

BOARD OF EDUCATION RETIREMENT SYSTEM

Board Meeting Agenda

January 18, 2023

1. Calendar Item 1: Noting of the Minutes of the Meeting of the Board of Education Retirement System held on December 20, 2022 – **FOR CONSIDERATION AND ACTION.**
2. Executive Director’s Update – **FOR DISCUSSION.**
3. Calendar Items 2-17: Ordinary Business – **FOR CONSIDERATION AND ACTION.**
4. Calendar Item 18: Appointment of a Trustee to the Comptroller’s Strategic Accountability and Tactical Review Oversight Committee - **FOR CONSIDERATION AND ACTION.**
5. Calendar Item 19: Election of Co-Chairs of the Board of Trustees - **FOR CONSIDERATION AND ACTION.**
6. Calendar Item 20: Election of Members of the Executive Committee - **FOR CONSIDERATION AND ACTION.**
7. Calendar Item 21: Election of Members of the Disability Committee - **FOR CONSIDERATION AND ACTION.**
8. Calendar 22: Budget Presentation – **FOR DISCUSSION.**
9. Calendar Item 23: Adoption of the Disability Committee’s Recommendations - **FOR CONSIDERATION AND ACTION.**
10. Calendar Item 24: Amendment to the Audit Committee Charter - **FOR CONSIDERATION AND ACTION.**
11. Calendar Item 25: Internal Audit Semiannual Update – **FOR DISCUSSION.**
12. Calendar Item 26: Acceptance of the Comptroller’s Recommendations for the Excluded Securities List – **FOR CONSIDERATION AND ACTION.**
13. Calendar 27: Quarterly Update on Investment Performance and Fund Commitments – **FOR DISCUSSION.**

Board of Education Retirement System
SUMMARY MINUTES
Meeting of the Board of Trustees
December 20, 2022

Appearances via WebEx:

Tazin Azad
Marjorie Dienstag
Gregory Faulkner
Sheree Gibson
Angela Green
Alison Hirsh
Ruth Maria Kenley
Kyle Kimball

John Maderich
Donald Nesbit
Alan Ong
Maisha Sapp
Seritta Scott
Thomas Sheppard
Karina Taveras
Gladys Ward

Agenda Item 1 - Calendar Item 1: Noting the Minutes of the Meeting of the Board of Retirement held on November 15, 2022. On a motion by Mr. Sheppard and a second by Ms. Ward, this item was approved, with an abstention by Mr. Nesbit.

Agenda Item 2: Executive Director's Update.

Agenda Item 3 - Calendar Items 2-17: Ordinary Business. On a motion by Mr. Sheppard and a second by Ms. Dienstag, these items were unanimously approved.

Agenda Item 4 – Calendar Item 18: Appointment of a Trustee to the Comptroller's Strategic Accountability and Tactical Review Oversight Committee. On a motion by Mr. Kimball and a second by Ms. Dienstag, the Board considered this item. Mr. Faulkner motioned to table this item until the next meeting of the Board. Mr. Sheppard seconded the motion. The Board voted in favor of tabling this agenda item until the next meeting of the Board with Ms. Dienstag, Mr. Faulkner, Ms. Green, Ms. Kenley, Mr. Kimball, Mr. Maderich, Mr. Nesbit, Mr. Ong, Ms. Sapp, Mr. Sheppard, Ms. Taveras, and Ms. Ward voting in favor, Ms. Gibson voting to oppose and Ms. Azad, Ms. Hirsh, and Ms. Scott voting to abstain.

Agenda Item 5 – Calendar Item 19: Adoption of the Disability Committee's Recommendations. On a motion by Mr. Sheppard and a second by Mr. Kimball, this item was unanimously approved.

Agenda Item 6 – Calendar Item 20: Presentation by Grant Thornton. On a motion by Mr. Kimball and a second by Ms. Ward, this item was discussed.

Agenda Item 7: Calendar Item 21: Performance Presentation by Steven Meier, Deputy Comptroller of Asset Management and Chief Investment Officer. On a motion by Mr. Maderich and a second by Mr. Sheppard, this item was discussed.

Agenda Item 8 – Calendar Item 22: Authorization to the Comptroller of the City of New York to Invest, Sell and Exchange the Funds of the Retirement System. On a motion by Mr. Maderich and a second by Ms. Ward, this item was unanimously approved.

Agenda Item 9 – Calendar Item 23: Authorization to the Executive Committee to Approve Certain Transactions. On a motion by Ms. Green and a second by Mr. Maderich, this item was unanimously approved.

Agenda Item 10 – Calendar Item 24: Actuarial Interest Rate. On a motion by Ms. Ward and a second by Mr. Maderich, this item was discussed.

