Minutes

The Audit and Compliance Committee of the Board of Trustees met on June 9, 2026, at the James Center building located in Richmond, Virginia. The following individuals were present.

Audit and Compliance Committee Members:
J. Clifford Foster, IV, Committee Vice Chair
A. Scott Andrews, Board Chair (participated remotely from Middleburg, VA under § 2.2-3708.3(B)(3))
William H. Leighty

Other Members of the Board of Trustees:
John M. Bennett (participated remotely from Henrico, VA under § 2.2-3708.3(B)(2))
Jessica L. Hood (participated remotely from Wise, VA under § 2.2-3708.3(B)(3))

VRS Staff:

Patricia Bishop, Andrew Junkin, Jennifer Schreck, John Alouf, Michael Cooper, David Cotter, Curtis Doughtie, Antonio Fisher, Joshua Fox, Krystal Groff, Robert Irving, Daniel Lipok, Curt Mattson, David Porter, Matthew Priestas, Kristy Scott, Courtney Shearer, and Virginia Sowers.

Guests:

Eric Sandridge, Auditor of Public Accounts; Alex Syrovatka, Code3AV; and Yvette Irving, Guest

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

Opening Remarks

Mr. Foster called the meeting to order and welcomed everyone to the June 9, 2026, meeting of the Audit and Compliance Committee and noted no changes or additions to the meeting agenda.

Approval of Minutes

Upon motion of Mr. Andrews, seconded by Mr. Leighty, the committee approved the minutes of the Audit and Compliance Committee meeting held on April 23, 2026.

Update for the 2025 Employer Assurances Review

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

He noted these examinations are progressing as planned and their work is on track for substantial completion by June 30, 2026.

Entrance Conference on 2026 Annual Comprehensive Financial Report (ACFR)

Mr. Sandridge then facilitated the APA's entrance with the committee regarding VRS' 2026 ACFR, reviewing the approach and scope of the APA's annual examination of VRS' ACFR for the fiscal year ending June 30, 2026. Mr. Sandridge noted the APA's primary responsibilities under Generally Accepted Auditing Standards are to provide reasonable assurance as to whether the financial statements are free of material misstatements. Mr. Sandridge also noted APA's responsibility to determine that VRS' financial information is accurately incorporated into the statewide ACFR. Mr. Sandridge further addressed the APA's use of materiality, responsibility for identifying fraud, as well as reporting on non-compliance items that could have a material direct or indirect effect on financial statements.

Finally, Mr. Sandridge shared their report on internal controls and compliance will be provided at the conclusion of the examination and any significant findings over internal controls noted there also would be included in the APA's Statewide Single Audit Report.

The committee and Mr. Sandridge discussed educational opportunities APA makes available to its staff and how they support maintaining and developing the skills for performing the VRS audit.

Audit Reports

The committee received two audit reports from staff.

Audit Report 468 – Private Equity Program
Mr. Fox presented the results of Internal Audit's review of the Private Equity Program. The review determined due diligence and monitoring activities are adequate and effective and align with the applicable investment policy statements. There were no recommendations resulting from this review.

Audit Report 469 – Service Retirements
Ms. Schreck presented the results of Internal Audit's review of Service Retirements. Overall, the review determined service retirement processes are working as expected, system interfaces are properly controlled, and system access is appropriately managed based on the principle of least privilege with proper segregation of duties. There was one recommendation resulting from this review. The committee discussed the importance of performing audit work in this area due to its inherent risk of fraud in all pension systems.

Acceptance of Audit Reports

Upon motion of Mr. Leighty, seconded by Mr. Bennett, the committee accepted audit reports 468 and 469 as presented.

Internal Audit's FY 2027 Performance and Oversight Reporting

Ms. Schreck presented the department's fiscal year 2027 performance and oversight reporting approach, which includes two semi-annual reporting activities.

Approval of the FY 2027 Performance and Oversight Reporting

Upon motion of Mr. Leighty, seconded by Mr. Andrews, the committee approved Internal Audit's FY 2027 performance and oversight reporting approach as presented.

Miscellaneous Updates

Quarterly Report on Fraud, Waste and Abuse Hotline Cases
Ms. Schreck noted there were no fraud, waste and abuse cases for the period February 1, 2026, through April 30, 2026.

Management's Quarterly Travel Expense and Per Diem Report
Ms. Schreck noted management's quarterly travel expense and per diem report was included in the meeting materials for the Audit and Compliance Committee's review.

Next Committee Meeting Date

Mr. Foster noted the next meeting of the committee is scheduled for September 16, 2026, at 10:00 a.m.

Acknowledgements

Mr. Foster congratulated and thanked Mr. Andrews as he concluded his term as board chair and welcomed Dr. Gooden as the new board chair.

Meeting Adjournment

There being no further business, upon the motion of Mr. Leighty, seconded by Mr. Andrews, the Audit and Compliance Committee agreed to adjourn the meeting. The meeting concluded at approximately 11:05 a.m.

Clifford Foster
Committee Chair

Jennifer P. Bell Schreck
Secretary