



Audit and Compliance Committee Meeting

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

Wednesday, 9/24/2025
10:00 AM - 12:30 PM ET

I. Minutes of the June 17th Meeting

Meeting Minutes - Page 3

II. Results of Independent Validation of our Quality Assurance Review

Independent Validation of QAR Presentation - Page 7

VRS Independent Validation Cover Memo and Report - Page 16

Quality Assurance Review Memo - Page 27

III. Matters for Discussion with the Auditor of Public Accounts

Matters for Discussion with the APA - September 2025 - Page 36

APA VRS EA Board Exit and Audit Update - Page 37

A. Exit on the 2024 Employer Assurances Review

B. Update on the 2025 Annual Comprehensive Financial Report

IV. Audit Report

A. Report 464: Leverage Program

Report 464 - Leverage Program - Page 53

V. Limited Assurance Reviews

A. Review of VRS' Agency Performance Outcomes and Operational Measures

FY25 APO and OM Memorandum - Page 74

B. Review of VRS' Investment Incentive Compensation

FY25 Incentive Compensation Memorandum - Page 75

VI. Advisory Services Overview

Advisory Services Overview - LTC - Page 77

VII. Annual Progress Reports for FY 2025

A. Internal Audit Annual Report

FY2025 Annual Report - Page 96

B. Annual Report on the Audit Recommendation Follow-up System

FY 2025 Annual ARFUS Report - Page 110

C. Annual Status Reports on the FY 2025 Annual Audit and FY 2025-2027 Long-Range Plans

FY 2025 Annual Plan Progress - June 2025 - Page 113

FY 2025-2027 Long-Range Plan - Status Report - as of June 30, 2025 - Page 117

VIII. Proposed Annual Audit Plan for FY 2026

Proposed FY 2026 Annual Plan - Page 127

A. RBA: Approve FY 2026 Annual Audit Plan

IX. Miscellaneous Updates

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

Fraud Waste and Abuse Report - May 1, 2025, through July 31, 2025 - Page 131

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

Travel Report Qtr4 FY25 - Mgmt Report - Page 134

C. Committee Meeting Schedule for Calendar Year 2026

Committee Meeting Schedule for Calendar Year 2026 - Page 153

D. Next Meeting Date: Thursday, December 11, 2025, at 10:30 a.m.

X. Review of Audit Director's Performance (Closed Session)

Closed Session Language - Page 155

A. RBA: FY 2025 Internal Audit Director's Performance Review

RBA Audit Directors Performance Review - Page 156

Minutes

The Audit and Compliance Committee of the Board of Trustees met on June 17, 2025, 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
J. Clifford Foster, IV, Committee Vice Chair (arrived at 1:09 p.m.)
A. Scott Andrews, Board Chair

Other Members of the Board of Trustees:

Lawrence A. Bernert, III
Jessica L. Hood

VRS Staff:

Patricia Bishop, Andrew Junkin, Jennifer Schreck, Judy Bolt, Dorothy Chiddo, Michael Cooper, Antonio Fisher, Joshua Fox, Krystal Groff, Robert Irving, Sandy Jack, Curt Mattson, David Porter, Matthew Priestas, Mark Rein, Kristy Scott, Virginia Sowers, Scott Weaver and Leslie Weldon

Guests:

Gracie Davidson, Justin Ferrell and Eric Sandridge, Auditor of Public Accounts; Jacob Hayes, Encore; and Alexandra Jansson, Joint Legislative Audit and Review Commission

The meeting convened at approximately 1 p.m.

Opening Remarks

Sen. Bell called the meeting to order and welcomed everyone to the June 17, 2025, 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 Ms. Hood, the committee approved the minutes of the Audit and Compliance Committee meeting held on April 15, 2025.

Election of Committee Vice Chair

Upon nomination and motion of Mr. Andrews, the committee elected Mr. Foster as Committee Vice Chair of the Audit and Compliance Committee.

Status Update for the 2024 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 the assurances necessary to prepare their own annual financial statements in accordance with Governmental Accounting Standards Board Statements No. 68 and 75.

He noted these examinations are progressing as planned and the APA should conclude their work and issue the related opinions during the month of July.

Entrance Conference on 2025 Annual Comprehensive Financial Report (ACFR)

Mr. Sandridge then facilitated the APA's entrance with the committee regarding VRS' 2025 ACFR, reviewing the approach and scope of the APA's annual examination of VRS' ACFR for the fiscal year ending June 30, 2025. 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 would be included in the Statewide Single Audit Report. The committee and Mr. Sandridge discussed the scope and nature of the report on internal controls and compliance. Ms. Schreck provided additional remarks on how the VRS Internal Audit department scopes its work over internal controls.

Audit Reports

The committee received one audit report from staff.

Audit Report 463 – Retirement Disbursements

Ms. Bolt presented the results of Internal Audit's review of Retirement Disbursements. The review determined monthly disbursement processes are working as expected and changes to monthly benefits are valid and accurate. There were no recommendations resulting from this review.

Acceptance of Audit Report

Upon motion of Mr. Andrews, seconded by Ms. Hood, the committee accepted audit report no. 463 as presented.

Transitional FY 2026 – FY 2027 Strategic Plan and Performance Measures

Ms. Schreck presented the department’s fiscal year 2026 and 2027 strategic plan and performance measures. She discussed how the new *Global Internal Audit Standards* have driven the development of the plan and measures and the associated planned progress and annual reporting.

Approval of the FY 2026 – FY 2027 Strategic Plan and Performance Measures

Upon motion of Mr. Andrews, seconded by Ms. Hood, the committee approved the FY 2026 – FY 2027 strategic plan and performance measures 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, 2025, through April 30, 2025.

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

Sen. Bell noted the next meeting of the committee is scheduled for September 24, 2025, at 10:00 a.m.

Meeting Adjournment

There being no further business, the Audit and Compliance Committee meeting adjourned at approximately 1:45 p.m.

Committee Chair

Secretary

Independent Validation of Quality Assurance Review

Self-Assessment with Independent Validation

VIRGINIA RETIREMENT SYSTEM
INTERNAL AUDIT DEPARTMENT

PRESENTED BY CATHLEEN DAVIS
SEPTEMBER 24, 2025

Virginia Retirement System Internal Audit Department

Jennifer Schreck

CPA, CISA, PMP
Audit Director

Matt Priestas

CIA, CISA, PMP
Principal Auditor: IT Security
& Project Management

Judy Bolt

CPA, CIA, CISA, CFE
Principal Auditor: Benefits,
Operations & Quality
Assurance

Josh Fox

CIA, CIDA, CFE
Principal Auditor:
Investments & Operations

Krystal Groff

CIA, CISA
Principal Auditor: Business
Intelligence

Kristy Scott

CPA, CISA, CIA
Principal Auditor:
Governance & Program
Administration

Standards

The Institute of Internal Auditor's (IIA) International Standards for the Professional Practice of Internal Auditing (Standards)

The purpose of the Standards is to:

- Guide adherence with the mandatory elements of the International Professional Practices Framework.
- Provide a framework for performing and promoting a broad range of value-added internal auditing services.
- Establish the basis for the evaluation of internal audit performance.
- Foster improved organizational processes and operations

Standards – External Assessment

1310 – Requirements of the Quality Assurance and Improvement Program

The quality assurance and improvement program must include both internal and external assessments.

1312 – External Assessments

External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organization. The chief audit executive must discuss with the board:

- The form and frequency of external assessment.
- The qualifications and independence of the external assessor or assessment team, including any potential conflict of interest.

External assessments may be accomplished through a full external assessment, or a self-assessment with independent external validation

Objectives, Scope and Methodology

Objective: To assess the Virginia Retirement System Internal Audit Department's (VRS IAD) conformance with the *Standards* and the Code of Ethics.

Scope:

- VRS IAD, as set forth in the internal audit charter and approved by the board, which defines the purpose, authority and responsibility of the internal audit activity (IA).
- The quality assessment (QA) was concluded on October 8, 2024 and provides senior management and the board with information about IA as of that date.
- The *Standards* and the Code of Ethics in place and effective as of January 2017, were the basis for the QA.

Methodology: To accomplish the objectives, I:

- Reviewed information prepared by VRS IAD and the conclusions reached in the QA report.
- Conducted interviews with key stakeholders including the Audit and Compliance Committee Chair, the Director, executive staff and internal audit staff.
- Reviewed a sample of audit projects and associated workpapers and reports



Results

It is my overall opinion that the Virginia Retirement System Internal Audit Department **generally conforms** with the *Standards* and Code of Ethics.

Generally conforms is the highest level of conformance with the *Standards* and Code of Ethics.

An Independent Validation Statement was prepared to document conclusions related to the validation of VRS IAD's self-assessment.



VRS Internal Audit Department Successful Practices

- Comprehensive Internal Audit Charter which positions the Internal Audit department independently with direct accountability to the VRS Board of Trustees through the Audit and Compliance Committee.
- Strong stakeholder trust, confidence and support.
- Comprehensive Annual Report of Internal Audit department activities including audit plan and audit recommendation follow up dashboards.
- Highly credentialed and experienced Internal Audit team.
- Active leadership engagement in professional communities.
- Well-structured audit program and workpaper templates to facilitate efficient work while meeting Standards.

Independent External Assessor

Cathleen Davis, MBA, CIA, CISA, CFE started with the Arizona Public Safety Personnel Retirement System (PSPRS) in March 2021 as the Chief Auditor.

- She has dual reporting to the Audit Committee/Board of Trustees and the System's Assistant Administrator/General Counsel.
- At PSPRS, Cathleen conducts and supervises staff and third-parties to conduct comprehensive performance, financial, information systems and compliance audits of System departments, programs, employers and local boards using Global Internal Audit Standards (Red Book).
- She most recently worked for the City of Scottsdale's City Auditor's Office in Arizona and has more than 20 years of experience in governmental auditing and accounting. Cathleen's auditing experience also includes work at the City of Chandler, Arizona and the United States Department of Agriculture - Office of Inspector General in Kansas City.
- Cathleen earned a Master of Business Administration with a concentration in Accounting and a Bachelor of Business Administration in Accounting from Pittsburg State University in Pittsburg, Kansas.

Questions



**PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
CORRECTIONS OFFICER RETIREMENT PLAN
ELECTED OFFICIALS' RETIREMENT PLAN
ARIZONA PSPRS TRUST**

Board of Trustees
Chairman
Scott McCarty
Vice Chairman
Harry Papp
Trustees
Christopher Hemmen
Brian Moore
Dean Scheinert
Randie Stein
Nathan Weber
Daren Wunderle

Michael Townsend
Administrator

Erin Higbee
Assistant Administrator

Bret Parke
*Assistant Administrator,
General Counsel*

Mark Steed
*Chief Investment
Officer*

September 17, 2025

Dear Members of the VRS Audit and Compliance Committee,

Jennifer Schreck, Audit Director, shared the results of the Annual Quality Assurance and Improvement Program with the Committee at their December 2024 meeting. Ms. Schreck reported that 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* and Code of Ethics (Standards). She also noted that the quality self-assessment would be validated by an independent third-party and the results would be reported to the Committee.

Their quality self-assessment was performed using the IIA Research Foundation's Quality Assessment Manual for the Internal Audit Activity, 2017 Edition. When a quality assurance review is performed using a self-assessment process, the *Standards* and the manual require that an external independent validation of their work also be completed. This review was performed by Cathleen Davis, MBA, CIA, CISA, CFE, Chief Auditor with the Arizona Public Safety Personnel Retirement System.

As a member of the Association of Public Pension Fund Auditors (APPFA), I volunteered to perform this validation at no cost to VRS. I have no known conflicts of interest in relation to the performance of this review, and none emerged during the course of my work. This review is being completed for the sole benefit of VRS for the purpose of analyzing and rating VRS's internal auditing practices and suggesting improvements thereof.

Included in these materials is an executive summary of our combined results which is followed by VRS's Internal Audit department's report on their quality self-assessment.

We appreciate the professionalism and support of the Audit Director, her team and the other members of VRS management and Board of Trustees with whom we interacted in the performance of this validation.

Sincerely,

Cathleen Davis

Cathleen Davis, MBA, CIA, CISA, CFE
Chief Auditor

Enclosures



Independent Validation

conducted by

Cathleen Davis, MBA, CIA, CISA, CFE

Chief Auditor

Arizona Public Safety Personnel Retirement System

Report on Self-Assessment of the Virginia Retirement System's Internal Audit Department's Activity

September 17, 2025

Executive Summary

The *International Standards for the Professional Practice of Internal Auditing* require that an external quality assessment (QA) of an internal audit activity (IA) must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organization. The qualified assessor or assessment team must demonstrate competence in both the professional practice of internal auditing and the QA process. The QA can be accomplished through a full external assessment or a self-assessment with independent validation.

Jennifer Schreck, VRS Audit Director, discussed the form and frequency of the QA, as well as the independence and qualifications of the external assessor from outside the organization, including any potential conflicts of interest with the Audit and Compliance Committee. Upon consultation and agreement by the Committee, the Virginia Retirement System (VRS) Internal Audit department (IAD) conducted a self-assessment of its IA and selected Cathleen Davis, MBA, CIA, CISA, CFE, Chief Auditor at the Arizona Public Safety Personnel Retirement System as the qualified, independent external assessor to conduct a validation of the self-assessment of the VRS IAD.

Background

The VRS Board of Trustees (Board) formed an Audit and Compliance Committee (Committee) and established an Internal Audit department (IAD) whose reporting responsibility is to the Board through the Committee. An Internal Audit Charter defines the IAD’s purpose, authority, responsibility, and position within VRS and provides guidance in the execution of its duties.

The VRS IAD currently includes the chief audit executive (Audit Director) and five principal auditors.

VRS Internal Audit Department	
Jennifer Schreck , CPA, CISA, PMP	Audit Director
Matt Priestas , CIA, CISA, PMP	Principal Auditor: IT Security & Project Management
Judy Bolt , CPA, CIA, CISA, CFE	Principal Auditor: Benefits, Operations & Quality Assurance
Josh Fox , CIA, CIDA, CFE	Principal Auditor: Investments & Operations
Krystal Groff , CIA, CISA	Principal Auditor: Business Intelligence
Kristy Scott , CPA, CISA, CIA	Principal Auditor: Governance & Program Administration

Opinion as to the Conformance with the *Standards* and the Code of Ethics

It is my overall opinion that VRS IAD generally conforms with the *Standards* and the Code of Ethics.

A detailed list of conformance with individual standards and the Code of Ethics is shown in Appendix A.

The IIA’s *Quality Assessment Manual for the Internal Audit Activity* suggests a scale of three rankings when opining on the internal audit activity: “Generally Conforms,” “Partially Conforms,” and “Does Not Conform.” The ranking of “Generally Conforms” means that an internal audit activity has a charter,

policies, and processes that are judged to be in conformance with the *Standards* and the Code of Ethics. "Partially Conforms" means that deficiencies in practice are noted that are judged to deviate from the *Standards* and the Code of Ethics; however, these deficiencies did not preclude the internal audit activity from performing its responsibilities in an acceptable manner. "Does Not Conform" means that deficiencies in practice are judged to deviate from the *Standards* and the Code of Ethics, and are significant enough to seriously impair or preclude the internal audit activity from performing adequately in all or in significant areas of its responsibilities. A detailed description of conformance criteria can be found in Appendix A.

Objectives, Scope and Methodology

Objectives

The principal objective of the QA was to assess VRS IAD's conformance with the *Standards* and the Code of Ethics.

I, as the external independent assessor, validated the results of VRS IAD's self-assessment. The main focus was to validate the conclusion of VRS IAD related to conformance with the *Standards* and the Code of Ethics.

Scope

The scope of the QA included VRS IAD, as set forth in the Internal Audit Charter and approved by the Board, which defines the purpose, authority, and responsibility of IA.

The QA was concluded on October 8, 2024, and provides senior management and the Board with information about IA as of that date.

The *Standards* and the Code of Ethics in place and effective as of January 2017 were the basis for the QA.

Methodology

VRS IAD compiled and prepared information consistent with the methodology established in the *Quality Assessment Manual for the Internal Audit Activity*, 2017 edition. This information included completed and detailed planning guides, together with all supporting documentation; an evaluation summary, documenting all conclusions and observations; and the self-assessment report by VRS IAD.

VRS IAD identified key stakeholders (IAD staff, senior management and the Board) and sent surveys to each individual identified.

Prior to commencement of the validation portion of the IA self-assessment, I held a preliminary meeting with Ms. Schreck to discuss the status of preparation of the self-assessment, identification of key stakeholders to be interviewed during the validation, and finalization of logistics related to the QA.

To accomplish the objectives, I reviewed information prepared by IA and the conclusions reached in the QA report. I also conducted interviews with selected key stakeholders, including the Audit and

Compliance Committee chair, the VRS Director, executive staff and IA staff; reviewed a sample of audit projects and associated workpapers and reports; reviewed survey data received; and prepared diagnostic tools consistent with the methodology established for an QA in the *Quality Assessment Manual for the Internal Audit Activity*, 2017 edition.

I prepared an "Independent Validation Statement" to document conclusions related to the validation of VRS IAD's self-assessment. This statement is included as Appendix B to this report.

Appendix A – Evaluation Summary and Rating Definitions

	GC	PC	DNC
Overall Evaluation	X		

Attribute Standards (1000 through 1300)		GC	PC	DNC
1000	Purpose, Authority, and Responsibility	X		
1010	Recognizing Mandatory Guidance in the Internal Audit Charter	X		
1100	Independence and Objectivity	X		
1110	Organizational Independence	X		
1111	Direct Interaction with the Board	X		
1112	Chief Audit Executive Roles Beyond Internal Auditing	NA		
1120	Individual Objectivity	X		
1130	Impairment to Independence or Objectivity	NA		
1200	Proficiency and Due Professional Care	X		
1210	Proficiency	X		
1220	Due Professional Care	X		
1230	Continuing Professional Development	X		
1300	Quality Assurance and Improvement Program	X		
1310	Requirements of the Quality Assurance and Improvement Program	X		
1311	Internal Assessments	X		
1312	External Assessments	X		
1320	Reporting on the Quality Assurance and Improvement Program	X		
1321	Use of “Conforms with the <i>International Standards for the Professional Practice of Internal Auditing</i> ”	X		

1322	Disclosure of Nonconformance	X		
------	------------------------------	---	--	--

Performance Standards (2000 through 2600)		GC	PC	DNC
2000	Managing the Internal Audit Activity	X		
2010	Planning	X		
2020	Communication and Approval	X		
2030	Resource Management	X		
2040	Policies and Procedures	X		
2050	Coordination and Reliance	X		
2060	Reporting to Senior Management and the Board	X		
2070	External Service Provider and Organizational Responsibility for Internal Auditing	NA		
2100	Nature of Work	X		
2110	Governance	X		
2120	Risk Management	X		
2130	Control	X		
2200	Engagement Planning	X		
2201	Planning Considerations	X		
2210	Engagement Objectives	X		
2220	Engagement Scope	X		
2230	Engagement Resource Allocation	X		
2240	Engagement Work Program	X		
2300	Performing the Engagement	X		
2310	Identifying Information	X		
2320	Analysis and Evaluation	X		

2330	Documenting Information	X		
2340	Engagement Supervision	X		
2400	Communicating Results	X		
2410	Criteria for Communicating	X		
2420	Quality of Communications	X		
2421	Errors and Omissions	NA		
2430	Use of “Conducted in Conformance with the <i>International Standards for the Professional Practice of Internal Auditing</i> ”	X		
2431	Engagement Disclosure of Nonconformance	NA		
2440	Disseminating Results	X		
2450	Overall Opinions	X		
2500	Monitoring Progress	X		
2600	Communicating the Acceptance of Risks	X		

Code of Ethics		GC	PC	DNC
	Code of Ethics	X		

Rating Definitions

GC – “Generally Conforms” means that the assessor or the assessment team has concluded that the relevant structures, policies, and procedures of the activity, as well as the processes by which they are applied, comply with the requirements of the individual standard or elements of the Code of Ethics in all material respects. For the sections and major categories, this means that there is general conformity to a majority of the individual standard or element of the Code of Ethics and at least partial conformity to the others within the section/category. There may be significant opportunities for improvement, but these should not represent situations where the activity has not implemented the *Standards* or the Code of Ethics and has not applied them effectively or has not achieved their stated objectives. As indicated above, general conformance does not require complete or perfect conformance, the ideal situation, or successful practice, etc.

PC – “Partially Conforms” means that the assessor or assessment team has concluded that the activity

is making good-faith efforts to comply with the requirements of the individual standard or elements of the Code of Ethics, or a section or major category, but falls short of achieving some major objectives. These will usually represent significant opportunities for improvement in effectively applying the *Standards* or the Code of Ethics and/or achieving their objectives. Some deficiencies may be beyond the control of the internal audit activity and may result in recommendations to senior management or the board of the organization.

DNC – “Does Not Conform” means that the assessor or assessment team has concluded that the internal audit activity is not aware of, is not making good-faith efforts to comply with, or is failing to achieve many or all of the objectives of the individual standard or element of the Code of Ethics, or a section or major category. These deficiencies will usually have a significantly negative impact on the internal audit activity's effectiveness and its potential to add value to the organization. These may also represent significant opportunities for improvement, including actions by senior management or the board.

Appendix B – Independent Validation Statement

I was engaged to conduct an independent validation of the Virginia Retirement System's Internal Audit Department's (VRS IAD) self-assessment, included as Appendix C to this report.

The primary objective of the validation was to verify the assertions and conclusions made in the attached self-assessment report concerning adequate fulfillment of the organization's basic expectations of the internal audit activity (IA), its conformity to The IIA's *International Standards for the Professional Practice of Internal Auditing*, and successful internal audit practices and opportunities for continuous improvement noted. Other matters that might have been covered in a full external assessment, such as an in-depth analysis of successful practices based on benchmark data, governance activities, consulting services, and use of advanced technology, were excluded from the scope of this independent validation by agreement with the Audit Director, Jennifer Schreck.

In acting as a qualified, independent external assessor from outside the organization, I am fully independent of VRS IAD and have the necessary skills to undertake this engagement. The validation, concluded on September 17, 2025, consisted primarily of a review and a test of the procedures and results of VRS IAD's self-assessment. In addition, interviews were conducted with the Audit and Compliance Committee Chair, Director, and members of executive and internal audit staff.

I concur with VRS IAD's conclusions and observations documented in the self-assessment report attached.

Cathleen Davis

Cathleen Davis, MBA, CIA, CISA, CFE

Chief Auditor

Arizona Public Safety Personnel Retirement System

Independent External Assessor Performing the Validation

September 17, 2025

Appendix C – Virginia Retirement System Internal Audit Department Self-Assessment

The Virginia Retirement System's Internal Audit Department's Internal Audit Quality Assurance Self-Assessment follows.

MEMORANDUM

To: VRS Audit and Compliance Committee Members

From: Kristy Scott, CPA, CISA, CIA
Principal Auditor, Governance and Program Administration

Subject: Internal Audit Quality Assurance Self-Assessment and Independent Validation

The following discusses the internal quality assurance review performed in the fall of 2024 on the Internal Audit Department in order to express an opinion on Internal Audit's level of conformance with the *Institute of Internal Auditors' (IIA) International Standards for the Professional Practice of Internal Auditing and Code of Ethics* (the *Standards*). This memorandum is being provided to the committee to supplement the reporting of the results of the independent validation of this review.

The primary objective of the quality assurance review was to evaluate Internal Audit's conformance with the *Standards*. Additional objectives included evaluating Internal Audit's effectiveness and identifying areas to enhance the department's management, work processes and procedures.

The quality assessment covered the process to complete assurance engagements performed by the department from July 1, 2023, through the fiscal year ending June 30, 2024, as well as planning, management and monitoring functions for the department.

