferable



Competencies



Job Description

Position Information			
Job Title	Audit Director	Position #	071
Department	Internal Audit	Division	Internal Audit
Grade	16	FLSA Status	Exempt
Reports To	Board of Trustees	Last Update	December 05, 2024

Summary

The Audit Director directs and manages the operations and staff of VRS' Internal Audit function, ensuring that all relevant policies, procedures, and professional standards are observed and maintained, and that staff are suitably qualified to undertake their responsibilities. In addition, the position ensures that all reports are accurate and all relevant documentation and files are maintained. Finally, the position liaisons as necessary with internal colleagues and external agencies to facilitate the smooth and professional operation of the function.

Education and Experience

Bachelor's degree in accounting or a closely related field is required; an equivalent combination of education and experience may also be considered. Relevant certification is preferred (CPA or CIA is highly desired; CISA or CIDA is advantageous).

Proven experience as an Audit Executive or similar role, leading a team of skilled auditors and mentoring their professional growth. Excellent knowledge of relevant auditing standards and procedures, laws, rules and regulations. Broad and conceptual understanding of information technology and cybersecurity frameworks as well as data analytics. Applied skills in using Microsoft Office and Adobe products required.

Essential Duties and Responsibilities

- Essential Duties and Responsibilities include the following:
- Coordinate with and support Audit and Compliance Committee chair to plan committee meetings, serve as the liaison between the committee and VRS' external auditor (Auditor of Public Accounts) and other duties required by the chair or committee members.
 - Establish audit methodologies and frameworks, including policies, procedures and forms to oversee and facilitate the systematic review of audit areas and facilitate ongoing improvement of the audit function.
 - Ensure the function conducts activities in accordance with departmental policies and accepted audit standards as well as other standards as required by departmental membership licensure and certification.
 - Develop, gain approval for, and implement a comprehensive long-range audit plan using input from management and the Board of Trustees and a risk-based methodology; continuously monitor the plan, revising as necessary but at a minimum annually, to accommodate changing needs and unexpected events.
 - Facilitate audit oversight participation in major system developmental projects.
 - Supervise examinations of VRS operations and other special projects; approve engagement time budgets, audit scopes and objectives, audit procedures, sampling plans, and the extent of information system audit coverage; delegate tasks and work as appropriate.
 - Approve and present internal audit reports and results to the Audit and Compliance Committee and senior leadership at regularly scheduled committee meetings.

- Ensure action plans for remediation of audit recommendations are designed by management and monitor their implementation, reporting those results to the committee annually.
- Recruit and manage a professional and proficient audit staff.
- Cultivate and maintain cooperative and constructive relationships with VRS management, external auditors, professional colleagues, and other relevant third parties.
- Remain abreast of current trends in accounting, auditing, finance and information technology.
- Participate in cross-hierarchical teams and contribute to improving services across agency lines, ensuring any independence implications are appropriately addressed and communicated.
- Prepare the department's financial budget to support the efficient and effective use of resources.
- Perform other duties as assigned, ensuring any independence implications are appropriately addressed and communicated.

Other Skills and Abilities

Strong knowledge of audit procedures including planning and fieldwork techniques in conducting audits. Working knowledge of finance, investments, and information systems. High attention to detail and excellent analytical skills. Sound judgment and high ethical standards. Must have strong organizational skills, excellent verbal and written communication skills, and robust customer service skills.

Supervisory Responsibilities

Interviewing, hiring, and training employees; planning, assigning, and directing work; appraising performance; rewarding and disciplining employees; addressing complaints and resolving problems. Communicate audit results clearly and to all interested parties. Balance the differing perspectives and needs of VRS management and staff, while providing the Audit and Compliance Committee with objective analyses of operations reviewed. Foster an attitude of risk management, control, and compliance throughout the organization. Carry out supervisory responsibilities in accordance with the organization's policies and applicable laws.