Agenda Item 11 – Calendar Item 25: Support of Legislation to Continue Certain Interest Rates. On a motion by Mr. Faulkner and a second by Ms. Azad, this item was discussed.

No other items of business were presented. On a motion by Mr. Maderich and a second by Ms. Scott, the meeting was adjourned at approximately 6:30 PM.

January 2023

ADOPTION OF THE DISABILITY COMMITTEE'S RECOMMENDATIONS

- WHEREAS,** the Disability Committee of the Board of Trustees ("Disability Committee") held a meeting on January 9, 2023; and
- WHEREAS,** the Disability Committee reviewed 10 applications for disability retirement; and
- WHEREAS,** the Disability Committee has made recommendations to the Board of Trustees regarding 10 applications; now therefore be it
- RESOLVED,** that the Board of Trustees hereby adopts the recommendations of the Disability Committee with regard to the applications reviewed on January 9, 2023.

Respectfully Submitted,

Sanford R. Rich
Executive Director

January 2023

**AMENDMENT TO THE AUDIT COMMITTEE CHARTER OF THE BOARD OF
EDUCATION RETIREMENT SYSTEM**

WHEREAS, in January 2020, the Board established an Audit Committee and adopted an Audit Committee Charter to provide structured, systematic oversight of BERS' governance, risk management, and internal control practices; and

WHEREAS, the Board thereafter amended the Audit Committee Charter in February 2020, January 2021 and September 2022; and

WHEREAS, the Board seeks to further amend the Audit Committee Charter to clarify terms regarding the appointment of the chair of the Audit Committee and the Audit Committee's responsibilities and authority; now therefore be it

RESOLVED, that the Board hereby adopts the amended Audit Committee Charter in the form presented to the Board and attached hereto as Exhibit A.

Respectfully Submitted,

Sanford R. Rich
Executive Director

Exhibit A

Audit Committee Charter

1. STATEMENT OF PURPOSE

The purpose of the Committee is to provide structured, systematic oversight of BERS' governance, risk management, and internal control practices, by advising the Board on the adequacy of initiatives around the governance structure, risk management, system of internal controls, financial statements and reporting, oversight of internal audit activity, external auditors and other providers of assurance, compliance with applicable laws and regulations, and other assignments as the Board may deem necessary or appropriate.

2. AUTHORITY

The Audit Committee Charter (the "Charter") sets out the authority of the Committee to carry out the responsibilities established for it by the Board as articulated within the Charter.

In discharging its responsibilities, the Committee will have unrestricted access to members of management, employees, and relevant information it considers necessary to discharge its duties. The Committee also will have unrestricted access to records, data, and reports, and BERS' management and staff should cooperate with the Committee's requests. If access to the requested documents is denied due to legal or confidentiality reasons, the Committee and/or the Director of Internal Audit will pursue a mutually acceptable resolution of the matter.

The Committee is empowered to:

- a) Review any disagreements between BERS management and **internal or** external auditors regarding financial reporting and other matters.
- b) Review all audit and non-audit services performed by auditors, accountants, or other advisors.
- c) Seek counsel from the General Counsel of BERS.

3. COMPOSITION

Appointment of the members of the Committee shall occur at a general meeting of the Board. The Committee shall consist of three (3) or five (5) members of the Board, at least one (1) of whom shall be an employee member. The members should collectively possess a working knowledge of audit, finance, pension administration industry knowledge, IT, law, governance, risk and control.

For each member appointed by the Board to the Committee, the Board may designate an alternate Committee member to serve for the member's duration on the Committee in the event of the death, disability, disqualification or withdrawal of the Committee member. In the event of a Committee member's absence from a meeting of the Committee, and the absence of that Committee member's alternate, another alternate Committee member may assume all of the powers and responsibilities of said Committee member for the duration of the meeting. In such instances, the alternate Committee member shall possess all of the powers and responsibilities of said Committee member for the duration of the meeting. The alternate Committee member's presence at the meeting shall be counted for the purpose of establishing a quorum, however, in no event shall an alternate Committee member attend a meeting on behalf of more than one Committee member. Notwithstanding the foregoing, the powers and responsibilities of the Chancellor may be assumed only by a Chancellor's designee, and the powers and responsibilities of an employee member may be assumed only by that employee member's respective alternate employee member.

4. CONFLICT(S) OF INTEREST

Committee members should adhere to the highest ethical standards, consistent with their fiduciary duty as members of the Board. Potential conflicts of interest on the parts of Committee members are addressed by Chapter 68 of the New York City Charter and the Rules of the New York City Conflicts of Interest Board (COIB). Members are required to recuse themselves from any Committee activities related to the conflict of interest on a case by case basis. As members of the Board, Committee members are required to file an annual financial disclosure with the COIB.

