



Police Pension Fund Expenditures

What questions did the audit look at?

- ▶ Were the New York City Police Pension Fund's (PPF) other than personal services (OTPS) expenditures necessary, reasonable, properly documented, and in compliance with laws and regulations that govern them?

Why does it matter for New Yorkers?

The Police Pension Fund administers benefits to over 90,000 uniformed NYPD employees, retirees, and beneficiaries. In Fiscal Year 2024, the fund's administrative expenses totaled \$34 million, which included \$15.7 million in OTPS expenditures. These costs are not related to employee salaries, wages, or fringe benefits and cover everything from office supplies to consulting services.

Although the audit found that most OTPS expenditures aligned with PPF's mission and adhered to applicable rules, it revealed weaknesses in internal controls. During FYs 2023 and 2024, PPF paid \$69,814 for three leased vehicles and related expenses. PPF stated that these vehicles were used by the fund's executives to attend meetings and transport items. However, PPF did not maintain the required documentation showing that these vehicles were used for official business. This arrangement is unusual, as none of the City's other four pension funds lease vehicles for their executives. Based on a review of sampled transactions, PPF also paid sales tax on certain transactions, did not always process payments to vendors in a timely manner, and properly report expenditures.

Additionally, PPF did not maintain the required documentation for out-of-town travel expenses totaling \$31,710. When documentation falls short, there is a heightened risk that funds may be misused. PPF has a fiduciary responsibility to its members and the people of New York City to ensure that funds are spent responsibly.

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

- ▶ PPF agreed to re-evaluate its vehicle policies and ensure that the uses of vehicles are properly documented.
- ▶ PPF agreed to improve recoup prior payments that included sales tax and ensure that future payments exclude sales tax, and process payments to vendors within 30 days of receiving invoices.
- ▶ PPF agreed to create an internal policy governing travel expenses.

AUDIT FINDINGS



The Police Pension Fund's other than personal services expenses were generally necessary and reasonable.



PPF did not maintain required documentation for leased vehicles totaling \$69,814.



PPF did not maintain required documentation for out-of-town travel totaling \$31,710.

Audit Recommendations		Agency Response
1	Ensure its OTPS expenditures are economical and necessary to its mission.	DID NOT ADDRESS ¹
2	Reevaluate PPF's vehicle use policies in light of general City requirements and ensure each business use of leased vehicles is documented, noting the time, place, and business purpose of the	AGREED
3	Ensure it is informing vendors of its Sales Tax exemption status and exclude Sales Tax from any payments.	AGREED
4	Review and recoup all prior payments that included Sales Tax.	AGREED
5	Process payments to vendors within 30 days of receiving the invoices.	DID NOT ADDRESS ²
6	Accurately report OTPS expenditures in the period the expenses are incurred.	DID NOT ADDRESS ³
7	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
8	Ensure all out-of-town travel expenses are economical, necessary, and in accordance with Comptroller's Directive #6.	DID NOT ADDRESS ⁴

¹ PPF did not explicitly agree or disagree with this recommendation. PPF stated that "the operational need for leased vehicles remains valid and integral to our mission." Further, PPF stated that since the "board of trustees approves our budget we feel that our expenditures are economical and necessary to our mission, but we will review our OTPS expenditures and make changes if we deem it to be necessary."

² PPF did not agree or disagree with this recommendation, stating that it will review its current accounts payable processes and see if they can make any improvements

³ PPF did not agree or disagree with this recommendation, stating that it will review its current financial reporting processes and make any necessary changes that they deem material and may impact its stakeholders.

⁴ PPF did not agree or disagree with this recommendation, stating that it will review its current out-of-town travel processes and see if they can make any improvements.