Physical Demands

This job is performed under general office conditions and is not subject to any strenuous physical demands or dangerous conditions. The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

Work Environment

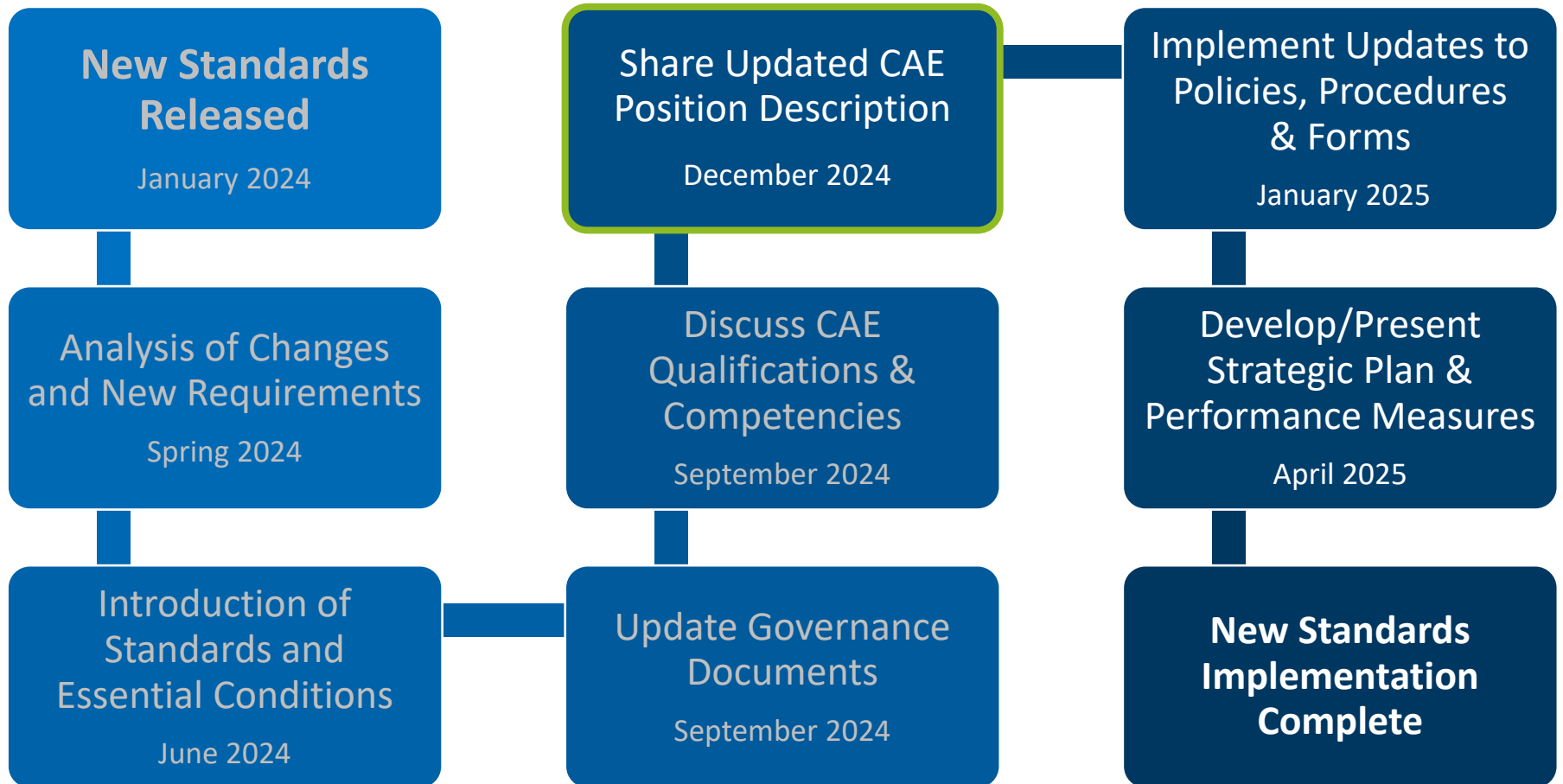
The work environment characteristics described here are representative of those an employee encounters while performing the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions. The noise level in the work environment is usually moderate.

Next Steps

Updates Relative to the Standards



Implementation Progress



Committee Activities – Cycle

March/April

Receive Internal Audit Reports

Receive Internal Audit Assurance Reviews

Receive Management’s Reporting on the Code of Ethics

Receive Annual Audit Plan Progress Report as of December 30th

Receive Miscellaneous Reports

*Beginning March 2026:
Confirm the Audit Mandate

Consider the Updates to the Committee and/or Internal Audit Charters

June

Update from the APA: Employer Assurances

Entrance with the APA: Annual Comprehensive Financial Report

Receive Internal Audit Reports

Receive Miscellaneous Reports

*Every Three Years:
 Consider Proposed Long-Range Plan

*Beginning June 2026:
Consider the Internal Audit Performance Measures (Annually)