5. ORIENTATION AND TRAINING

The Committee should receive training on the internal audit function and the Committee's role. Training specific to functional areas within BERS may be led by BERS management in that specific area as needed.

6. OPERATIONAL PROCEDURES

i. Authority of the Board of Trustees

- a) The Board shall have the power to adopt or amend the Charter.
- b) The Committee will review and assess the adequacy of the Charter as may be required. The Committee will submit proposed revisions to the Board for its approval.

ii. Audit Committee Chair

- a) The Committee Chair (the "Chair") shall **may** rotate annually and be appointed by the members of the committee.
- b) The Chair should have knowledge of changing issues within the public sector, pension administration, Enterprise Risk Management (ERM), Internal Controls, the nature of the internal audit environment, BERS' risk profile and its business priorities.
- c) If the Chair is unable to attend a meeting, the members will be polled and a substitute Chair, for the purposes of that meeting only, will be identified among those who have indicated that they will be present.
- d) **The election of the Chair shall occur at the first Committee meeting of every year.**

iii. Term

- a) The term of office for a Committee member is two (2) years.

iv. Meetings

- a) The Committee shall meet quarterly, with authority to convene additional meetings, as the Chair and/or the Director of Internal Audit may deem necessary or appropriate.
- b) The Director of Internal Audit and the Chair are required to attend all Committee meetings.
- c) Notice of Committee meetings may be given by electronic mail.
- d) The Committee shall conduct its meetings in compliance with Article 7 of the New York Public Officers Law, also known as the Open Meetings Law.
- e) The Committee may enter into executive session pursuant to Section 105 of the New York Public Officers Law, or into attorney client session as required.
- f) Members of the Committee will be provided with an agenda two weeks in advance of each meeting to allow participants adequate time to formulate questions and conduct any necessary preliminary research prior to the meeting. Committee meeting agendas shall be the responsibility of the Chair, with input from Committee members, executive management, and the Director of Internal Audit.
- g) The Committee will communicate its requirements for information, which will include the nature, extent and timing of information. Information will be provided to the Committee at least one week prior to each Committee meeting.
- h) Meetings should be conducted in accordance with Robert's Rules of Order, and minutes will be recorded and circulated to attendees for approval at the next meeting.
- i) All members of the Resource Team (defined in Section 9, below) shall make themselves available to attend meetings of the Committee upon request.

v. Quorum

- a) A majority of the members of the Committee shall constitute a quorum.
- b) In the absence of a quorum, a lesser number may adjourn the meeting.
- c) The concurrence of one employee representative and one non-employee representative shall be necessary for an act of the Committee.

7. RESPONSIBILITIES AND DUTIES OF THE AUDIT COMMITTEE

The responsibilities and duties of the Committee shall include the following:

i. Financial Statements and Reporting

- a) Report periodically to the Board on audit activities, findings and recommendations, and management's response and remediation efforts.
- b) Review the audit report of BERS' financial statements by external auditors.
- c) Review with management, the external auditors, and/or the Internal Auditor, as required, the results of all audit activities, including any difficulties encountered.
- d) Review all significant recommendations, suggestions and/or adjustments proposed by the external auditors or the Internal Auditor.
- e) Review the annual management letter provided by the external auditors for any significant deficiencies or material weaknesses in the accounting controls.

Note: Financial statements preparation and reporting by external auditors is reviewed by the NYC Audit Committee. The external auditors report annually to the full BERS Board of Trustees on the results of their audit.

ii. Fraud, Ethics and Values

- a) Oversee and challenge management and the Internal Auditor to ensure that BERS has appropriate antifraud programs and controls in place to identify potential fraud and to ensure that investigations are undertaken if fraud is suspected or detected.
- b) Ensure that appropriate action is taken against known perpetrators of fraud.
- c) Provide oversight of the mechanisms established by management to establish and maintain BERS' values and high ethical standards for all managers and staff.
- d) Review, identify and deal with any legal or ethical violations.

iii. System of Risk Management and Control

- a) Annually review BERS' risk profile.
- b) Provide oversight on significant risk exposures and internal control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the Board.
- c) Review and provide advice on the risk management policies and processes established and maintained by management.
- d) Review the assessment of any other regulatory body or consultant relating to BERS' system of risk management.
- e) Review the effectiveness of the BERS' internal control framework, including information technology security.

