



## **Audit and Compliance Committee Meeting**

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

Wednesday, 3/29/2023  
1:00 - 3:00 PM ET

- I. Welcome
- II. Minutes of the December 8th Meeting
  - Meeting Minutes - Page 2*
- III. Audit Reports
  - A. Report 449: Conformance with VITA Standards
    - VITA Conformance: Audit Report - Page 7*
  - B. Report 450: Credit Strategies and Private Investment Partnerships Programs
    - Credit Strategies and PIP Programs: Audit Report - Page 18*
- IV. Report on Code of Ethics by Management
  - Code of Ethics Reporting - Page 38*
  - A. Report from Administration
    - VRS Administration Code of Ethics Memo - Page 39*
    - VRS Code of Ethics - Page 40*
  - B. Report from Investments
    - Investments Report on Code of Ethics - Page 42*
- V. FY 2023 Audit Plan Progress as of December 31, 2022
  - Progress Report - Page 76*
- VI. Miscellaneous Updates
  - A. Quarterly Report on Fraud, Waste and Abuse Hotline Cases
    - Fraud Waste and Abuse Report: November 1, 2022 through January 31, 2023 - Page 82*
  - B. Cost of Living Adjustments
    - 2023 Internal Audit COLA Memorandum - Page 86*
  - C. Management's Quarterly Travel Expenses and Per Diem Report
    - Quarterly Travel Expenses: Q2 FY2023 - Page 91*
  - D. Next Meeting Date: June 13, 2023 at 1:00 p.m.

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## Minutes

The Audit and Compliance Committee of the Board of Trustees met on December 8, 2022, at the Virginia Retirement System located in Richmond, Virginia. The following individuals were present.

Audit and Compliance Committee Members:

W. Brett Hayes, Committee Vice Chair

A. Scott Andrews, Board Chair (*entered at 10:03 a.m.*)

Other Members of the Board of Trustees:

John M. Bennett

Michael P. Disharoon (*entered at 10:08 a.m.*)

William A. Garrett

VRS Staff:

Patricia Bishop, Jennifer Schreck, Judy Bolt, Michael Cooper, Barry Faison, Joshua Fox, Brian Goodman, Krystal Groff, Curt Mattson, Angela Payne, Matthew Priestas, Mark Rein, Kristy Scott and Leslie Weldon.

Guests:

Jamie Bitz, Joint Legislative Audit and Review Commission; and Zach Borgerding, Brian Deveney and Erin Rodriguez, Auditor of Public Accounts

The meeting convened at 10:00 a.m.

### Opening Remarks

Mr. Hayes called the meeting to order and welcomed everyone to the December 8, 2022, meeting of the Audit and Compliance Committee of the Virginia Retirement System Board of Trustees and noted no changes or additions to the meeting agenda.

### Approval of Minutes

Upon motion of Mr. Bennett, seconded by Mr. Andrews, the committee approved the minutes of the Audit and Compliance Committee meeting held on September 13, 2022.

### Exit on the 2022 Annual Comprehensive Financial Report

Mr. Borgerding informed the committee the APA's audit work over VRS' fiscal year 2022 ACFR was in its final stages. Mr. Borgerding indicated the APA plans to issue an unmodified opinion dated December 7, 2022. Mr. Borgerding noted as a part of the audit, the APA would issue a "Report on Internal Controls and Compliance" in January 2023. Audit observations involving information system security subject to FOIA Section 2.2-3705.2 are in the process of being discussed with management, with APA evaluating if any will be included in the report.

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### Entrance for 2022 Employer Assurances Review

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

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

Mr. Borgerding noted the examinations will cover the period July 1, 2021, through June 30, 2022, and the APA anticipates issuing its opinions on these matters on or about June 30, 2023. He further indicated an engagement memo would be provided to the committee at a later date.

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

Ms. Schreck presented the results of the annual Internal Quality Assurance and Improvement Program Review as of June 30, 2022, noting the Principal Auditor for Quality Assurance had completed the review and concluded there was reasonable assurance that the Internal Audit Department was performing in conformance with the *International Standards for the Professional Practice of Internal Auditing*. Ms. Schreck noted the department is in the process of reviewing and enhancing its audit report template, with plans to survey the committee members for their feedback.

### Quarterly Report on Fraud, Waste and Abuse Hotline Cases

Ms. Schreck shared there were no Fraud, Waste and Abuse cases reported for the period August 1, 2022, through October 31, 2022.

### 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.

### Confirmation of 2023 Meeting Schedule

Ms. Schreck shared the 2023 VRS Board and Committee meeting dates, noting the next meeting of the Committee is scheduled for March 29, 2023, at 1:00 p.m.

### Audit Reports

The committee received two audit reports from staff.

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Audit Report 447 – General Ledger System

Ms. Scott presented the results of Internal Audit's review of the General Ledger System. The review determined processes are in place to protect the confidentiality, integrity and availability of the system with opportunities to enhance the processes. There was one recommendation resulting from the review.

Audit Report 448 – Application Controls: myVRS and the Fraud System

The Committee went into closed session to receive the results of Internal Audit's review of Application Controls: myVRS and the Fraud System from Mr. Priestas.

**Closed Session Motion**

Mr. Bennett moved, with a second by Mr. Andrews, that the Audit and Compliance Committee of the Virginia Retirement System Board of Trustees convene a closed meeting under the Virginia Freedom of Information Act to discuss information that describes the design, function, operation or access control features of a security system which is used to control access to or use of an automated data processing system, pursuant to the public safety exemption at Virginia Code § 2.2-3711(A)(19).

**Certification**

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

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

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

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

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

Mr. Andrews: Aye  
Mr. Bennett: Aye  
Mr. Disharoon: Aye  
Mr. Garrett: Aye  
Mr. Hayes: Aye

**Acceptance of Audit Reports**

Upon motion of Mr. Andrews, seconded by Mr. Bennett, the committee accepted audit reports 447 and 448 as presented.

**Meeting Adjournment**

There being no further business, upon motion by Mr. Andrews, seconded by Mr. Bennett, the Audit and Compliance Committee adjourned the meeting at approximately 10:41 a.m.

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**Committee Chair**

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**Secretary**

# Audit Reports

# **Conformance with VITA's IT Security Program as of January 1, 2023**



Dear Members of the Audit and Compliance Committee,

We have completed audit number 449, "Conformance with VITA's IT Security Program as of January 1, 2023." The main purpose of our audit was to review the conformity of VRS' Information Technology security program with the mandatory information security policies and standards disseminated by VITA.

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

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

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

Respectfully Submitted,

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

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## EXECUTIVE SUMMARY

We conducted an examination of VRS' Conformance with Virginia Information Technology Agency's (VITA) Information Technology (IT) Security Program as of January 1, 2023. VITA's IT Security Program requirements are laid out in the following documents.

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

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

Agencies may elect to adopt the VITA policies and standards for their use, or agencies may develop their own internal policies and standards that, at a minimum, meet the provisions of VITA's IT Security Program. VRS has developed its Information Security Program Policy which accepts the VITA policies and standards, with one exception. In this case, VRS has developed its own policies to provide additional clarity and detail.

This review did not address compliance with VRS' IT security program. These areas were most recently reviewed in Reports No. 444 (Review of IT General Controls), No. 447 (General Ledger System) and No. 448 (Application Controls: myVRS and the Fraud System).

### SNAPSHOT

VITA's **IT Security Program** includes **2** policies and **7** standards as of **January 1, 2023**.

To conform, VRS has developed its **Information Security Program Policy (ISPP)** which accepts **eight VITA** policies and standards and includes **VRS' own policies** to support the use of non-VRS computing devices to **demonstrate conformance** with VITA's **IT Security Program**.

### AUDIT ASSESSMENT

**VRS' Information Security Program Policy and related policies generally conform with VITA's IT Security Program.**

**Written Recommendations: 0**

## BACKGROUND

**CODE OF VIRGINIA §2.2-2009**

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

VRS is subject to the requirements of VITA’s Information Technology (IT) Security Program. The purpose of the VITA IT Security Program is *“To protect the Commonwealth information technology assets (and the information processed) by defining the minimum information technology security program for agencies of the Commonwealth of Virginia.”* Several policies and standards construct this program to help agencies in creating and documenting their information security programs.

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

Internal Audit performs this annual review to understand any changes made to VITA’s and VRS’ IT security programs and assess VRS’ continued conformance with VITA’s IT Security Program. This review also enables audit efficiencies by holistically assessing VRS’ information security policies annually, allowing subsequent audits to leverage the work performed in this review.

### VITA POLICIES AND STANDARDS

The table below lists the individual policies and standards comprising VITA’s IT Security Program as of January 1, 2023 along with a brief description.

Mandatory VITA Document	Current Version	Brief Description
<a href="#"><u>Information Security Standard</u></a>	SEC 501-12.0	This standard establishes a minimum acceptable level of IT security and baseline for information technology security controls in accordance with applicable statutes and best practices.
<a href="#"><u>IT Security Audit Standard</u></a>	SEC 502-04	This standard delineates the methodology for conducting an IT security audit of sensitive IT systems that contain agency information as identified and prioritized in an agency’s Business Impact Analysis.

*Conformance with VITA’s IT Security Program as of January 1, 2023 Pg. 4 of 11*

Mandatory VITA Document	Current Version	Brief Description
<a href="#">Use of Non-Commonwealth Computing Devices to Telework Standard</a>	SEC 511-1	This standard defines the minimum acceptable level of security controls necessary for eligible employees to use computers, computing devices or related electronic equipment not owned or leased by the Commonwealth to telework.
<a href="#">Removal of Commonwealth Data from Electronic Media Standard</a>	SEC 514-05.1	This standard establishes minimum procedures that must be followed by each agency and their service providers when electronic media is surplus, transferred, traded-in, disposed of or replaced.
<a href="#">Information Security Policy</a>	SEC 519-01	This policy provides direction and assistance to each agency in developing and implementing agency information security programs that reduce the risk to information irrespective of the medium containing the information.
<a href="#">IT Risk Management Standard</a>	SEC 520-03	This standard provides a uniform approach for assessing and managing information technology risk within the Commonwealth.
<a href="#">Hosted Environment Information Security Standard</a>	SEC 525-05.0	This standard establishes minimum information security requirements for activities associated with Commonwealth data stored in a data center not owned or leased by an agency. Integration support for this standard is laid out in the <a href="#">VITA's Cloud Third Party Use Policy</a> . Due to VRS' independence, it is not required to explicitly follow these procedures since VRS does not use VITA as an IT service provider nor receives hosted vendor approvals from VITA's Enterprise Cloud Oversight Service.
<a href="#">Cybersecurity Awareness Training Standard</a>	SEC 527-1.1	This Standard defines the curriculum course requirements that agencies shall implement when creating an annual information security program. State agencies shall develop additional training materials that address specific needs of such agency, provided that such materials do not contradict the training curriculum and materials developed by the CIO.
<a href="#">Prohibited Hardware, Software and Services Policy</a>	SEC 528-00.2	This policy prohibits executive, judicial, legislative and independent agencies from entering into, or extending or renewing, a contract with an entity that utilizes any equipment, system, or service that has been prohibited by the Commonwealth of Virginia or the federal government as defined within the policy.

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## SECURITY AWARENESS PROGRAMS

**In addition** to the minimum **security awareness standards**

promulgated by VITA,

**VRS routinely** incorporates security awareness throughout the year into its **VRS Today meetings**, security awareness videos, quarterly

**focused training** modules,

**phishing** testing, cyber **security week** activities

and **screen saver** and **hall monitor messages**.

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## VRS POLICIES AND STANDARDS

To ensure conformance, VRS adopts VITA's policies and standards by either accepting them as written or republishing VRS versions. The VRS-tailored versions retain the foundation of VITA's and may have more restrictive or detailed policies, standards or guidelines. In those cases, VRS' policies supersede those of the Commonwealth of Virginia and do not require exception approval.

VRS traditionally has formulated its own information security policies and standards to address the information security requirements mandated by VITA. However, at the time of our last review, VRS was in the process of an extensive rewrite of its security program resulting in the creation of an Information Security Program Policy (ISPP). Since this review, VRS has implemented the initial version of the ISPP effective March 4, 2022.

In the ISPP, VRS accepts eight of the nine VITA policies and standards as written. VRS has developed its own policies to address the use of non-VRS computing devices to perform VRS functions rather than adopt VITA's Use of Non-Commonwealth Computing Devices to Telework Standard.

### Use of Non-VRS Computing Devices

The VRS User IT Security Policy and the VRS Personal Device Program User Policy are long standing policies providing greater detail and clarity on the allowed and prohibited activities when using non-VRS computing devices to perform VRS functions. The VRS Standard Hours of Work and Flexible Schedule Policy contains a section pertaining to remote work, and new employees sign a telework agreement prior to teleworking. Employees must adhere to the VRS IT security policies and are responsible for the security and confidentiality of any VRS information, documents, records or equipment in their possession. Regardless of their work location and device used, employees must agree to follow agency security procedures to ensure the confidentiality and security of data.

## REVISION ASSESSMENT

Periodically, VITA revises its policies and standards or adds a new policy or standard to incorporate emerging best practices or to align its program with changes to the *Code of Virginia*. VRS learns of such changes through various VITA communications, including training and group meetings.

## ANNUAL ASSESSMENT

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

To perform this review, we determine the status of each governance document since our last review (most recently, Report No. 442, Conformance with VITA's IT Security Program as of January 1, 2022) and assess the impact of any changes. Since the last review, VITA introduced no new documents and revised four standards. The table below shows the status of each governance document since our last review.

VITA Policies and Standards	
<p><b>Revised Since Last Review</b></p> <p>Information Security Standard (SEC501)</p> <p>Hosted Environment Information Security Standard (SEC525)</p> <p>Cybersecurity Awareness Training Standard (SEC527)</p> <p>Prohibited Hardware, Software and Services Policy (SEC528)</p>	<p><b>Unchanged Since Last Review</b></p> <p>IT Security Audit Standard (SEC502)</p> <p>Use of Non-Commonwealth Computing Devices to Telework Standard (SEC511)</p> <p>Removal of Commonwealth Data from Electronic Media Standard (SEC514)</p> <p>Information Security Policy (SEC519)</p> <p>IT Risk Management Standard (SEC520)</p>

The table below summarizes the change(s) in each revised VITA document and their effective date.