The work performed during the quality assessment included:

- Performance of a self-assessment in preparation for an independent external validation in accordance with the *Standards*.
- Review and evaluation of electronic surveys completed by VRS' executives and management.
- Review and evaluation of audit work papers for a sample of engagements.
- Review of surveys completed by the Internal Audit Director and Internal Audit staff.
- Review of staff qualifications and performance assessment process.
- Review of the departments policies and procedures, risk assessments, audit plans, and other relevant documents.

The quality assessment was performed using the IIA Research Foundation's Quality Assessment Manual for the Internal Audit Activity, 2017 Edition. The results of such review are intended as resources for the Internal Audit Director to improve operations and continue to add value to VRS.

This engagement is classified as a self-assessment review because the staff completing (Kristy Scott) and supervising (Judy Bolt, CPA, CISA, CIA, CFE) the review are members of VRS' Internal Audit department.

The results of a self-assessment must be validated by an independent, external reviewer(s), qualified in internal audit quality assessment reviews, in order to meet the requirements for such reviews outlined in the *Standards*. The results of the independent validation are being presented at the September committee meeting.

Conclusion

In my opinion, there is reasonable assurance VRS' Internal Audit Department "Generally Conforms" with the IIA's International Professional Practices Framework (IPPF), which is the highest of three possible ratings¹ for the period under review.

This opinion, representing the best possible evaluation within IIA guidance, means that there are in place relevant structures, policies, procedures and processes that comply with the requirements of the IIA's IPPF in all material respects. (See Appendix A for a detailed list of the department's conformance to all the individual IIA Standards)

This result was communicated by me to the Internal Audit Director via a memorandum dated October 8, 2024. (See Appendix B). The Internal Audit Director provided a summary the results as well as an overview of the department's Quality Assurance Improvement Program at the Audit and Compliance Committee's December 2024 meeting.

Observations

No significant weaknesses were identified that would prevent the department from fulfilling its responsibilities either under its Internal Audit Charter or the International Professional Practices Framework.

¹ There are three Quality Assurance Review opinion rating options: "Generally Conforms", "Partially Conforms", and "Does Not Conform". These options are further defined at the end of Appendix B.

Appendix A – Evaluation Summary and Rating Definitions

		GC	PC	DNC
Overall Evaluation		X		
Attribute Standards (1000 through 1300)		GC	PC	DNC
1000	Purpose, Authority, and Responsibility	X		
1010	Recognizing Mandatory Guidance in the Internal Audit Charter	X		
1100	Independence and Objectivity	X		
1110	Organizational Independence	X		
1111	Direct Interaction with the Board	X		
1112	Chief Audit Executive Roles Beyond Internal Auditing	NA		
1120	Individual Objectivity	X		
1130	Impairment to Independence or Objectivity	NA		
1200	Proficiency and Due Professional Care	X		
1210	Proficiency	X		
1220	Due Professional Care	X		
1230	Continuing Professional Development	X		
1300	Quality Assurance and Improvement Program	X		
1310	Requirements of the Quality Assurance and Improvement Program	X		
1311	Internal Assessments	X		
1312	External Assessments	X		
1320	Reporting on the Quality Assurance and Improvement Program	X		
1321	Use of “Conforms with the <i>International Standards for the Professional Practice of Internal Auditing</i> ”	X		
1322	Disclosure of Nonconformance	X		

Performance Standards (2000 through 2600)		GC	PC	DNC
2000	Managing the Internal Audit Activity	X		
2010	Planning	X		
2020	Communication and Approval	X		
2030	Resource Management	X		
2040	Policies and Procedures	X		
2050	Coordination and Reliance	X		
2060	Reporting to Senior Management and the Board	X		
2070	External Service Provider and Organizational Responsibility for Internal Auditing	NA		
2100	Nature of Work	X		
2110	Governance	X		
2120	Risk Management	X		
2130	Control	X		
2200	Engagement Planning	X		
2201	Planning Considerations	X		
2210	Engagement Objectives	X		
2220	Engagement Scope	X		
2230	Engagement Resource Allocation	X		
2240	Engagement Work Program	X		
2300	Performing the Engagement	X		
2310	Identifying Information	X		
2320	Analysis and Evaluation	X		
2330	Documenting Information	X		

Performance Standards (2000 through 2600), continued		GC	PC	DNC
2340	Engagement Supervision	X		
2400	Communicating Results	X		
2410	Criteria for Communicating	X		
2420	Quality of Communications	X		
2421	Errors and Omissions	NA		
2430	Use of “Conducted in Conformance with the <i>International Standards for the Professional Practice of Internal Auditing</i> ”	X		
2431	Engagement Disclosure of Nonconformance	NA		
2440	Disseminating Results	X		
2450	Overall Opinions	X		
2500	Monitoring Progress	X		
2600	Communicating the Acceptance of Risks	X		

Code of Ethics		GC	PC	DNC
	Code of Ethics	X		

Rating Definitions

GC – “Generally Conforms” means that the assessor has concluded that the relevant structures, policies, and procedures of the activity, as well as the processes by which they are applied, comply with the requirements of the individual standard or elements of the Code of Ethics in all material respects. For the sections and major categories, this means that there is general conformity to a majority of the individual standard or element of the Code of Ethics and at least partial conformity to the others within the section/category. General conformance does not require complete or perfect conformance, the ideal situation, or successful practice, etc.

Note: There may be significant opportunities for improvement, but these should not represent situations where the activity has not implemented the *Standards* or the Code of Ethics and has not applied them effectively or has not achieved their stated objectives.

PC – “Partially Conforms” means that the assessor has concluded that the activity is making good-faith efforts to comply with the requirements of the individual standard or elements of the Code of Ethics, or a section or major category, but falls short of achieving some major objectives. These will usually represent significant opportunities for improvement in effectively applying the *Standards* or the Code of Ethics and/or achieving their objectives. Some deficiencies may be beyond the control of the internal audit activity and may result in recommendations to senior management or the board of the organization.

DNC – “Does Not Conform” means that the assessor has concluded that the internal audit activity is not aware of, is not making good-faith efforts to comply with, or is failing to achieve many or all of the objectives of the individual standard or element of the Code of Ethics, or a section or major category. These deficiencies will usually have a significantly negative impact on the internal audit activity’s effectiveness and its potential to add value to the organization. These may also represent significant opportunities for improvement, including actions by senior management or the board.

NA – “Not Applicable” means the assessor has concluded that the individual standard listed did not apply to the internal audit function during the review period. Even though no audit activity occurred where the individual standard was applicable, the internal audit activity is still responsible for the individual standard or elements of the Code of Ethics in all material respects.

Appendix B – Internal Quality Assurance Review Memo

MEMORANDUM

Date: October 8, 2024
To: Jennifer Schreck, Audit Director
From: Kristy Scott, Principal Auditor
Subject: Internal Quality Assurance Review (QAR) – July 1, 2023 through June 30, 2024

The purpose of this examination was to obtain reasonable assurance that the Internal Audit department is generally performing in conformance with the *International Standards for the Professional Practice of Internal Auditing (Standards)*.

The Standards require that a periodic review (QAIP) be performed of the Internal Audit Department to ensure that the department is performing within the Internal Audit Standards of the Institute of Internal Auditors (IIA), and that a full review is performed at least every five years.

The Quality Assurance auditor, or other auditor as assigned by the audit director, performs a QAIP yearly and a QAR once within the 5-year QAR cycle and results are reported to the audit director, in the fall, in order to be reported at the December Audit and Compliance Committee meeting. The last External QAR was completed in summer 2019 and subsequently reported to the committee in December 2019. The last full Internal assessment was completed in the fall of 2023 and reported to the committee in December 2023. Given the timing of the external QAR and the implementation of new standards for the future, in consultation with the Audit and Compliance Committee, a decision was made to perform a self-examination with an independent validation in 2024 and as such, another full internal review was performed in the summer of 2024.

As part of this examination, surveys were sent to management who participated in audits in the last year, as well as internal audit staff, to obtain feedback regarding how they perceive that Internal Audit Governance, Internal Audit Staff, Internal Audit Management and Internal Audit Processes are performing.

Internal audit governance was appraised to assess compliance with IIA *Standards*. The Internal Audit Charter was last updated in September 2017, and was submitted to and approved by the Board of Directors at the November 2017 Board Meeting. The Charter was examined to ensure that it remains in compliance with the *Standards*. Independence, auditor objectivity and compliance with the code of ethics was evaluated. Compliance with the requirement for a periodic Quality Assurance Improvement Program also was evaluated.

Internal audit staff were assessed to establish whether staff are appropriately qualified for their current position. Training records were evaluated to ascertain whether audit staff maintain the proper number of Continuing Professional Education units for individual certifications, as well as departmental requirements as stated in the Internal Audit Charter. Likewise, the performance appraisal process was examined to confirm that appraisals are performed at least once per year.

Internal audit management was evaluated for conformance to the *Standards* as well. The current audit plan was reviewed to establish the reasonableness of the methodology used to develop and adjust the plan. Planned versus actual engagements was assessed to determine whether the department completed its fiscal year 2024 audit plan and to ascertain whether changes to the plan were adequately supported. Further, the audit plan was evaluated to verify whether Governance processes are audited regularly. A review was performed to confirm whether the requirements were met concerning "Required Communications" to the Committee. Employee records were assessed to substantiate whether there was a current, signed Conflict of Interest Statement and Statement of Understanding for each member of the internal audit staff. Finally, internal audit's policies and procedures were examined to verify whether they were current and adequately documented.

The internal audit process was evaluated to determine if standard audit workpapers were updated to reflect changes in the *Standards*. Audit workpapers were reviewed to determine if the processes for engagement planning, execution and communication of results were performed in conformance with the *Standards*. The Audit Recommendation Follow Up System (ARFUS) was reviewed to establish if the disposition of internal audit results is appropriately monitored and communicated to management. Lastly, control over and retention of workpapers was examined for adequacy.

Results of the Review

The feedback from audit client surveys was generally complimentary of the internal audit staff and of the audit director. Overall, the VRS Internal Audit Department effectively carries out its mission, as set forth in the Internal Audit Charter, and the charter was properly approved and written in accordance with IIA *Standards*. Audit staff surveys were generally complimentary of the internal audit department, management and process.

The Internal Audit Charter is up to date and contains the required elements as established by the *Standards*. The review confirmed that a sound Quality Assurance Improvement Program is in place and that examinations are performed on a regular basis and are consistent with the *Standards*. As confirmed through evaluation of Audit Committee Minutes, the audit director apprises the Audit and Compliance Committee of the results of ongoing monitoring and periodic internal assessments annually, as required. Further, internal audit's independence was confirmed and auditor objectivity and compliance with the code of ethics was found satisfactory.

Review of audit staff qualifications established that staff members are appropriately qualified for their current job positions. Audit staff have the proper training and have earned Continuing Professional Educational units to support certification and departmental requirements. Further, the examination substantiated that audit staff receive performance reviews annually that provide feedback for their job performance.

The examination established that the methodology used for updating the four-year audit plan for the current yearly audit plan was sufficient to meet the *Standards* and that the department either completed or adequately explained changes to audits scheduled during the third year of the four-year audit plan. The review also established that Governance processes are audited regularly and that the Required Communications Checklist, developed by Internal Audit, was used appropriately to ensure that specific information is reported to the Committee as required by the *Standards*. A signed Conflict of Interest Statement and Statement of Understanding was on file for each member of the audit staff, and policies and procedures were current and sufficiently documented.

Evaluation of the internal audit process found that standard audit workpapers are updated, as needed, to reflect changes in the *Standards*. Review of the audit process found that audits are appropriately performed to ensure that engagement planning, execution, and communication of results are in conformance with the *Standards*, and workpapers are properly controlled and maintained. The review also found that the process in place to monitor and communicate the disposition of audit results is adequate.

Based on the results of the examination, there is reasonable assurance that the Internal Audit Department is generally performing in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

Matters for Discussion with the Auditor of Public Accounts

GASB No. 68 RELATED REPORTS

[VRS Management's Assertions Related to Census Data for the fiscal year ended June 30, 2023](#)

[State Employee Retirement Plan for the fiscal year ended June 30, 2024](#)

[Political Subdivision Retirement Plan for the fiscal year ended June 30, 2024](#)

[Teacher Retirement Plan for the fiscal year ended June 30, 2024](#)

GASB No. 75 RELATED REPORTS

[VRS Management's Assertions Related to OPEB Census Data for the fiscal year ended June 30, 2023](#)

[Disability Insurance Program for the fiscal year ended June 30, 2024](#)

[Group Life Insurance Plan for the fiscal year ended June 30, 2024](#)

[Line of Duty Act Program for the fiscal year ended June 30, 2024](#)

[State Health Insurance Credit Plan for the fiscal year ended June 30, 2024](#)

[Teacher Health Insurance Credit Plan for the fiscal year ended June 30, 2024](#)

[Political Subdivision Health Insurance Credit Plans for the fiscal year ended June 30, 2024](#)

MATTERS FOR DISCUSSION WITH THE APA

Exit on the VRS 2024 Employer Assurances Audit

The APA will exit with the committee on the results of their 2024 Employer Assurances Audit for GASB No. 68 and 75. A listing of and hyperlink to the 11 reports issued by the APA from this audit effort is provided for your convenience in the call out box to the left. The APA's presentation highlights the results of their work which will be discussed with the committee.

For reference purposes, a list of some types of questions posed to external auditors when exiting are provided below. However, exit meetings with the APA are typically informal, with questions posed as the committee sees fit.

Typical Questions Posed to External Auditors when Exiting

- Were there any significant adjustments to the accounting records?
- Were there any significant accounting or auditing problems encountered during the examination? Do any remain unresolved?
- Were there any significant changes in accounting policies or principles during the year?
- 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?

Update on the 2025 Annual Comprehensive Financial Report

The APA will provide a brief update to the committee on the progress of their review of VRS' Annual Comprehensive Financial Report.



VRS Employer Assurances Engagement Fiscal Year 2024

September 24, 2025

Eric Sandridge, Deputy Auditor

Auditor of Public Accounts

Objectives

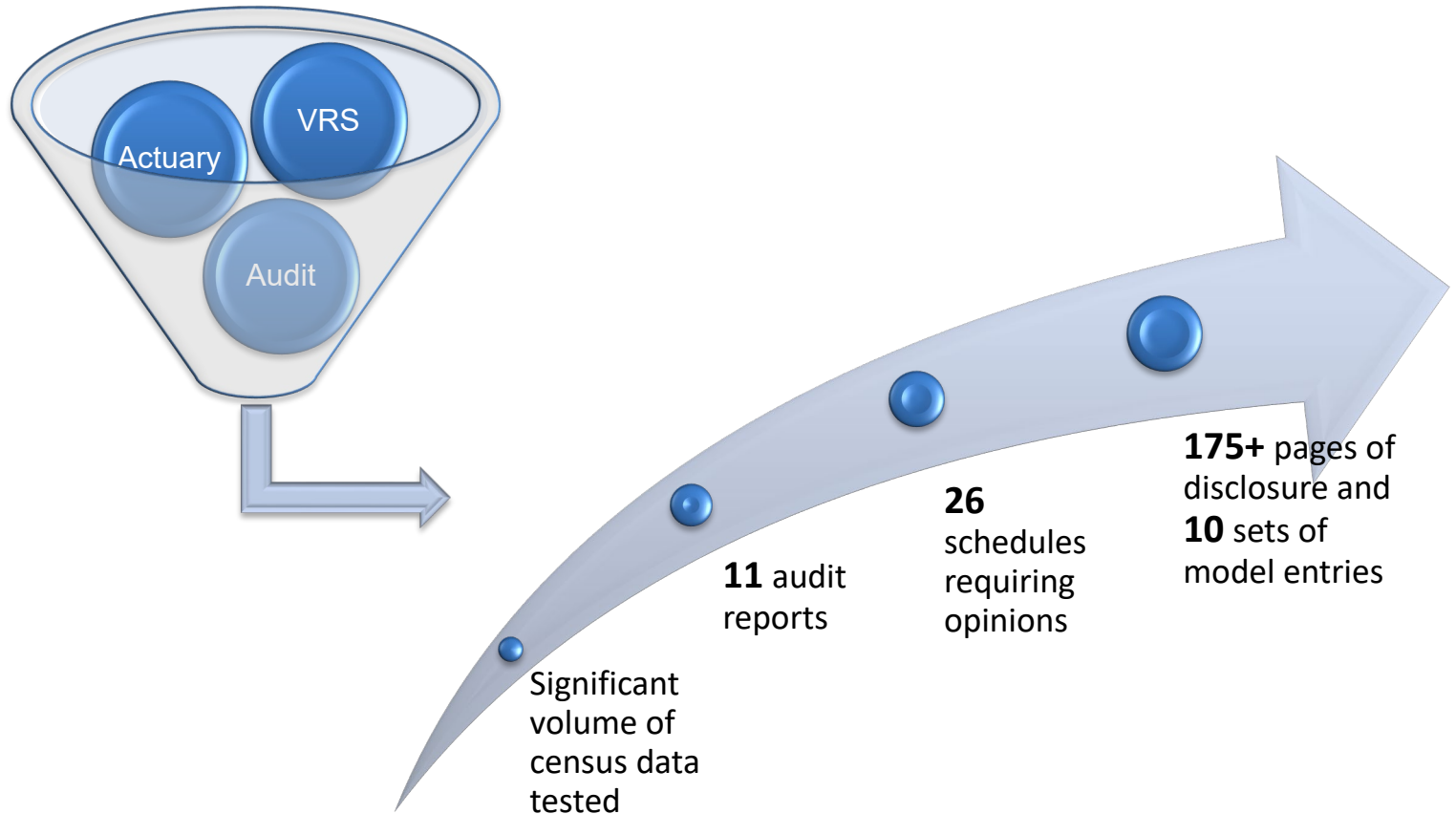


Results of the Fiscal Year 2024
Employer Assurances Engagement



Update on the Fiscal Year 2025
Retirement System Financial Statement
Audit

GASB 68 and 75 Project Scope



Pension and OPEB Plan Types

Single Employer

- Single plan that covers the employees of a single employer

Agent Multiple Employer

- Single plan that covers the employees of multiple employers
- Plan assets are segregated for each participating employer and cannot legally be used to pay other employer's pension or OPEB obligation

Cost Sharing Multiple Employer

- Single plan that covers the employees of multiple employers
- Plan assets are not legally segregated for each participating employer and can legally be used to pay other employer's pension or OPEB obligation

Agent Multiple Employer Plans

- Pensions – Political Subdivisions



- Health Insurance Credit – Political Subdivisions



Agent Multiple Employer Plan Audit Assurances

Provide opinion
on proper
accumulation of
census data by
the plan

Provide opinion
on fair
presentation of
changes in FNP
by employer

Net Liability is
the Residual
Balance

Total Pension Liability

Less: Fiduciary Net Position

Net Pension Liability

Total OPEB Liability

Less: Fiduciary Net Position

Net OPEB Liability

VRS Cost Sharing Multiple Employer Plans

PENSION

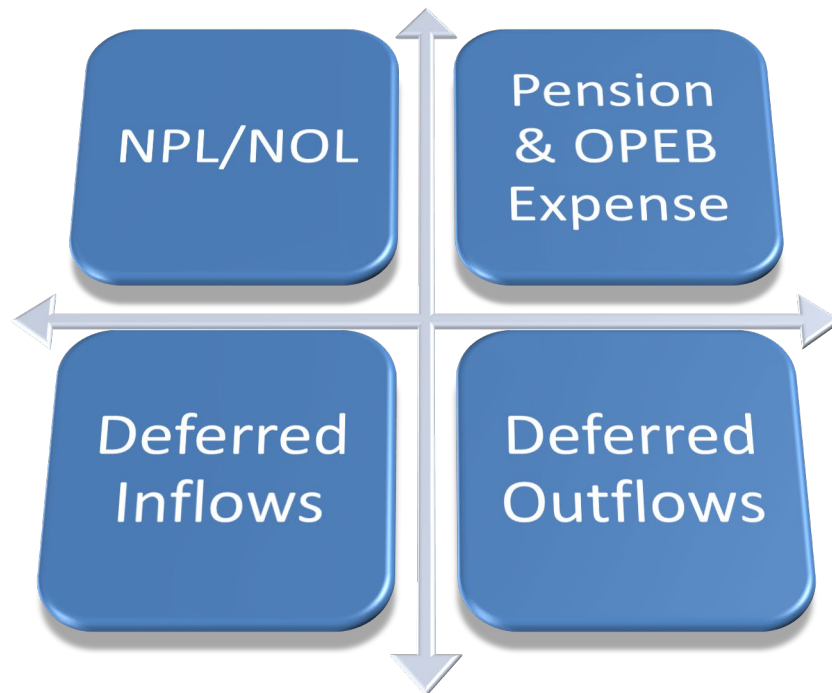
- State Plan
- Teacher Plan

OPEB

- Health Insurance Credit – Teacher
- Health Insurance Credit – State
- Group Life Insurance
- Line of Duty Act
- Virginia Sickness and Disability Program
- Virginia Local Disability Program (No opinions)

Cost Sharing Multiple Employer Audit Assurances

- Provide opinion on pension/OPEB amounts at plan level
- Provide opinion on employer allocation percentages



Issuance of GASB 68 and 75 Resources

- Employers received the following pension and OPEB resources in early September:

Audited Schedules

```
graph TD; A[Audited Schedules] --> B[GASB 68/75 Reports]; B --> C[Template Journal Entries]; C --> D[Template Note Disclosures];
```

GASB 68/75 Reports

Template Journal Entries

Template Note Disclosures

APA Issued Unmodified Opinions for:

- Accurate and complete accumulation of census data to the actuary for pensions and OPEBs
- Fair presentation of the Schedules of Changes in Fiduciary Net Position at the employer level and related notes (Agent Multiple Employer Plans)
- Fair presentation of pension/OPEB amounts, special contributions, non-employer contributions and employer allocations and related notes (Cost Sharing Plans)

Census Data Opinion: Emphasis of Matter

- VRS does not have access to certain census data elements for retirees from an Optional Retirement Plan (ORP) who are eligible for HIC or GLI and have not claimed a benefit
- Actuary has applied assumptions in place of the data in accordance with Actuarial Standards of Practice
- Opinion was not modified in respect to this matter

Audit Adjustments

- No significant adjustments identified to amounts presented in the schedules
- All proposed adjustments have been addressed in the audited reports

Other Audit Results:

- No internal control findings warranting your attention
- No indications of noncompliance, fraudulent activity or illegal acts
- Proper treatment of accounting principles
- No material alternative accounting treatments
- No significant disagreements with management

VRS Annual Report Audit – Progress Update

- Audit in progress, some staffing changes this year
- No findings or issues to note at this point
- Audit must be complete by December 15, 2025. We typically present at the December meeting
- No additional observations that require the Committee's attention

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

Leverage Program

January 1, 2025, through March 31, 2025



TABLE OF CONTENTS

TITLE PAGE	1
TRANSMITTAL LETTER	2
EXECUTIVE SUMMARY	3
BACKGROUND	4
SCOPE AND METHODOLOGY	12
CONCLUSIONS	14
FOLLOW-UP ON PRIOR REPORTS	16
RECOMMENDATIONS	16
MANAGEMENT EXIT CONFERENCE	17
PRINCIPAL AUDITOR IN-CHARGE	18
AUDIT SUPERVISOR	18

Dear Members of the Audit and Compliance Committee,

We have completed audit number 464, “Leverage Program.” The main purpose of our review was to evaluate the control structure surrounding the newly implemented Leverage Program.

We conducted our audit in accordance with the *Global Internal Audit Standards*. 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 Chief Investment Officer, Director and members of management for review and comment. Management expressed substantial agreement with our report and will issue a written response to the included recommendation.

We appreciate the cooperation and assistance of the Investments, Compliance and Operations Departments throughout this review.

Respectfully Submitted,

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

EXECUTIVE SUMMARY

We conducted an examination of the Leverage Program within VRS' Investment department for the period January 1, 2025, through March 31, 2025. Our review determined:

- Management's administration of the Leverage Program complies with the Leverage Investment Policies.
- Management has implemented sufficient and appropriate monitoring activities for the Leverage Program.
- General compliance with contractual obligations related to the VRS Leverage Program.
- Leverage related accounting transactions are accurate, reconciled and timely recorded by the Bank of New York (BNY).