iv. Internal Audit Activity

- a) Review and approve the Internal Audit Charter annually to ensure it accurately reflects the purpose, authority and responsibility of the Internal Audit Department.
- b) Assure and maintain the independence and objectivity of the internal audit function through direct functional reporting by the Internal Auditor to the Committee.
- c) Provide governance over ethics or Whistleblower complaints.
- d) Review, provide input, and approve the Internal Audit Plan, objectives, performance measures, and outcomes.
- e) Ensure there are no unjustified restrictions placed on the Internal Auditor and that there is full access to all necessary documents, information and systems within BERS.
- f) Review all internal audit reports and other communications to management.
- g) Review the responsiveness and timeliness of management's follow-up activities and implementation of corrective actions.
- h) In conjunction with BERS' Executive Director, periodically review the performance of the Internal Auditor.
- i) Review the effectiveness of the Internal Audit function, including compliance with applicable standards.
- j) Ensure the internal audit activity is quality oriented and has a Quality Assurance and Improvement Program (QAIP) process administered by a qualified assurance provider.

v. Compliance

- a) Review the effectiveness of the system for monitoring compliance with applicable laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.
- b) Review the observations and conclusions of internal and external auditors and the findings of any regulatory agencies.
- c) Obtain regular updates from management and the BERS General Counsel regarding compliance matters.

vi. Organizational Governance

- a) Review and provide advice on the governance process established and maintained within BERS and the procedures in place to ensure that the process is operating as intended.

8. COMMUNICATIONS

The Committee will report orally or in writing to the Board on all matters discussed at each Committee meeting.

9. RESOURCES

i. Resource Team

The following Resource Team will attend and participate in Committee meetings at the request of the Committee:

- a) Executive Director
- b) Director of Fiscal Operations
- c) Director of Internal Audit
- d) Legal Counsel (Law Department and/or BERS General Counsel)
- e) External Auditors

The Committee may request other parties, such as representatives from the New York City Office of the Actuary or New York City Office of the Comptroller, to attend and participate in Committee meetings as may be required.

ii. Outside Advisors

The Committee may, with the consent of the Board, retain any external advisors and consultants (collectively "Advisors") it deems necessary to carry out the Committee's responsibilities.

10. EFFECT

This Charter shall be effective immediately upon its adoption by the Board.


January 2023

**ACCEPTANCE OF COMPTROLLER'S RECOMMENDATIONS SET FORTH IN
THE EXCLUDED SECURITIES LIST**

- WHEREAS,** BERS' investment advisor, the Comptroller of the City of New York ("the Comptroller"), has recommended changes to BERS' Excluded Securities List relating to the divestment from thermal coal companies, civilian firearm manufacturers, for-profit prison companies, certain fossil fuel reserve owners, and investment in Iran and Sudan; and
- WHEREAS,** the Board accepts the recommendations from its investment advisor, the Comptroller, regarding BERS' Excluded Securities List and has determined that such changes should be made accordingly; now therefore be it
- RESOLVED,** that the Board hereby directs the Comptroller to update BERS' Excluded Companies List and direct all managers of public equity or fixed-income accounts for the New York City Board of Education Retirement System (i) to sell as soon as practicable and in an orderly manner any holdings of the companies listed on such list, and (ii) to not buy in the future any securities of any kind of the companies listed in accordance with the Comptroller's recommendation dated December 22, 2022; and be it further
- RESOLVED,** that the Board directs that such activities shall be completed within a reasonable period of time and in a manner consistent with the Comptroller's guidelines; and be it further
- RESOLVED,** that the Board hereby directs the Comptroller to report to the Board on the progress regarding activities and to make such recommendations to the Board as the Comptroller shall deem appropriate with respect to such list.

Respectfully Submitted,

Sanford R. Rich
Executive Director



BERS
Budget and
Operational
Changes
2017-2021



BERS Budget since 2017

In response to directives and priorities of the Board:

- 62% increase in the budget
- Increased staff from 87 to 136

BERS budget is on par with other NYC pension funds of similar size

The budget increase has resulted in:

- More money in the pocket of our members
- Upgraded technology
- Reduced backlogs
- Better Service



Accomplishments since 2017:

- \$1.5 million in increased pension benefits to retirees per year
- \$13 million in back pay to retirees,
- Transactions backlog reductions
- Service Credit Purchase interest savings averaged \$2,605 per application
- 60% of BERS members now receive their first pension check within 30 days after retirement
- Velocity project completed on time and on budget
- New disability center, expected to be operational in 2023
- A dedicated BERS Call Center
- Member Online Self-Service
- Remodeled 65 Court Street, 16th Floor
- Created a new Member Service Center at 65 Court Street, 1st Floor
- Moved to a modern office space at 55 Water Street



	PPF	VS	BERS
FULL TIME HEADCOUNT	151		136
ACTIVE MEMBERS	34,758		33,847
UNENROLLED MEMBERS	0		33,000
AUTOMATIC ENROLLMENT	Yes		No
TIER PLANS	3		20+
403B PLAN	No		Yes
WOMEN MEMBERS	18%		73%
PART TIME MEMBERS	0%		55%
AUM	\$48.9B		\$8.28B