Mandatory VITA Document	Last Updated	Summary of Update
<a href="#">Information Security Standard (SEC501)</a>	8/25/2022	The changes included revised requirements relating to passwords and authentication.
<a href="#">Hosted Environment Information Security Standard (SEC525)</a>	8/25/2022	The changes included revised requirements relating to passwords and authentication.
<a href="#">Cybersecurity Awareness Training Standard (SEC527)</a>	12/8/2022	The changes to this document were administrative.
<a href="#">Prohibited Hardware, Software and Services Policy (SEC528)</a>	12/16/2022	The changes to this document were administrative.

## SCOPE AND METHODOLOGY

The primary purpose of our examination was to evaluate whether VRS was in conformance with the mandatory documents included in VITA's IT Security Program as of January 1, 2023. Therefore, we assessed the documented policies and standards in place, as applicable to IT security at VRS.

We focused our review on new or updated VITA standards and any revised VRS documents since our last examination of VRS' Conformance with VITA's IT Security Program as of January 1, 2022, Report No. 442. We reviewed revised or new requirements to ensure VRS policies and standards in place reflect any applicable changes.

Prior to the inception of the ISPP, this review entailed understanding the changes made to VITA's policies and standards and ensuring those changes were reflected in the corresponding VRS documents. Since the VRS ISPP adopts eight of the nine VITA documents, VRS conformance with those accepted policies and standards is implied, as there is no longer a VRS-tailored document to ensure changes are incorporated.

Finally, we inquired if VRS had any exceptions to VITA security requirements.

We did not, at this time, assess VRS' compliance with VITA's IT Security Program. The sole purpose of our current examination was to evaluate the conformance of VRS' existing policies and standards in light of VITA's current requirements. Compliance with such policies and standards is considered separately in conjunction with our examinations of the overall effectiveness of security for the IT environment utilized by VRS as well as the various reviews of application controls. These areas were most recently reviewed in Reports No. 444 (Review of IT General Controls), No. 447 (General Ledger System) and No. 448 (Application Controls: myVRS and the Fraud System).

## CONCLUSIONS

Overall, our review found VRS generally conforms with the mandatory VITA IT Security Program requirements. Since the last review, VRS implemented its initial version of its ISPP effective March 4, 2022. In the ISPP, VRS has adopted eight of the nine VITA policies and standards. Further, VRS has developed its own policies to address the use of non-VRS computing devices to perform VRS functions.

VRS' ISPP lists all security controls described in VITA's Information Security Standard (SEC501) and Hosted Environment Information Security Standard (SEC525) with a description of each family of controls, roles and responsibilities defining VRS' accountability for each control and a brief description of each individual control. The ISPP further specifies the timeframe for reviewing and updating the policy for each control family and any supporting procedures.

We discussed with management certain updates to ensure the ISPP meets or exceeds all VITA requirements. Specifically, the ISPP currently references a telework policy which became obsolete when VRS incorporated remote work considerations into another organizational policy. Instead, the ISPP should reference all policies discussed in the Use of Non-VRS Computing Devices section above. Together these policies ensure VRS' conformance with VITA's Use of Non-Commonwealth Computing Devices to Telework Standard.

VRS has one approved exception on file with VITA relating to software products designated by the software publisher as end-of-life. VRS has a project underway to replace that software product by April 2023. VRS is in the process of obtaining reapproval for a previously approved exception as a result of a delay in the planned solution. VRS is also in the process of requesting an exception relating to a recently implemented VITA change to allow for more time to assess the impact of the change and to identify potential solutions.

Of note, when VRS implemented its initial version of the ISPP, VRS had not yet developed the supporting procedures. VRS had planned to continue the development of the supporting procedures after the initial adoption of the ISPP in March 2022. However, competing organizational priorities and resource turnover and constraints precluded further work on those supporting procedures.

At the conclusion of our review, we learned of planned upcoming revisions to VRS' security governance including its policy structure. We support management's efforts to streamline its governance to ensure VRS remains in conformance with VITA's IT Security Program.

## **FOLLOW-UP ON PRIOR REPORTS**

There were no outstanding audit recommendations to consider.

## **RECOMMENDATIONS**

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

## **MANAGEMENT EXIT CONFERENCE**

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

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



## REPORT DISTRIBUTION

Submitted to the Audit and Compliance Committee at its meeting held  
March 29, 2023.

### MEMBERS OF THE AUDIT AND COMPLIANCE COMMITTEE

Joseph W. Montgomery, Committee Chair, Board Vice Chair  
W. Brett Hayes, Committee Vice Chair  
A. Scott Andrews, Board Chair

WITH COPIES TO:

#### OTHER MEMBERS OF THE BOARD OF TRUSTEES

J. Brandon Bell, II  
John M. Bennett  
Michael P. Disharoon  
William A. Garrett  
Susan T. Gooden  
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  
Jamie Bitz

### PRINCIPAL AUDITOR IN-CHARGE

Krystal Groff, CIA, CISA

### AUDIT SUPERVISOR

Matthew Priestas, CIA, CRMA, CISA, PMP

*Conformance with VITA's IT Security Program as of January 1, 2023 Pg. 11 of 11*

# **Credit Strategies and Private Investment Partnerships Programs**

**As of September 30, 2022**



## TRANSMITTAL LETTER

March 1, 2023

Dear Members of the Audit and Compliance Committee,

We have completed audit number 450, "Credit Strategies and Private Investment Partnerships Programs." The main purpose of our audit was to review both investment programs, to ensure their activity is properly recorded and aligns with the applicable Investment Policy Statement.

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

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

We appreciate the cooperation and assistance of the Investment, Operations, Compliance and Investment Accounting departments throughout this audit.

Respectfully Submitted,

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

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

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# EXECUTIVE SUMMARY

We conducted an examination of the Credit Strategies and Private Investment Partnerships (PIP) Programs within VRS' Investment Department as of September 30, 2022. Our review determined:

- Management's administration of each program complies with the applicable Investment Policy Statements.
- Sufficient and appropriate due diligence and monitoring activities are occurring.
- Credit Strategies and PIP accounting transactions are accurate, reconciled and recorded timely by the Bank of New York Mellon (BNY Mellon).

This review did not include an evaluation of the external manager fees related to either program, as the controls surrounding external manager fees are addressed in a separate examination.

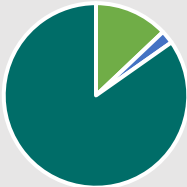
There were no written recommendations resulting from our review.

## SNAPSHOT

The total **value** of the **Credit Strategies Program** as of **September 30, 2022**, was **\$14.8 billion**, representing **15.2%** of the **Total Fund**.

The total **value** of the **PIP Program** as of **September 30, 2022**, was **\$2.7 billion**, representing **2.7%** of the **Total Fund**.

**Credit Strategies & PIP Programs vs. Total Fund Value**



## AUDIT ASSESSMENT

**VRS provides appropriate oversight and monitoring of the Credit Strategies and PIP Programs.**

**Written Recommendations: 0**

## CREDIT STRATEGIES ORGANIZATIONAL CHART



## BACKGROUND

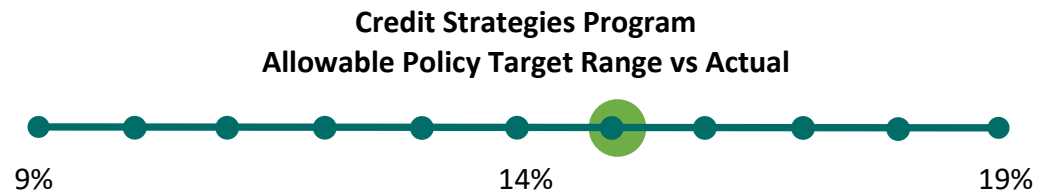
### INTRODUCTION

The Credit Strategies and Private Investment Partnerships (PIP) programs are interrelated as they are managed by the same group of investment professionals. The diagram to the left depicts the organizational structure of the programs within the Investment Department. The Credit Strategies and PIP programs are managed by the same Program Director. Additionally, two Investment Officers on the Credit Strategies team also work with the PIP Program’s investments. Both programs are further supported by the Investment Accounting, Compliance and Operations departments.

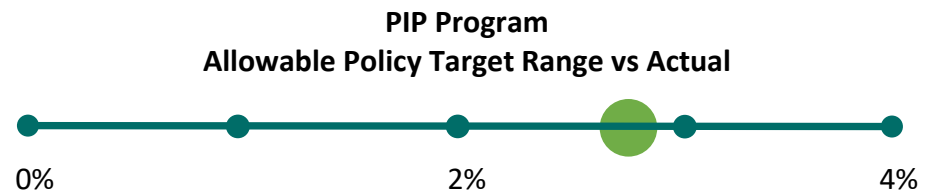
### Program History

#### Credit Strategies Program

The value of the Credit Strategies Program as of September 30, 2022, was \$14.8 billion, or 15.2% of the Total Fund. The Credit Strategies Program policy target as of September 30, 2022, is 14.0%, with an allowable range between 9.0% and 19.0%. Since its inception in 2004, the program has generated an annualized net time-weighted return of 6.3%.



The value of the PIP Program as of September 30, 2022, was \$2.7 billion, or 2.7% of the Total Fund. The PIP Program policy target as of September 30, 2022, is 2%, with an allowable range between 0% and 4%. Since its inception in 2015, the program has generated an annualized net time-weighted return of 9.0%.



## **Program History**

### *Credit Strategies Program*

VRS formally launched the Credit Strategies Program in 2004 as an outgrowth of opportunistic investments made in high yield bonds that were a substitute for traditional equity and investment grade fixed income investments. As initially constructed, VRS used the program to provide an alternative arena for generating attractive risk adjusted returns, with the desired goal of creating higher levels of income from the underlying investments and providing further diversification of plan assets.

In 2012, VRS transitioned the Credit Strategies Program from an opportunistic asset class to a permanent asset class, including it in the asset liability study. New benchmarks were assigned, and the program was repositioned to diversify exposures across a variety of higher risk credit related asset classes, incorporating mandates previously managed as part of the Fixed Income Program. These included emerging market debt, certain externally managed investment grade strategies and fixed income hedge fund exposures.

In 2020, VRS evolved the program again from one focused on both public and private credit to one targeting predominantly private credit strategies. As a result of that shift, the program benchmark was updated, removing the convertible and emerging market bond components.

### *PIP Program*

The PIP Program was launched in 2015 as a part of the Strategic Opportunities Portfolio to increase private market exposure at VRS at a lower cost using fee-advantaged co-investments. The PIP Program invests across the private markets and includes investments in private equity, real assets and private credit. The underlying investments are a mixture of traditional commingled funds and limited partnership interests and co-investments. The PIP Program is expected to reduce volatility of the Total Fund by investing in assets that have historically exhibited lower correlations to global equities.

Effective July 1, 2018, the PIP Program was made a separate line item for performance reporting purposes due to its different characteristics. The PIP Program focuses on private assets while the rest of the Strategic Opportunities Portfolio was primarily invested in publicly traded assets.

## TOP 10 CREDIT STRATEGIES MANAGERS

Anchorage

Ares

Beach Point

Carlyle

HPS

JPM

Prudential

Sixth Street

Solus

TCP Lending

## Investment Accounts

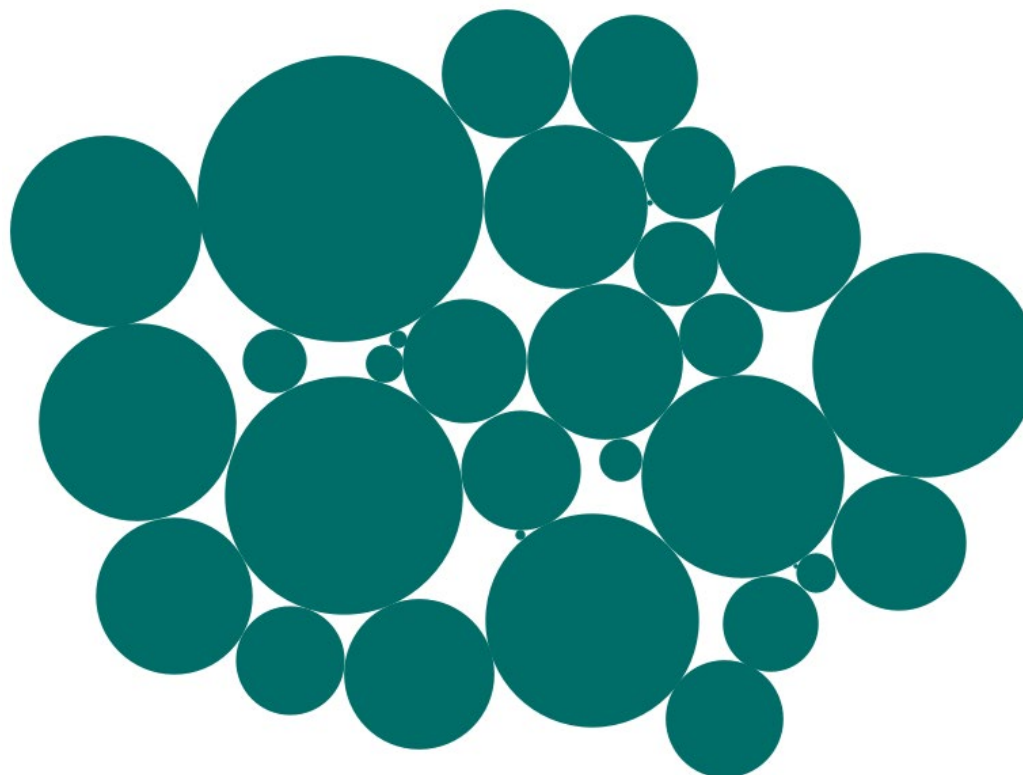
### *Credit Strategies Program*

The Credit Strategies Program is exclusively externally managed and will typically invest through a variety of account structures such as, but not limited to, separate accounts, funds, limited partnerships, and other custom strategies.