We offer no recommendations regarding the administration of the Leverage Program.

Other Recommendation

We offer one written recommendation related to enhancing contract monitoring and management activities which support this and VRS' other investment programs.

SNAPSHOT

Leverage is an **investment strategy** using **financial instruments** or **borrowed capital** to **increase** the **potential return** of an **investment**.

The Investment Department formally **established** VRS' **Leverage Program** on **January 1, 2024**, as a **risk profile enhancement**.

Specifically, VRS **uses leverage** to **defend the fund** by enabling **better risk balance**, helping to **mitigate drawdown risk**, and allowing **VRS to hold positions** and **not** be a **forced seller of assets** in down markets.

As of **March 31, 2025**, VRS was deploying **\$2.6 Billion** of **Leverage**.

AUDIT ASSESSMENT

Adequate oversight and monitoring controls exist over the Leverage Program.

Program Recommendations: 0

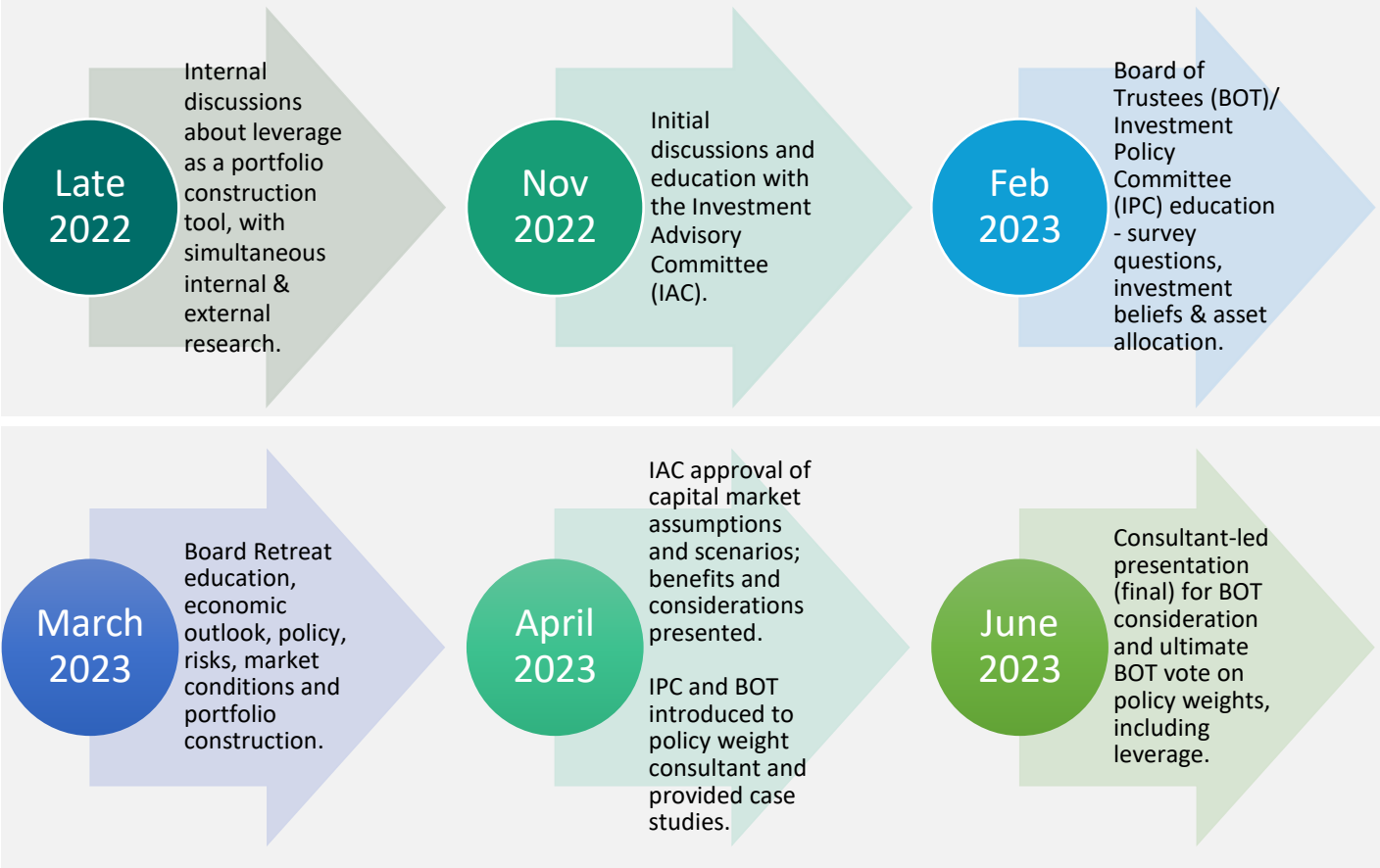
Other Recommendations: 1

BACKGROUND

INTRODUCTION

Investment leverage refers to the use of borrowed funds (debt or other financial instruments) to amplify the effects of an investment, allowing for the potential to earn higher returns. While used by VRS in the past, VRS management and staff introduced the concept of using asset allocation leverage to enhance the risk management stance of the fund beginning in 2022 through various presentations and educational sessions. VRS formally established its Leverage Program in January 2024. The graphic below illustrates some of the significant activities prior to implementation.

Pre Leverage Implementation



VRS has used the concept of leverage within individual investment programs for many years. However, using a total asset allocation approach for leverage was not formally established until January 2024 for risk profile enhancement purposes. As implemented, the VRS investment department uses leverage to defend the fund by enabling better risk balance, helping mitigate drawdown risk and enabling VRS to hold positions and not be a forced seller of assets.

INVESTMENT POLICIES

Implementation of the Leverage Program is supported by several investment policies. The Defined Benefit Plan Investment Policy Statement includes the VRS Board of Trustees (Board) approved asset allocation, limits and benchmarks related information. The Leverage Program Investment Policy establishes the framework for the implementation of leverage. Finally, the Leverage Account Investment Policy Statement defines the authority, investment objectives and philosophy.

Defined Benefit Plan Investment Policy Statement

The overarching governance document for the total fund is the VRS Defined Benefit Plan Investment Policy Statement. This document was updated and approved by the Board on February 8, 2024. Based on this document, the investment objective of the VRS defined benefit plan portfolio is to maximize return while managing risk within an acceptable range.

The Board delegates to the Chief Investment Officer (CIO) the authority to establish and modify as necessary the program level investment policy statements. Therefore, the CIO must approve any material changes to the risk profile and/or the return objectives for each program's policy statements.

Asset Allocation

VRS has used the concept of leverage within individual investment programs for many years. However, the concept of leverage using a total asset allocation approach was not established until January 2024. The total asset allocation approach dictates the sum of the target weights of the strategic asset allocation is greater than 100%. For example, if 3% of leverage has been deployed, the total value of all investments held by VRS would be 103%. Asset allocation leverage can be used to better balance portfolio and drawdown risks.

The Board approved the long-term Defined Benefit Plan strategic asset allocation to include the implementation of leverage at its June 15, 2023, VRS Board meeting. This approval included use of up to 3% of leverage be available for rebalancing purposes as circumstances may warrant at the CIO's discretion and to minimize the need to transact at non-economic prices.

Appendix 1 of the VRS Defined Benefit Plan Investment Policy Statement was updated January 1, 2025. This appendix captures Board approved program policy target percentages, allowable ranges and benchmarks for Leverage and other VRS investment programs.

Other State Pension funds using leverage in asset allocation include:

State of Wisconsin Investment Board

Teacher Retirement System of Texas

California Public Employees' Retirement System

Pennsylvania Public Schools Employees' Retirement System

Missouri State Employees' Retirement System

Ohio Police and Fire Pension

VRS' management initially implemented the program with a policy target of -1% of the total fund. The policy target increased to -2% in January 2025 and is forecasted to increase to -3% in fiscal year 2026. Further, at its June 2025 meeting the Board approved an increase in the leverage allowable range from -3% to -4%.

Leverage Benchmark

To monitor the effectiveness of the implementation of leverage, the programs expenses are measured against a benchmark. The Leverage Program benchmark (effective January 2024) is the Secured Overnight Financing Rate (SOFR) plus 50 basis points per annum. The cost effectiveness of the Leverage Program is reflected in the chart below.

Program vs. Benchmark as of March 31, 2025			
	1 Year	Quarter	Month
Leverage Program	5.8	1.3	0.4
Benchmark	5.6	1.2	0.4
Variance	0.2	0.1	0.0

Investment Leverage Policy

The VRS Investment Leverage Policy was approved at the November 16, 2023, Board meeting. The primary objective of this policy is to establish a framework for the prudent management of leverage at the strategic asset allocation level. The policy includes details about the philosophy, permissible deployment mechanisms, parameters and assessment.

Leverage Account Investment Policy Statement

The VRS Leverage Account Investment Policy Statement was most recently updated in June 2025. This document complements the VRS Investment Leverage Policy and provides additional details of the Leverage Program.

The VRS Leverage Account Investment Policy Statement stipulates the delegation of authority from the Board to the CIO to establish and modify as necessary the program level investment policy statements. The program level investment policy statement explicitly delegates authority from the CIO to the Program Director/Director, through the Managing Director, regarding the management and monitoring of their applicable portfolios.

Organizational Chart

As of March 31, 2025

Chief Investment Officer

Managing Director
Portfolio Solutions Group

Director of Portfolio
Integration

Director of Treasury

The Investment Policy Statement includes the investment objectives and authority of the Leverage Program. This document also dictates those individuals who can make investment decisions and execute day to day management of the leverage account.

ORGANIZATION STRUCTURE

As noted above, oversight of the Leverage Program has been designated to the newly created Treasury team, within the Investment Department. Led by the Director of Treasury, the team reports to the Director of Portfolio Integration. The Director of Treasury is primarily responsible for overseeing the daily treasury operations, including cash flow forecasting, liquidity management and external relationship management. They also are responsible for the entire financing and cash flow process, ensuring optimal utilization of available funds.

LEVERAGE FUNDING SOURCES

The Leverage Policy defines three permissible deployment mechanisms. One of these mechanisms is the reinvestment or re-use of collateral, including but not limited to securities lending, repurchase agreements/reverse repurchase agreements, and other external funding. The second is the use of derivatives, including futures, forwards, swaps, and options. The third mechanism is implementation leverage which includes the use of financing terms embedded within program level investment structures.

The policy further states that any other deployment of leverage shall be done pursuant to the prudent investor standard in the *Code of Virginia* 51.1-124.30(C).

Securities Lending Cash Collateral Release

VRS currently uses the Securities Lending Cash Collateral Release Program as one of the primary funding sources for leverage. In this scenario, the master custodian acts as a lending agent allowing VRS to utilize the cash collateral held on behalf of investors who have borrowed securities owned by VRS.

The prudent investor standard found in the *Code of Virginia* 51.1-124.30(C) states:
“...invest the assets of the Virginia Retirement System with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.”

Bank Fees

The custodian subsequently charges interest plus bank fees daily on the amount of cash collateral released.

Other Contractual Limitations

The executed agreement also stipulates no more than 50% of available funds in the securities lending cash collateral pool can be released as part of the securities lending cash release program to ensure sufficient funds remain in the securities lending cash collateral pool at any point in time.

Use of Synthetic Derivatives

A secondary source of Leverage Program funding is the use of synthetic derivative instruments, such as futures, forwards, swaps or options, to create synthetic exposure to utilize as leverage. For this approach, VRS uses assets held in the Public Equity program as collateral. Expenses related to these transactions are market driven; therefore, this funding source has not been used consistently since the implementation of leverage.

As of February 8, 2025, all prior synthetic derivative instruments related to leverage had been settled and this funding source is in hibernation.

Program Level Leverage

While outside the scope of this review, the Leverage Policy stipulates leverage can be utilized as part of financing terms embedded within program level investment structures. These structures are most common in the Real Assets Program but also found in other programs.

MASTER CUSTODIAN'S ROLE

The Bank of New York (BNY) serves an integral role as VRS' master custodian, by maintaining the official accounting records for all investments and providing security settlement processing, asset custody and income collection as well as other investment and accounting related services.

BNY has administered VRS' Securities Lending Program since June 1988. Securities lending occurs when an institutional investor, such as VRS, temporarily loans out securities to another party. As

part of the process, BNY also manages the securities lending cash collateral investment pool that holds the collateral for securities that have been loaned by VRS. The balance of the securities lending cash collateral investment pool was approximately \$5.1 billion as of March 31, 2025.

VRS is compensated for their participation in the Securities Lending Program through a revenue split arrangement between VRS and BNY. All interest income received through securities lending activities are included in the revenue split arrangement.

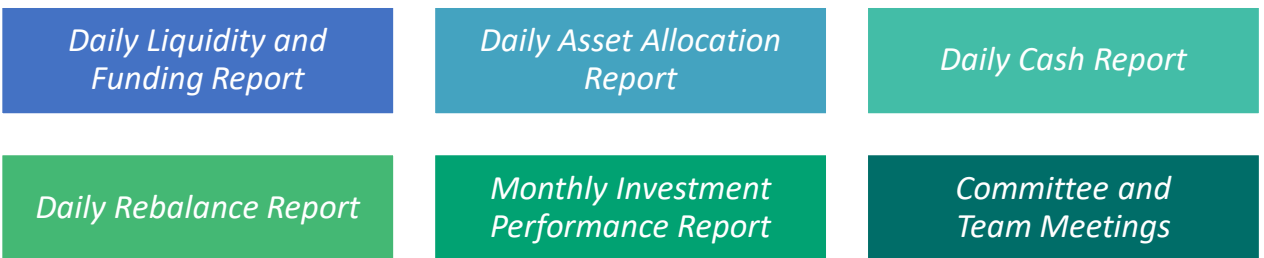
Management and staff have worked with BNY since early 2020 exploring the feasibility and functionality of the securities lending cash collateral release program as well as establishing related fee arrangements. The income realized through the cash collateral release program have been subject to the same revenue split agreement.

Service Assurance

The Service Organization Control 1 (Type 2) reports provided by BNY offer a good overview of BNY's operating environment and are intended for use by VRS' external auditor in conducting their annual examination for the purpose of expressing an opinion on whether VRS' annual financial statements are presented fairly and in accordance with generally accepted accounting principles. However, these reports also provide VRS, as well as Internal Audit, with certain degrees of continuing assurance regarding the level of services rendered and the reliability of the accounting data processed and recorded by BNY.

LEVERAGE MONITORING

The Treasury team monitors the Leverage Program through a variety of mechanisms as shown in the graphic below.



Daily Leverage Reporting

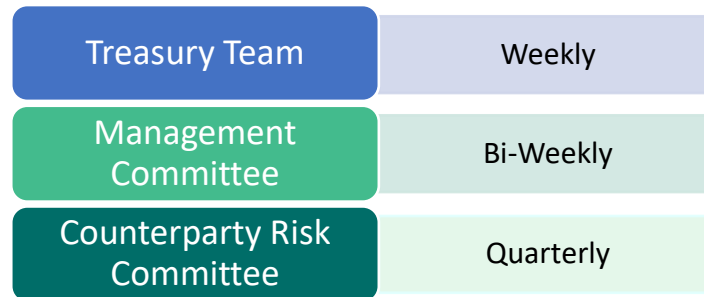
The newly created daily Liquidity and Funding report, combined with the daily Asset Allocation, Cash and Rebalance reports assist the Treasury team to effectively monitor the overall position of the fund. The combination of these reports provides a daily snapshot of each program, including market balances, target allocations, allowable ranges, future cashflow activity, value at risk and other liquidity measures. Management uses this information to determine the amount of leverage necessary to optimize performance of the fund.

Monthly Investment Performance Reporting

VRS' Investment Accounting generates monthly performance reports for all asset classes, including leverage, which are reviewed and approved by the respective program directors or designees. The Director of Portfolio Integration reviews and approves the monthly performance reports for the investment accounts included in the Leverage Program.

Committee and Team Meetings

The following committees and team meet regularly to monitor the performance and effectiveness of the Leverage Program.



CASH TRANSFERS

Cash transfers are used throughout the Investment Department to move assets to support managing the Total Fund in accordance with the VRS Defined Benefit Plan Investment Policy Statement and each program's respective Investment Policy Statement. All cash transfers, including those related to the Leverage Program, require a direction letter which is prepared by VRS' Investment Accounting group. Investment Accounting obtains approval from the

requestor(s), and from an authorized signer from both Investments and Administration before the direction letter is sent to BNY for processing.

RECONCILIATIONS

VRS and BNY perform various reconciliation processes to support the accuracy and completeness of recorded leverage related transactions and balances.

Monthly

The Investment Operations department reconciles all Leverage Program accounts monthly to ensure leverage related account balances tracked internally by VRS agree to the balances reported by BNY.

Quarterly

In line with the monthly process, Leverage Program accounts are reconciled by Investment Operations to ensure the ending balances and transactions recorded by BNY agree with VRS' records. This supports VRS' oversight of the monthly reconciliation process managed by BNY.

The Leverage Program quarterly reconciliations are submitted to VRS' Investment Accounting department no later than 45 days after quarter end to ensure timely completion of the reconciliation in accordance with VRS' reconciliation policies and procedures. Upon receipt, the reconciliation is reviewed and approved by the Investment Accounting Department.

INVESTMENT MANAGEMENT SYSTEM

VRS contracts with a vendor to use a single investment management system platform for carrying out the trade life cycle, monitoring compliance with the Investment Policy Statement and agreed upon broker commissions, as well as several post-trade processes. The investment management system has a suite of tools, is integrated with other systems and receives and sends data to support VRS' investment management needs. The system is considered as the source of internal records for trades and corporate action elections made in-house by VRS staff.

The investment management system is integrated with systems used to execute, match and confirm trades and then transmit trade details to VRS' master custodian BNY. The investment

management system exchanges data with various pricing sources and BNY to support automated reconciliations of cash and positions and communicate relevant corporate actions.

Use in the Leverage Program

The investment management system platform is used to record and track activity of derivative transactions related to the Leverage Program. However, due to the manual nature of the derivative transactions, not all of the tools offered by the investment management system platform are used.

SCOPE AND METHODOLOGY

The primary purposes of our examination were to:

- Determine compliance with the Leverage Investment Policies.
- Ascertain whether monitoring activities for the Leverage Program are sufficient and appropriate.
- Evaluate compliance with contractual obligations related to the VRS Leverage Program.
- Assess whether leverage accounting transactions are accurate, reconciled and timely recorded by BNY.

GENERAL ASSESSMENT AND UNDERSTANDING

A general understanding of the Leverage Program and related controls was obtained by meeting with key individuals from the Investments, Compliance, Investment Accounting and Operations Departments. We also reviewed the applicable policies and procedures, contracts and other relevant documents.

COMPLIANCE WITH POLICY STATEMENTS

We reviewed the VRS Investment Leverage Policy, VRS Leverage Account Investment Policy Statement and elements of the VRS Defined Benefit Investment Policy Statement related to leverage to assess compliance. Specific areas of focus included compliance with applicable targets and approved limits.

LEVERAGE MONITORING

We obtained an understanding of the monitoring processes related to leverage to ensure they are sufficient and appropriate. A walkthrough was performed of the daily Liquidity and Funding report, Asset Allocation, Cash and Rebalance reports.

A sample of three Asset Allocation reports from the audit period was judgmentally selected for detailed review to ensure accuracy and completeness.

In addition, all monthly performance reports for the three-month audit period were obtained to ensure proper approval by the Director of Portfolio Integration.

CONTRACTUAL OBLIGATIONS AND FEES

Contractual obligations and associated fees related to the Leverage Program were reviewed for the three-month audit period to ensure compliance with all related contract terms. The procedures associated with the related fee payments were also reviewed for overall reasonableness.

SERVICE ORGANIZATION CONTROL REPORTS

Documentation of the annual review of the December 31, 2024, BNY Service Organization Control Report related to asset servicing, custody and securities lending services completed by the Investment Compliance department was obtained and reviewed for control deficiencies. The BNY complementary user entity control considerations were also obtained and reviewed to ensure VRS has appropriate controls implemented relative to services provided to VRS.

DERIVATIVES TRANSACTIONS

All synthetic derivative transactions related to the Leverage Program and applicable to the audit period were reviewed to ensure the transactions were reasonable, accurately recorded and properly approved.

RECONCILIATIONS

Both the Operations and Investment Accounting departmental procedures related to the quarterly reconciliation process were obtained and reviewed for completeness and overall reasonableness.

Additionally, the complete population of leverage related accounts were reviewed for the three-month audit period to assess agreement with supporting documentation, timely completion and proper approval.

CASH TRANSFERS

The procedures associated with cash transfers were obtained and reviewed for overall reasonableness. Given its size, the total population of direction letters related to leverage cash transfers for the audit period was reviewed to determine if the transactions were appropriately authorized and accurately recorded in the custodian's records.

SYSTEM ACCESS

Logical access controls over the investment management system were reviewed for overall reasonableness, separation of duties and the principle of least privilege. Additionally, VRS' semi-annual review was reviewed for reasonableness over user access for all VRS employees with access to the system.

CONCLUSIONS

GENERAL ASSESSMENT AND UNDERSTANDING

Overall, VRS' Leverage Program has adequate oversight and monitoring controls. The Leverage Investment Policy Statement adequately defines the investment objectives and philosophy, allowable strategies, limits and risks. Additionally, VRS' Defined Benefit Investment Policy Statement defines the Leverage Program performance benchmark information as well as target and allowable ranges. We found substantial compliance with the applicable Investment Policy Statements allowing for proper oversight of the Program's investment activities.

COMPLIANCE WITH POLICY STATEMENTS

Our review determined the Leverage Program complied with the Defined Benefit Investment Policy Statement's current policy limit of 3% of the total fund for the entire audit period. As of March 31, 2025, \$2.6 Billion of leverage was being deployed by VRS, approximately 2.25% of the total fund, falling within the allowable range between 0% and 3% of the total fund defined.

Additionally, our review determined the VRS Investment Leverage Policy and VRS Leverage Account Investment Policy Statement to be reasonable and comprehensive, providing sufficient parameters to effectively monitor the Leverage Program.

LEVERAGE MONITORING

All Asset Allocation reports selected for review from the audit period agreed to supporting documentation, were accurate and complete. In addition, all monthly performance reports for the three-month audit period reviewed were reasonable and properly approved.

CONTRACTUAL OBLIGATIONS AND FEES

All Leverage Program contractual obligations and related fees reviewed for the audit period were reasonable and properly approved. However, our review determined certain elements of the security lending cash release fee structure were not part of the master fee schedule nor have been memorialized with an executed contract amendment with BNY. Additionally, we found other contract stipulations that should be modified to ensure current practices agree to contract documents. When brought to their attention, management initiated the necessary process to have these amendments fully executed. Please refer to the Recommendation section below.

SERVICE ORGANIZATION CONTROL REPORTS

Investment Compliance's review over the December 31, 2024, BNY Service Organization Control (SOC) Report related to asset servicing, custody and securities lending services was determined to be comprehensive and complete. The reports did not include any control deficiencies that would have an adverse effect on the services that are provided to VRS. Additionally, we determined VRS has adequately considered the applicable complementary user entity controls included in the SOC reports.

DERIVATIVES TRANSACTIONS

All synthetic derivative transactions related to the Leverage Program and applicable to the audit period were reasonable, accurately recorded and properly approved.

RECONCILIATIONS

Both the Operations and Investment Accounting departmental procedures related to the quarterly reconciliation process are complete and reasonable.

Additionally, all reconciliations reviewed from the audit period agreed to supporting documentation, were completed timely and were properly approved.

CASH TRANSFERS

The procedures related to the cash transfer process are complete and reasonable. All cash transfers selected for review for the three-month audit period were reasonable, adequately supported by a direction letter and appropriately approved.

