



City of New York

OFFICE OF THE COMPTROLLER

Scott M. Stringer
COMPTROLLER



FINANCIAL AUDIT

Marjorie Landa

Deputy Comptroller for Audit

Audit Report on the New York City Fire
Pension Fund's Controls over
Identification of Improper Pension
Payments to Deceased Recipients

FN20-105A

October 4, 2021

<http://comptroller.nyc.gov>



THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
SCOTT M. STRINGER

October 4, 2021

To the Residents of the City of New York:

My office has audited the New York City Fire Pension Fund's (FPF's) control over the identification of improper payments to deceased recipients to determine whether the FPF had adequate controls in place to identify improper benefit payments to deceased recipients. We audit retirement systems such as the FPF as a means of ensuring that they operate efficiently and are accountable for resources and revenues in their charge.

This audit found that the FPF has adequate control procedures in place to identify and prevent improper pension benefit payments to deceased benefit recipients, provided those procedures are consistently followed. However, we found that the FPF (1) did not consistently send affidavit requests to all benefit recipients who are aged 80 and over; and (2) did not follow up on outstanding affidavit requests after 90 days. In addition, we found the information systems the FPF uses for record-keeping and control activities related to its administration of pension benefits either contained inaccuracies or lacked comprehensive data. In another matter, we found that the FPF's death matching process might be improved by its joining with the City's four other retirement systems to centralize their death match service contracts.

The audit made five recommendations, including the FPF should use benefit recipients' Dates of Birth (DOB's) when preparing the affidavit requests to ensure that it sends affidavit requests to all benefit recipients; follow up timely in all cases when benefit recipients do not submit the requested affidavits within 90 days and establish alternate procedures to ensure continuous affidavit review and follow-up procedures during emergencies; and ensure that DOBs are corrected in the City's Pension Payroll Management System (PPMS) and all relevant information systems for the recipients of pension payments the audit identified with invalid DOBs in PPMS.

The results of the audit have been discussed with FPF officials and their comments have been considered in the preparation of this report. The FPF's complete written response is attached to this report.

If you have any questions concerning this report, please e-mail my Audit Bureau at audit@comptroller.nyc.gov.

Sincerely,

A handwritten signature in black ink, appearing to read 'Scott M. Stringer'.

Scott M. Stringer

TABLE OF CONTENTS

EXECUTIVE SUMMARY	1
Audit Findings and Conclusion	2
Audit Recommendations.....	2
Agency Response.....	3
AUDIT REPORT	4
Background	4
Objective.....	4
Scope and Methodology Statement.....	4
Discussion of Audit Results	5
FINDINGS AND RECOMMENDATIONS.....	6
FPF Did Not Consistently Comply with Its Established Criteria to Send Affidavit Requests to Benefit Recipients.....	6
FPF Did Not Follow-up on Outstanding Affidavit Requests	6
Inaccurate Dates of Birth for 76 Benefit Recipients	7
FPF Cannot Utilize EUPS to Determine the Accuracy of the Benefit Recipients' Information Maintained in PPMS	8
Other Issue	8
Possible Cost Saving by Centralizing Death Match Services.....	8
Recommendations.....	9
DETAILED SCOPE AND METHODOLOGY.....	11
ADDENDUM	

THE CITY OF NEW YORK OFFICE OF THE COMPTROLLER FINANCIAL AUDIT

Audit Report on the New York City Fire Pension Fund's Controls over Identification of Improper Pension Payments to Deceased Recipients

FN20-105A

EXECUTIVE SUMMARY

The New York City Fire Pension Fund (FPF) was established to provide pension benefits for full-time uniformed employees of the New York City Fire Department (FDNY) and to provide other supplemental benefits to qualified retired Firefighters, Wipers, and Fire Officers. Starting in 2012, the FPF has utilized FDNY's Electronic Uniform Pension System (EUPS) to maintain active and retired members' and beneficiaries' information.