The diagram on the following page illustrates the magnitude of the investments with the 35 individual external managers that make up the Credit Strategies Program. The size of the circle corresponds to the combined market value of assets by manager, compared to the Credit Strategies Program as a whole, as of September 30, 2022. VRS may invest in one or more accounts with each Credit Strategies manager.

### Magnitude of Investments with Credit Strategies Managers

As of September 30, 2022



### *PIP Program*

The PIP Program is currently comprised of two external managers. The market value of investments managed by one manager represent approximately 63 percent of the program's total market value and the other represents approximately 37 percent.

### **Performance Benchmarks**

#### *Credit Strategies Program*

Credit Strategies Program investments are measured against Board of Trustees (Board) approved benchmarks for the asset class. Implemented in January 2020, the Credit Strategies Custom Benchmark is a blend of the Morningstar LSTA Performing Loan Index (60%), Bloomberg US High Yield Ba/B 2% Issuer Cap Index (30%) and Bloomberg US Aggregate Bond Index (10%).

As illustrated in the table below, the Credit Strategies Program performance has exceeded its benchmark for all periods.

<b>Excess Returns as of September 30, 2022</b>				
	<b>10 Year</b>	<b>5 Year</b>	<b>3 Year</b>	<b>1 Year</b>
<b>Credit Strategies Return</b>	6.1	5.6	6.0	-1.4
<b>Credit Strategies Benchmark</b>	4.3	2.9	1.5	-7.2
<b>Excess Return</b>	<b>1.8</b>	<b>2.7</b>	<b>4.5</b>	<b>5.8</b>

### *PIP Program*

The PIP Program benchmark is the weighted average of the custom Private Equity Benchmark (33%), the NCREIF Private Real Estate Benchmark (25%), the Other Real Assets Custom Benchmark (8%), the Bloomberg US High Yield Ba/B 2% Issuer Cap Index (17%), and the Morningstar LSTA Performing Loan Index (17%).

As illustrated in the table on the following page, the PIP Program performance has exceeded its benchmark for all periods since program inception in 2015.



Appendix 1 of the VRS Defined Benefit Plan Investment Policy Statement includes the Board approved program policy target percentages and allowable ranges which as of our audit period were most recently updated July 1, 2022.

Excess Returns as of September 30, 2022			
	5 Year	3 Year	1 Year
<b>PIP Program Return</b>	9.7	11.2	8.2
<b>PIP Program Benchmark</b>	7.3	7.2	-1.1
<b>Excess Return</b>	<b>2.4</b>	<b>4.0</b>	<b>9.3</b>

**Investment Policy Statements**

The governing document for the Total Fund is the VRS Defined Benefit Plan Investment Policy Statement, to which the Board most recently approved updates in November 2018. Based on this policy statement, the overall investment objective of the VRS portfolio is to maximize return while managing risk within an acceptable range. The Board has delegated to the Chief Investment Officer (CIO) the authority to establish and modify as necessary the program level investment policy statements. Therefore, the CIO approves any material changes to the risk profile and/or the return objectives for the program.

*Credit Strategies Program*

The Credit Strategies Program Investment Policy Statement was most recently updated in September 2022. Broadly stated, the program’s investment objective is to generate an attractive risk adjusted return relative to the custom Credit Strategies benchmark over a market cycle. The allowable exposures include any investment vehicle or account that predominately contains a credit, convertible securities or emerging market debt related components, including hedged investments and derivative securities.

*PIP Program*

The PIP Program Investment Policy Statement was also most recently updated in September 2022. The objective of the program is also to generate returns in excess of the custom PIP Program benchmark over a market cycle. PIP Program mandates can invest in limited partnerships, limited liability companies, direct investments and alternative investment vehicles. Additional permitted investments include individual securities, futures, options, derivatives, foreign currencies and other similar instruments for the purposes of achieving investment returns and hedging the portfolio.

Both the Credit Strategies and PIP Investment Policy Statements also define each program’s structure, risk analysis considerations, due diligence expectations related to hiring and monitoring, records retention requirements, reporting and non-compliance remedies and termination procedures. All investment policy statements require that new investments be reported to the Investment Advisory Committee and the Board of Trustees; however, new co-investment accounts are not included within this routine reporting. They are initiated with existing manager relationships that were previously disclosed.

### NEW MANAGER DUE DILIGENCE

Potential new investments and managers for all VRS investment programs are identified through numerous avenues, including prior experience with the manager, referrals from other pension plans/managers, industry presentations, presentations to VRS staff, etc. The timing for identifying new managers is not predetermined. Potential new managers will move through the due diligence process as suitable matches to VRS' investment needs and preferences are recognized.

Once a desirable match is identified, VRS will gather manager provided information along with other background information through publicly available sources such as the Securities and Exchange Commission’s website, discussions with other managers, information service providers, etc. Based on an assessment of the information obtained, a determination will be made if a preliminary discussion with the manager should be scheduled.

When a preliminary discussion is desired, VRS will meet with the manager (either in person or virtual), who will present information regarding the fund, its investment strategy, and other related information to VRS’ investment professionals.

If the Investment Department is interested in the strategies offered by the external manager, VRS will begin to gather additional due diligence materials and/or to monitor the manager's performance. This process can range from a few months to several years.

Once VRS determines it has a true interest in investing with the external manager, the Investment and Compliance departments will perform an in-depth analysis of the manager in preparation of a written proposal and related due diligence. Assuming these due diligence activities do not

#### VRS DUE DILIGENCE SNAPSHOT



uncover something adverse, the manager will be invited to formally present their investment opportunity. While most investments that reach this stage are successful, it is a possible outcome that information learned during the formal manager meeting would be indicative that the investment is not in alignment with VRS' goals and objectives (including fee structure), and the investment consideration would be discontinued.

As the due diligence process draws to completion, VRS will prepare a written proposal (referred to as the Investment Recommendation Memorandum) with an overview of the investment and a description of numerous data points, including: a summary of the investment; the firm offering it, and its investment team; the strengths and weaknesses of the manager; key investment terms; asset reporting; valuation and custody; track record; risk factors and the proposed action plan.

The Director, or staff designee, will generally begin contract negotiations with the external managers to define the contract terms including the investment amount and related fees. Additionally, the Compliance Department will begin its separate due diligence process which typically includes sending a compliance due diligence questionnaire to the prospective manager, performing a biographical and criminal background check and holding due diligence calls with executive leadership of the potential manager.

The Compliance Department's due diligence questionnaire evaluates numerous areas of the external manager and includes such items as ownership structure, material developments, Securities and Exchange Commission registration, description of back-office operations, external audit reports, third parties utilized by the manager, description of controls including cash and custody arrangements and disclosures of any regulatory actions taken against the manager. Key personnel background checks are also performed for all new managers and as deemed appropriate for new investments with an existing manager.

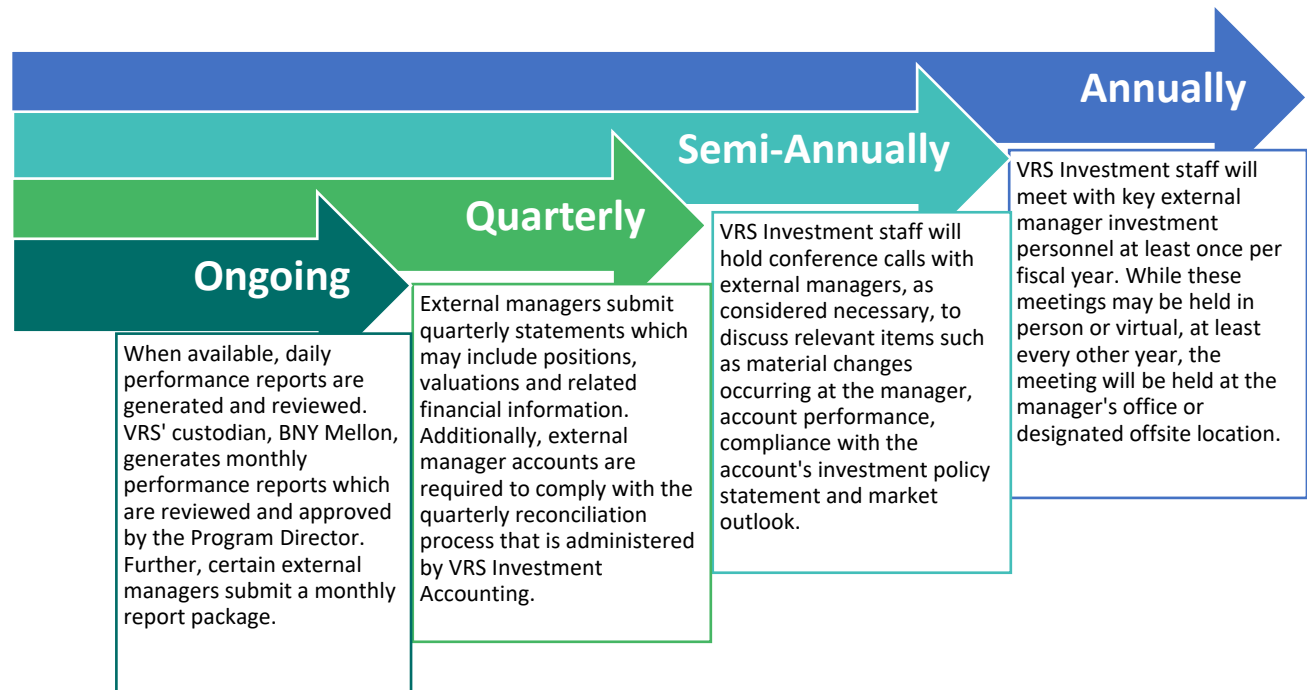
Assuming favorable due diligence results, a contract is executed by either the CIO or the Chief Administrative Officer upon approval of the investment by the CIO. Once an executed contract is in place, the manager is considered hired. However, an initial investment may not immediately take place, as the investment timing depends on the external manager's strategy.

## DUE DILIGENCE AND MONITORING OF EXISTING INVESTMENTS

Monitoring existing managers is a continuous effort that draws both on quantitative and qualitative elements. To ensure managers are adequately monitored, a cycled approach is utilized. Additionally, given the nature of certain managers and their accounts, there will be a range of available data points. Therefore, the Program Director and program staff utilize their judgment to gather and consider information relevant to the monitoring process on a manager-by-manager basis.

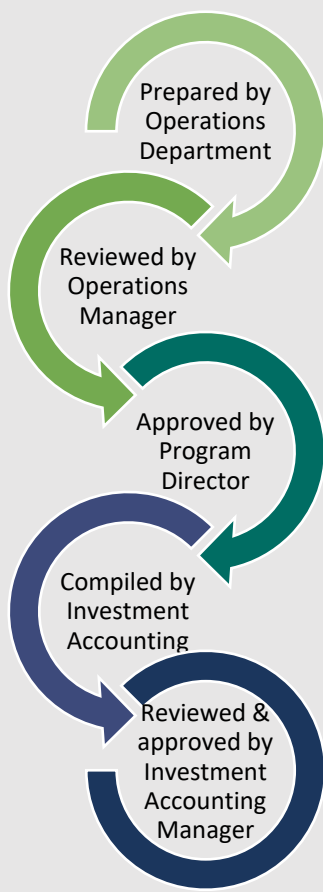
The Pandemic increased the use of virtual meetings with potential and current managers. Today, VRS is using a balance of both in person and virtual meetings to support their manager relationships.

The following graphic provides a high-level illustration of the ongoing monitoring process.



In addition to the process depicted above, VRS requires each external manager to submit an annual supplemental questionnaire. The objective of the questionnaire is to provide VRS updated

## Private Asset Accounts Quarterly Reconciliation Process



information regarding changes in qualitative and quantitative areas of the external manager's operations. The final section of the questionnaire includes a "Contract/Agreement Compliance Certification Form" which must be signed by an authorized individual to certify the manager acted in compliance with the terms and conditions set forth in any and all contract/agreements in force between the firm and VRS from inception through the date indicated on the certification.

## COMMITMENTS

Outstanding commitments are tracked internally by VRS. The accurate capture of commitments is necessary to support financial reporting disclosure requirements in VRS' audited financial statements. The Investment Department uses a third party's internal portfolio management platform to track its commitments.

## RECONCILIATIONS

### Monthly Reconciliations

VRS requires all external managers of publicly traded accounts to reconcile investment balances with VRS' master custodian, BNY Mellon, monthly. For Credit Strategies publicly traded accounts, this reconciliation process is administered by BNY Mellon and is subject to audit as a part of its SOC 1, Type 2 Report.

### Quarterly Reconciliations

The quarterly reconciliation process supports VRS' oversight of the monthly reconciliation process managed by BNY Mellon.

#### *Private Asset Accounts*

Quarterly, VRS reconciles all private Credit Strategies and PIP accounts to ensure the ending balances and transactions recorded by BNY Mellon agree with the records of VRS and each external investment manager. This reconciliation also includes those Credit Strategies accounts classified as hedge funds. The VRS Investment Operations Department staff prepare, and the Investment Operations Manager subsequently reviews, the quarterly reconciliation. Once reviewed by the Investment Operations Manager, the Program Director (or designee) approves the reconciliation as part of the overall quarterly reconciliation process.

The quarterly reconciliation is then 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.

### *Publicly Traded Accounts*

As previously mentioned, as of 2020, the focus of the Credit Strategies Program is one targeting predominantly private credit strategies. However, a few external managers continue to manage publicly traded assets on behalf of VRS. For accounts holding publicly traded assets, those external managers submit quarterly reconciliations directly to VRS' Investment Accounting Department. The VRS Investment Accounting Department staff review these reconciliations for overall reasonableness. Because they are publicly traded, VRS relies on BNY Mellon's monthly reconciliation process to investigate and clear any reconciling items for these accounts which are mainly attributable to pricing differences or timing issues.

Similar to private accounts, these reconciliations are due within 45 days after quarter end to ensure timely completion in accordance with VRS' reconciliation policies and procedures.