SYSTEM ACCESS

Logical access controls over the investment management system are reasonable, appropriately separate duties and are based on the principle of least privilege. Additionally, VRS' semi-annual review over user access for all VRS employees with access to the system was reasonable and properly approved.

FOLLOW-UP ON PRIOR REPORTS

There were no outstanding audit recommendations to consider.

PROGRAM RECOMMENDATIONS

We offer no recommendations regarding the direct administration of the Leverage Program.

OTHER RECOMMENDATIONS

We do offer one recommendation which addresses an ancillary process supporting the Leverage Program. This recommendation is considered a reportable condition.

Enhance Investment Contract Management Practices over Existing Relationships

Certain minor discrepancies between contractual language and actual practice were observed during this and a prior review. While individually less significant, collectively they highlight a need to review and enhance Investment's contract management practices over existing relationships to aid in the timely identification, capture, acceptance and communication by and to all parties

Leverage Program Pg. 16 of 18

REPORTABLE CONDITION

Any observation included in the Recommendations section of the report is considered a "Reportable Condition." The resolution of a "Reportable Condition" merit monitoring in the Audit Recommendation Follow-Up System (ARFUS).

MATERIAL ISSUE

Certain recommendations may address a matter that poses such significant risk to VRS whereby immediate measures should be taken to mitigate the exposure. Other long-term solutions may also be appropriate for the permanent resolution of the matter. These recommendations are considered a "Material Issue."

Any recommendation requires a formal response from management.

of any changes impacting the payment of fees, services provided and/or limitations defined to protect the fund and its partners.

We encourage Investments to perform such a review, ensuring all internal parties relying on contractual terms in the administration and recording of investments participate in the process. Based on the results of the review, management should update, as necessary, its processes, policies and procedures supporting the investment contract management practices.

MANAGEMENT EXIT CONFERENCE

This report was distributed to Mr. Junkin, Ms. Bishop and other members of VRS' management and staff for review and comment. They expressed substantial agreement with this report and will issue a written response to the recommendation contained in this report.

REPORT DISTRIBUTION

Submitted to the Audit and Compliance Committee at its meeting held
September 24, 2025.

MEMBERS OF THE AUDIT AND COMPLIANCE COMMITTEE

The Hon. J. Brandon Bell, II, Committee Chair
J. Clifford Foster, Committee Vice Chair
A. Scott Andrews, Board Chair

WITH COPIES TO:

OTHER MEMBERS OF THE BOARD OF TRUSTEES

John M. Bennett
Lawrence A. Bernert, III
Susan T. Gooden
Jessica L. Hood
The Hon. Matthew James
Lindsey K. Pantele

VRS EXECUTIVE LEADERSHIP

Patricia S. Bishop
Andrew H. Junkin
Members of the
Executive Committees

AUDITOR OF PUBLIC ACCOUNTS

Staci A. Henshaw

JLARC

Kimberly A. Sarte
Alexandra Jansson

PRINCIPAL AUDITOR IN-CHARGE

Joshua Fox, CIA, CIDA, CFE

AUDIT SUPERVISOR

Kristy Scott, CPA, CISA, CIA



To: Jennifer P. Bell Schreck, Internal Audit Director

From: Andrew H. Junkin, Chief Investment Officer *AHJ*
Curtis M. Mattson, Chief Administrative Officer *CMM*

Date: September 16, 2025

Subject: Management's Response to Internal Audit Report No. 464 – "Leverage Program"

We reviewed the above captioned Internal Audit Report on "Leverage Program". We appreciate the Internal Auditor's analysis and comments regarding the newly formed Leverage Program. We also appreciate the thorough background provided in the report as well as the professionalism and cooperation exhibited by Internal Audit staff.

The Audit Report identified a recommendation which addresses an ancillary process supporting the Leverage Program. Below is the recommendation and management's response.

1. Enhance Investment Contract Management Practices over Existing Relationships

Certain minor discrepancies between contractual language and actual practice were observed during this and a prior review. While individually less significant, collectively they highlight a need to review and enhance Investment's contract management practices over existing relationships to aid in the timely identification, capture, acceptance and communication by and to all parties of any changes impacting the payment of fees, services provided and/or limitations defined to protect the fund and its partners.

We encourage Investments to perform such a review, ensuring all internal parties relying on contractual terms in the administration and recording of investments participate in the process. Based on the results of the review, management should update, as necessary, its processes, policies and procedures supporting the investment contract management practices.

Management's Response: *The Investments Department will continue with the review of its contract management process. This review process will include the relevant internal stake*

holders as well as possibly reaching out to various external partners (other pension funds, external investment managers, etc.) to help identify potential process improvements.


We plan to have this review completed by June 30, 2026. Based on the findings, we will develop a project plan to move forward. This plan will be shared with Internal Audit.

Limited Assurance Reviews



Date: September 11, 2025

To: Trish Bishop, Director

From: Jennifer Schreck, Internal Audit Director 
Krystal Groff, Principal Auditor

Subject: Review of FY 2025 Agency Performance Outcomes and Operational Measures

As part of our annual process, Internal Audit has reviewed the status of the FY 2025 Agency Performance Outcomes (APOs) and Operational Measures (OMs), as set forth by management for the fiscal year ended June 30, 2025. The purpose of our review was to obtain reasonable, but not absolute assurance, the status of such outcomes and measures were fairly represented in management's status reports.

Based upon our review of available documentation, attendance at VRS Board and Committee meetings and discussions with various VRS personnel, nothing came to our attention to cause us to question the representations set forth by management with respect to either the APOs or the OMs. Accordingly, we have no reason to believe that the APOs and OMs were not appropriately represented as satisfied for the fiscal year ended June 30, 2025.

We provided minor feedback to management for consideration to further strengthen and clarify VRS' operational measures.


I would like to commend the management team and staff for their accomplishments this past year. Please feel free to share this information with the Administration, Finance and Talent Management Committee as well as the full Board of Trustees, as you deem appropriate.



Date: September 11, 2025

To: Paula Reid, Director of Human Resources

CC: Trish Bishop, Director
Andrew Junkin, Chief Investment Officer
Curt Mattson, Chief Administrative Officer

From: Jennifer Schreck, Internal Audit Director 
Joshua Fox, Principal Auditor

Subject: **Review of FY2025 Investment Incentive Compensation**

Internal Audit has reviewed the proposed Investment Incentive Compensation for the fiscal year ended June 30, 2025. As presented, the Investment Incentive Compensation amount, in aggregate, is **\$8,700,836.10** where a qualitative multiplier of **1.0** is used for the Chief Investment Officer.

We confirmed all Investment Professionals met the eligibility requirements as outlined in the Investment Professionals' Pay Plan. Further, we found the aggregate amount and the proposed individual payment amounts were accurately computed in accordance with the Investment Professionals' Pay Plan effective **June 10, 2025**.

Please share this information with the Administration, Finance and Talent Management Committee as well as the Board of Trustees, as you deem appropriate.

Advisory Services Review



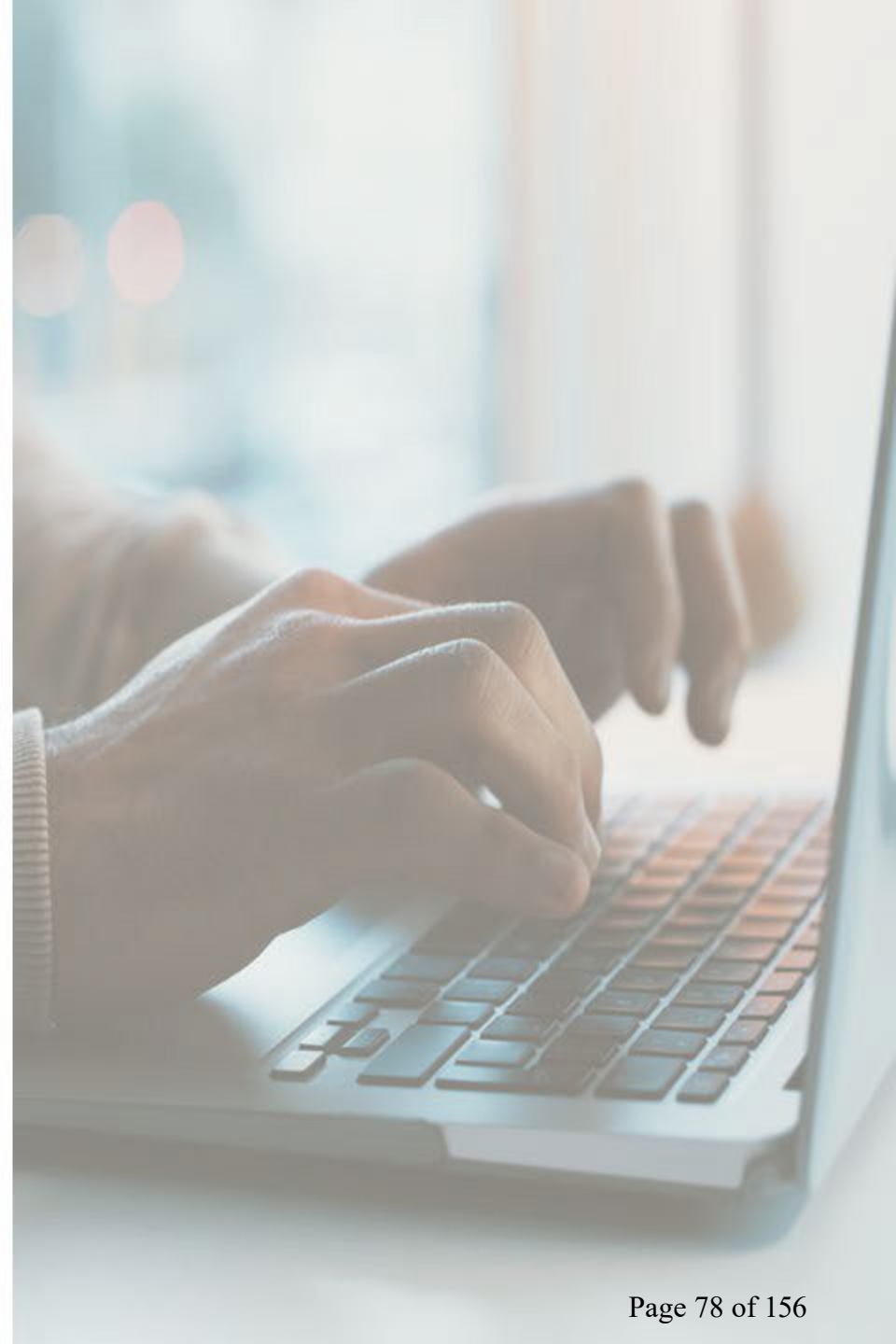
Advisory Services Overview

Long-Term Care Project

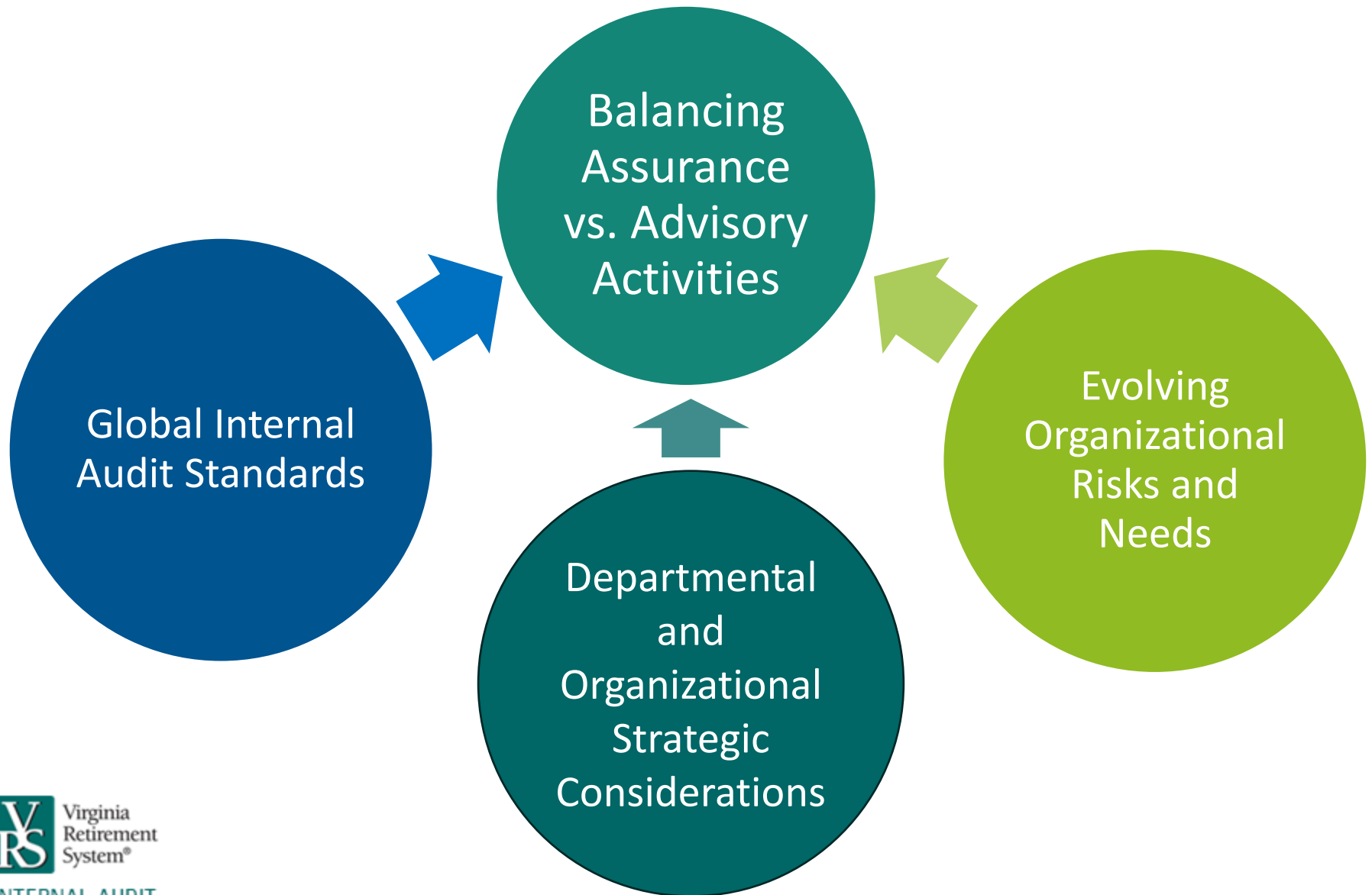
September 24, 2025

Discussion Points

- Introduction
- Distinctions between:
 - Assurance Services
 - Advisory Services
- Engagement Overview
- Risk Analysis



Growing Opportunities for Advisory Services



Project Transformation Opportunity in FY 2025

Virginia Sickness and Disability and Virginia Local Disability long-term care programs, originally scoped as an assurance audit.



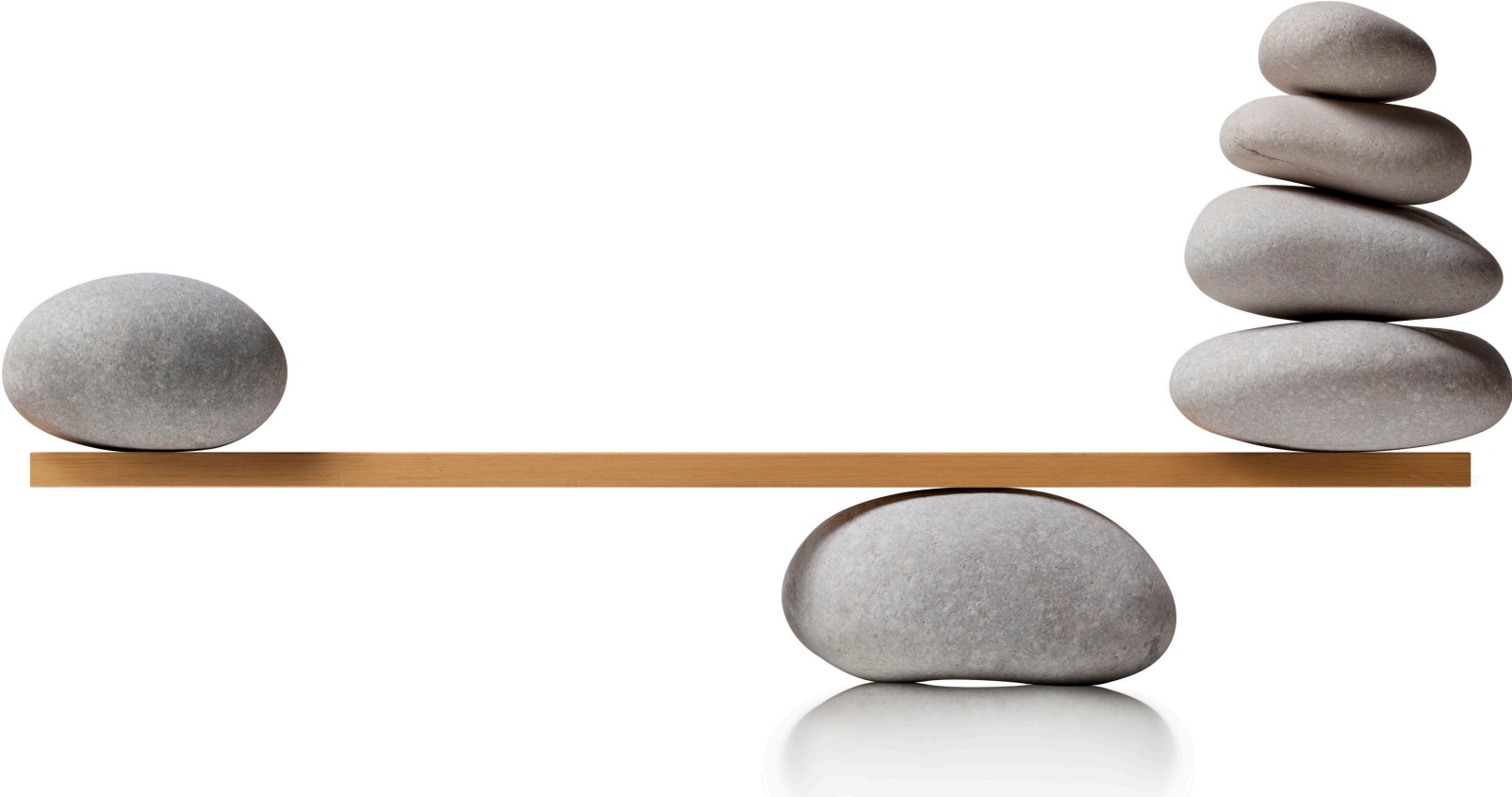
Identified an opportunity to provide different value to VRS.

Made a strategic shift from an assurance audit to advisory engagement.



Collaboratively refined the project scope to meet organizational needs.

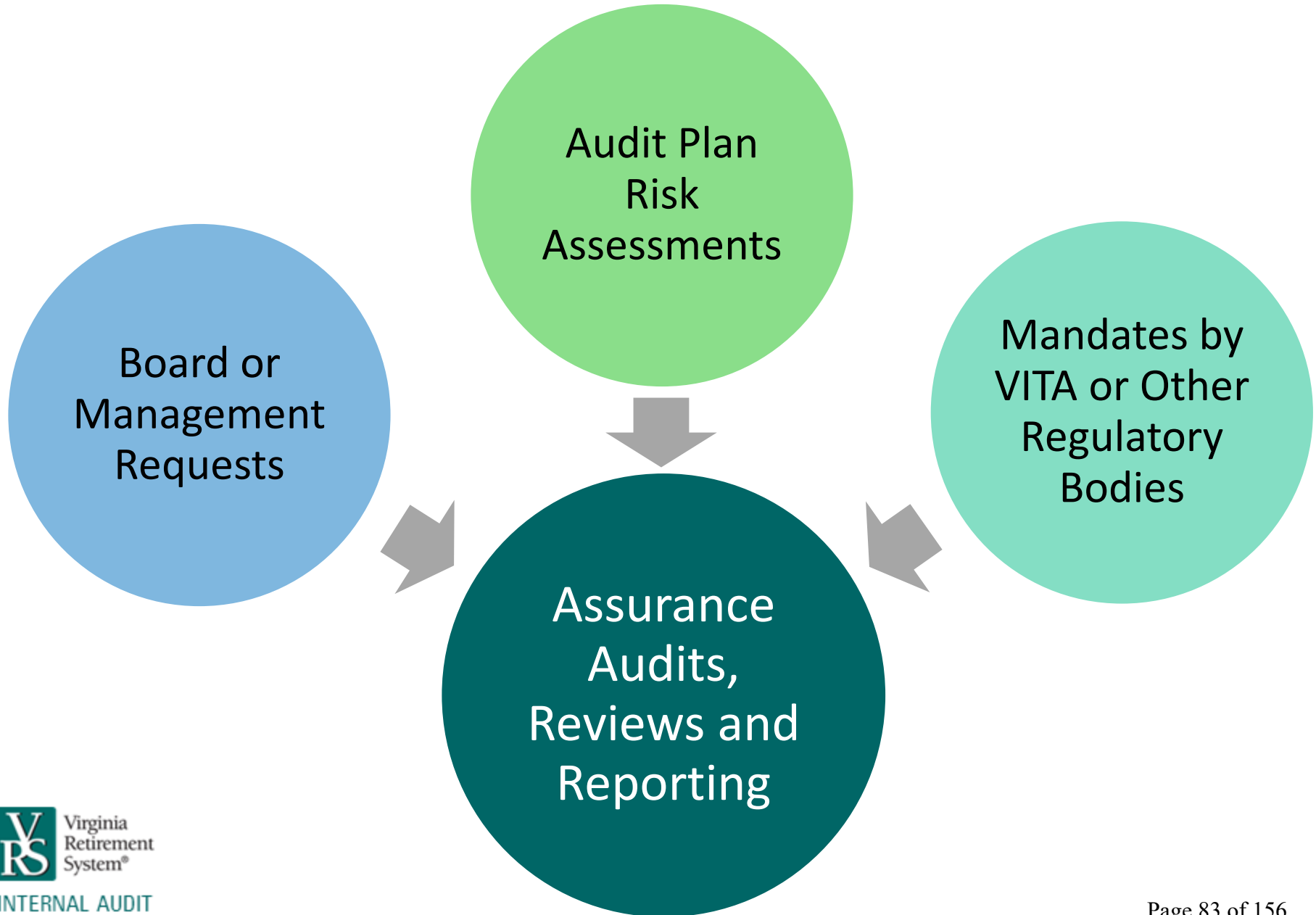
Distinctions between Assurance and Advisory Services



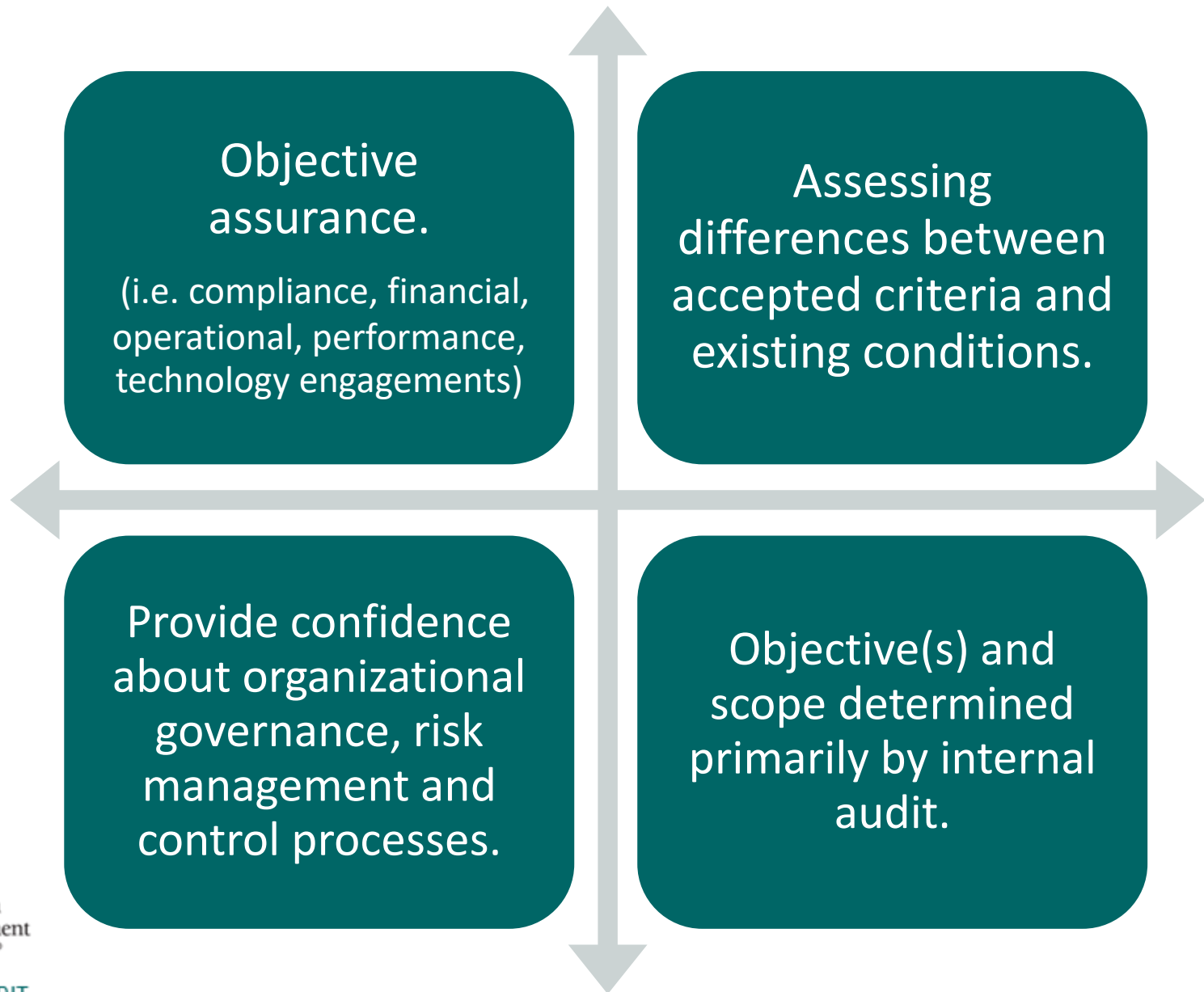


Assurance Services

Assurance Services: Drivers



Assurance Services: Focus





Advisory Services

Collaborative analysis providing insights and supporting organizational strength and growth.