*Beginning June 2027:
 Receive Triennial Internal Audit Strategic Plan (Aligned with Long-Range Plan)

September

Exit with the APA: Employer Assurances

Update from the APA: Annual Comprehensive Financial Report

Receive Internal Audit Reports

Receive Internal Audit Assurance Reviews

Receive Internal Audit Annual Progress Reports for FY including Long-Range and Annual Plans

Consider Proposed Annual Plan

Receive Miscellaneous Reports

Consider Audit Director’s Performance

December

Exit with the APA: Annual Comprehensive Financial Report

Entrance with the APA: Employer Assurances

Receive Internal Audit Reports

Receive Results of the Quality Assurance Improvement Program Review*

Receive Miscellaneous Reports

*Every Five Years:
 Receive the Results of the Externally Validated Quality Assurance Review (December 2029)

Legend:

Informative (Receive)

Action (Accept, Confirm, Consider, Recommend)

Quarterly Report on Fraud, Waste and Abuse Hotline Cases

Report of Alleged Fraud, Waste and Abuse Hotline Cases

**For Complaints Received During the Period
August 1, 2024, through October 31, 2024**

SUMMARY OF CASES REVIEWED AND CLOSED

During the period August 1, 2024 through October 31, 2024, there were no cases of potential fraud, waste and abuse reported from the Office of the State Inspector General or from any other source.

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.

Miscellaneous Updates



Patricia S. Bishop
Director

MEMORANDUM

To: Jennifer P. Schreck, Internal Audit Director
From: Patricia S. Bishop, Director 
Date: December 9, 2024
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 September 30, 2024.
2. Summary of Other Sponsored Travel Related Expenses Paid During the Quarter of and Fiscal Year-to-Date Through September 30, 2024. **There were no reportable Other Sponsored Travel Related Expenses for this period.**
3. Detail of Travel Related Expenses Paid During the Quarter of and Fiscal Year-to-Date Through September 30, 2024.
4. Record of Attendance and Per Diems for the Quarters Ended September 30, 2024.

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

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

PSB/ibk

Attachments

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

Fiscal Year-To-Date **Q1 2025**

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							
Andrews, Allen	-	\$443.86	\$443.86	-	-	-	-	-	-	-	-	-	-	-	\$443.86	\$443.86	-	-
Beasley, Michael	-	\$880.29	\$880.29	-	-	-	-	-	-	-	-	-	-	-	\$880.29	\$880.29	-	-
Bell II, John	-	\$478.09	\$478.09	-	-	-	-	-	-	-	-	-	-	-	\$478.09	\$478.09	-	-
Bernert III, Lawrence	-	\$121.94	\$121.94	-	-	-	-	-	-	-	-	-	-	-	\$121.94	\$121.94	-	-
Deo, Ravindra	-	\$144.25	\$144.25	-	-	-	-	-	-	-	-	-	-	-	\$144.25	\$144.25	-	-
Disharoon, Michael	-	\$645.21	\$645.21	-	-	-	-	-	-	-	-	-	-	-	\$645.21	\$645.21	-	-
Hood, Jessica	-	\$1,834.47	\$1,834.47	-	-	-	-	-	-	-	-	-	-	-	\$1,834.47	\$1,834.47	-	-
James, Matthew	-	\$453.22	\$453.22	-	-	-	-	-	-	-	-	-	-	-	\$453.22	\$453.22	-	-
Kasanoff, Kathryn	-	\$717.61	\$717.61	-	-	-	-	-	-	-	-	-	-	-	\$717.61	\$717.61	-	-
Lewis, Wilbert	-	\$588.25	\$588.25	-	-	-	-	-	-	-	-	-	-	-	\$588.25	\$588.25	-	-
Bishop, Patricia	-	\$3,762.71	\$3,762.71	2	\$3,762.71	-	-	2	-	-	-	-	-	-	\$3,762.71	\$3,762.71	2	\$3,762.71
Chenault, Jeanne	-	\$3,562.09	\$3,562.09	1	\$3,562.09	-	-	1	-	-	-	-	-	-	\$3,562.09	\$3,562.09	1	\$3,562.09
Irving Jr, Robert	-	\$2,215.62	\$2,215.62	1	\$2,215.62	-	-	1	-	-	-	-	-	-	\$2,215.62	\$2,215.62	1	\$2,215.62
Jack, Sandra	-	\$5,470.31	\$5,470.31	1	\$5,470.31	-	-	1	-	-	-	-	-	-	\$5,470.31	\$5,470.31	1	\$5,470.31
Junkin, Andrew	-	\$6,909.02	\$6,909.02	5	\$6,909.02	-	-	5	-	-	-	-	-	-	\$6,909.02	\$6,909.02	5	\$6,909.02
Alouf, John	-	\$2,635.36	\$2,635.36	3	\$2,635.36	-	-	-	2	-	1	-	-	-	\$2,635.36	\$2,635.36	3	\$2,635.36