## **SCOPE AND METHODOLOGY**

The primary purposes of our examination were to:

- Determine compliance with the Credit Strategies and PIP Investment Policy Statements.
- Ascertain whether the due diligence and monitoring activities are sufficient and appropriate.
- Ensure Credit Strategies and PIP transactions are accurate, reconciled and recorded timely by BNY Mellon.

## **GENERAL ASSESSMENT AND UNDERSTANDING**

We obtained a general understanding of the Credit Strategies and PIP Programs as well as the controls by meeting with key individuals from the team. We also reviewed the applicable policies and procedures and other relevant documents.

### **INVESTMENT POLICY STATEMENT COMPLIANCE MONITORING**

All BNY Mellon's Compliance Monitor reports as of September 30, 2022, were obtained for the Credit Strategies accounts.

All exceptions noted were reviewed for adequate resolution. Additionally, parameters associated with each account coded in BNY Mellon Compliance Monitor were evaluated for agreement with the applicable Credit Strategies Investment Policy Statement guidelines.

### **NEW MANAGER DUE DILIGENCE**

New manager due diligence documentation was reviewed for a sample of Credit Strategies accounts with an inception date between September 30, 2021, and September 30, 2022. There were no new managers during the audit period for the PIP Program.

For each selected account, compliance with the following requirements was evaluated:

- The external manager's investment strategy is in line with the investment objectives included within the Investment Policy Statement.
- An Investment Recommendation Memorandum was prepared and included sufficient information to support the recommendation.
- The Investment Recommendation Memorandum was approved by the CIO.
- All legal documents were reviewed and properly executed.
- Operational due diligence, including questionnaires and background checks, was completed.
- The investment was reported to the Investment Advisory Committee and the Board of Trustees.

## **MONITORING EXISTING INVESTMENTS**

A random sample of ten accounts associated with existing Credit Strategies external managers was selected for review and evaluated for compliance with the monitoring procedures found within the Credit Strategies Investment Policy Statement. All PIP Program accounts were evaluated for compliance with the monitoring procedures found within the PIP Investment Policy Statement.

For each account selected, compliance with the following requirements was assessed:

- An annual manager meeting occurred.
- A completed annual supplemental due diligence questionnaire was obtained.
- A certification stating the manager acted in compliance with the terms and conditions set forth in any and all contracts/agreements was obtained.
- The Securities and Exchange Commission Form ADV-2 was obtained and reviewed.
- Monthly performance reports were reviewed and approved.
- Audited financial statements were obtained and included an unmodified opinion.

## **COMMITMENTS**

A random sample of ten Credit Strategies accounts with outstanding commitments was selected to validate both the original and outstanding commitment amounts recorded in VRS' internal portfolio management platform are accurate and agree to external managers' statements as of June 30, 2022.

Additionally, all PIP Program accounts were selected to validate both the original and outstanding commitment amounts were recorded accurately and agreed to the external managers' statements.

## **SYSTEM ACCESS**

Logical access controls over the internal portfolio management platform were reviewed to ensure overall reasonableness. Additionally, both semi-annual reviews were reviewed for reasonableness over user access for all VRS employees that have access to the system. Finally, we ensured user access was appropriately documented and recorded in VRS' access management tool.



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Investment risk **measurement** and **monitoring** is a **multi-faceted process** that is **addressed** using a **variety** of **qualitative** and **quantitative** approaches.

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## RECONCILIATIONS

Both the Operations and Investment Accounting departmental procedures related to the quarterly reconciliation process were obtained and reviewed for completeness and overall reasonableness. A random sample of ten Credit Strategies as well as all PIP accounts were selected from the September 30, 2022 quarterly reconciliations to assess whether each reconciliation agreed to supporting documentation, was completed timely and was properly approved.

## CONCLUSIONS

### GENERAL ASSESSMENT AND UNDERSTANDING

Overall, VRS complies with the Credit Strategies and PIP Investment Policy Statements allowing for proper oversight of the programs' investment activities. The Investment Policy Statements adequately define the investment objectives, allowable strategies, risk analysis considerations, along with due diligence expectations related to hiring and monitoring.

### INVESTMENT POLICY STATEMENT GUIDELINES

Exceptions identified on the September 30, 2022, BNY Mellon's compliance monitoring reports reviewed for the applicable Credit Strategies accounts were adequately resolved in an appropriate amount of time.

Further, overall, the BNY Mellon Compliance Monitor guidelines applied to each Credit Strategies account are reasonable.

### NEW INVESTMENT DUE DILIGENCE

Overall, substantial and sufficient due diligence activities are being applied by the Investment and Compliance departments. Due diligence results were adequately captured within the Investment Recommendation Memorandum and the Compliance External Manager Review documentation. All new Credit Strategies accounts were communicated to both the Investment Advisory Committee and the Board of Trustees.

We commend the Investment team for the semi-annual managerial user access reviews they perform which exceed the minimum expectations for the organization.

**MONITORING EXISTING INVESTMENTS**

Substantial and sufficient monitoring activities are being applied for existing Credit Strategies and PIP Program investment relationships.

**COMMITMENTS**

Credit Strategies and PIP Program commitment amounts recorded in the internal portfolio management platform, including both the original and outstanding amounts, are materially accurate and agree to external managers’ records.

**SYSTEM ACCESS**

Overall, we found the logical access controls over the internal portfolio management platform to be reasonable. Both 2022 semi-annual managerial user access reviews were completed and properly approved. However, during our comparison of authorized access captured in VRS’ access management tool records to actual access in vendor managed systems, minor exceptions were noted related to six users whose actual access was not recorded in VRS’ access management tool. While the authorization was not captured in VRS’ access management tool, the actual access was in alignment with the individuals’ job responsibilities and had been reviewed and confirmed as a part of their semi-annual managerial access reviews. When brought to their attention, management immediately took corrective action to update VRS’ access management tool.

**RECONCILIATIONS**

Overall, the Operations and Investment Accounting departments have appropriate quarterly external manager reconciliation procedures and processes in place to ensure all accounts are adequately reconciled. The September 30, 2022, Credit Strategies and PIP account reconciliations reviewed were found to be adequately supported, completed timely and appropriately approved.

**FOLLOW-UP ON PRIOR REPORTS**

There were no outstanding audit recommendations to consider.

## RECOMMENDATIONS

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

## MANAGEMENT EXIT CONFERENCE

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

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

## REPORT DISTRIBUTION

Submitted to the Audit and Compliance Committee at its meeting held  
March 29, 2023.

### MEMBERS OF THE AUDIT AND COMPLIANCE COMMITTEE

Joseph W. Montgomery, Committee Chair, Board Vice Chair  
W. Brett Hayes, Committee Vice Chair  
A. Scott Andrews, Board Chair

WITH COPIES TO:

#### OTHER MEMBERS OF THE BOARD OF TRUSTEES

J. Brandon Bell, II  
John M. Bennett  
Michael P. Disharoon  
William A. Garrett  
Susan T. Gooden  
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  
Jamie Bitz

### PRINCIPAL AUDITOR IN-CHARGE

Joshua Fox, CIA, CIDA, CFE

#### AUDIT SUPERVISOR

Kristy Scott, CPA, CIA, CISA

# Code of Ethics

# Code of Ethics Reporting

## Internal Audit Code of Ethics

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

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

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

**Integrity**  
**Objectivity**  
**Confidentiality**  
**Competency**

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

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

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

At the Committee's March 29<sup>th</sup> meeting, the Chief Operating Officer will provide an update on Administrative personnel, followed by an update from the Investments Regulatory and Legal Officer on Investment personnel.

## Administrative Overview

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

Administration Code of Ethics Memo  
VRS Code of Ethics

## Investments Overview

The items below were provided by the Investments Regulatory and Legal Officer to support his update and follow the Administrative department's materials in the meeting book.


VRS Investment Department Cover Memo – Annual Report on Code of Ethics  
VRS Investment Department Annual Report on the Code of Ethics and Standards of Professional Conduct Policy as of December 31, 2022  
VRS Investment Department Code of Ethics and Standards of Professional Conduct Policy  
VRS Investment Department Material Non-Public Information Policy  
VRS Investment Department Personal Trading Policy  
VRS Investment Department Policy on Gifts



March 15, 2023

**MEMORANDUM**

**TO:** VRS Audit and Compliance Committee

**FROM:** Patricia S. Bishop  
Director 

**RE:** 2022 Code of Ethics Report

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

It is the goal of the agency to have all eligible employees complete the Code of Ethics course at least once during the year. Two staff members were out on extended leave of absence and therefore not able to complete the training. However, all eligible staff members successfully completed the training before December 30, 2022.

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

Attachment



## Virginia Retirement System Code of Ethics

### Vision

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

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

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

### Ethical Principles

- **Integrity**

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

- **Accountability**

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

- **Confidentiality**

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

- **Inclusivity**

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



## Ethical Conduct

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

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

## Illegal or Unethical Behavior

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

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

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



Virginia  
Retirement  
System

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

To: Members of the Audit and Compliance Committee

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

Date: March 15, 2023

Subject: Annual Report on Investment Department's Code of Ethics and Standards of Professional Conduct Policy (as of December 31, 2022)

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

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

Let us know if you have any questions.

**VRS Investment Department**  
**Annual Report on the Code of Ethics and Standards of Professional Conduct Policy**  
**As of December 31, 2022**

**Overview**

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

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

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

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

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

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

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

**Communicating and Monitoring Procedures**

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

*Initial Certification Process*

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

### *Quarterly Procedures*

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

### *Annual Procedures*

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

## **Results**

### *FY 2022*

- Initial certifications of compliance with the Code of Ethics, which incorporates by reference the stand-alone policies, have been received from all Investment associates hired during FY 2022 and were properly reviewed.
- Annual certifications of compliance with the Code of Ethics, which incorporates by reference the stand-alone policies, have been received from all Investment associates and were properly reviewed.
- Personal trading certifications for each fiscal quarter during FY 2022 have been received from all Investment associates and were properly reviewed.

### *FY 2023 (through December 31, 2022)*

- Initial certifications of compliance with the Code of Ethics, which incorporates by reference the stand-alone policies, have been received from all Investment associates hired during FY 2023 (through December 31, 2022) and were properly reviewed.

- Personal trading certifications for the first two fiscal quarters of FY 2023 have been received from all Investment associates and were properly reviewed.

*Overall Conclusion*

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



Virginia  
Retirement  
System

**Investment Department**

**Code of Ethics**

**and**

**Standards of Professional Conduct Policy**

Effective Date – July 1, 2015

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

**Introduction**

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

**Policy**

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

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

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

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

**Treatment of Confidential Information**

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

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

### **Potential Employment/Other Forms of Consideration**

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

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

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

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

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



## **Other Investment Department Policies**

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

### **(i) Personal Trading Policy**

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

### **(ii) Material Non-Public Information Policy**

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

### **(iii) Policy on Gifts**

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

## **Reporting and Certification Procedures**

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

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

## **Reserve the Right to Request Information from Investment Associates**

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

## **Non-Compliance**

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



# CODE OF ETHICS AND STANDARDS OF PROFESSIONAL CONDUCT

## PREAMBLE

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

## THE CODE OF ETHICS

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

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

## STANDARDS OF PROFESSIONAL CONDUCT

### I. PROFESSIONALISM

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

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

### II. INTEGRITY OF CAPITAL MARKETS

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

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

### III. DUTIES TO CLIENTS

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

### IV. DUTIES TO EMPLOYERS

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

### V. INVESTMENT ANALYSIS, RECOMMENDATIONS, AND ACTIONS

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

### VI. CONFLICTS OF INTEREST

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

### VII. RESPONSIBILITIES AS A CFA INSTITUTE MEMBER OR CFA CANDIDATE

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



[www.cfainstitute.org](http://www.cfainstitute.org)

## EXHIBIT A

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

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

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

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

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

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

**EXHIBIT B**

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

**INITIAL CERTIFICATION FORM**

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

Investment Associate Signature: \_\_\_\_\_

Name: \_\_\_\_\_  
(Please Print)

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Reviewed by RLO or CAO: \_\_\_\_\_

Date: \_\_\_\_\_

Reviewed by Supervisor: \_\_\_\_\_

Date: \_\_\_\_\_

Return this completed form to the RLO

**EXHIBIT C**

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

**ANNUAL CERTIFICATION FORM**

For the Period \_\_\_\_\_

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

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

Investment Associate  
Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Reviewed by RLO  
or CAO: \_\_\_\_\_  
Date: \_\_\_\_\_

Reviewed by Supervisor:  
Signature: \_\_\_\_\_  
Date: \_\_\_\_\_

Return this completed form to the RLO

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

**Introduction**

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

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

**Policy**

Material, Non-Public Information

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

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

Material Information

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



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

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

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

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

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

## Non-Public Information

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

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

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

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

### Definition of an Insider

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

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

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

### Prohibition/Penalties

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

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

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

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

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

#### External Managers

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

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

#### Information Barriers/Chinese Walls

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

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

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

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

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

#### Procedures for Protection of Material, Non-Public Information

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

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

#### Review and Determination

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

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

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

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

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

#### Initial Certification Form

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

**Exhibit A**

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

**INITIAL CERTIFICATION FORM**

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

Investment Associate Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Reviewed by RLO or CAO: \_\_\_\_\_

Date: \_\_\_\_\_

Reviewed by Supervisor: \_\_\_\_\_

Date: \_\_\_\_\_

Return this completed form to the Regulatory and Legal Officer

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

**Purpose**

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

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

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

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

**Covered Securities**

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

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



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

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

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

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

### **Administration of the Policy**

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

### **Pre-Clearance for Selling Covered Securities**

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

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

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

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

#### **Policy Distribution and Certifications**

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

#### **Initial Certification Form**

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

#### **Quarterly Certification Form**

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

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

### **Violations**

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

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

### **Training**

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

**Exhibit A**

**VRS Investment Department  
Personal Trading Policy**

**INITIAL CERTIFICATION FORM**

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

Investment Associate Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Reviewed by RLO or CAO: \_\_\_\_\_

Date: \_\_\_\_\_

Reviewed by Supervisor: \_\_\_\_\_

Date: \_\_\_\_\_

Return this completed form to the Regulatory and Legal Officer



**Exhibit B**

**VRS Investment Department  
Personal Trading Policy**

**Quarterly Certification Form – Quarter Ending \_\_\_\_\_**

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

OR

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

---

AND

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

Investment Associate Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Reviewed by RLO or CAO: \_\_\_\_\_

Date: \_\_\_\_\_

Reviewed by Supervisor: \_\_\_\_\_

Date: \_\_\_\_\_

Return this completed form to the Regulatory and Legal Officer

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Exhibit C

VRS Investment Department  
Transaction Report for Covered Securities

Quarter Ended \_\_\_\_\_

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

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

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

Investment Associate Signature: \_\_\_\_\_ Reviewed by RLO or CAO: \_\_\_\_\_

Print Name: \_\_\_\_\_ Date: \_\_\_\_\_

Title: \_\_\_\_\_ Reviewed By Supervisor: \_\_\_\_\_

Date: \_\_\_\_\_ Date: \_\_\_\_\_

VRS Investment Department  
 Personal Trading Pre-Clearance Form

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

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

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

Investment Associate

Signature: \_\_\_\_\_

Reviewed by  
 Supervisor: \_\_\_\_\_

Print Name: \_\_\_\_\_

Date: \_\_\_\_\_

Title : \_\_\_\_\_

Date: \_\_\_\_\_

Reviewed by RLO

or CAO: \_\_\_\_\_

Date: \_\_\_\_\_

Approval:  Granted  Denied  Trade did not occur

If Granted, this pre-clearance approval is good through close of business on \_\_\_\_\_.