Advisory Services: Drivers

- Advisory Services range in formality and resource commitment.
- Requests can come from across the organization but are primarily management driven.



Advisory Services: Focus



Advisory Services: Key Constraints



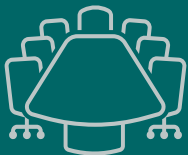
Advisory services do not provide assurance and are not “audits”.



Advisory services require internal audit and management to agree on the scope, deliverables and timing of services to be performed.



Results of advisory services are not prescriptive, with management retaining its responsibility and autonomy to determine how any insights provided during the engagement should be used (or not used) by VRS.



Members of the internal audit department performing advisory services cannot assume VRS management responsibilities.



Engagement Overview

Long-Term Care Programs and Advisory Services

Background:

- The VSDP and VLDP long-term care plans cover nursing home care, hospice care, community-based care and at-home care, among other services.
- Coverage can be extended (ported) upon separation from a participating employer.

Planned Advisory Services Process:

Best supported through a standalone project.



Engagement Scope

- Document the current state for selected business processes.



- Evaluate current state to identify and communicate:
 - Program risks, noting existing mitigation(s) and/or acceptance(s) of risk, as well as new initiatives.
 - Known process interdependencies.
 - Potential mitigations for risks not currently addressed, or adjustment of existing risk mitigations, including cost/benefit, dependencies and other relevant considerations.
 - Potential enhancements to current practices, including cost/benefit, dependencies and other relevant considerations.

Engagement Execution



As a collaborative endeavor, throughout the engagement management and internal audit shared information on risks and insights which were collectively captured in the documentation of the areas described above.

Management has received the risk insights and is evaluating their next steps.



Future advisory services will continue to be balanced with operational needs, emerging organizational risks and the internal audit mandate directed by the Board.

Questions?



Annual Progress Reports



Virginia Retirement System®



Internal Audit FY 2025 Annual Report

As of June 30, 2025

The Year in Review

- Activities
- Resources
- Annual Audit Plan Results
- Annual ARFUS
- Long-Range Plan Results



Serving Those Who Serve Others

Demonstrate ACCOUNTABILITY



Reviewed and implemented the Institute of Internal Auditor's Global Internal Audit Standards.

Focus on internal quality assurance responsibilities:

- Updated departmental improvement program.
- Reviewed, enhanced and created new tools such as, standard workpapers for Topical Requirements.
- Presented updated versions of the committee and departmental charters capturing the expectations of the new standards.



- Collaborating with the business in the consideration of their responses to emerging risks.
- Adjusting audit priorities to support management with advisory services as the opportunity arose.
- Updating audit approaches and considerations by leveraging data intelligence to focus on key risks.

Perform with AGILITY

ACT WITH
INTEGRITY

As we perform our role and represent VRS.

DISPLAY
TEAMWORK

As we create, plan and execute our work in a trusting and caring way.

DEMONSTRATE
ACCOUNTABILITY

In our words, actions and decisions as we work and commit to VRS' Vision.

PERFORM WITH
AGILITY

As we respond to change.

Consider and validate our independence and objectivity in appearance and in fact annually and now as we carry out each project, communicating and making adjustments, as appropriate.

Act with INTEGRITY

Serving Those Who Serve Others

ACT WITH **INTEGRITY**

As we perform our role and represent VRS.

DISPLAY **TEAMWORK**

As we create, plan and execute our work in a trusting and caring way.

DEMONSTRATE **ACCOUNTABILITY**

In our words, actions and decisions as we work and commit to VRS' Vision.

PERFORM WITH **AGILITY**

As we respond to change.



Providing advice:

- Giving input regarding IT risk and sensitive/non-sensitive systems.
- Offering feedback during development of key policies.
- Sharing insights over program administration.

Supporting agency initiatives:

- Records Management
- Systems Implementation
- Risk and Fraud Prevention
- Data Integrity and Quality

Association of Public Pension Fund Auditors

Taking on leadership roles to further organizational initiatives:



Kristy Scott

Membership Committee Chairperson

Matt Priestas
Board of Directors
Webmaster



Jennifer Schreck
Bylaws Committee
Chairperson

Display **TEAMWORK**

Virginia Society of CPAs

Kristy Scott

Serving on the Technology and Innovation Council to provide strategic direction and identify key initiatives and partners for the future.



Serving Those Who Serve Others

ACT WITH INTEGRITY

As we perform our role and represent VRS.

DISPLAY TEAMWORK

As we create, plan and execute our work in a trusting and caring way.

DEMONSTRATE ACCOUNTABILITY

In our words, actions and decisions as we work and commit to VRS' Vision.

PERFORM WITH AGILITY

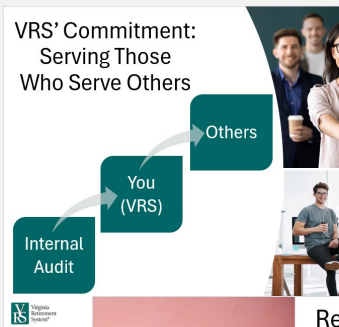
As we respond to change.

Display TEAMWORK

Share educational moments and insights from data and fraud team partnerships through organization-wide communications.



Supporting organizational focus on Fraud and Risk Management.



Internal Audit Awareness Month

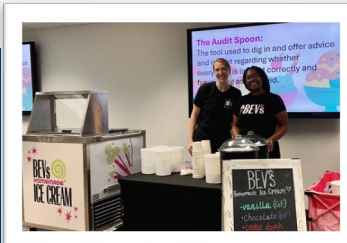


Realizing our Purpose Together
It's like building a sundae

- **The Ice Cream Base:** Policies & Procedures
- **The Chocolate Syrup:** Risk Management
- **The Crunchy Toppings:** Strong Internal Controls
- **The Cherry on Top:** Audit Advice and Assurance

Highlighting the opportunity for and value in partnering with internal audit to address organizational risk.

Upcoming IA Awareness Activities



Maintaining Quality Audit Staffing

Experience is Valued



Given the complexity of VRS' operations, the department does not employ entry-level auditors. Combined, the current team has over 110 years experience supporting the auditing profession.

IT Bench Strength Enhancements

Enhancing our knowledge and skills to support Virginia IT Agency mandated audit responsibilities remains a priority as Cyber Security and other IT related risks lead most global risk surveys. We are actively participating in training to support the unique nature of IT audit and have initiated our first assurance project leveraging technically trained resources.



Planning for the Future

Annually each team member's training plans are discussed to support our intentional focus on maintaining quality audit resources. Training plans are designed to ensure each team member meets their individual continue professional education needs as well as those of the department.



Professional Designations

CIA (Certified Internal Auditor)	CISA (Certified Information Systems Auditor)
CPA (Certified Public Accountant)	PMP (Project Management Professional)
CIDA (Certified Investments & Derivatives Auditor)	CFE (Certified Fraud Examiner)
CRMA (Certified in Risk Management Assurance)	

- Each team member holds two or more professional designations.
- Continuing professional education is required to maintain these designations and helps ensure ongoing audit quality through knowledge and skill growth.

Team Members and Qualifications

Matt Priestas

Principal Auditor for Information Technology, Security, Systems Development and Project Management

CISA, CIA, PMP, CRMA

B.S. in Management Information Systems, East Carolina University

Joined VRS in 2008, previously worked for the APA

Newscenter SharePoint Site Administrator, APPFA liaison

Judy Bolt

Principal Auditor for Benefits, Operations and Quality Assurance

CPA, CIA, CFE, CISA

B.S. in Accounting, Virginia Commonwealth University (VCU)

Joined VRS in 2012, previously worked for the APA and Owens and Minor

Lead for the Quality Assurance and Improvement Program

Josh Fox

Principal Auditor for Investments and Operations

CIA, CIDA, CFE

B.S. in Finance and Management, Virginia Polytechnic Institute and State University (Virginia Tech)

Joined VRS in 2014, previously worked for the APA

Lead for Investments, training as business intelligence back up

Krystal Groff

Principal Auditor for Business Intelligence

CIA, CISA

B.S. in Computer Science, University of Mary Washington; M.S. in Nursing Informatics, Duke University

Joined VRS in 2015, previously worked for the Federal Reserve Bank of Richmond, Capital One and Circuit City

Experience with various technologies and programming languages including: SQL, Tableau, Ab Initio, UNIX and C

Kristy Scott

Principal Auditor for Governance and Program Administration

CPA, CISA, CIA

B.B.A., Roanoke College; Post Baccalaureate Accounting Certificate, VCU; COSO Enterprise Risk Management Certificate

Joined VRS in 2018, previously worked for the APA

Team SharePoint Site Administrator, training as business intelligence back up

Jennifer Schreck

Internal Audit Director

CPA, CISA, PMP

B.S. in Accounting, College of William and Mary

Joined VRS in 2015, previously worked for the APA

Holds an Associate's Certificate in Project Management and a Master's Certificate in IT Project Management

FY 2025 Operational Activities



Providing Assurances Regarding:

- Accuracy of cost-of-living allowances recommended by the VRS actuary .
- Accuracy and validity of retiree disbursements, purchases of prior service and health insurance credit and premium benefits.
- Administration of the real assets and leverage programs.
- Effectiveness of the design and implementation of VNAV’s application controls.
- Reliability of investment balances, performance reporting and investment manager compensation.
- Accuracy of investment incentive compensation calculations.
- Fulfillment of VRS’ performance outcomes and operational performance measures.

Providing Advice Regarding:

- Risks and mitigations surrounding the VSDP and VLDP long-term care programs.

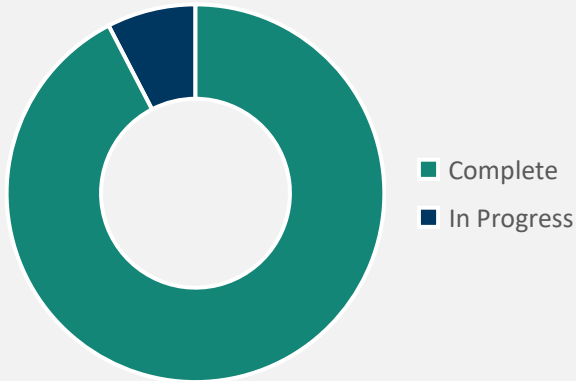
Quality Assurance Review with Independent Validation

Quarterly Reporting on Fraud, Waste and Abuse Hotline Cases

Annual Audit Recommendation Follow-Up System (ARFUS) Review

FY 2025 Annual Plan Dashboard

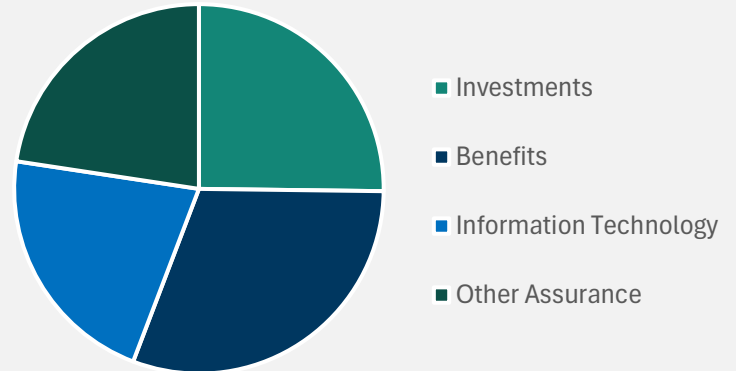
FY2025 Annual Plan 92% Complete



FY 2025 Projects In Progress on June 30, 2025

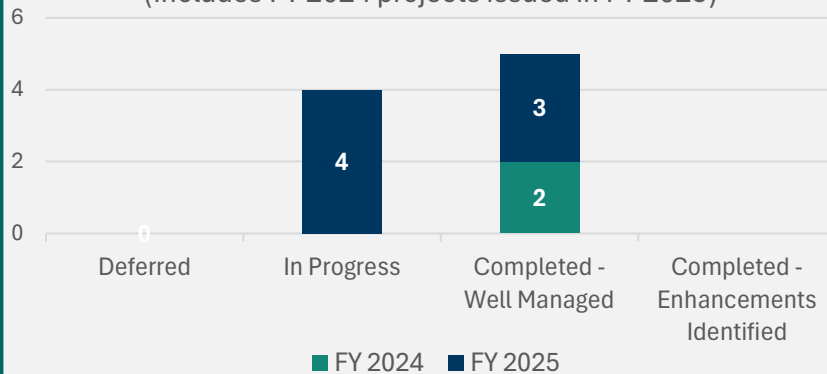
- Reporting out in September
- Leverage Program
 - Long-Term Care Programs
- Reporting out in December
- Health Insurance Credit and Premium Benefits
 - Networking and Computing

Planned FY 2025 Projects and Other Assurance by Area



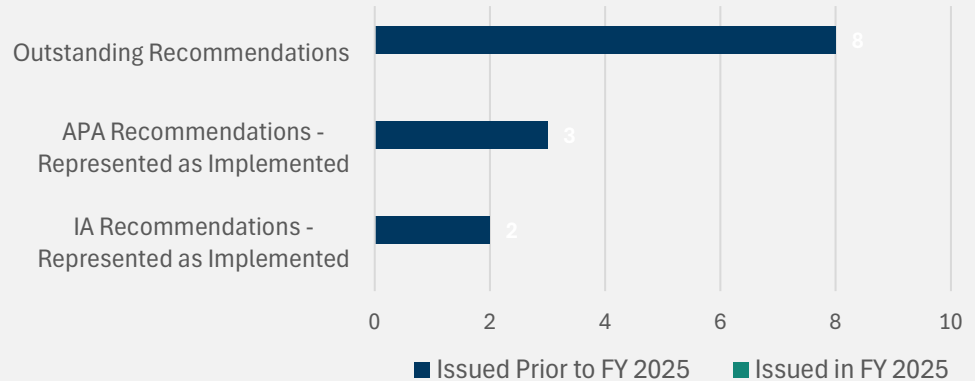
FY2025 Mandatory and Risk-Based Project Status

(Includes FY 2024 projects issued in FY 2025)



Audit Recommendation Status

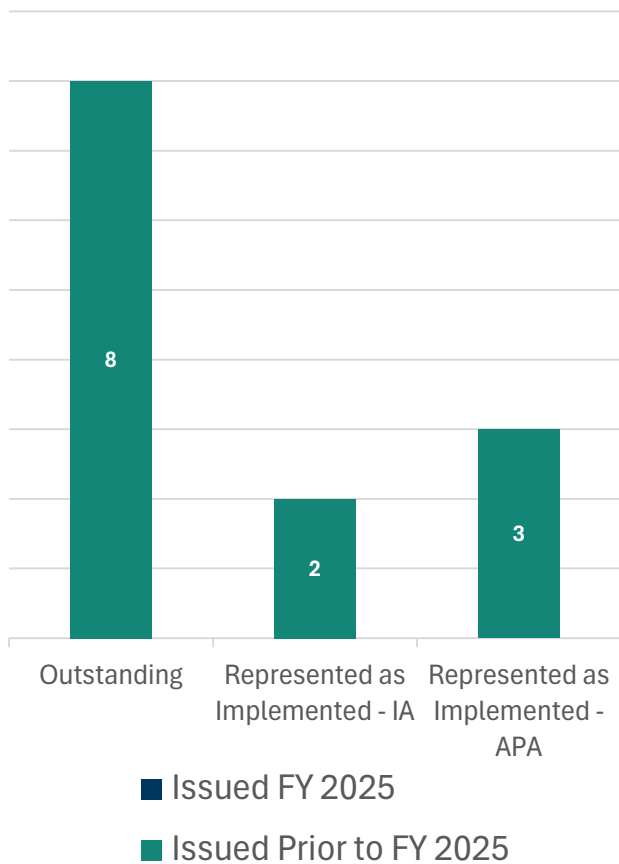
as of June 30, 2025



FY 2025 Annual ARFUS Review Results

Audit Recommendation Status

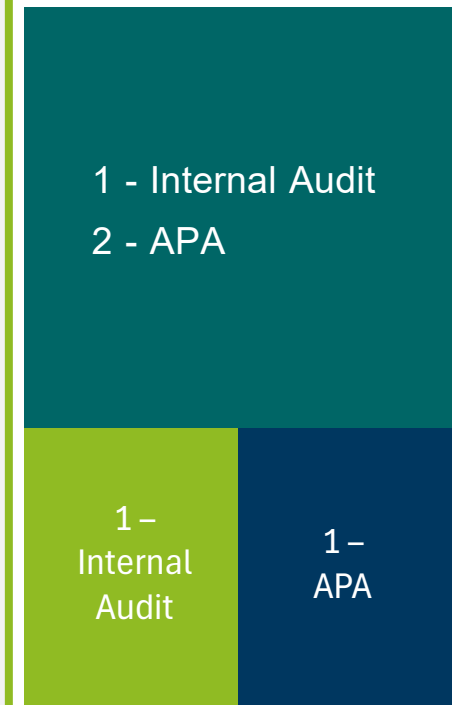
as of June 30, 2025



- As of June 30, 2025, ARFUS included a total of eight recommendations.
- Management represented five recommendations in ARFUS as implemented, three of which were issued by the APA.
- Upon review, four were released, including two from the APA.
- One of the two internal audit recommendations was released with comment.
- Remaining recommendations will stay in ARFUS until represented as implemented by management and reviewed by the APA or Internal Audit for reasonableness.

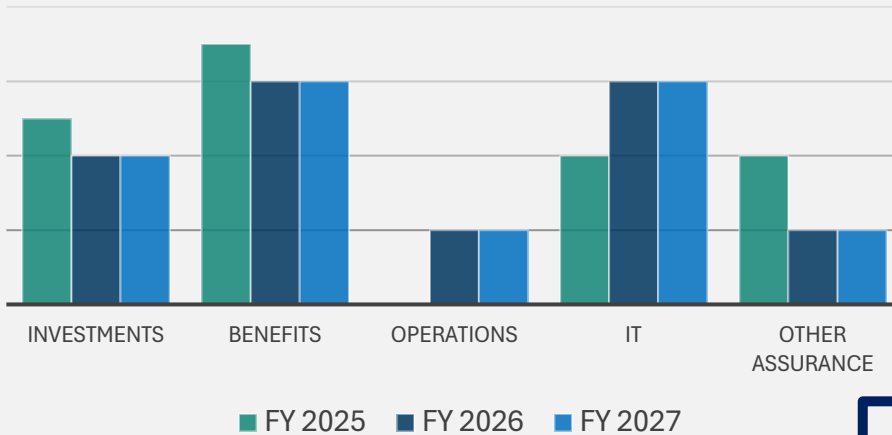
Release Status of Recommendations Represented as Implemented

- Released
- Released with Comment
- Not Released

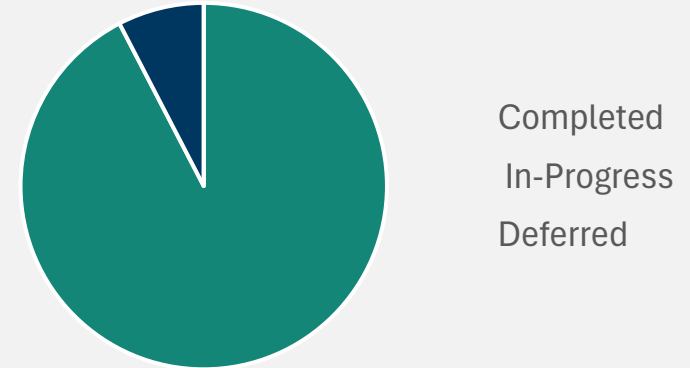


FY 2025 – FY 2027 Long-Range Plan Dashboard

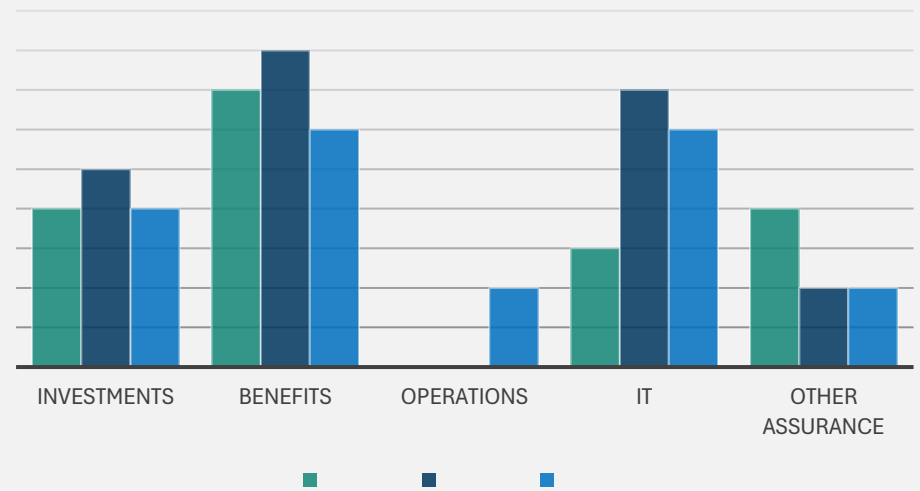
Original Allocation of Projects
by Area and Fiscal Year



FY 2025 Results



Revised Allocation of Projects
by Area and Fiscal Year



- An overview of every project and their planned/adjusted timing is included in the Long-Range Plan Progress Report.
- FY 2025 was the first year of this three-year long-range cycle.
- During the year, one FY 2025 project was exchanged with a FY 2026 project.

