



Administration of the Board of Education Retirement System

What questions did the audit look at?

- ▶ Does the Board of Education Retirement System (BERS) have adequate financial and operating internal controls?
- ▶ Does the BERS Board of Trustees exercise adequate oversight over the pension system?

Why does it matter for New Yorkers?

BERS is one of five New York City pension systems, providing benefits to retired employees of the Department of Education (DOE). To fulfill its duties, BERS must responsibly steward City funds and comply with applicable regulations and guidance, including the Comptroller's Directives. In Fiscal Year 2023, BERS' administrative expenses totaled \$37 million.

The audit found that BERS maintained appropriate oversight over its investment practices. However, the audit also found that, overall, BERS was poorly governed, and the Board lacked adequate oversight of financial and operating practices.

BERS' bylaws did not sufficiently outline Board responsibilities including the appointment of trustees and officers, Board duties, and rules and regulations. BERS lacked written guidance in key areas such as the use of the agency's credit card, long-distance travel, and procurement practices, which could lead to delays and cost overruns when procuring goods and services.

Additionally, the audit found that BERS violated Citywide travel policies and did not perform bank reconciliations, which could lead to heightened risk of fraud or misuse of City resources.

What changes did the agency commit to make following the audit?

- ▶ BERS agreed to update its bylaws.
- ▶ BERS agreed to draft internal policies and procedures governing procurement and agency credit cards.
- ▶ BERS agreed to create an internal travel policy and designate a managerial-level employee to pre-approve travel requests.
- ▶ BERS agreed to perform bank reconciliations each month.

AUDIT FINDINGS



BERS adequately oversees pension investments.



BERS' bylaws were inadequate and did not sufficiently outline Board responsibilities.



BERS lacked internal policies and procedures regarding procurement, agency credit cards, and agency travel.



BERS did not perform monthly bank reconciliations as required.

Audit Recommendations		Agency Response
1	Update its Bylaws and include, among other things: (1) rules and regulations governing the pension system; (2) membership/appointment to the Board; (3) duties of the Board; (4) appointment and duties of committee members (i.e., fiscal and investment); (5) authority to hire an executive director and other executive members; (6) order of business; (7) financial matters; and (8) rules defining conflicts of interest.	AGREED
2	Create internal procurement policies and procedures specific to its operations. Those policies and procedures should include the recommendations cited in BERS' 2022 Internal Audit Report.	AGREED
3	Establish internal policies and procedures regarding the use of agency credit cards.	AGREED
4	Create an internal travel policy that outlines the process for requesting, approving, funding, and reimbursing travel expenses in compliance with Comptroller's Directive 6.	AGREED
5	Designate an agency-approved, executive managerial-level employee to pre-approve travel requests made by the Executive and Deputy Executive Directors.	AGREED
6	Perform bank reconciliations each month.	AGREED



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