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

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

Fiscal Year-To-Date **Q1 2025**

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						
Billingslea, Erica	\$3,438.55	\$699.61	\$4,138.16	2	\$4,138.16	1	-	1	1	1	-	-	\$3,438.55	\$699.61	\$4,138.16	2	\$4,138.16
Bliss, Kevin	\$797.62	\$136.00	\$933.62	2	\$933.62	1	-	1	-	-	-	-	\$797.62	\$136.00	\$933.62	2	\$933.62
Buchanan, Lee	\$1,568.74	\$29.48	\$1,598.22	2	\$1,598.22	2	-	-	-	-	-	-	\$1,568.74	\$29.48	\$1,598.22	2	\$1,598.22
Chang, Warren	\$11,213.35	\$869.30	\$12,082.65	2	\$12,082.65	1	-	-	-	2	-	-	\$11,213.35	\$869.30	\$12,082.65	2	\$12,082.65
Coleman, Thomas	\$1,699.59	\$37.83	\$1,737.42	2	\$1,737.42	1	-	-	-	1	-	-	\$1,699.59	\$37.83	\$1,737.42	2	\$1,737.42
Corsello, Perry	\$1,493.13	-	\$1,493.13	1	\$1,493.13	1	-	-	-	-	-	-	\$1,493.13	-	\$1,493.13	1	\$1,493.13
Gentry III, William	\$2,050.21	\$1,159.76	\$3,209.97	3	\$3,209.97	2	-	-	-	1	1	-	\$2,050.21	\$1,159.76	\$3,209.97	3	\$3,209.97
Grier, John	-	\$929.47	\$929.47	1	\$929.47	-	-	1	-	-	-	-	-	\$929.47	\$929.47	1	\$929.47
Honrado, Cordell	-	\$2,462.78	\$2,462.78	1	\$2,462.78	-	-	1	-	-	-	-	-	\$2,462.78	\$2,462.78	1	\$2,462.78
Le, Vu	-	\$6,514.34	\$6,514.34	2	\$6,514.34	-	-	2	-	-	-	-	-	\$6,514.34	\$6,514.34	2	\$6,514.34
Ma, Chung	-	\$8,067.50	\$8,067.50	3	\$8,067.50	-	-	3	-	-	-	-	-	\$8,067.50	\$8,067.50	3	\$8,067.50
Muniz, Alex	-	\$6,631.27	\$6,631.27	2	\$6,631.27	-	-	2	-	-	-	-	-	\$6,631.27	\$6,631.27	2	\$6,631.27
Murphy, James	\$11,780.08	\$50.50	\$11,830.58	1	\$11,830.58	1	-	-	-	1	-	-	\$11,780.08	\$50.50	\$11,830.58	1	\$11,830.58
Noland, Walker	-	\$84.60	\$84.60	1	\$84.60	-	1	-	-	-	-	-	-	\$84.60	\$84.60	1	\$84.60
Sarki-Hurd, Hajara	\$562.84	\$654.92	\$1,217.76	2	\$1,217.76	1	-	-	1	1	-	-	\$562.84	\$654.92	\$1,217.76	2	\$1,217.76
Schlussler, Daniel	-	\$1,171.11	\$1,171.11	1	\$1,171.11	-	-	1	-	-	-	-	-	\$1,171.11	\$1,171.11	1	\$1,171.11
Scott, Michael	-	\$2,121.07	\$2,121.07	1	\$2,121.07	-	-	1	-	-	-	-	-	\$2,121.07	\$2,121.07	1	\$2,121.07
Tentor, Lawrence	-	\$724.57	\$724.57	1	\$724.57	-	-	1	-	-	-	-	-	\$724.57	\$724.57	1	\$724.57