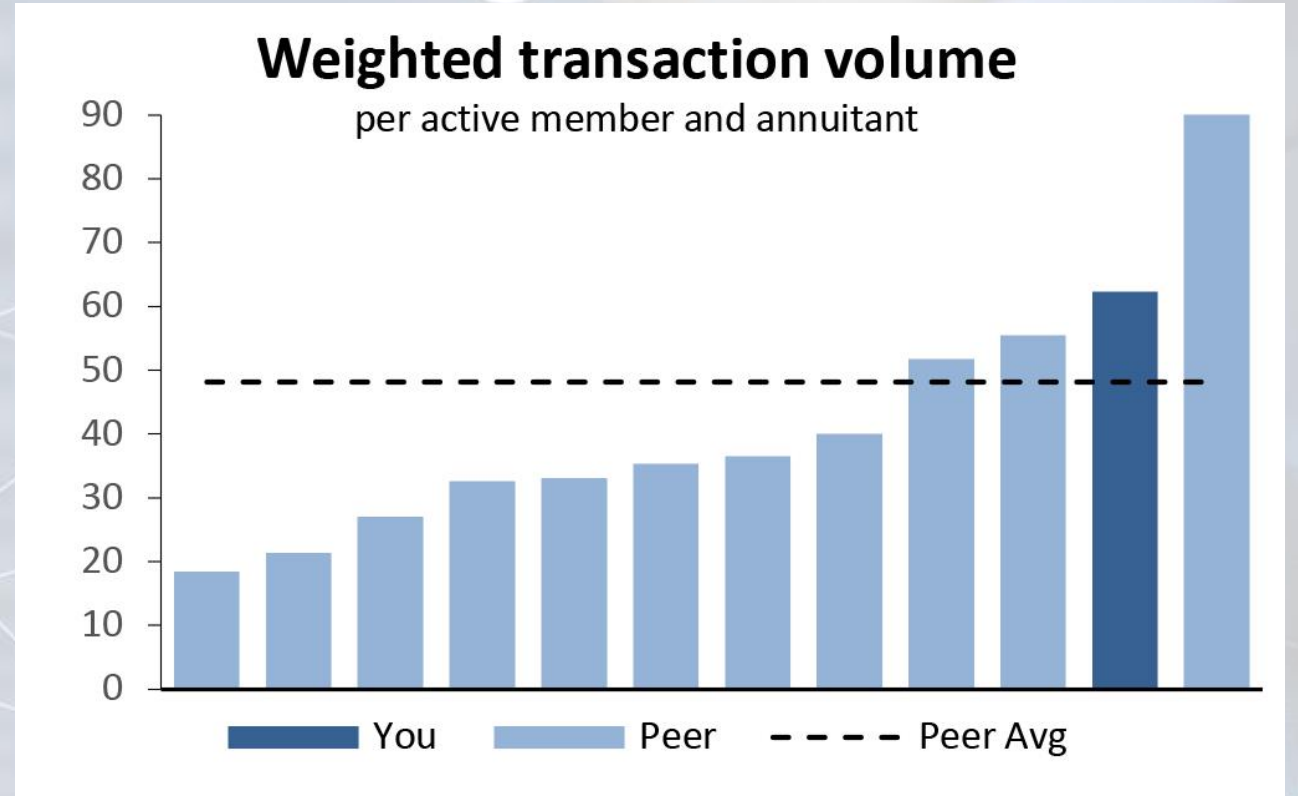


IN THOUSANDS

YEAR	BERS ADMIN EXP	POLICE ADMIN EXP	
2003	4,744.00	11,395.00	41.63%
2004	6,419.00	11,612.00	55.28%
2005	8,364.00	13,670.00	61.19%
2006	8,195.00	13,279.00	61.71%
2007	7,281.00	14,791.00	49.23%
2008	7,854.00	15,205.00	51.65%
2009	8,413.11	16,580.00	50.74%
2010	8,047.28	16,517.00	48.72%
2011	8,892.29	16,141.00	55.09%
2012	8,687.21	16,577.00	52.41%
2013	8,927.41	17,548.00	50.87%
2014	9,776.00	17,450.00	56.02%
2015	10,956.00	17,905.00	61.19%
2016	12,818.00	18,478.00	69.37%
2017	15,486.00	18,917.00	81.86%
2018	13,212.00	21,146.00	62.48%
2019	17,357.00	29,005.00	59.84%
2020	22,207.00	26,803.00	82.85%
2021	25,175.00	24,925.00	101.00%



*BERS does
29% more
transactions
than its peers.*



PER CEM Benchmarking:

“Productivity: your weighted-transaction volume was 62, which was 29% higher than the peer average”



Prudential

Since 1970 BERS outsourced much of its core computer processing, payroll processing, and a number of operational activities.



