

Minutes of the Virginia Bankers Association
Audit Committee Meeting
Monday, June 17, 2024 10:30am
VBA Offices, Glen Allen and via Zoom

In attendance: Tom Cherry, John Brough (via Zoom) and John Caldwell

SBS CyberSecurity: Mitch Meyers

Brown Edwards staff: Melissa Sykes, Jim Fries, Brittany Quinn and Andrew Jones

Staff: Matt Bruning, Laurie Milligan and Stacy Puckett

Call to Order & Approval of Minutes

Tom Cherry welcomed everyone and called the meeting to order. Minutes of the June 8, 2023 and November 6, 2023 meetings were approved.

Review of external IT review

The Audit Committee met with Mitch Meyers with SBS Cybersecurity. He answered concerns around the critical vulnerabilities in the reports. Mr. Meyers noted that the findings were all patching related and were not of a big concern. The Committee asked about an external penetration test. Ms. Puckett will go back to SBS to discuss scope and pricing. The Committee would like this to be done this year.

2023 Audit Reports and Audit Results & Communications Reports

Brown Edwards' staff introduced themselves.

Ms. Sykes voiced a positive experience with the VBA staff, especially given the nature of first year audits.

Mr. Jones gave a brief overview of the timeline and steps taken during the VBA planning and fieldwork of the engagements.

Virginia Bankers Association PAC

Ms. Sykes reviewed the Required Communications with Those Charged with Governance Report for the PAC. She reviewed the format of the document, noting the first page outlines significant audit measures and any new accounting pronouncements. There were no new accounting policies implemented. Ms. Sykes noted that the PAC is on a cash basis of accounting, accounting policies and assumptions are appropriate and consistent with the prior year. She also stated that there were no alternative accounting policies used, no disagreements with management, audit differences or consultations with other independent accountants. Ms. Sykes noted that there was not a Management Report issued.

Mr. Jones reviewed the statements noting consistency with prior years and a clean opinion was issued.

Virginia Bankers Association and Subsidiaries

Ms. Sykes reviewed the Required Communications with Those Charged with Governance Report. She highlighted the significant accounting estimates used and that BrownEdwards believes the estimates are reasonable and consistent with prior years. She also stated that there were no alternative accounting policies used, no disagreements with management, audit differences or any consultation with other independent accountants noted. Ms. Sykes reviewed the two most sensitive estimates affecting the statements. She noted that they were reasonable and consistent with prior years. It was noted that ASU 2016-13 does not have an impact on the consolidated financial statements. Ms. Sykes stated that there was not a Management Letter issued as no internal control weaknesses or deficiencies in internal control were noted.

Mr. Jones then reviewed the financial statements noting a clean opinion. It was pointed out that Note 2 summarizes the Association's significant accounting policies. Mr. Jones stated that the disclosures and statements were consistent with prior years. Note 12-Subsequent Events was discussed by the members of the Committee. BrownEdwards reiterated their willingness to help in any way with the merger.

Trust Fund of State Bankers Association Defined Contribution Plan and Trust

Ms. Quinn reviewed the Required Communications with Those Charged with Governance Report for the Trust. She noted that there were no difficulties encountered with management in performing the audit. Ms. Quinn did discuss one uncorrected misstatement that was noted during the audit. The Goldman Sachs Stable Value Collective Trust is valued on the Voya website as contract value. Generally Accepted Accounting Procedures require the assets to be valued at the fair market value. The resulting adjustment to the beginning and end values was determined to be immaterial and was not made.

Ms. Quinn then reviewed the financial statements noting consistent asset classes and distribution of assets as prior year. She noted that the opinion was clean, and the footnotes were consistent with the previous year.

Virginia Bankers Association Group Medical and Dental Trust

Ms. Quinn reviewed the Required Communications with Those Charged with Governance Report for the VBA Group Medical and Dental Trust. She noted the significant estimate made by the by Management was related to the IBNR calculation and noted that it was reasonable and consistent with industry standards. There were no alternative accounting treatments discussed and no unusual transactions. There were no unadjusted audit differences, no disagreements with Management. BrownEdwards is not aware of any consultation with other independent accountants by Management.

Ms. Quinn noted that the financial statements received an unmodified opinion.

The Committee inquired as to whether BrownEdwards could prepare the 990's for the two health and welfare trusts. They confirmed that they could perform those services.

State Bankers Association Group Insurance Trust

Ms. Quinn reviewed the Required Communications with Those Charged with Governance Report. She noted that there were no significant estimates for this trust and that there were no difficulties encountered, corrected or uncorrected misstatements, disagreements with management or consultations with other independent accountants.

Ms. Quinn noted a clean opinion.

Executive Session with Auditor

The committee met in executive session with BrownEdwards in private.

The auditors were excused.

The Committee members noted that BrownEdwards had positive feedback on the Accounting staff at the VBA.

Ms. Puckett reiterated to the Committee that the first year of BrownEdwards went smoothly.

Minutes prepared by Stacy Puckett