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

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

Fiscal Year-To-Date **Q1 2025**

Traveler	Current Quarter Expenses											Fiscal Year-To-Date Expenses						
	Total Travel			# Trips	Cost	Out-of-State-Travel						Total Travel			Out-of-State-Travel			
	Sponsor Paid	VRS Paid	Total			AM	BD	CF	DD	MM	SV	TR	Sponsor Paid	VRS Paid	Total	# Trips	Cost	
Tran, Viet	-	\$644.03	\$644.03	1	\$644.03	-	-	-	1	-	-	-	-	\$644.03	\$644.03	\$644.03	1	\$644.03
Voeks III, Robert	\$796.09	\$732.69	\$1,528.78	2	\$1,528.78	1	-	-	1	-	-	-	\$796.09	\$732.69	\$1,528.78	2	\$1,528.78	
Woodall, Steven	-	\$1,465.58	\$1,465.58	1	\$1,465.58	-	-	1	-	1	-	-	-	\$1,465.58	\$1,465.58	\$1,465.58	1	\$1,465.58
Total	\$35,400.20	\$66,048.71	\$101,448.91	47	\$95,141.72	12	1	25	6	8	2	-	\$35,400.20	\$66,048.71	\$101,448.91	47	\$95,141.72	

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

Virginia Retirement System
Summary of Other Sponsored Travel Related Expenses
(Staff Not Otherwise Includable in Quarterly Reporting)
Fiscal Year-To-Date Through June 2025

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

Detail of Travel Related Expenses

Virginia Retirement System

Board/Committee Members and Selected VRS Staff

Paid in Q1 2025

Traveler	Travel Start	Travel End	Destination	Sponsor	Purpose	Sponsor Paid	VRS Paid	Total
Andrews, Allen	09/18/2024	09/19/2024	Richmond, VA		Attended VRS Board/Committee meetings.	-	\$443.86	\$443.86
Beasley, Michael	08/13/2024	08/14/2024	Richmond, VA		Investment Advisory Committee Meeting (IAC) - Wednesday, August 14, 2024	-	\$880.29	\$880.29
Bell II, John	09/18/2024	09/19/2024	Richmond, VA		Attended VRS Board/Committee meetings.	-	\$478.09	\$478.09
Bernert III, Lawrence	08/14/2024	08/14/2024	Richmond, VA		Attended an Investment Advisory Committee meeting.	-	\$121.94	\$121.94
Deo, Ravindra	09/12/2024	09/12/2024	Richmond, VA		DCPAC	-	\$144.25	\$144.25
Disharoon, Michael	08/14/2024	08/14/2024	Richmond, VA		Attended an Investment Advisory Committee meeting.	-	\$147.40	\$147.40
Disharoon, Michael	09/18/2024	09/19/2024	Richmond, VA		Attended VRS Board/Committee meetings.	-	\$497.81	\$497.81
Hood, Jessica	08/14/2024	08/14/2024	Richmond, VA		Attended an Investment Advisory Committee meeting.	-	\$716.93	\$716.93
Hood, Jessica	09/17/2024	09/19/2024	Richmond, VA		Attended VRS Board/Committee meetings.	-	\$1,117.54	\$1,117.54
James, Matthew	08/14/2024	08/14/2024	Richmond, VA		Attended an Investment Advisory Committee meeting.	-	\$323.24	\$323.24
James, Matthew	09/12/2024	09/12/2024	Richmond, VA		Attended a Defined Contribution Plans Advisory Committee meeting.	-	\$129.98	\$129.98
Kasanoff, Kathryn	08/23/2024	08/23/2024	Richmond, VA		DCPAC Orientation meeting	-	\$717.61	\$717.61
Lewis, Wilbert	08/13/2024	08/14/2024	Richmond, VA		Investment Advisory Committee Meeting - Wednesday, August 14, 2024 - Richmond, VA	-	\$588.25	\$588.25
Bishop, Patricia	08/01/2024	08/07/2024	Pittsburgh, PA		Attended the National Association of State Retirement Administrators annual conference.	-	\$3,707.71	\$3,707.71
Bishop, Patricia	08/01/2024	08/07/2024	Pittsburgh, PA		Attended the National Association of State Retirement Administrators annual conference.	-	\$55.00	\$55.00