Long-Range Plan: Assessing Progress

Allows the long-range plan to move with the organization

Developing the plan requires consideration of:

- VRS activities
- Why and how of operations
- Industry and risk trends
- Available audit resources

Adjusting the plan requires consideration of:

- Changes in landscape
- New organizational initiatives
- Existing and emerging risks
- Available audit resources

Management Discussions Drive Adjustments (Especially Around Trends and Risks)



Cyber Security



IT Hardware and Software Management



Artificial Intelligence



Regulatory and Legislative Changes



Talent Management



Data Security



Organizational Initiatives



Communications/Reputation



Data Governance



Third-Party Management



Fraud

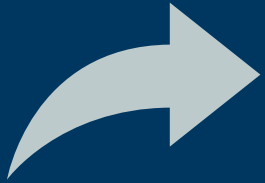


Financial Liquidity

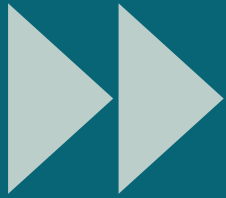


Market Changes

Long-Range Plan: FY 2026 Annual Plan Changes



Four FY 2025 projects will be carried over to FY 2026, impacting resources.



Based on risk discussions with management and resource considerations, two projects will be shifted ahead one year.

- One from FY 2026 to FY 2027.
- One from FY 2027 to a period outside the long-range plan.



Requesting the committee recommend approval of the included RBA for the proposed FY 2026 Annual Plan, which has been derived from the FY 2025 – FY 2027 Long-Range Plan.

BACKGROUND

The Audit Recommendation Follow-Up System (ARFUS) is a reporting mechanism for monitoring the status of audit recommendations issued by Internal Audit, the Auditor of Public Accounts (APA) or other external entities. Internal Audit maintains the information recorded in ARFUS with the cooperation and assistance of management.

On a quarterly basis, Internal Audit requests and receives progress reports from management on outstanding recommendations, which describe the status of the actions taken in response to the recommendations. While compiled by Internal Audit, the information included in the quarterly summary reflects the representations of the responsible party and are not subject to verification by Internal Audit at that time. Recommendations represented as “implemented” remain in ARFUS until Internal Audit performs its review to obtain reasonable assurance that the essence of the recommendation has been implemented.

Annually, Internal Audit conducts its limited review on all recommendations represented as implemented to obtain assurance that management has in fact reasonably addressed these recommendations. Where reasonable implementation is confirmed, the recommendation is released from ARFUS and is no longer subject to monitoring by Internal Audit. Further, Internal Audit identifies the addition and removal of any audit recommendations issued by the APA within ARFUS based upon a review of APA reports.

The purpose of this report is to convey the results of our review regarding the audit recommendations represented as implemented as of June 30, 2025.

RECOMMENDATION VALIDATION AND RELEASE FROM ARFUS

During fiscal year 2025, management represented four recommendations as implemented, including two recommendations issued by the APA. Internal Audit reviewed the two Internal Audit recommendations to validate that they were reasonably addressed. This review was not designed to test the operational effectiveness of the implemented controls. The testing of these controls will be considered within the scope of future audits. Our review found the two Internal Audit recommendations to be sufficiently implemented, no longer warranting oversight. Accordingly, Internal Audit is releasing them from ARFUS. Further, management has represented three APA issued recommendations, including those acknowledged in 2024, as implemented. Two have been reviewed and released by the APA and therefore will be released here. The other will remain in ARFUS and released once the APA has reviewed the representation and indicates the recommendation no longer warrants oversight.

ARFUS Activity during FY 2025			
ARFUS Components	Internal Audit	APA*	Total
Total Outstanding Recommendations as of July 1, 2024	5	3	8
Recommendations Added during FY 2025	0	0	0
<i>Total Recommendations for FY 2025 (available for remediation)</i>	5	3	8
<i>Informational: Recommendations Represented as Implemented during FY 2025</i>	2	2	4
Represented Recommendation(s) tested and released by Internal Audit (see page 2)	(2)	–	(2)
Represented Recommendation(s) tested and released by APA (see page 3)	–	(2)	(2)
Total Outstanding Recommendations as of June 30, 2025 (see page 2)	3	1	4

* Recommendations issued by the APA are listed separately from the Internal Audit activity above, as the decision to issue or release such findings rests with their office.

STATUS OF AUDIT RECOMMENDATIONS REPRESENTED AS IMPLEMENTED

The table below reflects the status of each recommendation represented as implemented (with explanatory comments as appropriate). Please note that the “Audit # - Audit Name” has been hyperlinked to the applicable audit report and management response within Directors Desk.

Audit # Audit Name	Recommendation Represented as Implemented	Management’s Target Date	Completion Date	Audit Comments
444 – Review of IT General Controls	Enhance Data Fix Processes and Controls	TBD* February 28, 2024 June 30, 2023	June 30, 2025	Released with Comment Management implemented software to supplement the monitoring of data fixes performed by privileged users during defined time periods and established an annual review process to assess the tables subject to such monitoring. Management plans to further refine the data monitoring processes performed by the IT team to minimize any duplicated efforts. These refinements, once complete, in conjunction with the Data Office’s data initiatives, demonstrate VRS’ commitment to ensure ongoing data quality.
458 – Investment Decision Support	Memorialize IDS’ Portfolio and Project Management Governance	September 30, 2024	September 30, 2024	Released without Comment

*The Director’s Executive Committee approved revisions to the original target date as reflected in the table above.

OUTSTANDING AUDIT RECOMMENDATIONS AS OF JUNE 30, 2025

The following is a list of outstanding recommendations remaining in ARFUS as of June 30, 2025. Please note that the “Audit # - Audit Name” has been hyperlinked to the applicable audit report and management response within Directors Desk.

Audit # Audit Name	Recommendation	Report Date	Management’s Target Date
425 – Review of the General Controls within the IT Client-Server Environment	Update Retention and Disposition Schedules to align with Library of Virginia Standards as well as VRS’ Actual Practice	August 1, 2019	TBD* June 30, 2021

Audit #	Audit Name	Recommendation	Report Date	Management's Target Date
453 – Logical and Physical Access		Enhance Annual Access Monitoring	July 14, 2023	TBD
		Update Building Access and Security Policy to Reflect Actual Practice	July 14, 2023	TBD

*The Director’s Executive Committee approved revisions to the original target date as reflected in the table above.

RECOMMENDATIONS ISSUED BY THE APA

Recommendations issued and released by the APA are captured based on the results reflected in their reports and are included below for informational purposes. Please note that the “Audit Name” has been hyperlinked to the applicable audit report on the APA’s website.

Audit Name	Recommendation	Represented as Implemented? (Y/N)	Management's Target Date	Completion Date	Audit Comments
Auditor of Public Accounts, VRS Report on Audit - June 30, 2023	Improve Database Security	Y	TBD	March 31, 2024	This recommendation has been validated and deemed complete by the APA. This recommendation is released.
	Improve Retirement Benefit Calculations	Y	September 30, 2024	September 30, 2024	This recommendation has been validated and deemed complete by the APA. This recommendation is released.
	Improve IT Change Control and Configuration Management Process	Y	December 31, 2024	December 31, 2024	This recommendation has not been validated by the APA and therefore will not be released until the validation is complete.



Internal Audit FY 2025 Annual Plan Progress Report

As of June 30, 2025

Board Approved FY 2025 Annual Plan

- 1 Risk Based Projects
- 2 Sensitive Systems
- 3 Standards Mandated
- 4 Board Mandated

Adjustments to the Plan: ^a Adjustment to timing of project
^b Adjustment to nature of work

Benefits ¹

Group Life Insurance and Death Processing ^a	Med
Long Term Care Program ^{a, b}	Low
Health Insurance Credit and Premium Benefits	Med
Retiree Disbursements	High

Investments ¹

Leverage Program	High
Real Assets	Med

Information Technology ²

Networking and Computing	High
VNAV Application Controls	High

Carry-Over from Prior Long-Range Plan ¹

Investment Balances, Performance Reporting and Investment Manager Compensation	Low
Purchase of Prior Service	High

Other Assurance Reporting

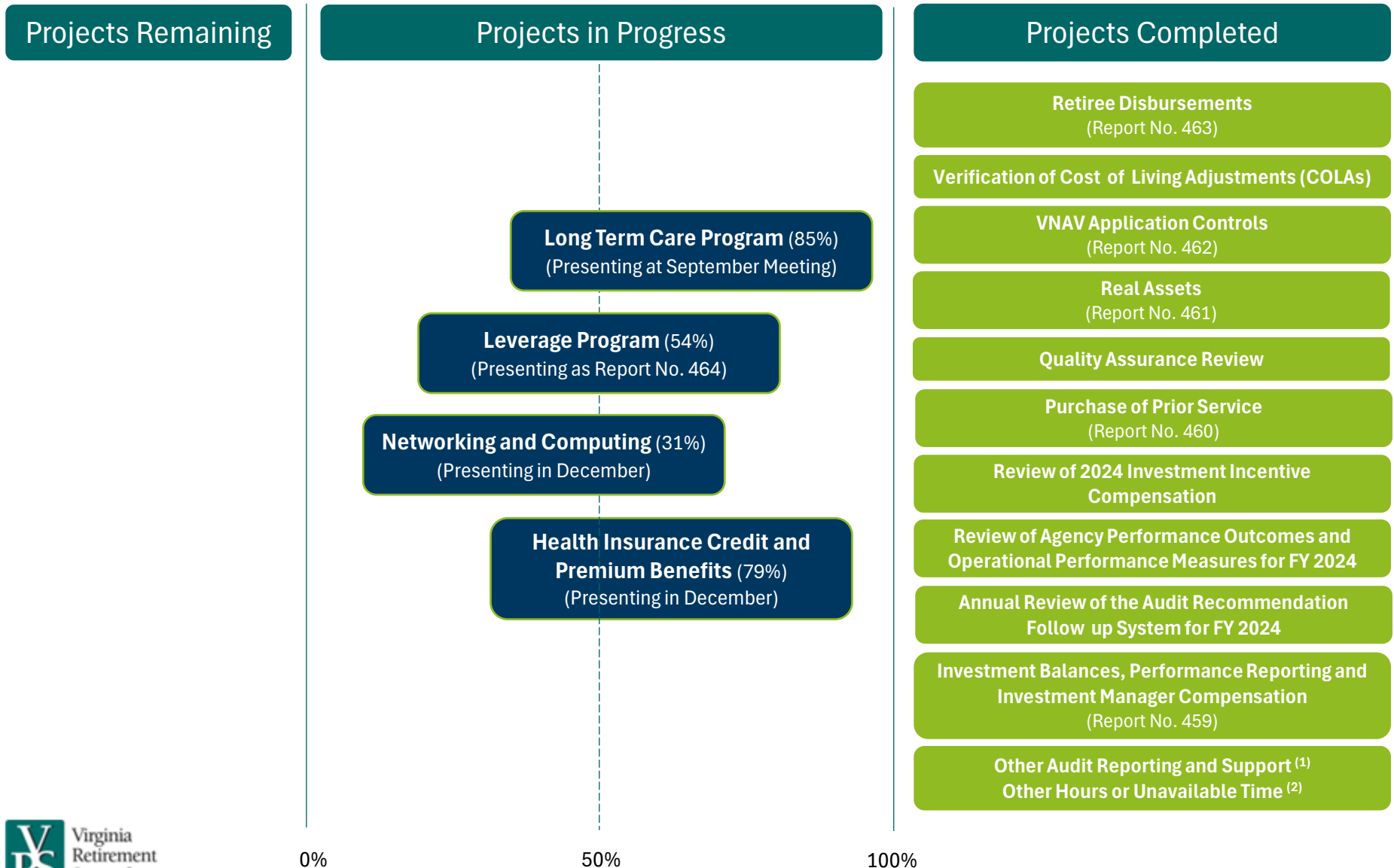
Audit Recommendation Follow-Up System (Quarterly and Annual Review) ³
Fraud, Waste and Abuse Reporting ⁴
Quality Assurance Improvement Program ³
Quality Assurance Review ³
Review of Incentive Compensation ⁴
Review of Agency Performance Outcomes and Operational Measures ⁴
Verification of Cost-of-Living Adjustments ⁴



Risk priority (High, Medium, Low) is based on the formal risk assessment performed in 2024 to support the development of the current long range plan.

FY 2025 Annual Plan Progress Report

As of June 30, 2025



FY 2025 Annual Plan Progress Report

As of June 30, 2025

Notes:

- (1) The other audit reporting and support includes items that result in routine reporting to the committee and management, such as
- (a) Administration of the quality assurance improvement program.
 - (b) Quarterly monitoring and reporting on audit recommendation resolution as captured in the Audit Recommendation Follow-Up System (ARFUS).
 - (c) Investigation of fraud, waste and abuse allegations, as appropriate.
 - (d) Monitoring and development of the annual and long-range plans.
 - (e) Data analytics and support.
- Several of these items require testwork to be initiated in one audit plan year and conclude in the next audit plan year.
- (2) The other hours or unavailable time reflects departmental administrative activities, such as
- (a) Interactions with executive staff and oversight entities including the Auditor of Public Accounts, the Joint Legislative Audit and Review Commission and the Virginia IT Agency.
 - (b) Involvement with professional organizations.
 - (c) Advisory insight for agency initiatives such as Records Management, Data Quality and Human Resource Information System Implementation.
 - (d) Administration of the internal audit function, including the implementation of the new *Global Internal Audit Standards*.
 - (e) Review and enhancement of departmental policies and procedures and supporting tools, including SharePoint audit documentation management.
 - (f) Collaboration with the Information Technology, Data Quality and Risk and Fraud Prevention teams.
 - (g) Continuing professional education and other VRS provided training.
 - (h) Annual, personal, sick and other leave available to VRS staff.



FY 2025 – FY 2027

Internal Audit Long-Range Plan

Progress Report

As of June 30, 2025

Long-Range Plan: Assessing Progress

Allows the long-range plan to move with the organization

Developing the plan requires consideration of:

- VRS activities
- Why and how of operations
- Industry and risk trends
- Available audit resources

Adjusting the plan requires consideration of:

- Changes in landscape
- New organizational initiatives
- Existing and emerging risks
- Available audit resources

Management Discussions Drive Adjustments (Especially Trends and Risks)



Cyber Security



IT Hardware and Software Management



Artificial Intelligence



Regulatory and Legislative Changes



Talent Management



Data Security



Data Governance



Communications/Reputation



Third-Party Management



Fraud

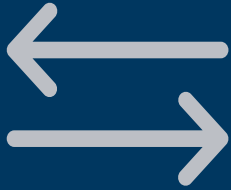


Financial Liquidity



Market Changes

Progress Summary as of June 30, 2025



During FY 2025, the timing of two projects in FY 2025 and FY 2026 were adjusted, moving one project earlier and one project later, to accommodate organizational priorities.



All FY 2025 projects scheduled for review were initiated.



Four FY 2025 projects will be carried over to FY 2026 for reporting purposes.

- Two in September 2025.
- Two in December 2025.



Based on risk discussions with management and resource considerations, two projects will be shifted ahead one year.

- One from FY 2026 to FY 2027.
- One from FY 2027 to a period outside the current long-range plan.

FY 2025 – FY 2027 Long-Range Plan

Progress Report as of June 30, 2025

- 1 Risk Based Projects
- 2 Sensitive Systems
- 3 Standards Mandated
- 4 Board Mandated

Carry-Over from Prior Long-Range Plan ¹		Risk Priority	2025	2026	2027
Investment Balances, Performance Reporting and Investment Manager Compensation	Low	C			
Purchase of Prior Service	High	C			
Operations ¹		Risk Priority	2025	2026	2027
Contract Administration and Third-Party Risk Management (Administration and Investments)	High				→
Procurement (Administration and Investments)	High		→		⋮

Risk priority (High, Medium, Low) is based on the risk assessment performed in 2024 to support the development of the Long Range Plan. This includes various organizational risks as well as risks related to time since the area was last audited and prior audit findings.



Legend:

- Planned year for performance
- C Project complete
- IP Project in progress
- ↔ Project shifted (earlier/later)
- ⋮ Updated Timing

FY 2025 – FY 2027 Long-Range Plan

Progress Report as of June 30, 2025

- 1 Risk Based Projects
- 2 Sensitive Systems
- 3 Standards Mandated
- 4 Board Mandated

Benefits ¹	Risk Priority	2025	2026	2027
Deferred Compensation and Cash Match Programs	High			
Disability Retirements	Low			
Group Life Insurance and Death Processing	Medium	→		
Health Insurance Credit and Premium Benefits (Reporting in December)	Medium	In Progress		
Long-Term Care Program (Reporting as an Advisory Service)	Low	In Progress	←	
Managed Disabilities Programs (VSDP and VLDP)	Medium			
Refunds	Medium			
Retiree Disbursements	High	C		
Service Retirements	Medium			



- Legend:
- Planned year for performance
 - Project complete
 - Project in progress
 - Updated Timing
 - ↔ Project shifted (earlier/later)

FY 2025 – FY 2027 Long-Range Plan

Progress Report as of June 30, 2025

- 1 Risk Based Projects
- 2 Sensitive Systems
- 3 Standards Mandated
- 4 Board Mandated

Investments ¹	Risk Priority	2025	2026	2027
Fixed Income	Low			
Internal Equity Management	Medium			
Investment Compliance and Legal and Regulatory Oversight	Medium			
Leverage Program (Reporting out as Report No. 464)	High	In Progress		
Private Equity	Medium			
Real Assets	Medium	C		



Legend:

- Planned year for performance
- Project complete
- Project in progress
- Updated Timing
- Project shifted (earlier/later)

FY 2025 – FY 2027 Long-Range Plan

Progress Report as of June 30, 2025

- 1 Risk Based Projects
- 2 Sensitive Systems
- 3 Standards Mandated
- 4 Board Mandated

Information Technology ²	Risk Priority	2025	2026	2027
Access Management	High			
Backup and Recovery	High			
File Management	High			
Investment Decision Systems	High			
IT Governance	High			
myVRS	High			
Networking and Computing (Reporting in December)	High	In Progress		
VNAV and ECM	High	C		



Legend:

- Planned year for performance
- C Project complete
- IP Project in progress
- Updated Timing
- ↔ Project shifted (earlier/later)

FY 2025 – 2027 Long-Range Plan Progress Report as of June 30, 2025

- 1 Risk Based Projects
- 2 Sensitive Systems
- 3 Standards Mandated
- 4 Board Mandated

Other Assurance Reporting

Audit Recommendation Follow-Up System (Quarterly and Annual Review) ³
Fraud, Waste and Abuse Reporting ⁴
Quality Assurance Improvement Program ³
Quality Assurance Review ³
Review of Incentive Compensation ⁴
Review of Agency Performance Outcomes and Operational Measures ⁴
Verification of Cost-of-Living Adjustments ⁴

2025	2026	2027
C		
C		
C		
C		
C		
C		
C		



- Legend:
- Planned year for performance
 - C Project complete
 - IP Project in progress
 - Updated Timing
 - ↔ Project shifted (earlier/later)

Proposed Annual Audit Plan for FY 2026



Proposed FY 2026 Internal Audit Annual Plan

September 24, 2025

FY 2026 Annual Plan

Proposed

Derived from FY 2025 - FY 2027 Long Range Plan. Risk priority (High, Med, Low) is based on the risk assessment performed to support the development of the Long Range Plan. This includes various organizational risks as well as risks related to time since the area was last audited and prior audit findings.

Benefits ¹

Deferred Compensation and Cash Match Programs

High

Group Life Insurance and Death Processing

Med

Service Retirements

Med

Investments ¹

Investment Compliance and Legal and Regulatory Oversight

Med

Private Equity

Med

Information Technology ²

myVRS

High

IT Governance

High

Backup and Recovery

High

Carried Over Projects from Prior Year Plan ¹

Leverage Program

High

Health Insurance Credit and Premium Benefits

Med

Long Term Care Program

Low

Networking and Computing

High

Other Assurance Reporting

Audit Recommendation Follow Up System (Quarterly and Annual Review) ³

Quality Assurance Improvement Program ³

Fraud, Waste and Abuse Reporting ⁴

Review of Incentive Compensation ⁴

Review of Agency Performance Outcomes and Operational Measures ⁴

Verification of Cost of Living Adjustments ⁴

Legend: ¹ Risk Based Projects ³ Standards Mandated
² Sensitive Systems ⁴ Board Mandated



Approve FY 2026 Annual Audit Plan.

Requested Action

The VRS Board of Trustees approves the proposed FY 2026 Annual Audit Plan.

Description/Background

The Audit Director has developed a comprehensive risk assessment process to identify and prioritize the work of the Internal Audit Department in line with organizational and operational risk priorities of the Board of Trustees and VRS management. The process is applied against a universe of potential audit projects within the limitations created by the available audit resources and results in the creation of a Long-Range three-year audit plan.

Annually the Audit Director looks to the guidance provided by the Long-Range plan and develops the Annual Audit plan. FY 2026 is the second year in the Long-Range plan, as a result certain adjustments have been proposed based on the changing risk environment within the organization.

Rationale for Requested Action

The proposed Annual Audit Plan, derived from the approved Long-Range plan, is brought forward annually for Board consideration and approval, ensuring the work of the Internal Audit Department remains in alignment with organizational and operational risk priorities.

Authority for Requested Action

Section V.C.6 of the VRS Board of Trustees' Governance Policy delegates the responsibility of developing a comprehensive annual audit plan to the Audit Director and providing that plan to the Audit and Compliance Committee and the Board of Trustees for review and approval.

The above action is approved.

A. Scott Andrews, Chair
VRS Board of Trustees

Date

Miscellaneous Updates

Report of Alleged Fraud, Waste and Abuse Hotline Cases

**For Complaints Received During the Period
May 1, 2025 through July 31, 2025**

SUMMARY OF CASES REVIEWED AND CLOSED

During the period May 1, 2025 through July 31, 2025, 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.



Patricia S. Bishop
Director

MEMORANDUM

To: Jennifer P. Schreck, Internal Audit Director
From: Patricia S. Bishop, Director 
Date: August 26, 2025
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 June 30, 2025.
2. Summary of Other Sponsored Travel Related Expenses Paid During the Quarter of and Fiscal Year-to-Date Through June 30, 2025. **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 June 30, 2025.
4. Record of Attendance and Per Diems for the Quarters Ended June 30, 2025.