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

***I. PURPOSE***

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

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

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

***II. PROHIBITED CONDUCT UNDER COIA***

Generally, COIA prohibits the following conduct relating to gifts:

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

***III. GIFT-RELATED DISCLOSURE REQUIREMENTS UNDER COIA***

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

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



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

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

#### ***IV. VRS INVESTMENT DEPARTMENT POLICY ON GIFTS***

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

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

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

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

# FY2023 Audit Plan Progress as of December 31, 2022

# Internal Audit FY2023 Annual Audit Plan Progress Report

As of December 31, 2022

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# FY 2023 Annual Audit Plan Progress Report

As of December 31, 2022



Summary

## Projects Remaining

Refunds

Human Resources, Internal Payroll and Leave Administration

Investment Decision Systems Review

Verification of Cost-of-Living Adjustments (COLAs)  
(Presenting at March Meeting)

## Projects in Progress

Credit Strategies and Private Investment Partnerships Programs (38%)  
(Presenting as Report No. 450)

Conformance of VRS Information Security Program with VITA Standards (33%)  
(Presenting as Report No. 449)

Retirement Application Processing (51%)

Logical and Physical Access Review (4%)

On-Site Review of Bank of New York Mellon (5%)

VRS Infrastructure Review (33%)

## Projects Completed

myVRS Review  
(Report No. 448)

General Ledger Review  
(Report No. 447)

Fixed Income Program and Securities Lending  
(Report No. 446)

Disability Retirements  
(Report No. 445)

FY 2022 Quality Assurance Improvement Program Review

FY 2022 Annual Review of the Audit Recommendation Follow-up System

FY 2022 Review of Investment Incentive Compensation

FY 2022 Review of Agency Performance Outcomes and Operational Performance Measures

0%

50%

100%

# FY 2023 Annual Audit Plan Progress Report

As of December 31, 2022

Detailed Budget vs. Actual



Project/Activity	For FY2023		In FY2023		For the Project		
	Budgeted Hours	Status	Total Actual Hours to Date	Estimated Remaining Hours	Actual or Estimate of Total Hours Needed	Actual or Estimated Variance Over/ (Under)	FY 2024 Planned Carryover Hours
<b>RISK BASED PROJECTS</b>							
<b>Carry Over from Prior Annual Plan</b>							
Fixed Income Program and Securities Lending	100	Complete	95	-	95	(5)	-
Disability Retirements	50	Complete	46	-	46	(4)	-
myVRS Review	500	Complete	546	-	546	46	-
<b>Investments</b>							
Credit Strategies and Private Investment Partnerships	600	In Progress	227	373	600	-	-
On-Site Review of Bank of New York Mellon	450	In Progress	24	426	450	-	-
<b>Benefits</b>							
Refunds <sup>(1)</sup>	200	Not Started	-	200	600	-	400
Retirement Application Processing	800	In Progress	406	394	800	-	-
<b>Operations</b>							
Human Resources, Internal Payroll and Leave Administration <sup>(2)</sup>	600	Not Started	-	500	600	-	100
<b>Information Technology</b>							
Conformance of VRS Information Security Program with VITA Standards	150	In Progress	49	101	150	-	-
General Ledger Review	625	Complete	656	-	656	31	-
Investment Decision Systems Review <sup>(2)</sup>	600	Not Started	-	300	600	-	300
Logical and Physical Access Review	700	In Progress	26	674	700	-	-
VRS Infrastructure Review <sup>(3)</sup>	125	In Progress	41	150	191	66	-
<b>OTHER AUDIT REPORTING AND SUPPORT</b>							
<b>Other Reporting</b>							
Audit Quality Assurance Improvement Program <sup>(4)</sup>	150	FY22 Complete	134	80	214	64	-
Audit Recommendation Follow-Up System Annual Review <sup>(4)</sup>	150	FY22 Complete	21	129	150	-	-
Audit Recommendation Follow-Up System Quarterly Monitoring	25	In Progress	17	15	32	7	-
Report on Fraud, Waste and Abuse Hotline Cases	75	In Progress	7	68	75	-	-
Review of Investment Incentive Compensation Plan	75	Complete	80	-	80	5	-
Review Results of Agency Performance Outcomes <sup>(4)</sup>	75	FY22 Complete	116	60	176	101	-
Verification of Cost-of-Living Adjustments	20	Not Started	-	20	20	-	-

# FY 2023 Annual Audit Plan Progress Report

As of December 31, 2022

Detailed Budget vs. Actual



Project/Activity	For FY2023		In FY2023		For the Project		
	Budgeted Hours	Status	Total Actual Hours to Date	Estimated Remaining Hours	Actual or Estimate of Total Hours Needed	Actual or Estimated Variance Over/ (Under)	FY 2024 Planned Carryover Hours
<b>OTHER AUDIT REPORTING AND SUPPORT, Continued</b>							
<b>Audit Support</b>							
Coordination with the Auditor of Public Accounts	40	Ongoing	16	24	40	-	-
Data Analytics and Support	900	Ongoing	524	376	900	-	-
Develop and Update Annual and Long-Range Plans	125	FY22 Complete	52	73	125	-	-
Monitor Annual and Long-Range Plan Progress	100	Ongoing	72	28	100	-	-
<b>Audit and Compliance Committee Support</b>							
Review, Compile and Publish Meeting Materials	300	Ongoing	152	148	300	-	-
Attend Audit and Compliance Meetings	80	Ongoing	33	47	80	-	-
Prepare Committee Report and Meeting Minutes	80	Ongoing	35	45	80	-	-
<b>ONGOING ACTIVITIES</b>							
<b>Risk Monitoring Activities</b>							
Attend Board and other Committee Meetings	170	Ongoing	71	99	170	-	-
Attend Executive Team Meetings (DEC, Roadmap, C-suite)	100	Ongoing	53	47	100	-	-
Monitor and Review Professional Literature	90	Ongoing	30	60	90	-	-
Participate in Professional Organizations (IIA, ISACA, VSCPA, APPFA)	90	Ongoing	48	42	90	-	-
<b>Other Administrative Activities</b>							
Continuing Professional Education	360	Ongoing	242	118	360	-	-
Continuing Professional Education Administration	150	Ongoing	66	84	150	-	-
External Reporting and Other Interactions (OSIG/VITA)	10	Ongoing	4	6	10	-	-
Internal Audit Staff Meetings and Mentoring	300	Ongoing	234	66	300	-	-
Manage Budget, Departmental Files, SPCC, and Purchasing	100	Ongoing	20	80	100	-	-
Participate in VRS Events/Committees	150	Ongoing	64	86	150	-	-
Performance Standards and Evaluations	60	Complete	71	-	71	11	-
<b>OTHER TIME</b>							
Annual Leave <sup>(5)</sup>	850	Ongoing	750	210	960	110	-
Holidays	672	Ongoing	453	219	672	-	-
Other Leave (Sick, Personal, Volunteer, etc)	660	Ongoing	310	350	660	-	-
Unplanned Hours <sup>(6)</sup>	1,023	Ongoing	491	500	991	(32)	-
<b>TOTAL TIME</b>	<b>12,480</b>		<b>6,282</b>	<b>6,198</b>	<b>13,280</b>	<b>400</b>	<b>800</b>

# FY 2023 Annual Audit Plan Progress Report

As of December 31, 2022

Detailed Budget vs. Actual



## Notes:

- (1) This project as approved was planned to start later in the fiscal year and therefore will carry over into the next audit plan year to be reported out either at the September or December Audit and Compliance Committee meeting.
- (2) This project was planned to be completed in FY 2023; however, in deference to other organizational priorities it now is expected to start later than originally envisioned and will therefore carry over into FY 2024.
- (3) This project will be completed using information technology staff augmentation resources approved in the FY 2023 budget. This adjustment acknowledges additional procurement and supervisory responsibilities that will be needed to support this initiative.
- (4) These projects reflect annually recurring tasks which require testwork to be initiated in one audit plan year and the conclusion and reporting to occur in the next. The actual hours to date reflect time spent completing the FY 2022 projects and initiating the FY 2023 projects.
- (5) Adjusted to reflect approved leave during the remainder of the audit plan year.
- (6) The unplanned hours reported reflect departmental items not explicitly planned for in our original budget, such as
  - (A) Administrative and computer issues
  - (B) VRS provided training
  - (C) Internal Audit's involvement in VRS' Enterprise Risk Management and Enterprise Performance Management Initiative
  - (D) Internal Audit's involvement in VRS' Record Management Project
  - (E) Review and enhancement of departmental policies and procedures and supporting tools, including SharePoint audit documentation management
  - (F) Collaboration with the Information Technology Department

## Acronyms not Described Elsewhere:

APPFA	Association of Public Pension Fund Auditors
C-suite	Chief Executives for VRS, including the Executive Director, Chief Investment Officer and Internal Audit Director
DEC	Director's Executive Committee
IIA	Institute of Internal Auditors
ISACA	Information System Audit and Control Association
myVRS	Web-based portal for members developed through the Modernization Program
OSIG	Office of the State Inspector General
Roadmap	Program management tool used by VRS management to monitor critical organizational activities
SPCC	Small Purchase Charge Card
VITA	Virginia IT Agency
VNAV	myVRS Navigator, administrative system developed through the Modernization Program
VSCPA	Virginia Society of Certified Public Accountants



# Quarterly Report on Fraud, Waste and Abuse

# Report of Alleged Fraud, Waste and Abuse Hotline Cases

**For Complaints Received During the Period  
November 1, 2022 through January 31, 2023**

## **SUMMARY OF CASES REVIEWED AND CLOSED**

During the period November 1, 2022 through January 31, 2023, we did not receive any cases of potential Fraud, Waste and Abuse from the Office of the State Inspector General or other sources.

## 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.

# Cost of Living Adjustments



**MEMORANDUM**

TO: Patricia S. Bishop, VRS Director

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

DATE: January 26, 2023

RE: Cost of Living Adjustments (COLAs)

Internal Audit has reviewed the amounts referred to as "Cost of Living Adjustments" as set forth in the attached letter and supporting table from VRS' actuary, Gabriel, Roeder, Smith & Company dated January 20, 2023.

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

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

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

Attachment



January 20, 2023

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

**Re: Cost of Living Adjustments (COLA) Effective July 1, 2023**

Dear Mr. Badura:

As requested, we have calculated the annual COLA called for under Virginia Code for the Virginia Retirement System (VRS), the Virginia Sickness and Disability Program (VSDP), the Virginia Local Disability Program (VLDP) and the Group Insurance Program, in particular the Group Life Insurance (GLI). This replaces the draft version dated January 13, 2023.

The following table summarizes the adjustments recommended effective July 1, 2023. Those denoted in **bold** require action by the Board of Trustees to set the amount of adjustment.

COLA Type/Group	Required by Code	Adjustment Level Set by Board Resolution	July 1, 2023	
			Adjustment	Annual Amount
VRS Plan 1 (Vested as of 1/1/2013)	Yes	N/A	5.00%	N/A
VRS Plan 1 Non-Vested, Plan 2, and Hybrid Plan	Yes	N/A	3.00%	N/A
VSDP Creditable Compensation (for VRS Pension Benefit Determination Purposes)	Yes	Yes	<b>4.00%</b>	N/A
VLDP Creditable Compensation (for VRS Pension Benefit Determination Purposes)	Yes	Yes	<b>4.00%</b>	N/A
VSDP Plan 1 (Vested as of 1/1/2013) (Net LTD Benefit)	Yes	Yes	<b>5.00%</b>	N/A
VSDP Plan 1 Non-Vested, Plan 2, and Hybrid	Yes	Yes	<b>3.00%</b>	N/A
GLI Minimum Benefit (Applicable to employees with at least 30 years of creditable service)	Yes	N/A	3.00%	\$9,254
VRS Hazardous Duty Supplement	Yes	N/A	15.11%	\$16,884

The COLA adjustments were calculated in accordance with the Virginia Code and our understanding of Board of Trustee Policies and Procedures, as adopted February 4, 2011. Refer to the enclosure for additional detail supporting the calculated COLA adjustments.

Please let us know if you have any questions.