Detail of Travel Related Expenses

Virginia Retirement System

Board/Committee Members and Selected VRS Staff

Paid in Q1 2025

Chenault, Jeanne	08/02/2024	08/07/2024	Pittsburg, PA	2024 NASRA Conference	-	\$3,562.09	\$3,562.09
Irving Jr, Robert	09/15/2024	09/18/2024	Phoenix AZ	Attend the NAGDCA annual conference	-	\$2,215.62	\$2,215.62
Jack, Sandra	07/29/2024	08/03/2024	Boston, MA	CAPPP Conference	-	\$5,470.31	\$5,470.31
Junkin, Andrew	05/21/2024	05/22/2024	Boca Raton, Florida	Blackstone AGM - CIO Panel - May 20-21, 2024 - Boca Raton, Florida	-	\$697.21	\$697.21
Junkin, Andrew	06/11/2024	06/13/2024	Big Sky, Montana	2024 Apollo Forum - Big Sky, Montana, June 11-13, 2024	-	\$1,288.00	\$1,288.00
Junkin, Andrew	06/11/2024	06/13/2024	Big Sky, Montana	2024 Apollo Forum - Big Sky, Montana - June 11-13, 2024	-	\$1,183.60	\$1,183.60
Junkin, Andrew	06/11/2024	06/13/2024	Big Sky, Montana	2024 Apollo Forum - Big Sky, Montana - June 11-13, 2024	-	\$1,316.00	\$1,316.00
Junkin, Andrew	07/09/2024	07/12/2024	Orange County, CA	2024 Tide Spark Conference - Orange County, CA - July 9-12, 2024	-	\$2,424.21	\$2,424.21
Alouf, John	06/27/2024	06/28/2024	New York, NY	Due Diligence	-	\$1,234.08	\$1,234.08
Alouf, John	07/23/2024	07/23/2024	New York, NY	Site Visit to Stone Point	-	\$603.21	\$603.21
Alouf, John	08/26/2024	08/26/2024	Charlotte, NC	Travel to Charlotte, NC for Ridgemont due diligence	-	\$798.07	\$798.07
Billingslea, Erica	05/22/2024	05/26/2024	New York	Attended the Oak Hill Advisors Conference. Audax DLS III due diligence meeting. Update meeting with KKR.	-	\$699.61	\$699.61
Billingslea, Erica	06/23/2024	06/26/2024	Palos Verdes, CA	KKR	\$3,438.55	-	\$3,438.55
				Travel to California for the KKR Investors' Meeting and the LPAC meetings for KKR RECOPII, KKR Sp. Sits II, and KKR Credit Partners.			
Bliss, Kevin	08/22/2014	08/22/2024	Washington, DC	Attended the Institutional Exchange Forum sponsored by Titan Investors.	-	\$112.48	\$112.48
Bliss, Kevin	09/17/2024	09/17/2024	New York	ACORE	\$797.62	\$23.52	\$821.14
				Attended the ACORE II Annual Meeting and LPAC Meeting.			

