AUDIT AT A GLANCE

Teachers' Retirement System Expenditures

What questions did the audit look at?

- Were the Teachers' Retirement System's (TRS) other than personal services (OTPS) expenditures necessary, reasonable, properly documented, and in compliance with government policies?

Why does it matter for New Yorkers?

TRS is one of the largest municipal pension funds in the United States, administering pensions for over 220,000 active and retired City employees and beneficiaries working in education. It managed approximately $132 billion in assets and spent $95 million on administrative costs in Fiscal Year 2024. Of this amount, $47 million were OTPS expenditures. These costs are not related to employee salaries, wages, or fringe benefits and cover everything from office supplies to consulting services.

The audit found that, overall, TRS' OTPS expenditures were necessary, reasonable, and aligned with policies and regulations. However, the auditors found several problems with TRS' procedures for approving and documenting OTPS expenditures.

The auditors sampled 54 OTPS expenditures for FYs 2023 and 2024. Auditors found that TRS did not always pay vendors in a timely manner; 11 (20%) of the 54 invoices were paid more than 30 days after they were received. Additionally, for six payments totaling $35,587, TRS did not verify that pay rates listed in invoices matched those in the corresponding contracts.

Although TRS stated it would stop purchasing gift cards following a 2022 internal audit, the auditors found that the practice continued, and that TRS purchased an unknown number of gift cards totaling $16,060. TRS also could not provide an invoice substantiating one payment. Additionally, the auditors found that $52,427 in out-of-town travel expenses were not sufficiently documented.

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

- TRS agreed to immediately cease purchasing gift cards.
- TRS agreed to obtain all necessary documents before processing payments.
- TRS agreed to obtain post-travel attendance reports from each person who attends out-of-town conferences in order to document such expenses.

AUDIT FINDINGS

- TRS' other than personal services expenses were generally necessary and reasonable.
- 20% of sampled invoices were paid late.
- Pay rates for payment s totaling $35,587 did not correspond with those listed in the contracts.
- TRS spent $16,000 on unauthorized gift cards.
- $52,427 in travel expenses was not sufficiently documented.

	Audit Recommendations	Agency Response
1	Ensure that invoices are received prior to initiating payment and properly maintain invoices that are received and paid.	DISAGREED
2	Process payments to vendors within 30 days after receiving the invoices.	DISAGREED
3	Immediately cease its practice of purchasing gift cards.	AGREED
4	Ensure that all out-of-town travel is justified and the associated costs are approved.	DISAGREED
5	Request and obtain all necessary documents before processing payments and reimbursements to avoid paying unnecessary expenses.	AGREED
6	Comply with Directive 6 requirements limiting the total number of employees to attend the same conference and the total number of conferences each employee can attend each year.	DISAGREED
7	Obtain post-travel attendance reports from each person who attends out-of-town conferences to demonstrate how the information learned can be implemented to benefit TRS.	AGREED

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