Sincerely,  
Gabriel, Roeder, Smith & Company

Rebecca L. Stouffer, ASA, FCA, MAAA

James D. Anderson, FSA, EA, FCA, MAAA

RLS/JDA:rmn

Enclosure

cc: Cindy Wilkinson, VRS

## VRS, VSDP, VLDP, GLI COLA and Recommendations Effective July 1, 2023

COLA Type/Group	Brief Description	Code Section(s)	Average CPI-U		CPI-U Increase <sup>1</sup>	COLA Calculation		
			2021	2022		100% of First 3.00%	50% of Next 4.00%	COLA
VRS Plan 1 (Vested as of 1/1/2013)	100% of the CPI-U Increase up to 3.00% plus 50% of the next 4.00%. Minimum COLA of 0.00%. Maximum COLA of 5.00%.	51.1-166.B.	270.97	292.655	8.00%	3.00%	2.00%	5.00%
COLA Type/Group	Brief Description	Code Section(s)	Average CPI-U		CPI-U Increase <sup>1</sup>	COLA Calculation		
VRS Plan 1 Non-Vested, Plan 2, and Hybrid Plan	100% of the CPI-U increase up to 2.00%, plus 50% of the next 2.00%. Minimum COLA of 0.00%. Maximum COLA of 3.00%.	51.1-166.B.	270.97	292.655		8.00%	2.00%	1.00%
COLA Type/Group	Brief Description/Rationale <sup>2</sup>	Code Section(s)	Creditable Compensation <sup>3</sup>		% Increase in Pay	COLA Calculation		
VSDP Creditable Compensation (for VRS Pension Benefit Determination Purposes)	As recommended by Cavanaugh Macdonald Consulting, LLC and adopted by the Board in 2011, the VSDP Creditable Compensation COLA is based on the increase in the pay rate for State, SPORS and VaLORS VSDP members active at the beginning and the end of the most recent plan year before the date of determination of the COLA. The COLA calculated in this manner may be modified to reflect extraordinary pay adjustments during a given year; however, is subject to the Maximum COLA. Maximum COLA of 4.00%.	51.1-1117.B. 51.1-1123.C. 51.1-1128.B.	\$3,936,591,579	\$4,320,165,440		9.74%	4.00%	
COLA Type/Group	Brief Description/Rationale	Code Section(s)	Creditable Compensation		% Increase in Pay	COLA Calculation		
VLDP Creditable Compensation (for VRS Pension Benefit Determination Purposes)	Apply approach similar to the "VSDP Creditable Compensation." The VLDP Creditable Compensation COLA was based on the increase in the pay rate for Hybrid Pension Plan members (of the Teacher Plan and non-hazardous duty Political Subdivisions) active at the beginning and the end of the most recent plan year before the date of determination of COLA. The COLA calculated in this manner may be modified to reflect extraordinary pay adjustments during a given year, subject to the VSDP maximum COLA level.	51.1-1161.C. 51.1-1169.C.	\$3,599,759,462	\$4,007,894,397		11.34%	4.00%	
COLA Type/Group	Brief Description/Rationale	Code Section(s)				COLA Calculation		
VSDP Plan 1 (Vested as of 1/1/2013) (Net LTD Benefit)	As individuals in receipt of LTD benefits are akin to retirees receiving a retirement allowance, adjust the Net LTD benefit by 100% of the COLA for VRS Plan 1 (Vested as of 1/1/2013).	51.1-1112.C. 51.1-1125.C.						5.00%
COLA Type/Group	Brief Description/Rationale	Code Section(s)				COLA Calculation		
VSDP Plan 1 Non-Vested, Plan 2, and Hybrid	As individuals in receipt of LTD benefits are akin to retirees receiving a retirement allowance, adjust the Net LTD benefit by 100% of the COLA for VRS Plan Non-Vested, Plan 2 and Hybrid Plan.	51.1-1112.C. 51.1-1125.C.						3.00%

<sup>1</sup> Increase in CPI-U is the ratio, or percentage change, of the current year CPI-U to prior year CPI-U index. By Code, the CPI-U index is defined as the calendar year average of the monthly CPI-U averages.

<sup>2</sup> The COLA maximum is not explicitly stated in the Request for Board Action (RBA) – 2011-02-04. Based upon a review of the 2022 Cost of Living Adjustments letter, dated January 20, 2022, and confirmation with the VRS staff, GRS understands that a maximum COLA of 4.00% is applicable under the current policies and procedures.

<sup>3</sup> Creditable Compensation has been compiled from the data provided by the VRS for the June 30, 2021 and June 30, 2022 actuarial valuations.



## VRS, VSDP, VLDP, GLI COLA and Recommendations Effective July 1, 2023 (Concluded)

COLA Type/Group	Brief Description	Code Section(s)	Adjusted Minimum Benefit Calculation		
			COLA	Before COLA	After COLA
GLI Minimum Benefit (Applicable to employees with at least 30 years of creditable service)	Minimum \$8,000 is indexed annually by 100% of the VRS COLA for Plan 1 Non-Vested, Plan 2, and Hybrid Plan.	51.1-505.B.	3.00%	\$8,984	\$9,254


COLA Type/Group	Brief Description	Code Section(s)	Social Security (SS) COLA		Biennial SS COLA Increase %	Adjusted Minimum Benefit Calculation		
			2021	2022		Before COLA (Monthly)	After COLA (Monthly)	After COLA (Annual)
VRS Hazardous Duty Supplement	Initial allowance equal to \$9,264, adjusted July 1, 2001, and biennially thereafter. Increase is based upon the increase in social security benefits in the interim.	51.1-138.B. 51.1-206.B. 51.1-217.B.	5.90%	8.70%	15.11%	\$1,222	\$1,407	\$16,884

# Management's Quarterly Travel Expenses and Per Diem Report



Patricia S. Bishop  
Director

**MEMORANDUM**

**To:** Jennifer P. Schreck, Internal Audit Director  
**From:** Patricia S. Bishop, Director   
**Date:** March 1, 2023  
**Subject:** Summary of Travel Related Expenses

I am attaching the following:

1. Summary of Travel Related Expenses Paid During the Quarter of and Fiscal Year-to-Date Through December 31, 2022.
2. Summary of Other Sponsored Travel Related Expenses Paid During the Quarter of and Fiscal Year-to-Date Through December 31, 2022. **There was no reportable Other Sponsored Travel Related Expenses for the period.**
3. Detail of Travel Related Expenses Paid During the Quarter of and Fiscal Year-to-Date Through December 31, 2022.
4. Record of Attendance and Per Diems for the Quarter Ended December 31, 2022.

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

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

PSB/lbk

Attachments

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

Fiscal Year-To-Date **Q2 2023**

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	-	\$610.00	\$610.00	-	-	-	-	-	-	-	-	-	-	\$1,284.06	\$1,284.06	-	-
Beasley, Michael	-	\$1,030.85	\$1,030.85	-	-	-	-	-	-	-	-	-	-	\$2,293.04	\$2,293.04	-	-
Bell II, John	-	\$980.00	\$980.00	-	-	-	-	-	-	-	-	-	-	\$1,470.00	\$1,470.00	-	-
Deo, Ravindra	-	\$134.56	\$134.56	-	-	-	-	-	-	-	-	-	-	\$279.50	\$279.50	-	-
Disharoon, Michael	-	\$717.66	\$717.66	-	-	-	-	-	-	-	-	-	-	\$1,017.66	\$1,017.66	-	-
Garrett, William	-	\$1,488.28	\$1,488.28	-	-	-	-	-	-	-	-	-	-	\$1,617.03	\$1,617.03	-	-
Irvin, Shannon	-	\$153.75	\$153.75	-	-	-	-	-	-	-	-	-	-	\$307.50	\$307.50	-	-
Lewis, Wilbert	-	\$850.98	\$850.98	-	-	-	-	-	-	-	-	-	-	\$1,292.09	\$1,292.09	-	-
Montgomery, Joseph	-	\$210.00	\$210.00	-	-	-	-	-	-	-	-	-	-	\$420.00	\$420.00	-	-
Muralidhar, Arun	-	\$18.75	\$18.75	-	-	-	-	-	-	-	-	-	-	\$321.59	\$321.59	-	-
Seward, Troilen	-	-	-	-	-	-	-	-	-	-	-	-	-	\$168.75	\$168.75	-	-
Bishop, Patricia	\$1,795.05	\$4,518.93	\$6,313.98	2	\$6,313.98	1	-	1	-	-	-	-	\$1,795.05	\$9,260.32	\$11,055.37	3	\$11,055.37
Chenault, Jeanne	-	-	-	-	-	-	-	-	-	-	-	-	-	\$3,009.94	\$3,009.94	1	\$2,865.08
Cooper, Michael	-	\$226.40	\$226.40	1	\$226.40	-	-	1	-	-	-	-	-	\$226.40	\$226.40	1	\$226.40
Faison, Barry	-	\$2,282.58	\$2,282.58	1	\$2,282.58	-	-	1	-	-	-	-	-	\$2,282.58	\$2,282.58	1	\$2,282.58
Junkin, Andrew	-	\$663.05	\$663.05	-	-	-	-	-	-	-	-	-	-	\$663.05	\$663.05	-	-

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 **Q2 2023**

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								
Schreck, Jennifer	-	\$2,032.29	\$2,032.29	1	\$2,032.29	-	-	1	-	-	-	-	-	-	\$2,032.29	\$2,032.29	\$2,032.29	1	\$2,032.29
Adelaar, Stephen	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$1,291.60	\$1,291.60	\$1,291.60	1	\$1,121.66
Alouf, John	\$17,907.92	\$795.98	\$18,703.90	5	\$18,703.90	4	-	-	1	4	-	-	\$17,907.92	\$1,593.44	\$19,501.36	\$19,501.36	6	\$19,501.36	
Apte, Advait	-	-	-	-	-	-	-	-	-	-	-	-	-	\$1,459.97	\$1,459.97	\$1,459.97	1	\$1,459.97	
Ball, Daniel	-	\$3,049.09	\$3,049.09	1	\$1,258.93	-	-	-	1	1	-	-	-	\$3,049.09	\$3,049.09	\$3,049.09	1	\$1,258.93	
Bennett, Matthew	\$8,494.94	\$2,562.62	\$11,057.56	1	\$11,057.56	1	-	-	-	-	-	-	\$8,494.94	\$2,562.62	\$11,057.56	\$11,057.56	1	\$11,057.56	
Billingslea, Erica	\$1,041.08	-	\$1,041.08	1	\$1,041.08	1	-	-	-	-	-	-	\$3,693.94	\$1,436.18	\$5,130.12	\$5,130.12	3	\$5,130.12	
Bliss, Kevin	\$739.32	\$2,239.43	\$2,978.75	3	\$2,978.75	2	-	-	-	1	-	-	\$739.32	\$2,239.43	\$2,978.75	\$2,978.75	3	\$2,978.75	
Carlson, Ryan	-	\$4,362.07	\$4,362.07	1	\$4,362.07	-	-	1	-	-	-	-	-	\$4,362.07	\$4,362.07	\$4,362.07	1	\$4,362.07	
Chang, Warren	\$25,037.01	\$329.92	\$25,366.93	4	\$25,366.93	4	-	-	-	4	-	-	\$25,037.01	\$1,188.48	\$26,225.49	\$26,225.49	5	\$26,225.49	
Coleman, Thomas	\$1,123.49	\$3,021.71	\$4,145.20	2	\$3,006.71	-	-	-	2	2	-	-	\$1,123.49	\$4,002.77	\$5,126.26	\$5,126.26	3	\$3,987.77	
Corsello, Perry	\$7,288.64	\$45.00	\$7,333.64	3	\$7,333.64	3	-	-	-	-	-	-	\$8,865.17	\$67.50	\$8,932.67	\$8,932.67	4	\$8,932.67	
Gentry III, William	\$13,427.80	\$3,335.19	\$16,762.99	7	\$16,762.99	5	-	1	1	5	-	-	\$14,690.90	\$3,341.19	\$18,032.09	\$18,032.09	8	\$18,032.09	
Honrado, Cordell	-	\$1,562.47	\$1,562.47	1	\$1,562.47	-	-	1	-	-	-	-	-	\$1,562.47	\$1,562.47	\$1,562.47	1	\$1,562.47	
Jones, De'Von	\$9,942.35	\$8,048.03	\$17,990.38	4	\$17,990.38	2	-	1	-	3	-	-	\$12,418.52	\$8,713.60	\$21,132.12	\$21,132.12	6	\$21,132.12	
Koutrakos, Kristina	-	-	-	-	-	-	-	-	-	-	-	-	-	\$2,696.69	\$2,696.69	\$2,696.69	2	\$2,696.69	
Lacy, Matthew	-	-	-	-	-	-	-	-	-	-	-	-	-	\$767.86	\$767.86	\$767.86	1	\$767.86	
Le, Vu	-	\$1,867.88	\$1,867.88	1	\$1,867.88	-	-	1	-	-	-	-	-	\$8,189.49	\$8,189.49	\$8,189.49	3	\$8,189.49	

