
Minutes

The Audit and Compliance Committee of the Board of Trustees met on December 12, 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:

Lindsey K. Pantele

VRS Staff:

Patricia Bishop, Andrew Junkin, Jennifer Schreck, Rory Badura, Judy Bolt, Jeanne Chenault, Michael Cooper, Antonio Fisher, Joshua Fox, Krystal Groff, Robert Irving, Sandy Jack, Curt Mattson, David Porter, Matthew Priestas, Kristy Scott and Leslie Weldon

Guests:

Zach Borgerding, Justin Ferrell and Eric Sandridge, Auditor of Public Accounts

The meeting convened at approximately 10:07 a.m.

Opening Remarks

Sen. Bell called the meeting to order and welcomed everyone to the December 12, 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. Andrews, seconded by Mr. Bennett, the committee approved the minutes of the Audit and Compliance Committee meeting held on September 18, 2024.

Exit on the 2024 Annual Comprehensive Financial Report (ACFR)

Mr. Borgerding informed the committee the APA's audit work over VRS' fiscal year 2024 ACFR was in its final stages. Mr. Borgerding indicated the APA plans to issue an unmodified opinion dated December 11, 2024. Mr. Borgerding noted as a part of the audit, the APA would issue a "Report on Internal Controls and Compliance" in January 2025. Results of the audit include no new recommendations but will include follow up on prior year recommendations, which is in the process of being discussed with management.

Mr. Borgerding informed the committee Mr. Sandridge would be taking over as project manager moving forward. He reflected on the past decade he had served as the project manager and expressed his respect for VRS as an organization and its management.

Entrance for 2024 Employer Assurances Review

Mr. Sandridge then provided the committee with an overview of the APA's upcoming examination designed to provide participating employers and their auditors the assurances necessary to prepare their own annual financial statements in accordance with:

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

Mr. Sandridge noted the examination will cover the period July 1, 2023, through June 30, 2024, and the APA anticipates issuing its opinions on these matters on or about June 30, 2025. He further indicated the engagement memo would be provided to the committee at a later date.

Audit Report

The committee received one audit report from staff.

Audit Report 460 – Purchase of Prior Service

Ms. Bolt presented the results of Internal Audit's review of Purchase of Prior Service. The review determined overall, purchases of prior service are valid, complete and processed in accordance with the *Code of Virginia*. There were no recommendations resulting from this review.

Acceptance of Audit Report

Upon motion of Mr. Bennett, seconded by Mr. Andrews, the committee accepted audit report no. 460 as presented.

Annual Report on Internal Audit's Quality Assurance and Improvement Program

Ms. Schreck presented the results of the annual internal Quality Assurance and Improvement Program Review as of June 30, 2024, which concluded there was reasonable assurance that the Internal Audit Department was generally performing in conformance with the *International Standards for the Professional Practice of Internal Auditing*. Ms. Schreck noted this review would be validated by an independent third party with their results reported to the committee.

Update on the Global Internal Audit Standards Implementation

Ms. Schreck continued the discussion from the September committee meeting related to the Chief Audit Executive (CAE) qualifications and competencies and shared the recently updated job description for the position. She provided an overview of the planned timeline and cycle of committee activities for the department's implementation of the new *Global Internal Audit Standards*. The committee discussed the use of the different job titles of CAE and Internal Audit Director within the private and public sectors. Ms. Schreck

concluded the discussion by encouraging the committee to share any of its additional feedback on the recently updated job description.

Quarterly Report on Fraud, Waste and Abuse Hotline Cases

Ms. Schreck shared there were no Fraud, Waste and Abuse cases reported for the period August 1, 2024, through October 31, 2024. Ms. Schreck provided the committee with a brief overview of the nature of prior cases.

Miscellaneous Updates

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.

Closing Remarks from the Agency Director

Ms. Bishop conveyed her gratitude of the work and professionalism of Mr. Borgerding over the years he had served as the project manager for the APA audit work. She remarked that during a time when the organization had to navigate changes in GASB standards, IT standards and other requirements, Mr. Borgerding served as a good partner to VRS.

Ms. Bishop also recognized the VRS Chief Financial Officer, Ms. Weldon, and the VRS Controller, Mr. Porter, and their staff's work on VRS' financial statements, acknowledging the efficiencies implemented leading to the ACFR's earlier completion. She emphasized the importance of this work and her appreciation for their and the APA's collaborative efforts to achieve this milestone.

Next Committee Meeting Date

Ms. Schreck noted the next meeting of the committee is scheduled for April 15, 2025, at 3:00 p.m.

Meeting Adjournment

There being no further business, upon motion by Mr. Bennett, seconded by Mr. Andrews, the Audit and Compliance Committee adjourned the meeting at approximately 10:45 a.m.


Committee Chair
Secretary