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

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

PSB/lbk

Attachments

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

Fiscal Year-To-Date **Q4 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	-	\$1,119.01	\$1,119.01	-	-	-	-	-	-	-	-	-	-	\$2,501.12	\$2,501.12	-	-
Beasley, Michael	-	-	-	-	-	-	-	-	-	-	-	-	-	\$880.29	\$880.29	-	-
Bell II, John	-	\$962.51	\$962.51	-	-	-	-	-	-	-	-	-	-	\$3,107.73	\$3,107.73	-	-
Bennett, John	-	-	-	-	-	-	-	-	-	-	-	-	-	\$107.80	\$107.80	-	-
Bernert III, Lawrence	-	\$254.80	\$254.80	-	-	-	-	-	-	-	-	-	-	\$1,463.99	\$1,463.99	-	-
Deo, Ravindra	-	\$150.71	\$150.71	-	-	-	-	-	-	-	-	-	-	\$823.96	\$823.96	-	-
Disharoon, Michael	-	-	-	-	-	-	-	-	-	-	-	-	-	\$1,723.30	\$1,723.30	-	-
Gooden, Susan	-	\$329.29	\$329.29	-	-	-	-	-	-	-	-	-	-	\$329.29	\$329.29	-	-
Hood, Jessica	-	\$1,953.62	\$1,953.62	-	-	-	-	-	-	-	-	-	-	\$6,781.61	\$6,781.61	-	-
James, Matthew	-	\$869.69	\$869.69	-	-	-	-	-	-	-	-	-	-	\$3,182.45	\$3,182.45	-	-
Kasanoff, Kathryn	-	\$444.08	\$444.08	-	-	-	-	-	-	-	-	-	-	\$2,479.35	\$2,479.35	-	-
Lewis, Wilbert	-	\$312.01	\$312.01	-	-	-	-	-	-	-	-	-	-	\$1,123.15	\$1,123.15	-	-
Bishop, Patricia	-	\$5,944.71	\$5,944.71	3	\$5,616.82	3	-	-	-	-	-	-	-	\$16,366.44	\$16,366.44	8	\$16,038.55
Chenault, Jeanne	-	\$222.89	\$222.89	-	-	-	-	-	-	-	-	-	-	\$3,784.98	\$3,784.98	1	\$3,562.09
Cooper, Michael	-	\$298.49	\$298.49	-	-	-	-	-	-	-	-	-	-	\$298.49	\$298.49	-	-
Irving Jr, Robert	-	\$1,524.38	\$1,524.38	1	\$1,524.38	-	-	1	-	-	-	-	-	\$5,785.48	\$5,785.48	3	\$5,785.48

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 **Q4 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							
Jack, Sandra	-	\$2,531.16	\$2,531.16	1	\$2,217.55	-	-	1	-	-	-	-	-	-	\$11,595.70	\$11,595.70	4	\$11,282.09
Junkin, Andrew	-	\$6,632.95	\$6,632.95	2	\$6,164.47	-	-	2	-	-	-	-	-	-	\$24,447.11	\$24,447.11	13	\$23,978.63
Mattson, Curtis	-	\$1,326.89	\$1,326.89	1	\$1,326.89	-	1	-	-	-	-	-	-	-	\$1,711.18	\$1,711.18	1	\$1,326.89
Schreck, Jennifer	-	\$2,348.15	\$2,348.15	1	\$2,018.16	-	-	1	-	-	-	-	-	-	\$4,978.95	\$4,978.95	2	\$4,648.96
Sowers, Virginia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$2,743.55	\$2,743.55	1	\$2,743.55
Weldon, Leslie	-	\$116.35	\$116.35	-	-	-	-	-	-	-	-	-	-	-	\$2,835.31	\$2,835.31	1	\$2,718.96
Adelaar, Stephen	-	\$1,937.39	\$1,937.39	2	\$1,937.39	-	-	-	2	2	-	-	-	-	\$6,292.94	\$6,292.94	5	\$6,292.94
Alouf, John	\$2,021.58	\$3,596.85	\$5,618.43	6	\$5,286.34	-	2	-	2	2	-	-	\$23,919.56	\$13,305.28	\$37,224.84	18	\$36,892.75	
Apte, Advait	-	\$1,235.98	\$1,235.98	1	\$1,235.98	-	-	1	-	-	-	-	-	-	\$5,030.28	\$5,030.28	4	\$5,030.28
Behrooz, Parham	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$331.39	\$331.39	1	\$331.39
Bennett, Matthew	-	\$2,045.45	\$2,045.45	1	\$2,045.45	1	-	-	-	1	-	-	\$11,564.08	\$5,000.70	\$16,564.78	5	\$16,564.78	
Billingslea, Erica	-	\$2,945.21	\$2,945.21	2	\$2,945.21	-	-	2	-	-	-	-	\$4,178.50	\$7,758.97	\$11,937.47	8	\$11,937.47	
Bliss, Kevin	-	\$5,340.95	\$5,340.95	4	\$5,340.95	1	-	1	2	1	-	1	\$2,672.72	\$17,999.41	\$20,672.13	14	\$20,672.13	
Buchanan, Lee	\$2,444.37	\$2,608.46	\$5,052.83	6	\$5,052.83	-	3	1	-	1	1	-	\$5,098.36	\$4,139.32	\$9,237.68	11	\$9,237.68	
Carlson, Ryan	-	\$1,625.33	\$1,625.33	1	\$1,625.33	-	-	1	-	-	-	-	-	\$2,946.13	\$2,946.13	2	\$2,946.13	
Chang, Warren	\$10,773.45	\$440.71	\$11,214.16	4	\$11,214.16	-	4	-	-	-	-	-	\$44,382.98	\$14,272.77	\$58,655.75	14	\$58,655.75	
Coleman, Thomas	\$5,825.42	\$857.49	\$6,682.91	5	\$6,682.91	-	5	-	-	-	-	-	\$12,102.65	\$12,127.31	\$24,229.96	18	\$24,229.96	
Corsello, Perry	\$8,678.28	\$167.02	\$8,845.30	2	\$8,845.30	2	-	-	1	-	-	-	\$35,206.64	\$1,100.84	\$36,307.48	8	\$36,307.48	

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 **Q4 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							
Gentry III, William	-	-	-	-	-	-	-	-	-	-	-	-	-	\$2,840.91	\$13,825.13	\$16,666.04	8	\$16,666.04
Grier, John	-	\$2,857.40	\$2,857.40	3	\$2,857.40	-	1	2	-	-	-	-	-	-	\$9,513.67	\$9,513.67	7	\$9,513.67
Haleem, Mdmehtab	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$331.39	\$331.39	1	\$331.39
Hines, Gregory	-	\$14,139.83	\$14,139.83	4	\$14,139.83	-	-	4	-	-	-	-	-	-	\$20,128.85	\$20,128.85	7	\$20,128.85
Honrado, Cordell	-	\$331.39	\$331.39	1	\$331.39	-	1	-	-	-	-	-	-	-	\$5,572.06	\$5,572.06	4	\$5,572.06
Howell, Kenneth	-	\$201.32	\$201.32	-	-	-	-	-	-	-	-	-	-	-	\$201.32	\$201.32	-	-
Jones, De'Von	\$7,352.02	\$2,859.82	\$10,211.84	7	\$10,211.84	-	5	1	-	1	-	-	-	\$49,148.33	\$6,509.14	\$55,657.47	16	\$55,657.47
Kennebeck, Joseph	-	\$1,554.73	\$1,554.73	1	\$1,554.73	-	-	1	-	-	-	-	-	-	\$3,986.42	\$3,986.42	2	\$3,986.42
Koutrakos, Kristina	-	\$15,450.05	\$15,450.05	6	\$15,450.05	-	-	4	-	2	-	-	-	-	\$22,493.85	\$22,493.85	11	\$22,493.85
Lacy, Matthew	-	\$963.18	\$963.18	2	\$963.18	-	1	-	-	1	-	-	-	-	\$3,643.74	\$3,643.74	5	\$3,643.74
Le, Vu	-	\$2,842.20	\$2,842.20	1	\$2,842.20	-	-	1	-	-	-	-	-	-	\$12,513.64	\$12,513.64	5	\$12,513.64
Ma, Chung	-	\$13,665.49	\$13,665.49	3	\$13,665.49	-	1	2	-	-	-	-	-	-	\$30,469.19	\$30,469.19	10	\$30,469.19
Matoua, Katherine	-	\$9,902.20	\$9,902.20	6	\$9,902.20	-	-	3	-	3	-	-	-	-	\$29,631.30	\$29,631.30	13	\$29,631.30
Muniz, Alex	-	\$1,295.83	\$1,295.83	1	\$1,295.83	-	-	1	-	-	-	-	-	-	\$13,843.27	\$13,843.27	6	\$13,843.27
Murphy, James	\$13,940.45	\$1,213.57	\$15,154.02	3	\$15,154.02	-	2	-	-	1	-	-	-	\$47,424.83	\$1,645.84	\$49,070.67	8	\$49,070.67
Noland, Walker	\$1,202.14	\$1,341.74	\$2,543.88	2	\$2,543.88	-	1	1	-	-	-	-	-	\$1,854.04	\$2,521.31	\$4,375.35	5	\$4,375.35
Oliff Jr, Bryan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$331.39	\$331.39	1	\$331.39
Pugliese, Laura	-	\$1,305.94	\$1,305.94	1	\$1,305.94	-	1	1	-	-	-	-	-	-	\$4,189.38	\$4,189.38	2	\$4,189.38

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 **Q4 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							
Rhodes, Garret	-	\$3,969.39	\$3,969.39	2	\$3,969.39	-	-	2	-	-	-	-	-	-	\$9,243.35	\$9,243.35	4	\$9,243.35
Sarki-Hurd, Hajara	\$12,225.19	\$3,842.72	\$16,067.91	6	\$16,067.91	-	5	1	-	-	-	-	\$15,994.60	\$5,533.03	\$21,527.63	11	\$21,527.63	
Schlussler, Daniel	-	\$1,342.48	\$1,342.48	1	\$1,342.48	-	-	1	-	-	-	-	-	\$2,513.59	\$2,513.59	2	\$2,513.59	
Scott, Michael	-	\$521.90	\$521.90	1	\$521.90	-	-	1	-	-	-	-	-	\$2,642.97	\$2,642.97	2	\$2,642.97	
Tentor, Lawrence	-	\$3,124.95	\$3,124.95	2	\$3,124.95	-	-	2	-	-	-	-	-	\$5,736.97	\$5,736.97	5	\$5,736.97	
Tran, Viet	\$6,582.06	\$2,738.05	\$9,320.11	7	\$9,320.11	-	5	1	1	-	-	-	\$14,489.66	\$4,059.31	\$18,548.97	14	\$18,548.97	
Tribhuwan Singh, Fnu	-	\$1,710.09	\$1,710.09	2	\$1,710.09	-	-	1	1	-	-	-	-	\$1,710.09	\$1,710.09	2	\$1,710.09	
Turner, Korey	-	\$6,372.44	\$6,372.44	3	\$6,372.44	-	-	1	3	2	-	-	-	\$7,600.34	\$7,600.34	4	\$7,600.34	
Voeks III, Robert	\$1,104.86	\$2,101.50	\$3,206.36	3	\$3,206.36	-	1	-	-	2	-	-	\$15,067.87	\$7,116.91	\$22,184.78	12	\$21,651.82	
Whitlock, Daniel	-	\$4,076.31	\$4,076.31	1	\$3,755.84	-	-	-	1	1	-	-	-	\$16,929.98	\$16,929.98	2	\$16,609.51	
Wirick Iv, Weldon	-	\$913.44	\$913.44	1	\$913.44	-	-	1	-	-	-	-	-	\$913.44	\$913.44	1	\$913.44	
Woodall, Steven	-	\$830.82	\$830.82	1	\$669.26	-	-	1	-	-	-	-	\$1,159.59	\$3,529.19	\$4,688.78	4	\$4,527.22	
Total	\$72,149.82	\$151,611.31	\$223,761.13	114	\$214,272.27	7	39	44	13	20	1	1	\$287,105.32	\$438,236.63	\$725,341.95	316	\$696,827.52	

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

Detail of Travel Related Expenses

Virginia Retirement System

Board/Committee Members and Selected VRS Staff

Paid in Q4 2025

Traveler	Travel Start	Travel End	Destination	Sponsor	Purpose	Sponsor Paid	VRS Paid	Total
Andrews, Allen	04/15/2025	04/16/2025	Richmond, VA		Attended VRS Board and Committee meetings.	-	\$546.85	\$546.85
Andrews, Allen	05/20/2025	05/20/2025	Richmond, VA		Attended an Administration, Finance and Talent Management Committee meeting.	-	\$182.80	\$182.80
Andrews, Allen	06/17/2025	06/18/2025	Richmond, VA		Attended VRS Board and Committee meetings.	-	\$389.36	\$389.36
Bell II, John	04/15/2025	04/16/2025	Richmond, VA		Attended VRS Board and Committee meetings.	-	\$475.68	\$475.68
Bell II, John	06/17/2025	06/18/2025	Richmond, VA		Attended VRS Board and Committee meetings.	-	\$486.83	\$486.83
Bernert III, Lawrence	04/02/2025	04/02/2025	Richmond, VA		Attended an Investment Advisory Committee meeting.	-	\$127.40	\$127.40
Bernert III, Lawrence	06/17/2025	06/17/2025	Richmond, VA		Attended VRS Board Committee meetings.	-	\$127.40	\$127.40
Deo, Ravindra	05/15/2025	05/15/2025	Richmond		DCPAC	-	\$150.71	\$150.71
Gooden, Susan	03/18/2025	03/19/2025	Charlottesville, VA		Attended the VRS Board Retreat.	-	\$329.29	\$329.29
Hood, Jessica	04/15/2025	04/16/2025	Richmond, VA		Attended VRS Board and Committee meetings.	-	\$683.76	\$683.76
Hood, Jessica	06/09/2025	06/09/2025	Richmond, VA		Attended an Benefits and Actuarial Committee meeting.	-	\$501.20	\$501.20
Hood, Jessica	06/17/2025	06/18/2025	Richmond, VA		Attended VRS Board and Committee meetings.	-	\$768.66	\$768.66
James, Matthew	03/18/2025	03/19/2025	Charlottesville, VA		Attended the VRS Board Retreat.	-	\$462.29	\$462.29

Detail of Travel Related Expenses

Virginia Retirement System

Board/Committee Members and Selected VRS Staff

Paid in Q4 2025

Traveler	Travel Start	Travel End	Destination	Sponsor	Purpose	Sponsor Paid	VRS Paid	Total
James, Matthew	04/16/2025	04/16/2025	Richmond, VA		Attended VRS Board of Trustees meeting.	-	\$135.80	\$135.80
James, Matthew	05/15/2025	05/15/2025	Richmond, VA		Attended a VRS Defined Contribution Plans Advisory Committee meeting.	-	\$135.80	\$135.80
James, Matthew	06/18/2025	06/18/2025	Richmond, VA		Attended a VRS Board meeting.	-	\$135.80	\$135.80
Kasanoff, Kathryn	05/15/2025	05/15/2025	Richmond		DCPAC	-	\$444.08	\$444.08
Lewis, Wilbert	04/01/2025	04/02/2025	Richmond, VA		04-02-25 Invesetment Advisory Committee Meeting - Richmond, VA	-	\$312.01	\$312.01
Bishop, Patricia	03/18/2025	03/19/2025	Charlottesville, VA		Attended the VRS Board Retreat.	-	\$327.89	\$327.89
Bishop, Patricia	05/07/2025	05/11/2025	Quebec City, Canada		Attended the National Association of State Retirement Administrators spring meeting.	-	\$969.04	\$969.04
Bishop, Patricia	05/07/2025	05/11/2025	Quebec City, Canada		Attended teh National Association of State Retirement Administrators spring meeting.	-	\$938.27	\$938.27
Bishop, Patricia	06/11/2025	06/14/2025	Sacramento, CA		Attended the National Council on Teacher Retirement (NCTR) annual system Directors' meeting.	-	\$3,709.51	\$3,709.51
Chenault, Jeanne	03/18/2025	03/19/2025	Charlottesville, VA		Board retreat	-	\$222.89	\$222.89
Cooper, Michael	03/18/2025	03/19/2025	Boars Head Inn, Charlottesville, VA		Attended the Board Retreat at Boar's Head Inn.	-	\$298.49	\$298.49
Irving Jr, Robert	05/05/2025	05/08/2025	Conference		CEM Conference	-	\$1,524.38	\$1,524.38
Jack, Sandra	03/18/2025	03/19/2025	Boar's Head Inn		Attendance at 2025 Board retreat	-	\$313.61	\$313.61

Detail of Travel Related Expenses

Virginia Retirement System

Board/Committee Members and Selected VRS Staff

Paid in Q4 2025

Traveler	Travel Start	Travel End	Destination	Sponsor	Purpose	Sponsor Paid	VRS Paid	Total
Jack, Sandra	05/18/2025	05/20/2025	Washington, D.C.		IFEBP Legislative update	-	\$2,217.55	\$2,217.55
Junkin, Andrew	03/18/2025	03/19/2025	Charlottesville, VA		2025 Board of Trustees Retreat - March 18-19, 2025 - Charlottesville, VA	-	\$468.48	\$468.48
Junkin, Andrew	05/03/2025	05/07/2025	Beverly Hills, CA		2025 Milken Global Conference - May 3-7 2025 - Beverly Hills, CA	-	\$4,288.62	\$4,288.62
Junkin, Andrew	06/09/2025	06/11/2025	Chatham, Massachusetts		RFK Compass Summer Investors Conference - June 9-11, 2025 - Chatham, Massachusetts	-	\$1,875.85	\$1,875.85
Mattson, Curtis	04/29/2025	04/30/2025	New York, NY		BNY CAB Meeting & BlackRock Meeting	-	\$1,326.89	\$1,326.89
Schreck, Jennifer	03/18/2025	03/19/2025	Charlottesville, VA		Spring 2025 VRS Board Retreat	-	\$329.99	\$329.99
Schreck, Jennifer	04/29/2025	05/02/2025	St. Louis, MO		Attend APPFA Spring 2025 Professional Development Conference (Networking and Education)	-	\$2,018.16	\$2,018.16
Weldon, Leslie	05/08/2025	05/08/2025	Williamsburg, VA		VRS Presentation at VGFOA	-	\$116.35	\$116.35
Adelaar, Stephen	03/31/2025	04/01/2025	New York		Due diligence meetings with Eminence and Coatue. Update meetings with prospective managers - Jennison Associates, Discerene, and XN.	-	\$918.12	\$918.12
Adelaar, Stephen	06/16/2025	06/17/2025	Chicago, IL		Annual due diligence meeting with Select Equity Cooper Square. Update manager meeting with LSV.	-	\$1,019.27	\$1,019.27
Alouf, John	03/18/2025	03/19/2025	Charlottesville		Travel to Charlottesville for VRS Board Retreat.	-	\$332.09	\$332.09

Detail of Travel Related Expenses

Virginia Retirement System

Board/Committee Members and Selected VRS Staff

Paid in **Q4 2025**

Traveler	Travel Start	Travel End	Destination	Sponsor	Purpose	Sponsor Paid	VRS Paid	Total
Alouf, John	04/23/2025	04/25/2025	Greenwich and New York	Littlejohn	Travel to Greenwich for the Littlejohn AGM/LPAC and to New York for a Vista site meeting. The Littlejohn portion of the trip from 4/23 to 4/24 is sponsored travel.	\$682.12	\$504.67	\$1,186.79
Alouf, John	05/06/2025	05/06/2025	Washington DC		Travel to DC for Arlington due diligence.	-	\$278.89	\$278.89
Alouf, John	05/13/2025	05/13/2025	Greenwich, CT		Travel to Greenwich for Olympus annual meeting.	-	\$664.45	\$664.45
Alouf, John	05/15/2025	05/15/2025	Washington DC		Travel to Washington DC for JMI due diligence.	-	\$347.77	\$347.77
Alouf, John	05/19/2025	05/22/2025	Boston and San Francisco	Hellman & Friedman	Travel to Boston for TA annual meeting and San Francisco for Hellman & Friedman and Genstar annual meetings. The Hellman and Friedman portion of the trip is sponsored travel.	\$1,339.46	\$887.52	\$2,226.98
Alouf, John	06/12/2025	06/12/2025	New York		Travel to New York for Lead Edge due diligence.	-	\$581.46	\$581.46
Apte, Advait	03/26/2025	03/27/2025	New York, NY.		7th Annual AI in Finance by Wolfe (NYC) for Advait Apte March 26-27, 2025	-	\$1,235.98	\$1,235.98
Bennett, Matthew	04/01/2025	04/03/2025	New York		Attended the HPS Investor Symposium, HPS LPAC meetings for Mezz 2019 and SIP V. Annual meetings with Schroders, BlackRock Lending, Varde, Anchorage, and Castlake.	-	\$2,045.45	\$2,045.45
Billingslea, Erica	05/21/2025	05/21/2025	New York		Attended the Oak Hill Advisors Annual Investor Conference	-	\$664.74	\$664.74
Billingslea, Erica	06/10/2025	06/12/2025	San Francisco, CA		Attended the CEM Global Leaders Private Debt Conference	-	\$2,280.47	\$2,280.47
Bliss, Kevin	03/26/2025	03/26/2025	Charlotte, NC		Due diligence meeting with Barings on a prospective new investment, RE Debt Income Fund.	-	\$979.37	\$979.37

Detail of Travel Related Expenses

Virginia Retirement System

Board/Committee Members and Selected VRS Staff

Paid in Q4 2025

Traveler	Travel Start	Travel End	Destination	Sponsor	Purpose	Sponsor Paid	VRS Paid	Total
Bliss, Kevin	04/08/2025	04/10/2025	New Jersey and New York		Attended the PGI< Ascent Asset Owner Training Workshop in New Jersey. Due diligence meeting with TPG, update meeting with Antares and prospective manager meeting with Marathon in New York.	-	\$1,600.17	\$1,600.17
Bliss, Kevin	04/15/2025	04/16/2025	Toronto, Ontario		Attended the Dawson Partners AGM and Advisory Board meetings for funds IV, V and VI.	-	\$1,303.99	\$1,303.99
Bliss, Kevin	05/12/2025	05/14/2025	Nashville, TN		Attended the U.S. Private Credit Industry Conference on Direct Lending	-	\$1,457.42	\$1,457.42
Buchanan, Lee	03/25/2025	03/27/2025	Dallas		Travel to Dallas for PREA Conference.	-	\$1,424.11	\$1,424.11
Buchanan, Lee	04/07/2025	04/09/2025	Philadelphia and New Jersey	Penwood	Travel to Philadelphia and New Jersey for Penwood LPAC. This is sponsored travel.	\$327.04	\$177.80	\$504.84
Buchanan, Lee	04/23/2025	04/23/2025	New York		Travel to New York for JP Morgan Real Estate Americas annual meeting.	-	\$528.87	\$528.87
Buchanan, Lee	04/29/2025	04/29/2025	New York	Clarion	Travel to New York for Clarion Partners 2025 Annual Real Estate Investment meeting. This is sponsored travel.	\$585.09	\$15.40	\$600.49
Buchanan, Lee	05/29/2025	05/29/2025	Houston		Travel to Houston for Carson site visit.	-	\$446.88	\$446.88
Buchanan, Lee	06/11/2025	06/12/2025	Los Angeles	Fortress	Travel to Los Angeles for Fortress Real Estate meeting. This is sponsored travel.	\$1,532.24	\$15.40	\$1,547.64
Carlson, Ryan	05/19/2025	05/21/2025	New York, NY.		UBS Quant, UBS Evidence Lab, and HOLT Conference AI and Alpha: The Future of Finance	-	\$1,625.33	\$1,625.33
Chang, Warren	04/26/2025	04/30/2025	Miami	Stonepeak	Travel to Miami for Stonepeak Mid-Year Update. This is sponsored travel.	\$867.77	\$53.00	\$920.77

Detail of Travel Related Expenses

Virginia Retirement System

Board/Committee Members and Selected VRS Staff

Paid in Q4 2025

Traveler	Travel Start	Travel End	Destination	Sponsor	Purpose	Sponsor Paid	VRS Paid	Total
Chang, Warren	05/10/2025	05/14/2025	Milan	Antin	Travel to Milan for Antin Investor Day. This is sponsored travel.	\$8,677.02	\$90.98	\$8,768.00
Chang, Warren	05/19/2025	05/21/2025	Boston	True Green	Travel to Boston to attend the True Green Capital Annual Investors Meeting. This is sponsored travel.	\$724.46	\$18.00	\$742.46
Chang, Warren	06/02/2025	06/05/2025	New York	BlackRock/GIP; GIP/BlackRock	Travel to New York for BlackRock/GIP annual meeting. This is sponsored travel.	\$504.20	\$278.73	\$782.93
Coleman, Thomas	04/02/2025	04/03/2025	Dallas	Scout	Travel to Dallas for Scout Annual Meeting. This is sponsored travel.	\$870.50	\$25.64	\$896.14
Coleman, Thomas	04/08/2025	04/09/2025	Chicago	Taurus	Travel to Chicago for Taurus LP Day. This is sponsored travel.	\$860.14	\$23.40	\$883.54
Coleman, Thomas	04/22/2025	04/24/2025	Nashville	Affinius	Travel to Nashville for Affinius AGM. This is sponsored travel.	\$1,364.02	\$39.96	\$1,403.98
Coleman, Thomas	05/05/2025	05/07/2025	Dallas	Silver Creek	Travel to Dallas for Silver Creek annual general meeting. Tom added another day to his travel to do a site visit with Pritzker. The Silver Creek portion of the trip is sponsored travel.	\$633.76	\$718.17	\$1,351.93
Coleman, Thomas	05/20/2025	05/22/2025	Dallas	PetroCap	Travel to Dallas for PetroCap/Aplomado LPAC meetings. This is sponsored travel.	\$2,097.00	\$50.32	\$2,147.32
Corsello, Perry	04/22/2025	04/24/2025	New York	Ares Credit Secondaries	Annual due diligence meeting with Ares Pathfinder I and Pathfinder II. Ares Credit Secondaries Annual Meeting.	\$1,644.69	\$10.22	\$1,654.91
Corsello, Perry	05/18/2025	05/21/2025	London	Ares Asset Mgmt.	Attended the Ares Global Direct Lending AGM. Attended the Advisory Board Meetings for PCS I and PCS II; ACE V and ACE VI.	\$7,033.59	\$156.80	\$7,190.39
Grier, John	03/18/2025	03/19/2025	Charlottesville, Va.		2025 Board of Trustees Retreat for JT Grier-lodging and Mileage 18-19, 2025.	-	\$331.39	\$331.39
Grier, John	03/23/2025	03/26/2025	Savannah, Georgia		Q Group Spring Seminar 2025 for JT Grier March 23-26th in Savannah, Georgia.	-	\$1,485.67	\$1,485.67

