

# PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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February 5, 2020

Francis E. Murphy III, Chairman  
Cambridge Retirement Board  
100 Cambridge Park Drive Suite 100  
Cambridge, MA 02140

**REFERENCE:** Report of the Examination of the Cambridge Retirement Board (CRB) for the four-year period from January 1, 2013 through December 31, 2016.

Dear Chairman Murphy:

The Public Employee Retirement Administration Commission has completed a follow-up review of the findings and recommendations contained in its audit report of the Cambridge Retirement Board for the period referenced above. We conduct these visits as a regular part of the oversight process to ensure the timely implementation of the recommendations contained in that report. The examination also addressed the other matters discussed at the completion of the audit. The results are as follows:

***1. The Audit Report cited a finding that the Cambridge Housing Authority has been withholding deductions on “straight time overtime”, which covers hours above a member’s normal schedule but below 40 in a week. In addition, it was found that the retirement deductions of some Housing Authority employees were not calculated in whole number percentages.***

**Follow-up Result:** We reviewed the most recent payroll statements in December 2019 for 3 active members and selected two additional members from 2018 payroll records for our testing. We recalculated retirement deductions to determine that the base contribution and additional 2% member deductions were correct. We verified the pay codes provided by CRB to ensure that retirement deductions were taken from regular compensation. We found no examples where deductions were being withheld from “straight-time overtime” earnings on the pay summary reports provided by CRB. This issue is resolved.



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**2. The Audit Report cited a finding that 11 out of the 145 (8%) of the active members folders reviewed had beneficiary selection forms with multiple Option D beneficiaries nominated.**

**Follow-up Result:** We reviewed the Option D beneficiary forms of the 11 members cited in the finding. It was observed that 4 out of the 11 (36%) members still had multiple beneficiaries nominated on their Option D forms. This issue is not resolved.

**3. The Audit Report cited a finding that one Board member did not attend 75% of the meetings in the audited years of 2013-2016, missing 35% and 28% of the meetings in 2013 and 2015 respectively.**

**Follow-up Result:** We reviewed the 2018 and 2019 Board minutes of the Cambridge Retirement Board for the attendance records of the Board members. It was noted that each Board member attended at least 75% of the meetings in 2018 and 2019. This issue is resolved.

The additional matters discussed have been partially resolved.

PERAC auditors may conduct an additional follow-up visit to ensure progress is being made in those areas that have not been corrected at this time.

Thank you for your continued cooperation in this matter.

Sincerely,

A handwritten signature in cursive script, appearing to read "John W. Parsons".

John W. Parsons, Esq.  
Executive Director