Detail of Travel Related Expenses

Virginia Retirement System

Board/Committee Members and Selected VRS Staff

Paid in Q1 2025

Buchanan, Lee	09/11/2024	09/12/2024	Denver, CO	Morgan Stanley Prime Property Fund; Morgan Stanley Primre Property Fund	Travel to Denver for Morgan Stanley Prime Property Fund LPAC meeting. This is sponsored travel.	\$896.35	\$14.74	\$911.09
Buchanan, Lee	09/19/2024	09/19/2024	Chicago, IL	LaSalle	Travel to Chicago for LaSalle LPAC. This is sponsored travel.	\$672.39	\$14.74	\$687.13
Chang, Warren	06/23/2024	06/27/2024	Zurich, Switzerland	Blackrock	Travel to Zurich, Switzerland to attend the Blackrock Infrastructure AGM and LPAC meetings.	\$11,213.35	\$50.00	\$11,263.35
Chang, Warren	09/19/2024	09/20/2024	Minneapolis, MN		Travel to Minneapolis for Excelsior Capital annual investor meeting.	-	\$819.30	\$819.30
Coleman, Thomas	09/04/2024	09/06/2024	Chicago, IL	Affinius	Travel to Chicago for Affinius LPAC. This is sponsored travel. Tom stayed an extra day to have meetings with other managers.	\$564.27	\$30.83	\$595.10
Coleman, Thomas	09/17/2024	09/18/2024	Chicago	PGIM	Travel to Chicago for PGIM annual general meeting. This is sponsored travel.	\$1,135.32	\$7.00	\$1,142.32
Corsello, Perry	09/18/2024	09/19/2024	Chicago, IL	PGIM	PGIM Annual Meeting and Advisory Board Meeting for Funds III, V and VI.	\$1,493.13	-	\$1,493.13
Gentry III, William	06/18/2024	06/18/2024	Chicago, IL	Madison Dearborn	Travel to Chicago, IL to attend the madison Dearborn Advisory Committee meetings. This is sponsored travel.	\$658.06	\$2.00	\$660.06
Gentry III, William	06/27/2024	06/28/2024	New York, NY		On-site visit with GCM Grosvenor.	-	\$1,133.58	\$1,133.58
Gentry III, William	07/30/2024	07/31/2024	Chicago, IL	GTCR	This is Sponsored Travel to the GTCR LPAC in Chicago, IL.	\$1,392.15	\$24.18	\$1,416.33
Grier, John	06/11/2024	06/12/2024	Washington, DC.		Carlyle's Washington Day Tuesday, June 11, 2024 - Wednesday, June 12, 2024 FOR John Grier	-	\$929.47	\$929.47
Honrado, Cordell	06/23/2024	06/26/2024	Newport, RI		Financial Technology Forum CTO Summit June 23rd-26th in Newport, RI for Dane Honrado.	-	\$2,462.78	\$2,462.78
Le, Vu	08/19/2024	08/25/2024	Bratislava, Slovakia		Travel to Bratislava, Slovakia to attend the European Finance Association 2024 Conference for Vu Le 8/19-8/25, 2024.	-	\$4,612.65	\$4,612.65

Detail of Travel Related Expenses

Virginia Retirement System

Board/Committee Members and Selected VRS Staff

Paid in Q1 2025

Le, Vu	09/10/2024	09/12/2024	Chicago Illinois		CQA 2024 Fall Conference Chicago, IL for Vu Le, September 10th-12th, 2024.	-	\$1,901.69	\$1,901.69
Ma, Chung	08/04/2024	08/07/2024	Pittsburg, Pa.		NASRA Conference for Chung Ma, August 4-7, 2024 in Pittsburg, PA.	-	\$2,867.06	\$2,867.06
Ma, Chung	09/16/2024	09/18/2024	New York, NY.		Global Volatility Summit/Conference and Manager Meetings in New York, NY, September 16th-18th for Chung Ma.	-	\$2,274.81	\$2,274.81
Ma, Chung	09/22/2024	09/25/2024	Newport Beach, CA.		PIMCO Navigating Transformation 2024 Client Conference for Chung Ma, September 22-25, 2024, Newport Beach, CA.	-	\$2,925.63	\$2,925.63
Muniz, Alex	08/19/2024	08/25/2024	Bratislava, Slovakia		Travel to Bratislava, Slovakia to attend the European Finance Association 2024 Conference for Alex Muniz 8/19-8/25, 2024.	-	\$4,925.67	\$4,925.67
Muniz, Alex	09/10/2024	09/12/2024	Chicago Illinois		CQA 2024 Fall Conference Chicago, IL for Alex Muniz, September 10th- 12th, 2024.	-	\$1,705.60	\$1,705.60
Murphy, James	09/09/2024	09/12/2024	London	CVC	Travel to London for CVC advisory board meeting. This is sponsored travel.	\$11,780.08	\$50.50	\$11,830.58
Noland, Walker	09/10/2024	09/11/2024	New York, NY		Travel to New York for Pretium LPAC.	-	\$84.60	\$84.60
Sarki-Hurd, Hajara	07/30/2024	07/30/2024	Philadelphia, PA		Due Diligence visit to Hamilton Lane	-	\$640.18	\$640.18
Sarki-Hurd, Hajara	09/10/2024	09/11/2024	Atlanta, GA	Blackstone EDENS	Travel to Atlanta for Blackstone Edens LPAC. This is sponsored travel.	\$562.84	\$14.74	\$577.58
Schlussler, Daniel	09/11/2024	09/12/2024	Chicago, Illinois		CQA 2024 Fall Conference in Chicago, Illinois, September 11th-12th, 2024 for Daniel Schlussler.	-	\$1,171.11	\$1,171.11
Scott, Michael	09/15/2024	09/18/2024	Phoenix, AZ		Attended the NAGDCA Conference.	-	\$2,121.07	\$2,121.07
Tentor, Lawrence	09/19/2024	09/21/2024	Philadelphia, PA.		2024 Frontiers in Quantitative Finance Conference for Larry Tentor, September 19th- 21st, 2024. Philadelphia, PA.	-	\$724.57	\$724.57
Tran, Viet	06/27/2024	06/27/2024	New York, NY		Site Visit to GCM Grosvenor	-	\$644.03	\$644.03