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 **Q2 2023**

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							
Ma, Chung	-	\$4,475.20	\$4,475.20	2	\$2,265.20	-	-	2	-	-	-	-	-	-	\$4,475.20	\$4,475.20	2	\$2,265.20
Matoua, Katherine	-	\$2,403.22	\$2,403.22	2	\$2,403.22	-	-	2	-	-	-	-	-	-	\$4,563.07	\$4,563.07	4	\$4,563.07
Molla, Kidus	-	\$3,514.13	\$3,514.13	1	\$3,514.13	-	-	1	-	-	-	-	-	-	\$3,514.13	\$3,514.13	1	\$3,514.13
Mulvin, Thomas	-	\$366.84	\$366.84	1	\$366.84	-	-	-	1	-	-	-	-	-	\$366.84	\$366.84	1	\$366.84
Muniz, Alex	-	\$1,482.54	\$1,482.54	1	\$1,482.54	-	-	1	-	-	-	-	-	-	\$5,917.02	\$5,917.02	2	\$5,917.02
Murphy, James	\$1,612.59	\$35.75	\$1,648.34	1	\$1,648.34	1	-	-	-	1	-	-	\$12,486.43	\$611.55	\$13,097.98	\$13,097.98	4	\$13,097.98
Noland, Walker	\$1,547.04	\$1,556.42	\$3,103.46	2	\$2,069.23	1	-	-	1	-	-	-	\$1,547.04	\$1,556.42	\$3,103.46	\$3,103.46	2	\$2,069.23
Oliff Jr, Bryan	-	\$836.91	\$836.91	1	\$836.91	-	-	-	1	-	-	-	-	\$836.91	\$836.91	\$836.91	1	\$836.91
Pugliese, Laura	-	\$1,927.90	\$1,927.90	-	-	-	-	-	-	-	-	-	-	\$1,927.90	\$1,927.90	\$1,927.90	-	-
Rhodes, Garret	-	\$2,797.53	\$2,797.53	1	\$2,797.53	-	-	1	-	-	-	-	-	\$2,797.53	\$2,797.53	\$2,797.53	1	\$2,797.53
Sarki-Hurd, Hajara	\$10,136.07	\$910.62	\$11,046.69	2	\$10,163.57	2	-	-	-	2	-	-	\$13,752.95	\$959.44	\$14,712.39	\$14,712.39	4	\$13,829.27
Schlussler, Daniel	-	\$5,196.14	\$5,196.14	2	\$5,196.14	-	-	2	-	-	-	-	-	\$5,196.14	\$5,196.14	\$5,196.14	2	\$5,196.14
Turner, Korey	-	-	-	-	-	-	-	-	-	-	-	-	-	\$1,148.84	\$1,148.84	\$1,148.84	1	\$1,148.84
Voeks III, Robert	\$9,692.19	\$958.62	\$10,650.81	3	\$10,294.46	2	-	-	-	3	-	-	\$10,128.79	\$973.62	\$11,102.41	\$11,102.41	4	\$10,746.06
Woodall, Steven	-	-	-	-	-	-	-	-	-	-	-	-	-	\$1,177.78	\$1,177.78	\$1,177.78	1	\$1,177.78
Zizzo, Nicholas	-	\$1,000.95	\$1,000.95	1	\$1,000.95	-	-	-	1	-	-	-	-	\$2,100.15	\$2,100.15	\$2,100.15	2	\$2,100.15
Zozulya, Olga	-	\$1,152.98	\$1,152.98	1	\$1,152.98	-	-	1	-	-	-	-	-	\$1,152.98	\$1,152.98	\$1,152.98	1	\$1,152.98
<b>Total</b>	<b>\$109,785.49</b>	<b>\$75,753.22</b>	<b>\$185,538.71</b>	<b>60</b>	<b>\$169,340.58</b>	<b>29</b>	<b>-</b>	<b>19</b>	<b>9</b>	<b>26</b>	<b>-</b>	<b>-</b>	<b>\$132,681.47</b>	<b>\$115,745.77</b>	<b>\$248,427.24</b>	<b>\$248,427.24</b>	<b>90</b>	<b>\$227,637.92</b>

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

Virginia Retirement System  
 Summary of Other Sponsored Travel Related Expenses  
 (Staff Not Otherwise Includable in Quarterly Reporting)  
 Fiscal Year-To-Date Through December 2022

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

**Detail of Travel Related Expenses**

**Virginia Retirement System**

**Board/Committee Members and Selected VRS Staff**

**Paid in Q2 2023**

<b>Traveler</b>	<b>Travel Start</b>	<b>Travel End</b>	<b>Destination</b>	<b>Sponsor</b>	<b>Purpose</b>	<b>Sponsor Paid</b>	<b>VRS Paid</b>	<b>Total</b>
Andrews, Allen	10/18/2022	10/18/2022	Richmond, VA		Attended a Board of Trustees meeting.	-	\$140.00	\$140.00
Andrews, Allen	11/15/2022	11/16/2022	Richmond, VA		Attended a VRS Board of Trustees meeting.	-	\$330.00	\$330.00
Andrews, Allen	12/08/2022	12/08/2022	Richmond, VA		Attended VRS Board of Trustees/Committee meetings.	-	\$140.00	\$140.00
Beasley, Michael	11/29/2022	11/30/2022	Richmond, Va		Attend the Nov 30 2022 IAC Meeting	-	\$1,030.85	\$1,030.85
Bell II, John	10/18/2022	10/18/2022	Richmond, VA		Attended a Board of Trustees meeting.	-	\$245.00	\$245.00
Bell II, John	11/15/2022	11/15/2022	Richmond, VA		Attended a VRS Board of Trustees meeting.	-	\$245.00	\$245.00
Bell II, John	12/01/2022	12/01/2022	Richmond, VA		Attended a VRS Defined Contribution Plans Advisory Committee meeting.	-	\$245.00	\$245.00
Bell II, John	12/08/2022	12/08/2022	Richmond, VA		Attended VRS Board of Trustees/Committee meetings.	-	\$245.00	\$245.00
Deo, Ravindra	12/01/2022	12/01/2022	Richmond, VA		DCPAC	-	\$134.56	\$134.56
Disharoon, Michael	10/17/2022	10/18/2022	Richmond, VA		Attended a Benefits and Actuarial Committee meeting and a Board of Trustees meeting.	-	\$442.66	\$442.66
Disharoon, Michael	11/30/2022	11/30/2022	Richmond, VA		Attended a VRS Investment Advisory Committee meeting.	-	\$137.50	\$137.50
Disharoon, Michael	12/08/2022	12/08/2022	Richmond, VA		Attended VRS Board of Trustees/Committee meetings.	-	\$137.50	\$137.50
Garrett, William	10/17/2022	10/18/2022	Richmond, VA		Attended a Benefits and Actuarial Committee meeting and a Board of Trustees meeting.	-	\$492.34	\$492.34
Garrett, William	11/14/2022	11/14/2022	Richmond, VA		Attended a Benefits and Actuarial Committee meeting.	-	\$128.75	\$128.75
Garrett, William	11/30/2022	12/01/2022	Richmond, VA		Attended a VRS Investment Advisory Committee meeting and a Defined Contribution Plans Advisory Committee meeting.	-	\$372.55	\$372.55
Garrett, William	12/07/2022	12/08/2022	Richmond, VA		Attended VRS Board of Trustees/Committee meetings.	-	\$494.64	\$494.64
Irvin, Shannon	12/01/2022	12/01/2022	Richmond, VA		DCPAC	-	\$153.75	\$153.75



**Detail of Travel Related Expenses**

**Virginia Retirement System**

**Board/Committee Members and Selected VRS Staff**

**Paid in Q2 2023**

Traveler	Travel Start	Travel End	Destination	Sponsor	Purpose	Sponsor Paid	VRS Paid	Total
Lewis, Wilbert	11/29/2022	11/30/2022	Richmond, VA		Travel from North Carolina to Richmond VA to New York for the November 30, 2022 IAC Meeting	-	\$850.98	\$850.98
Montgomery, Joseph	10/18/2022	10/18/2022	Richmond, VA		Attended a Board of Trustees meeting.	-	\$70.00	\$70.00
Montgomery, Joseph	11/15/2022	11/15/2022	Richmond, VA		Attended a VRS Board of Trustees meeting.	-	\$70.00	\$70.00
Montgomery, Joseph	11/30/2022	11/30/2022	Richmond, VA		Attended a VRS Investment Advisory Committee meeting.	-	\$70.00	\$70.00
Muralidhar, Arun	12/01/2022	12/01/2022	Richmond, VA		DCPAC	-	\$18.75	\$18.75
Bishop, Patricia	10/08/2022	10/12/2022	Tucson, AZ		Attended the National Council on Teacher Retirement 100th annual conference.	-	\$3,255.63	\$3,255.63
Bishop, Patricia	10/27/2022	10/31/2022	Napa, CA	National Association of State Retirement Administrators	Attended a National Association of State Retirement Administrators Executive Committee meeting.	\$1,795.05	\$1,263.30	\$3,058.35
Cooper, Michael	10/17/2022	10/17/2022	Washington D.C.		Conference	-	\$226.40	\$226.40
Faison, Barry	10/22/2022	11/23/2022	Philadelphia, PA		Attendance at the 2022 Public Pension Financial Forum (P2F2) Conference.	-	\$2,282.58	\$2,282.58
Junkin, Andrew	12/05/2022	12/06/2022	Washington, D.C.		Attend the KKR's 2022 Chief Investment Officers' Symposium in Washington, D.C. December 5-6, 2022	-	\$663.05	\$663.05
Schreck, Jennifer	11/14/2022	12/24/2022	San Antonio, TX		Attend APPFA Fall 2022 Professional Development Conference	-	\$2,032.29	\$2,032.29
Alouf, John	09/19/2022	09/30/2022	Athens, Greece' Napa, CA and San Francisco, CA	Apax Partners; Asia Alternatives; TSG Consumer; TSG Consumers	John attended 3 separate LPAC meetings for Apax (Greece), TSG (Napa) and Asia Alternatives (San Francisco). ALL were sponsored meetings.	\$13,651.82	\$80.75	\$13,732.57
Alouf, John	10/17/2022	10/18/2022	New York, NY	Sycamore Partners	Travel to New York, NY to attend Sycamore Partners LPAC meeting / sponsored travel	\$1,279.70	\$57.56	\$1,337.26
Alouf, John	11/14/2022	11/17/2022	Boston, MA and New York, NY	Siris; Siris and TA - split; Stone Point Capital; TA; TA and Siris; TA Partners	TA, Stonepeak, and Siris LPAC meetings / All three managers are sponsored travel	\$1,883.11	\$82.74	\$1,965.85
Alouf, John	12/08/2022	12/09/2022	New York, NY	Hellman and Friedman	Travel to New York, NY to attend Hellman and Friedman LPAC meetings - sponsored travel	\$1,093.29	\$33.77	\$1,127.06

**Detail of Travel Related Expenses**

**Virginia Retirement System**

**Board/Committee Members and Selected VRS Staff**

**Paid in Q2 2023**

Traveler	Travel Start	Travel End	Destination	Sponsor	Purpose	Sponsor Paid	VRS Paid	Total
Alouf, John	12/15/2022	12/15/2022	Chicago, IL		Due Diligence meeting with GRTC	-	\$541.16	\$541.16
Ball, Daniel	10/18/2022	10/21/2022	Washington, DC		Harrison Street Site visits and PREA conference	-	\$1,639.41	\$1,639.41
Ball, Daniel	11/14/2022	11/15/2022	Denver, CO		Travel to Denver CO for due diligence with Quad Capital	-	\$1,258.93	\$1,258.93
Ball, Daniel	11/18/2022	11/18/2022	Annapolis, MD		Hiring due diligence - Realterm	-	\$150.75	\$150.75
Bennett, Matthew	10/31/2022	11/09/2022	Paris and London	ICG	Travel to Paris for the ICG Fund VIII Annual Meeting and LPAC Meeting - Sponsor Travel. Travel to London for manager meetings/due diligence with Varde and ICG.	\$8,494.94	\$2,562.62	\$11,057.56
Billingslea, Erica	10/19/2022	10/20/2022	Boston, MA	Audax Group	Attend the Audax Annual Meeting and LPAC Advisory Board Meeting.  **Sponsored Travel	\$1,041.08	-	\$1,041.08
Bliss, Kevin	10/26/2022	10/27/2022	Toronto		Travel to Toronto for the Whitehorse Liquidity Partners Annual Meeting and LPAC meeting.	-	\$1,205.74	\$1,205.74
Bliss, Kevin	11/03/2022	11/04/2022	Houston, TX	Orchard Asset Mgmt.	Travel to Houston for the Orchard Asset Mgmt. Taiga LPAC meeting.	\$739.32	\$18.31	\$757.63
Bliss, Kevin	12/06/2022	12/07/2022	Chicago, IL		Manager meetings with Antares and Magnetar. Meetings with prospective managers - Oak Street and Monroe.	-	\$1,015.38	\$1,015.38
Carlson, Ryan	10/02/2022	10/04/2022	New York, NY		Travel to NYC to attend the Annual Machine Learning in Quantitative Finance Conference	-	\$4,362.07	\$4,362.07
Chang, Warren	10/04/2022	10/07/2022	London, England	Icon; Icon Infrastructure	Travel to London to attend Icon Infrastructure Annual Meeting and LPAC / sponsored travel	\$11,121.55	\$102.64	\$11,224.19
Chang, Warren	10/25/2022	10/27/2022	New York, NY	Stonepeak	Travel to New York, NY to attend Stonepeak's Investor Meeting and LPAC / sponsored travel	\$1,984.11	\$40.00	\$2,024.11
Chang, Warren	11/17/2022	11/17/2022	New York, NY	IFM Infrastructure Debt Fund	IFM Infrastructure Debt Fund - Annual meeting and LPAC / sponsored travel	\$1,149.34	\$20.00	\$1,169.34
Chang, Warren	12/04/2022	12/07/2022	London, England	Antin Infrastructure	Travel to London, England to attend Antin Infrastructure Annual Meeting and LPAC	\$10,782.01	\$167.28	\$10,949.29

**Detail of Travel Related Expenses**

**Virginia Retirement System**

**Board/Committee Members and Selected VRS Staff**

**Paid in Q2 2023**

Traveler	Travel Start	Travel End	Destination	Sponsor	Purpose	Sponsor Paid	VRS Paid	Total
Coleman, Thomas	10/17/2022	10/19/2022	Washington DC	EIG Global Energy	Travel to Washington DC to attend EIG Global Energy LPAC meeting / sponsored travel	\$1,123.49	\$15.00	\$1,138.49
Coleman, Thomas	11/14/2022	11/15/2022	Denver, CO		Travel to Boulder, CO for due diligence with Quad Capital	-	\$1,267.23	\$1,267.23
Coleman, Thomas	12/13/2022	12/15/2022	New York, NY		Travel to New York, NY to attend meeting with Kimmeridge Investors / also met with Elm Tree	-	\$1,739.48	\$1,739.48
Corsello, Perry	10/24/2022	10/27/2022	San Francisco, CA	Sixth Street Partners	Travel to San Francisco for the Sixth Street Annual Meeting and Advisory Board Meetings for TAO, Ops II, III, IV and V.  **Sponsored Travel	\$3,313.82	\$17.50	\$3,331.32
Corsello, Perry	11/01/2022	11/03/2022	New York	Ares	Travel to New York for the Ares Alternative Credit (Pathfinder) Annual Meeting and Advisory Board Meeting. Attend the Ares SSG Annual Meeting.	\$2,590.99	\$17.50	\$2,608.49
Corsello, Perry	11/07/2022	11/08/2022	New York	ARES SOF	Attend the ARES SOF I & II Advisory Board Meeting. Update meetings with Ares PCS I and II and Sixth Street Partners.	\$1,383.83	\$10.00	\$1,393.83
Gentry III, William	10/17/2020	10/18/2022	New York, NY		Travel to NYC to attend the Sycamore Investor Meeting / Airfare is one way as Jay left on 10/18 for London (TRN000116). He returned to Newark for a personal trip.	-	\$667.96	\$667.96
Gentry III, William	10/12/2022	10/13/2022	Chicago, IL		Grosvenor's Small and Emerging Manager Conference 2022	-	\$853.11	\$853.11
Gentry III, William	10/18/2022	10/21/2022	London, England	Bain Europe	Travel to London to attend Bain Capital Europe Investor Meeting and LPAC/ Sponsored travel  Travel from NYC as Jay attended a meeting with Sycamore immediately prior	\$11,430.49	\$48.91	\$11,479.40
Gentry III, William	11/02/2022	11/02/2022	New York, NY	Centerbridge	Travel to New York, NY to attend the Centerbridge LPAC meeting / Sponsored travel	\$439.35	-	\$439.35
Gentry III, William	11/14/2022	11/15/2022	Chicago, IL	Madison Dearborn	Travel to Chicago, IL to attend the Madison Dearborn Annual Meeting and LPAC	\$1,306.39	-	\$1,306.39