CPMS

Comprehensive Pension Management System

A fully functional, state of the art, integrated pension administration to replace Prudential, BERS existing legacy systems, spreadsheets, and certain manual pension administration processes.

Prudential Member Accounting System

- Monthly batch process, no real-time data
- No member Part Account information available online; rather, staff needed to print out cryptic “HISTN” printouts for each year – i.e., to view 20 years Part Account activity would require printing out 20 separate HISTNs.
- System designed to aggregate transactions into a single record for the month; detailed transactions were not stored
- Interest calculated on a monthly basis, not on a pay-period basis as in CPMS
- Monthly results not available until ~2 weeks into the following month



Prudential Member Accounting System

The HISTIN

- BERS' only available way to view a member's Part Account
- Cryptic, difficult-to-read, circa-1960 technology
- Could only print a single year off at a time (hence seeing, say, 20 years of information would require printing off 20 multi-page HISTNs)
- Deduction data aggregated up by the month, so all details by payroll were lost

00017848 WINTER 12/02 NEW YORK CITY Bd OF ED RETIREMENT SYSTEM HISTORY PRINT 04/12/14 PAGE 1

UNIT VALUE \$2.526 TAX DEFERRED ABILITY

***** STATISTICAL INFORMATION *****

MEMBER NUMBER	SOC SEC NUMBER	FIRST NAME	MI	LAST NAME	BANK/SCHOOL CODES	SEX	ST	STATE	DATE OF BIRTH	MO	DAY	CA	AR
00017848													

***** ACCOUNT BALANCES *****

TOTAL DOLLAR VALUE	TOT \$ BAL 12/98	TOT \$ NOW POST 88	TOT \$ DEP POST 88	TOT \$ NOW CURS \$	TOT \$ DEP CURS \$	TOTAL CMTNS	TOT \$ BAL 12/86	TOT \$ NOW POST 84
2,473.92	.00	.00	.00	370.44	370.44	7,321.97	12/86	.00

***** YTD LOAN BALANCES *****

AVAILABLE LOAN CD	LOAN BALANCE	OPEN REPLY	NET PAY	DEFAULT CODE	DEFAULT DATE
414.73	1,972.85	148.74	1,154.68		

***** LOAN OCCURRENCES *****

MO	ACTN CD	LOAN SEC	TDA	FED \$	TDA INT EXPENSE	VAR A \$	VAR B \$	LOAN INFO	MEMO
90	B								
91	L	150.44							
91	R	148.07							
91	B	2.37							
92	B								
92	L	150.44							
92	R	148.10							
92	B	2.34							
92	L	225.45							
93	R	223.40							
93	B	2.36							
93	L	150.44							
94	R	148.21							



Velocity Upgrade

- All existing CPMS functionally migrated to newest version
- Enhanced Member Self Service functionality
- Customer Relationship Management functionality
- Call Center - Interactive Voice Response integration
- Automated workflows
- Amazon Web Services (AWS hosting)



New Departments

Data Analytics

- Improving decision making by providing in-depth analysis of agency data to understand trends and patterns.
- Identifying inefficiencies and area of improvement which lead to cost savings and productivity increases.
- By analyzing member data, the department can provide insight into member preferences and behavior.
- Automate reporting to member facing staff to enable quicker and more accurate response times.
- Respond to data requests from other city agencies.
- Conduct member satisfaction surveys to better understand where members think we can improve.
- Utilize CEM Benchmarking to gauge our performance vs other pension systems around the country.



New Departments

Internal Audit

- Evaluating the adequacy of BERS' system of internal controls, and reporting to Management and the Board of Trustees on the results of such evaluations
- Recommending improvements to key processes that ultimately improve the quality of services provided to Participants
- Ensuring that BERS' assets are safeguarded and recommending proper safeguards for their protection
- Assessing compliance with applicable Rules and Regulations, Directives, Laws etc.



New Departments

Member Communications

- Created a BERS specific call center
- Established an Outreach team for member education and the recruitment of the unenrolled
- Developed a team to centralize all BERS email/letter communication and response



Department Changes

Member Services

- Hired additional counselors to reduce appointment wait times
- Instituted remote member counseling option
- Online member appointments
- Created a member waiting area
- Digitized member visit log in
- Onboarded BERS disability coordinator and doctors.
- Creating new disability center within BERS



Department Changes

Operations

Operations has been able to restructure the workflow which led to immediate value and has assisted in developing and implementing a proactive approach. Leading to:

- Cleared most application-driven backlog.
- Reduced time to receive first pension check
- Identified the majority of systematic-driven backlogs
- Enhanced year-end loan distributions to a monthly process
- Developed and implemented Standard Operating Procedures
- Eliminated recurring issues associated with the monthly disbursement process
- Developed robust tracking and reporting mechanisms which allowed for informed decisions on staff re-allocation



Department Changes

Human Resources

Redefined how BERS approached HR to define HR programs that include but are not limited to employee engagement, culture, management development, and leadership development.