Detail of Travel Related Expenses

Virginia Retirement System

Board/Committee Members and Selected VRS Staff

Paid in Q4 2025

Traveler	Travel Start	Travel End	Destination	Sponsor	Purpose	Sponsor Paid	VRS Paid	Total
Grier, John	06/10/2025	06/11/2025	Washington, DC.		Carlyle's 2025 Washington Day Tuesday, June 10, 2025 - Wednesday, June 11, 2025, Washington DC.	-	\$1,040.34	\$1,040.34
Hines, Gregory	03/23/2025	03/30/2025	London/Heathrow, England, UK		London Manager Meetings and Conference for SG- Quantitative Finance Seminar - La Clusaz March 23-30, 2025	-	\$9,934.55	\$9,934.55
Hines, Gregory	04/29/2025	05/01/2025	New York, NY.		10th Annual Derivatives Research Forum - April 29th & May 1st in NYC.	-	\$977.64	\$977.64
Hines, Gregory	04/30/2025	04/30/2025	Washington,DC.		2025 EQUITY SOLUTIONS ROUNDTABLE	-	\$209.48	\$209.48
Hines, Gregory	05/14/2025	05/16/2025	New York, NY.		Barclays Quant Investor Forum May 14-16, 2025	-	\$3,018.16	\$3,018.16
Honrado, Cordell	03/18/2025	03/19/2025	Charlottesville, Va.		2025 Board of Trustees Retreat	-	\$331.39	\$331.39
Howell, Kenneth	03/18/2025	03/19/2025	Charlottesville, VA		Travel to Charlottesville, VA on March 18th and March 19th for the VRS Board Retreat.	-	\$201.32	\$201.32
Jones, De'Von	04/21/2025	04/25/2025	New York	General Atlantic; General Atlantic and Vista; Vista	Travel to New York to attend the General Atlantic LPAC and Vista AGM/LPAC. These are both sponsored travel. Additional meeting with Vista	\$1,264.72	\$685.95	\$1,950.67
Jones, De'Von	04/30/2025	05/02/2025	San Jose	Leonard Green	Travel to San Jose for 2025 Leonard Green & Partners Investor Conference. This is sponsored travel.	\$930.37	\$26.83	\$957.20
Jones, De'Von	05/12/2025	05/13/2025	Dallas	NGP	Travel to Dallas for NGP AGM & LPAC. This is sponsored travel.	\$1,464.52	\$15.40	\$1,479.92
Jones, De'Von	05/15/2025	05/15/2025	Washington DC		Travel to Washington DC for JMI on-site meeting.	-	\$387.81	\$387.81

Detail of Travel Related Expenses

Virginia Retirement System

Board/Committee Members and Selected VRS Staff

Paid in Q4 2025

Traveler	Travel Start	Travel End	Destination	Sponsor	Purpose	Sponsor Paid	VRS Paid	Total
Jones, De'Von	05/21/2025	05/23/2025	New York	Stone Point	Travel to New York for Stone Point Trident Funds 2025 Annual Meeting. This is sponsored travel.	\$2,895.76	\$59.78	\$2,955.54
Jones, De'Von	06/03/2025	06/05/2025	Chicago		Travel to Chicago for ILPA Conference.	-	\$1,622.06	\$1,622.06
Jones, De'Von	06/10/2025	06/13/2025	Palm Beach	Apollo	Travel to Palm Beach for Apollo Annual General Meeting and LPAC. This is sponsored travel.	\$796.65	\$61.99	\$858.64
Kennebeck, Joseph	06/15/2025	06/17/2025	NYC		NYC conf trip for CQA Trading Day	-	\$1,554.73	\$1,554.73
Koutrakos, Kristina	02/10/2025	02/12/2025	Austin, TX		Aksia Palooza February 10-12, 2025	-	\$1,582.06	\$1,582.06
Koutrakos, Kristina	03/05/2025	03/05/2025	Washington, DC.		2025 Milken Institute Finance Forum	-	\$504.80	\$504.80
Koutrakos, Kristina	03/24/2025	03/24/2025	Minneapolis, MN.		Manager Meetings	-	\$878.48	\$878.48
Koutrakos, Kristina	04/16/2025	04/17/2025	New York, NY		New York - DS annual DD trip	-	\$1,460.42	\$1,460.42
Koutrakos, Kristina	05/01/2025	05/07/2025	Beverly Hills, California		PIMCO/Milken Institute Global Conference	-	\$3,263.39	\$3,263.39
Koutrakos, Kristina	05/28/2025	06/04/2025	London		London ICPM Forum	-	\$7,760.90	\$7,760.90
Lacy, Matthew	03/18/2025	03/19/2025	Charlottesville, Va.		2025 Board of Trustees Retreat	-	\$331.39	\$331.39
Lacy, Matthew	04/29/2025	04/30/2025	Greenwich CT.		Manager Meeting with AQR capital	-	\$631.79	\$631.79
Le, Vu	04/08/2025	04/11/2025	Las Vegas, Nevada		CQA conference	-	\$2,842.20	\$2,842.20

Detail of Travel Related Expenses

Virginia Retirement System

Board/Committee Members and Selected VRS Staff

Paid in Q4 2025

Traveler	Travel Start	Travel End	Destination	Sponsor	Purpose	Sponsor Paid	VRS Paid	Total
Ma, Chung	03/18/2025	03/19/2025	Charlottesville, Va.		2025 Board of Trustees Retreat	-	\$331.39	\$331.39
Ma, Chung	05/03/2025	05/07/2025	Beverly Hills, CA.		Milken Institute Global Conference	-	\$4,580.77	\$4,580.77
Ma, Chung	05/28/2025	06/04/2025	London		ICPM Discussion Forum	-	\$8,753.33	\$8,753.33
Matoua, Katherine	02/25/2025	02/25/2025	New York, NY.		VRS - Garda FIRVO Quarterly	-	\$880.99	\$880.99
Matoua, Katherine	03/02/2025	03/04/2025	Washington, DC.		2025 NABE Economic Policy Conference	-	\$1,135.33	\$1,135.33
Matoua, Katherine	04/16/2025	04/17/2025	New York, NY		New York - DS annual DD trip	-	\$1,123.10	\$1,123.10
Matoua, Katherine	04/29/2025	04/30/2025	Greenwich CT.		Manager Meeting with AQR capital	-	\$1,556.69	\$1,556.69
Matoua, Katherine	05/03/2025	05/07/2025	Beverly Hills, CA.		Milken Institute Global Conference	-	\$3,297.29	\$3,297.29
Matoua, Katherine	06/03/2025	06/05/2025	Boston		State Street Markets Research Retreat	-	\$1,908.80	\$1,908.80
Muniz, Alex	04/08/2025	04/10/2025	Las Vegas, Nevada		CQA conference	-	\$1,295.83	\$1,295.83
Murphy, James	05/01/2025	05/01/2025	Washington, DC		JMI annual general meeting.	-	\$212.62	\$212.62
Murphy, James	05/11/2025	05/15/2025	London	HarbourVest	HarbourVest annual meeting and LPAC. This is sponsored travel.	\$8,859.39	\$260.40	\$9,119.79
Murphy, James	05/20/2025	06/23/2025	Munich	CVC	Travel to Munich for the CVC Spring LPAC. This is sponsored travel.	\$5,081.06	\$740.55	\$5,821.61

Detail of Travel Related Expenses

Virginia Retirement System

Board/Committee Members and Selected VRS Staff

Paid in Q4 2025

Traveler	Travel Start	Travel End	Destination	Sponsor	Purpose	Sponsor Paid	VRS Paid	Total
Noland, Walker	03/25/2025	03/27/2025	Dallas		Travel to Dallas for PREA Conference.	-	\$1,326.34	\$1,326.34
Noland, Walker	05/19/2025	05/21/2025	Miami	PGIM	Travel to Miami for PGIM 2025 Global Client Conference. This is sponsored travel.	\$1,202.14	\$15.40	\$1,217.54
Pugliese, Laura	06/02/2025	06/04/2025	Washington, DC		Attended the 2025 DCIIA/SPARK Public Policy Forum, PSI Roundtable, and Executive Committee meetings.	-	\$1,305.94	\$1,305.94
Rhodes, Garret	03/10/2025	03/11/2025	New York, NY.		Quant Strat Conference	-	\$1,138.51	\$1,138.51
Rhodes, Garret	05/19/2025	05/22/2025	New York, NY.		UBS Quant, UBS Evidence Lab, and HOLT Conference: AI and Alpha: The Future of Finance	-	\$2,830.88	\$2,830.88
Sarki-Hurd, Hajara	04/09/2025	04/10/2025	Washington, DC	Artemis	Travel to Washington, DC for Artemis Investor meeting. This is sponsored travel.	\$223.95	\$11.20	\$235.15
Sarki-Hurd, Hajara	04/23/2025	04/25/2025	Dallas	Crow	Travel to Dallas for Crow Annual Meeting and LPAC. This is sponsored travel.	\$1,484.07	\$20.18	\$1,504.25
Sarki-Hurd, Hajara	04/28/2025	05/01/2025	Nashville	Harrison Street	Travel to Nashville for Harrison Street annual general meeting. This is sponsored travel.	\$544.96	\$35.98	\$580.94
Sarki-Hurd, Hajara	05/08/2025	05/08/2025	New York		Travel to New York for RE:CONNECT 2025 conference.	-	\$1,064.78	\$1,064.78
Sarki-Hurd, Hajara	05/18/2025	05/21/2025	Boca Raton	Blackstone	Travel to Boca Raton for Blackstone Global Real Estate LP Meetings. This is sponsored travel.	\$754.09	\$48.03	\$802.12
Sarki-Hurd, Hajara	06/02/2025	06/07/2025	Lisbon	Tristan	Travel to Lisbon for Tristan AGM and LPAC. This is sponsored travel.	\$9,218.12	\$2,662.55	\$11,880.67
Schlussler, Daniel	03/23/2025	03/27/2025	Savannah, Ga./NY		Q Group Spring Seminar 2025, GA/Wolfe Conference, NY	-	\$1,342.48	\$1,342.48

Detail of Travel Related Expenses

Virginia Retirement System

Board/Committee Members and Selected VRS Staff

Paid in Q4 2025

Traveler	Travel Start	Travel End	Destination	Sponsor	Purpose	Sponsor Paid	VRS Paid	Total
Scott, Michael	06/03/2025	06/04/2025	Washington, DC		Attended the DCIAA/ SPARK Public Policy Forum.	-	\$521.90	\$521.90
Tentor, Lawrence	04/21/2025	04/24/2025	Santa Clara, CA.		JOIM/Journal of Investment Management	-	\$2,452.67	\$2,452.67
Tentor, Lawrence	05/12/2025	05/15/2025	Boston, Ma.		ODSC East 2025/Open Data Science Conference	-	\$672.28	\$672.28
Tran, Viet	03/24/2025	03/25/2025	San Francisco	TPG	Travel to San Francisco for TPG LPAC. This is sponsored travel.	\$1,928.99	\$15.40	\$1,944.39
Tran, Viet	04/09/2025	04/10/2025	New York	Centerbridge	Travel to New York for Centerbridge LPAC. This is sponsored travel.	\$1,083.86	\$22.93	\$1,106.79
Tran, Viet	04/22/2025	04/23/2025	Miami	ICV	Travel to Miami to attend the ICV Annual Meeting. This is sponsored travel.	\$1,009.18	\$15.40	\$1,024.58
Tran, Viet	05/12/2025	05/13/2025	Boston	Summit	Travel to Boston for Summit annual general meeting and LPAC. This is sponsored travel.	\$781.81	\$61.64	\$843.45
Tran, Viet	05/20/2025	05/22/2025	Boston	Bain	Travel to Boston for Bain annual general meeting and LPAC and meeting with Audax. This is sponsored travel.	\$1,778.22	\$79.75	\$1,857.97
Tran, Viet	06/03/2025	06/05/2025	Chicago		Travel to Chicago for ILPA Conference.	-	\$1,563.42	\$1,563.42
Tran, Viet	06/11/2025	06/12/2025	New York		Travel to New York for Lead Edge due diligence.	-	\$979.51	\$979.51
Tribhuan Singh, Fnu	05/06/2025	05/06/2025	Washington DC		Travel to Washington DC for Arlington due diligence.	-	\$202.00	\$202.00
Tribhuan Singh, Fnu	06/03/2025	06/05/2025	Chicago		Travel to Chicago for ILPA Conference.	-	\$1,508.09	\$1,508.09

Detail of Travel Related Expenses

Virginia Retirement System

Board/Committee Members and Selected VRS Staff

Paid in Q4 2025

Traveler	Travel Start	Travel End	Destination	Sponsor	Purpose	Sponsor Paid	VRS Paid	Total
Turner, Korey	03/31/2025	04/01/2025	New York and Stamford, CT		Annual due diligence meetings with Eminence and Coatue. Prospective manager meetings with Jennison Associates, Discerene, and XN.	-	\$993.44	\$993.44
Turner, Korey	04/28/2025	05/01/2025	San Francisco, CA		Annual due diligence meetings with Jackson Square and ValueAct. Update meeting with Farallon. Prospective manager meetings with RS Global, BlackRock, and FiveSpan.	-	\$3,799.04	\$3,799.04
Turner, Korey	05/12/2025	05/14/2025	Boston, MA		Acadian annual due diligence meeting on May 12th. Arrowstreet Client Conference, May 13 - 14, 2025.	-	\$1,579.96	\$1,579.96
Voeks III, Robert	04/22/2025	04/23/2025	Chicago		Travel to Chicago for GTCR Annual General Meeting.	-	\$1,332.81	\$1,332.81
Voeks III, Robert	04/29/2025	04/30/2025	Boston	ABRY	Travel to Boston for ABRY annual meeting and LPAC. This is sponsored travel.	\$1,104.86	\$18.40	\$1,123.26
Voeks III, Robert	05/28/2025	05/29/2025	New York		Travel to New York for Monomoy Annual General Meeting.	-	\$750.29	\$750.29
Whitlock, Daniel	03/18/2025	03/19/2025	Charlottesville, VA		Travel to Charlottesville, VA for the Virginia Retirement System Board of Trustees Retreat.	-	\$320.47	\$320.47
Whitlock, Daniel	04/28/2025	05/01/2025	San Francisco, CA		Annual due diligence meetings with Jackson Square and ValueAct. Update meeting with Farallon. Prospective manager meetings with RS Global, BlackRock, and FiveSpan.	-	\$3,755.84	\$3,755.84
Wirick Iv, Weldon	03/24/2025	03/26/2025	Chapel Hill		TraderForum- Chapel Hill	-	\$913.44	\$913.44
Woodall, Steven	03/18/2025	03/19/2025	Charlottesville, VA		VRS Board Retreat.	-	\$161.56	\$161.56
Woodall, Steven	04/02/2025	04/02/2025	New York		Attended the Carlyle Global Credit Conference.	-	\$669.26	\$669.26
Total						\$72,149.82	\$151,611.31	\$223,761.13

VRS BOARD OF TRUSTEES AND COMMITTEES
 RECORD OF ATTENDANCE & PER DIEMS
 FOR 2Q2025

Member	Area	Month Paid:												Total Days Attended	Per Diem Rate	Per Diem Payments			Total
		Apr-25					May-25		Jun-25							Apr	May	June	
		4/2/2025	4/15/2025	4/15/2025	4/16/2025	4/16/2025	5/15/2025	5/20/2025	6/9/2025	6/17/2025	6/17/2025	6/17/2025	6/18/2025						
A. SCOTT ANDREWS, CHAIR	BOT	X	-	X	X	X	-	X	-	X	X	X	6	\$ 300.00	\$ 900.00	\$ 300.00	\$ 600.00	\$ 1,800.00	
J BRANDON BELL, II	BOT	-	-	X	-	X	-	X	X	-	X	X	6	300.00	600.00	300.00	900.00	1,800.00	
JOHN M. BENNETT	BOT	X	X	X	X	X	X	X	X	-	X	X	8	300.00	900.00	600.00	900.00	2,400.00	
LAWRENCE BERNERT	BOT	X	-	-	-	-	-	X	X	X	X	-	4	300.00	300.00	300.00	600.00	1,200.00	
MICHAEL P. DISHAROON	BOT	-	-	X	-	X	X	-	-	-	X	X	5	300.00	600.00	300.00	600.00	1,500.00	
SUSAN GOODEN	BOT	-	-	-	-	X	X	-	-	-	-	X	3	300.00	300.00	300.00	300.00	900.00	
JESSICA L. HOOD	BOT	-	X	X	X	X	-	-	X	X	X	X	5	300.00	600.00	-	900.00	1,500.00	
MATTHEW JAMES	BOT	-	-	-	-	X	X	-	-	-	-	X	3	300.00	300.00	300.00	300.00	900.00	
LINDSEY PANTELE	BOT	-	X	X	-	-	-	-	X	-	-	-	2	300.00	300.00	-	300.00	600.00	
MONIQUE BARNES	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	
KATHRYN JONAS KASANOFF	DCPAC	-	-	-	-	-	X	-	-	-	-	-	1	300.00	-	300.00	-	300.00	
RICK LARSON	DCPAC	-	-	-	-	-	X	-	-	-	-	-	1	300.00	-	300.00	-	300.00	
BRENDA O. MADDEN	DCPAC	-	-	-	-	-	X	-	-	-	-	-	1	300.00	-	300.00	-	300.00	
DAVID A. WINTER	DCPAC	-	-	-	-	-	X	-	-	-	-	-	1	300.00	-	300.00	-	300.00	
OPEN	IAC	-	-	-	-	-	-	-	-	-	-	-	-	300.00	-	-	-	-	
THEODORE ECONOMOU	IAC	X	-	-	-	-	-	-	-	-	-	-	1	300.00	300.00	-	-	300.00	
PALMER GARSON	IAC	X	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
THOMAS S. GAYNER	IAC	X	-	-	-	-	-	-	-	-	-	-	1	300.00	300.00	-	-	300.00	
LAWRENCE E KOCHARD	IAC	X	-	-	-	X	-	-	-	-	-	-	2	300.00	600.00	-	-	600.00	
NANCY G. LEAKE	IAC	X	-	-	-	-	-	-	-	-	-	-	1	300.00	300.00	-	-	300.00	
WILBERT BRYAN LEWIS	IAC	X	-	-	-	-	-	-	-	-	-	-	1	300.00	300.00	-	-	300.00	
ROD SMYTH	IAC	X	-	-	-	-	-	-	-	-	-	-	1	300.00	300.00	-	-	300.00	
WILLIAM H. WEST	IAC	X	-	-	-	-	-	-	-	-	-	-	1	300.00	300.00	-	-	300.00	
															\$ 7,200.00	\$ 4,500.00	\$ 5,400.00	\$ 17,100.00	

Check
1800
1800
2400
1200
1500
900
1500
900
600
300
300
300
300
300
300
0
300
0
300
600
300
300
300

Number Attending	11	3	6	3	8	11	4	5	4	5	7	67						
Total Days per Diem Paid (Control Total)	10	3	3	3	5	11	4	5	4	2	7	57	x \$300	=	17,100.00			17100

2026 Meeting Dates

Audit and Compliance Committee

<u>Day</u>	<u>Date</u>	<u>Time</u>
Wednesday	March 25, 2026	1:00 p.m.
Tuesday	June 9, 2026	1:00 p.m.
Wednesday	September 16, 2026	10:00 a.m.
Wednesday	December 9, 2026	11:00 a.m.

Board of Trustees

<u>Day</u>	<u>Date</u>	<u>Time</u>
Thursday	February 5, 2026	1:00 p.m.
Tuesday	March 17, 2026	Board Retreat (to be determined)
Wednesday	March 18, 2026	Board Retreat (to be determined)
Thursday	April 23, 2026	1:00 p.m.
Wednesday	June 17, 2026	1:00 p.m.
Thursday	July 9, 2026	1:00 p.m. (to be held if necessary)
Thursday	September 17, 2026	1:00 p.m.
Thursday	October 15, 2026	1:00 p.m.
Thursday	November 12, 2026	1:00 p.m.
Wednesday	December 9, 2026	1:00 p.m.

Closed Session

CLOSED SESSION LANGUAGE

Closed Session under the Freedom of Information Act

The Freedom of Information Act (FOIA) prescribes the behavior of public bodies operating under the authority of the *Code of Virginia*, with the goal of providing transparency for Virginia's stakeholders.

In certain limited situations, as authorized under FOIA, a public body may enter closed session.

For the September meeting the committee will need to go into closed session to discuss the Audit Director's Performance (exempt under § 2.2-3711(A)(1)).

Actions by the Committee in Closed Session

Any recommendations and actions agreed to by the Committee during the closed session must be voted upon and approved in open session to be communicated to the Board.

To Convene Closed Meeting

"I move that the Audit and Compliance Committee of the Virginia Retirement System Board of Trustees convene a closed meeting under the Virginia Freedom of Information Act to discuss the performance of specific employees pursuant to the personnel exemption at *Code of Virginia* § 2.2-3711(A)(1)."

[Second needed]

[Roll call vote needed]

Certification after Closed Meeting

"I move 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, *Code of Virginia* § 2.2-3712 requires a certification by the Committee that such closed meeting was conducted in conformity with Virginia law;

NOW, THEREFORE, BE IT RESOLVED, that the Audit and Compliance 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."

[Second needed]

[Roll call vote needed]

Audit Director's Performance Review.

Requested Action

The VRS Board of Trustees approves a ____% performance bonus for the Audit Director.

Description/Background

The Audit and Compliance Committee reviewed and evaluated the performance of the Audit Director. Based on this review and evaluation, the Committee recommends that the Board approve a ____% performance bonus for the Audit Director payable _____, 2025.

Rationale for Requested Action

The Audit and Compliance Committee recommends that the Board approve a ____% performance bonus for the Audit Director, payable _____, 2025, based on the Committee's review and evaluation of the Audit Director's performance during FY 2025. The Audit and Compliance Committee Charter in paragraph 18 of the duties and responsibilities section states "Review and make recommendations to the Board regarding the performance of the Audit Director." Section IV.H.8 of the Board Governance Policy provides that the Board may review, monitor and oversee the performance of the Audit Director. Also, the Executive Pay Plan contemplates granting a performance bonus to the Audit Director.

Authority for Requested Action

Code of Virginia § 51.1-124.22(11) authorizes the Board to establish and administer a compensation plan for officers and employees of the Retirement System.

The above action is approved.

A. Scott Andrews, Chair
VRS Board of Trustees

Date