**Detail of Travel Related Expenses**

**Virginia Retirement System**

**Board/Committee Members and Selected VRS Staff**

**Paid in Q2 2023**

Traveler	Travel Start	Travel End	Destination	Sponsor	Purpose	Sponsor Paid	VRS Paid	Total
Gentry III, William	11/30/2022	12/02/2022	Orlando, FL		LPAC meeting for Energy Spectrum	-	\$850.25	\$850.25
Gentry III, William	12/14/2022	12/15/2022	Boston, MA and Chicago, IL	Summit Partners	Travel to Boston for Summit Partners LPAC (sponsored travel) and to Chicago for GTCR Due Diligence	\$251.57	\$914.96	\$1,166.53
Honrado, Cordell	11/02/2022	11/04/2022	Ft. Lauderdale, Florida		Cutter Conference November 2-4, 2022, in Fort Lauderdale, Florida for Cordell (Dane) Honrado.	-	\$1,562.47	\$1,562.47
Jones, De'Von	09/26/2022	09/29/2022	Stockholm, Sweden	Nordic Capital	Travel to Stockholm to attend Nordic Capital's Annual LPAC meeting	\$8,769.76	\$41.11	\$8,810.87
Jones, De'Von	10/12/2022	10/13/2022	Chicago, IL		Travel to Chicago, IL to attend the Grosvenor Small and Emerging Managers Conference	-	\$883.58	\$883.58
Jones, De'Von	10/19/2022	10/20/2022	New York, NY	Veritas	Travel to New York, NY to attend the Veritas LPAC meeting / sponsored travel	\$1,172.59	\$33.75	\$1,206.34
Jones, De'Von	11/06/2022	11/19/2022	Madrid, Spain		Travel to Madrid Spain for the Advent International Manager meeting 11/6 to 11/10. De'Von extended his trip to Europe as personal time. I will attach comparative flight costs to reflect it was less expensive.	-	\$7,089.59	\$7,089.59
Le, Vu	09/27/2022	09/29/2022	New York, NY		Travel to New York City to attend USB - Quantitative Investors Conference	-	\$1,867.88	\$1,867.88
Ma, Chung	10/16/2022	10/18/2022	Washington, DC.		ICPM Conference Sofitel Washington, DC. Lafayette Square October 16-18 for Chung Ma. Traveler will be driving to destination.	-	\$941.55	\$941.55
Ma, Chung	10/24/2022	10/24/2022	Richmond, Va.		Executive Presence and Influence: Persuasive Leadership Development for Chung Ma.	-	\$2,210.00	\$2,210.00
Ma, Chung	10/26/2022	10/28/2022	Boston, Ma.		2022 State Street LIVE   Research Retreat Boston, Ma. October 27-28, 2022 for Chung Ma. Reserved conference rates at the Omni Hotels and Resorts \$399.00 per night.	-	\$1,323.65	\$1,323.65
Matoua, Katherine	09/21/2022	09/23/2022	Boston, Ma.		Boston CII Conference, September 21-23, 2022, Katherine Matoua (Grawe)	-	\$1,192.91	\$1,192.91

**Detail of Travel Related Expenses**

**Virginia Retirement System**

**Board/Committee Members and Selected VRS Staff**

**Paid in Q2 2023**

Traveler	Travel Start	Travel End	Destination	Sponsor	Purpose	Sponsor Paid	VRS Paid	Total
Matoua, Katherine	10/26/2022	10/28/2022	Boston, Ma.		2022 State Street LIVE   Research Retreat Boston, Ma. October 27-28, 2022 for Katherine Matoua Reserved conference rates at the Omni Hotels and Resorts \$359.00 per night.	-	\$1,210.31	\$1,210.31
Molla, Kidus	11/06/2022	11/11/2022	Newport Beach, CA		PIMCO Institute Educational Seminar	-	\$3,514.13	\$3,514.13
Mulvin, Thomas	10/26/2022	10/26/2022	Boston, MA		Travel to Boston for Blackstone Life Science Discussion and attend ground-breaking event	-	\$366.84	\$366.84
Muniz, Alex	09/13/2022	09/15/2022	Chicago, IL		Attending CQA Fall Conference	-	\$1,482.54	\$1,482.54
Murphy, James	10/17/2022	10/21/2022	Phoenix, AZ	TPG Partners	Travel to Phoenix, AZ for Manager Meeting/LPAC with TPG Partners - sponsored travel	\$1,612.59	\$35.75	\$1,648.34
Noland, Walker	10/19/2022	10/21/2022	Washington, DC		In addition to attend the PREA Conference, Walker also met with Harrison Street for site visits	-	\$1,034.23	\$1,034.23
Noland, Walker	11/08/2022	11/10/2022	Austin, TX	Clarion Partners; PGIM Prisa II; PGIM Prisa II and Clarion Partners; Prisa II; Prisa II and Clarion	Travel to Austin TX to attend the PRISA II LPAC and the Clarion Partners LPAC. Both are sponsored travel	\$1,547.04	\$23.75	\$1,570.79
Noland, Walker	12/05/2022	12/05/2022	Atlanta, GA		Due diligence/site visit with Amli	-	\$498.44	\$498.44
Oliff Jr, Bryan	09/12/2022	09/13/2022	Boston, MA		Travel to Boston to meet with Man Numeric	-	\$836.91	\$836.91
Pugliese, Laura	10/10/2022	10/12/2022	Washington, DC		Travel to Washington, DC to attend the Stable Value Investment Association Fall Forum. Attended the Board meeting.	-	\$1,927.90	\$1,927.90
Rhodes, Garret	10/25/2022	10/28/2022	New York, NY		Travel to New York, NY to attend the Annual Quant Forum and the SQA - Society of Quantitative Analysts conference	-	\$2,797.53	\$2,797.53
Sarki-Hurd, Hajara	10/18/2022	10/19/2022	Washington DC		Meeting and site visits with Harrison Street	-	\$703.28	\$703.28
Sarki-Hurd, Hajara	10/30/2022	11/03/2022	London, England	Europa; Westbrook	Travel to London, England to attend the Europa Annual Meeting and LPAC and the Westbrook Annual Meeting and LPAC / Both are sponsored travel	\$9,227.83	\$13.75	\$9,241.58

**Detail of Travel Related Expenses**

**Virginia Retirement System**

**Board/Committee Members and Selected VRS Staff**

**Paid in Q2 2023**

<b>Traveler</b>	<b>Travel Start</b>	<b>Travel End</b>	<b>Destination</b>	<b>Sponsor</b>	<b>Purpose</b>	<b>Sponsor Paid</b>	<b>VRS Paid</b>	<b>Total</b>
Sarki-Hurd, Hajara	11/08/2022	11/08/2022	New York, NY	Apollo	Travel to New York, NY to attend Apollo's RE Investor meeting and LPAC / sponsored travel	\$908.24	\$13.75	\$921.99
Sarki-Hurd, Hajara	11/18/2022	11/18/2022	Annapolis, MD		Travel to Annapolis, Maryland for hiring due diligence with Realterm	-	\$179.84	\$179.84
Schlussler, Daniel	09/18/2022	09/21/2022	Phoenix, AZ		Q Group Fall Seminar	-	\$2,527.94	\$2,527.94
Schlussler, Daniel	10/17/2022	10/20/2022	Sacramento, CA and New York, NY		MSCI Institutional Investors Conference in Sacramento, CA and Risk Live North America Conference in New York, NY	-	\$2,668.20	\$2,668.20
Voeks III, Robert	10/11/2022	10/12/2022	Charlottesville, VA	Quad C	Quad C AGM and LPAC / Sponsored travel	\$356.35	-	\$356.35
Voeks III, Robert	10/19/2022	10/20/2022	Boston, MA	Audax; Audax Group	Travel to Boston for Audax AGM and LPAC meeting / sponsored travel	\$927.84	\$13.75	\$941.59
Voeks III, Robert	11/16/2022	11/17/2022	Boston, MA		Travel to Boston to attend the Charlesbank Annual meeting	-	\$926.12	\$926.12
Voeks III, Robert	12/04/2022	12/07/2022	London, England	Charterhouse; Charterhouse Capital Partners	Travel to London for Charterhouse Advisory Committee meetings	\$8,408.00	\$18.75	\$8,426.75
Zizzo, Nicholas	09/27/2022	09/28/2022	Chicago, IL		Operational due diligence meetings with investment managers in Chicago, IL.	-	\$1,000.95	\$1,000.95
Zozulya, Olga	12/06/2022	12/07/2022	New York		Travel to New York for annual due diligence meeting with Nitorum. Attended the Morgan Stanley Fifth Annual Women's Investment Leadership Conference.	-	\$1,152.98	\$1,152.98
<b>Total</b>						<b>\$109,785.49</b>	<b>\$75,753.22</b>	<b>\$185,538.71</b>

VRS BOARD OF TRUSTEES AND COMMITTEES  
 RECORD OF ATTENDANCE & PER DIEMS  
 FOR 4Q2022

Month Paid:		Oct-22				Nov-22			Dec-22				Total Days Attended	Per Diem Rate	Per Diem Payments			Total
Member	Area	9/22/22	10/17/22	10/18/22	10/18/22	11/14/22	11/15/22	11/30/22	12/1/22	12/8/22	12/8/22	12/8/22			Oct	Nov	Dec	
		BOT	B&A	A&P	BOT	B&A	BOT	IAC	DCPAC	ACC	AFT	BOT						
A. SCOTT ANDREWS, CHAIR	BOT	X	-	X	X	-	X	X	-	X	X	X	5	\$ 300.00	\$ 600.00	\$ 300.00	\$ 600.00	\$ 1,500.00
J BRANDON BELL, II	BOT	X	X	-	X	-	X	X	X	-	-	X	7	300.00	900.00	300.00	900.00	2,100.00
JOHN M. BENNETT	BOT	X	X	X	X	X	X	X	-	X	-	X	7	300.00	900.00	600.00	600.00	2,100.00
MICHAEL P. DISHARON	BOT	X	X	X	X	-	-	X	-	X	X	X	5	300.00	900.00	-	600.00	1,500.00
WILLIAM A. GARRETT	BOT	X	X	X	X	X	X	X	X	X	X	X	8	300.00	900.00	600.00	900.00	2,400.00
SUSAN GOODEN	BOT	X	-	-	-	-	X	-	X	-	-	-	3	300.00	300.00	300.00	300.00	900.00
W. BRETT HAYES	BOT	X	-	X	X	-	X	-	-	X	X	X	4	300.00	600.00	300.00	300.00	1,200.00
JOSEPH W. MONTGOMERY	BOT	X	-	X	X	-	X	X	-	-	-	-	4	300.00	600.00	300.00	300.00	1,200.00
LINDSEY PANTELE	BOT	X	X	-	X	X	X	-	-	-	-	-	5	300.00	900.00	600.00	-	1,500.00
RIVINDRA DEO	DCPAC	-	-	-	-	-	-	-	X	-	-	-	1	300.00	-	-	300.00	300.00
C. MATT HARRIS	DCPAC	-	-	-	-	-	-	-	-	-	-	-	-	300.00	-	-	-	-
SHANNON T. IRVIN	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
ARUN MURALIDHAR	DCPAC	-	-	-	-	-	-	-	X	-	-	-	1	300.00	-	-	300.00	300.00
EDWARD N. SMITHER	DCPAC	-	-	-	-	-	-	-	-	-	-	-	-	300.00	-	-	-	-
DAVID A. WINTER	DCPAC	-	A. WINTER	-	-	-	-	-	X	-	-	-	1	300.00	-	-	300.00	300.00
MICHAEL R. BEASLEY	IAC	-	-	-	-	-	-	X	-	-	-	-	1	300.00	-	-	300.00	300.00
THEODORE ECONOMOU	IAC	-	-	-	-	-	-	X	-	-	-	-	1	300.00	-	-	300.00	300.00
PALMER GARSON	IAC	-	-	-	-	-	-	X	-	-	-	-	1	-	-	-	-	-
THOMAS S.GAYNER	IAC	-	-	-	-	-	-	X	-	-	-	-	1	300.00	-	-	300.00	300.00
LAWRENCE E KOCHARD	IAC	X	-	-	-	-	-	X	-	-	-	X	3	300.00	300.00	-	600.00	900.00
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
													<b>\$ 6,900.00</b>	<b>\$ 3,300.00</b>	<b>\$ 9,000.00</b>	<b>\$ 19,200.00</b>		

Number Attending	10	5	6	8	3	8	15	9	5	4	7	80						
Total Days per Diem Paid (Control Total)	10	5	6	2	3	8	14	9	5	0	2	64	x \$300	=				<b>19,200.00</b>

X = Present