The L&D strategy was designed to assess learning gaps within the agency so that BERS can allocate resources that can build the functional capacities of our staff which translate to the member experience.

- Institutional Knowledge training provided to MCU/Call Center Unit staff, New hires, and existing staff where needed
- Customer Service training provided for all member facing employees
- In house Leadership Development training provided to Leadership Team via “Sandy’s Corner”
- Management Fundamentals Training for Leadership team and newly promoted Supervisors and Managers



Department Changes

Quality Assurance

Post go live of CPMS QA had to fundamentally change to handle all BERS transactions previously outsourced to Prudential:

- Payroll processing and exception management
- Factor table and calendar receipt
- Payroll intake, manual payroll processing, payroll calendar loading
- Deduction file generations and batch management
- Deductions file processing.

In 2022 we created a Service Review Unit to improve the earnings data in members participant accounts so that end of membership transactions can be calculated correctly.



Department Changes

Information Technology

- Full network circuits upgrade and full dual-site redundancy setup.
- 65 Court St BERS data center relocation to Weehawken NJ
- VOIP system revamp and Call Center with CISCO
- DOITT hosted BERS website upgrade/relocation from Prudential
- Citrix deployment to support full secure remote capability
- New data center at 55 Water St
- Created new COOP plan



Department Changes

Fiscal Operations

- Upgraded to new accounting platform- NetSuite
- Hired a Director of Procurement
- Created a procurement Unit







Then







& Now





Medical Room











Questions?

Internal Audit Semiannual Update

Q3 & Q4 2022



Board of Education
Retirement System of
the City of New York

January 18th, 2023

Agenda

1. Audit Dashboard

- 2022 Audit Activities
- 2023 Audit Activities
- Audit Findings Remediation Status

2. Completed Internal Audits

- Procurement Audit
- Check & EFT. Mgt. Audit

3. 2022 Risk Assessment Results

- High Risk Areas



Audit Dashboard

2022 Audit Activities

Procurement Audit	<div style="width: 100%; height: 10px; background-color: green;"></div>
Check & EFT Management Audit (Dir. 11)	<div style="width: 100%; height: 10px; background-color: green;"></div>
IT Logical and Physical Access Security Audit	<div style="width: 100%; height: 10px; background-color: yellow;"></div>
Tax Deferred Annuity (TDA) Refunds Audit	<div style="width: 100%; height: 10px; background-color: yellow;"></div>
Travel and Expenses Audit (Dir. 6)	<div style="width: 100%; height: 10px; background-color: yellow;"></div>
Variable Program Takedown Audit	<div style="width: 100%; height: 10px; background-color: yellow;"></div>
External Audit: Audit of Annual Comprehensive Financial Report - By Grant Thornton LLC	<div style="width: 100%; height: 10px; background-color: green;"></div>