Detail of Travel Related Expenses

Virginia Retirement System

Board/Committee Members and Selected VRS Staff

Paid in Q1 2025

Voeks III, Robert	08/26/2024	08/26/2024	Charlotte, NC		Travel to Charlotte, NC for Ridgemont due diligence	-	\$713.95	\$713.95
Voeks III, Robert	09/03/2024	09/04/2024	New York, NY	Thoma Bravo	Travel to New York for Thoma Bravo LPAC. This is sponsored travel.	\$796.09	\$18.74	\$814.83
Woodall, Steven	09/16/2024	09/18/2024	Washington, DC		Annual Carlyle Investor Conference. Annual meeting during the conference.	-	\$1,465.58	\$1,465.58
Total						\$35,400.20	\$66,048.71	\$101,448.91

VRS BOARD OF TRUSTEES AND COMMITTEES
 RECORD OF ATTENDANCE & PER DIEMS
 FOR 3Q2024

Month Paid:		Jul-24	Aug-24	Sep-24				Total Days Attended	Per Diem Rate	Per Diem Payments			Total
Member	Area	NA	IAC	DCPAC	ADD	AFT	BOT			Jul	Aug	Sep	
A. SCOTT ANDREWS, CHAIR	BOT	-	X	-	X	X	X	3	\$ 300.00	\$ -	\$ 300.00	\$ 600.00	\$ 900.00
J BRANDON BELL, II	BOT	-	-	-	X	-	X	2	300.00	-	-	600.00	600.00
JOHN M. BENNETT	BOT	-	X	X	X	X	X	4	300.00	-	300.00	900.00	1,200.00
LAWRENCE BERNERT	BOT	-	X	-	-	-	-	1	300.00	-	300.00	-	300.00
MICHAEL P. DISHARON	BOT	-	X	-	-	X	X	3	300.00	-	300.00	600.00	900.00
SUSAN GOODEN	BOT	-	-	X	-	-	X	2	300.00	-	-	600.00	600.00
JESSICA L. HOOD	BOT	-	X	-	X	X	X	3	300.00	-	300.00	600.00	900.00
MATTHEW JAMES	BOT	-	X	X	-	-	-	2	300.00	-	300.00	300.00	600.00
LINDSEY PANTELE	BOT	-	-	-	X	-	X	2	300.00	-	-	600.00	600.00
MONIQUE BARNES (1)	DCPAC	-	-	X	-	-	-	1	300.00	-	-	300.00	300.00
RIVINDRA DEO	DCPAC	-	-	X	-	-	-	1	300.00	-	-	300.00	300.00
C. MATT HARRIS	DCPAC	-	-	X	-	-	-	1	300.00	-	-	300.00	300.00
RICK LARSON	DCPAC	-	-	-	-	-	-	-	300.00	-	-	-	-
BRENDA O. MADDEN	DCPAC	-	-	-	-	-	-	-	300.00	-	-	-	-
ARUN MURALIDHAR	DCPAC	-	-	X	-	-	-	1	300.00	-	-	300.00	300.00
DAVID A. WINTER	DCPAC	-	-	X	-	-	-	1	300.00	-	-	300.00	300.00
MICHAEL R. BEASLEY	IAC	-	X	-	-	-	-	1	300.00	-	300.00	-	300.00
THEODORE ECONOMOU	IAC	-	X	-	-	-	-	1	300.00	-	300.00	-	300.00
PALMER GARSON	IAC	-	X	-	-	-	-	-	-	-	-	-	-
THOMAS S.GAYNER	IAC	-	-	-	-	-	-	-	300.00	-	-	-	-
LAWRENCE E KOCHARD	IAC	-	X	-	-	-	X	2	300.00	-	300.00	300.00	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	-	X	-	-	-	-	1	300.00	-	300.00	-	300.00
										\$ -	\$ 3,900.00	\$ 6,500.00	\$ 10,500.00
Number Attending		0	14	8	5	4	8	39					
Total Days per Diem Paid (Control Total)		0	13	8	5	1	8	35	x\$300	=			10,500.00