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# Report Highlights

## Audit of the Virginia Retirement System

### For the year ending June 30, 2014

January 2015

## Comment to Management

In fall 2012, the Retirement System launched *myVRS Navigator*, a web-based benefits management system that allows agencies and localities to immediately access and update member and agency related retirement data. The implementation of *myVRS Navigator* significantly changed the retirement contribution reporting process. Many of the responsibilities for managing member data shifted from the Retirement System to each employer. For state agencies, these changes have highlighted the interdependency of key Commonwealth information systems and the risks created when they are out of sync, while giving the agencies more tools to ensure their accuracy. Our report includes a comment to management discussing the importance of all Commonwealth agencies working to ensure the accurate management of member data.

Member data supports retirement contribution calculations and payments throughout the year and provides the foundation for the actuarially based calculations currently reported in the footnotes of the Retirement System, the Commonwealth, and other non-state participating employers' Comprehensive Annual Financial Reports. Beginning in fiscal year 2015, due to the implementation of Governmental Accounting Standards Board's (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, the pension liability will be reported within all employers' basic financial statements, including the Commonwealth's, as well as in the financial statements of any individual state agencies who issue them.

The comment to management focuses specifically on state agencies who use the Commonwealth's Personnel Management Information System (PMIS) and the Commonwealth Integrated Payroll and Personnel System (CIPPS).

Key Actions for  
Maintaining and  
Reporting  
Member Data  
Moving Forward

- Virginia Retirement System
- Department of Accounts
- Department of Human Resource Management
- State agencies using PMIS and CIPPS

However, given the ramifications of GASB Statement No. 68, all employers participating in the plans administered by the Retirement System should remain cognizant of their responsibility for ensuring the accuracy of member data and retirement contributions submitted to the Retirement System.

### Audit Objectives and Results

*We audited the basic financial statements of the Retirement System as of and for the year ended June 30, 2014, and issued our unmodified report thereon, dated December 11, 2014.*

*As a part of the financial statement audit, we tested the Retirement System's internal control over financial reporting and compliance with certain provisions of laws, regulations, and contracts.*

*We identified two deficiencies in internal control that merit management's attention:*

- *Strengthen Management and Oversight of Supplement Benefits Processing; and*
- *Consolidate Desktop Procedures for Prior Period Service Processing and Actively Monitor System Override Activity.*

*We also noted that the Retirement System has taken adequate corrective action with respect to the audit finding "Improve Check Receipt and Deposit Controls" reported in the prior year.*



See the full report at [www.apa.virginia.gov](http://www.apa.virginia.gov)

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