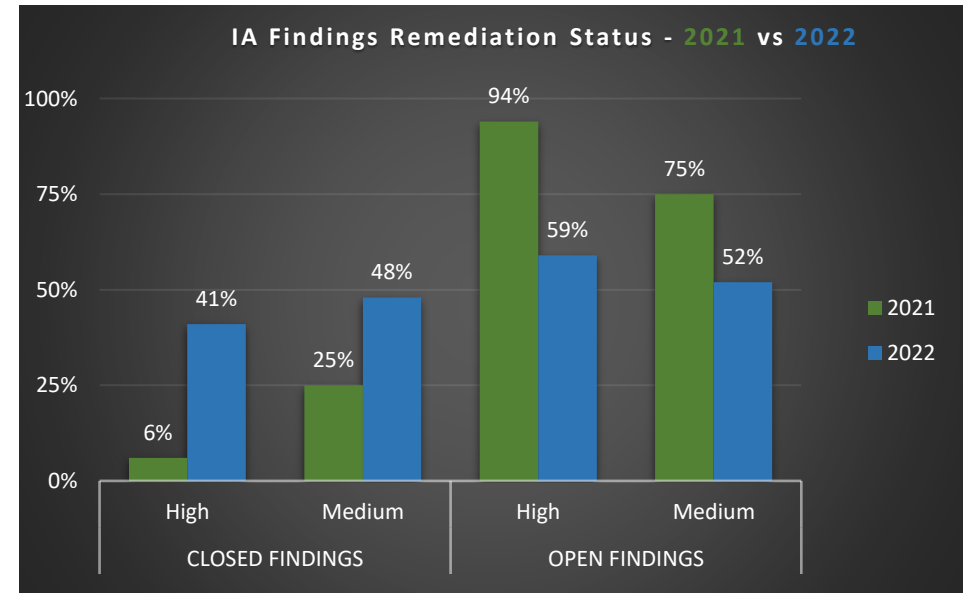
2023 Audit Activities

Payroll Procedures Audit (Dir. 13)	<div style="width: 100%; height: 10px; background-color: red;"></div>
Qualified Pension Plan (QPP) Refunds Audit	<div style="width: 100%; height: 10px; background-color: red;"></div>
Dormant Accounts Audit	<div style="width: 100%; height: 10px; background-color: red;"></div>
Cyber Security (MSS) Audit	<div style="width: 100%; height: 10px; background-color: red;"></div>
Participant Account Adjustments Audit	<div style="width: 100%; height: 10px; background-color: red;"></div>
External Audit: Audit of BERS' Financial and Operating Practices and Board Governance - By NYC Comptroller	<div style="width: 100%; height: 10px; background-color: yellow;"></div>

Color Legend	
Completed	<div style="width: 10px; height: 10px; background-color: green;"></div>
In Progress	<div style="width: 10px; height: 10px; background-color: yellow;"></div>
Not Started	<div style="width: 10px; height: 10px; background-color: red;"></div>

IA Findings Remediation Status – CY 2022

Risk Rating Category	Opening Bal.	New	Closed	Open / In Progress	Improvement Recommendations
High	16	13	12	17	n/a
Medium	18	19	18	19	n/a
Low	1	1	2	0	n/a
Total	35	33	32	36	50



Completed Internal Audits

Check and EFT Management Audit

Report Date: Sept. 22nd, 2022

Objectives:

- To assess the Check and EFT Management processes and internal controls to determine if risks are appropriately mitigated
- To determine alignment with applicable sections of NYC Comptroller's Directive 11: Cash Accountability and Control

Scope: Check and EFT disbursements between April 2020 and March 2022

Audit Findings

		Risk Rating	Target Remediation
1.	Outstanding Checks <ul style="list-style-type: none"> As of June 2022, BERS had 4,027 outstanding checks amounting to \$3.31m, dating back to 2012. \$2.8bn disbursed FY12 – FY22. 	High	TBD
2.	Bounced Checks Documentation <ul style="list-style-type: none"> Members were not always notified of bounced check or given the opportunity to repay; accounts were not properly noted. 	High	Remediated
3.	Checks Received Onsite <ul style="list-style-type: none"> Inadequate controls to prevent loss or misappropriation of checks received onsite; receipts were not issued. 	High	Remediated
4.	Infrequent Bank Reconciliations <ul style="list-style-type: none"> Bank reconciliations performed annually (monthly records maintained). Directive 11 and best practices prescribe monthly reconciliation 	Medium	June 2023

Summary of Management's Response: Agreed with some recommendations. Fiscal Ops will discuss with other stakeholders to determine how the issue of outstanding checks will be addressed. A full-time accountant who will be responsible for bank monthly reconciliations has been onboarded.

Procurement Audit

Report Date: Sept. 28th, 2022

Objectives:

- To review and evaluate procurement processes to determine compliance with applicable regulations (PPB rules, DOE rules, and Directive 24)
- To identify opportunities for process improvement

Scope: Procurement transactions between June 2019 and March 2022

Audit Findings

		Risk Rating	Target Remediation
1.	Formal Procurement Framework not Implemented <ul style="list-style-type: none"> Performance of required procurement activities was not consistently demonstrated Procurement Team is understaffed 	High	June 2023
2.	Pre-Solicitation Planning Activities No documentation to demonstrate performance of some required activities: <ul style="list-style-type: none"> Consideration of procurement alternatives Pre-solicitation reviews Statement of needs Determination for procurement method 	High	March 2023
3.	Solicitation Activities The documentation provided was inconsistent and did not demonstrate performance of required activities for: <ul style="list-style-type: none"> Issuing solicitation Receiving and Evaluating Bids Selection of Vendors/Awarding Contracts and Public Disclosure 	High	June 2023

Summary of Management's Response: Agreed with recommendations. Policies are being drafted based on common procurement types and will be reviewed with Legal before presenting for Board approval. Plans to standardize pre-solicitation and solicitation processes and implement steps, checklists and other tools to document and streamline the processes, to ensure required activities are performed and properly documented.

2022 Risk Assessment Results