The FPF processes monthly pension payments through the City's Pension Payroll Management System (PPMS) and terminates benefit payments through PPMS after a benefit recipient dies. The FPF identifies a benefit recipient as deceased through the following means:

- Notifications from the decedent's family, union, and FDNY;¹
- HR-11 SSA (Social Security Administration) Death Match reports generated through the City Human Resources and Management System (CHRMS);²
- Death match reports provided by a contracted vendor—Pension Benefit Information, LLC (PBI);³ and
- Non-responsiveness to the FPF's mailed request to a benefit recipient to provide a completed affidavit, also called an attestation, and a copy of a Social Security or medical insurance card as proof the benefit recipient is alive.⁴

¹ The FPF receives: (1) monthly notifications from the union when a decedent's family applies for death benefits; and (2) notifications from FDNY when a decedent's family invites fellow firefighters to attend the funeral or when family members claim City-procured life insurance benefits through FDNY.

² The SSA Death Match Report matches each active benefit recipient's name, Social Security number, and date of birth with the SSA Limited Access Death Master File.

³ PBI generates a weekly list of definite or potential matches based on the death information provided by the Social Security Administration, states' vital records offices, and obituaries.

⁴ The FPF sends affidavit requests to benefit recipients who are 80 years of age and older and to individuals whose benefit payments are returned by the banks.

During Fiscal Years 2019 and 2020, the FPF paid \$1.46 billion and \$1.53 billion to approximately 18,000 benefit recipients, respectively.

The objective of this audit was to determine whether the FPF had adequate controls in place to identify improper benefit payments to deceased recipients.

Audit Findings and Conclusion

The FPF has adequate control procedures in place to identify and prevent improper pension benefit payments to deceased benefit recipients, provided those procedures are consistently followed. However, we found that the FPF: (1) did not consistently send affidavit requests to all benefit recipients who are aged 80 and over; and (2) did not follow up on outstanding affidavit requests after 90 days.

In addition, we found two areas in which the information systems the FPF uses for record-keeping and control activities related to its administration of pension benefits either contained inaccuracies or lacked comprehensive data. Specifically, we found that:

- PPMS contained inaccurate Dates of Birth (DOBs) for 76 benefit recipients; and
- the FPF cannot utilize EUPS to determine the accuracy of the benefit recipients' information maintained in PPMS.

In another matter, we found that the FPF's death matching process might be improved by its joining with the City's four other retirement systems to centralize their death match service contracts.

Audit Recommendations

To address these issues, we make the following five recommendations that the FPF should:

- Use benefit recipients' DOBs when preparing the affidavit requests to ensure that it sends affidavit requests to all benefit recipients, including parent-beneficiaries, who are aged 80 and above in accordance with existing FPF control procedures.
- Follow up timely in all cases when benefit recipients do not submit the requested affidavits within 90 days and establish alternate procedures to ensure continuous affidavit review and follow-up procedures during emergencies.
- Ensure that DOBs are corrected in PPMS and all relevant information systems for the 76 recipients of pension payments this audit identified with invalid DOBs in PPMS.
- Consider entering in EUPS standard required data for all members who retired prior to EUPS' 2012 implementation to enable that system to serve as a comprehensive, current information system accurately reflecting all members and beneficiaries receiving pension payments from the FPF and to enable the FPF to monitor its payments and prevent unauthorized payments in the names of deceased recipients more effectively and efficiently.
- Consider coordinating with the City's four other retirement systems, as well as Financial Information Services Agency (FISA), to centralize death match service contracts and potentially obtain comprehensive death match data at a lower overall cost.

Agency Response

The FPF agreed to implement four of the five audit recommendations (Recommendations #1, #3, #4, and #5). The FPF disagreed with the audit's finding that it did not follow up on outstanding affidavit requests, and with the recommendation that the FPF follow up timely in all cases when benefit recipients do not submit the requested affidavits within 90 days and establish alternate procedures to ensure continuous affidavit review and follow-up procedures during emergencies, (Recommendation #2). Nevertheless, the FPF also stated that it "intends to review emergency procedures for the inclusion of continuous affidavit review."

AUDIT REPORT

Background

The FPF is one of five New York City (City) retirement systems that provide benefits to their members who have retired as well as to designated beneficiaries of those members.⁵ The FPF was established to provide pension benefits for full-time uniformed employees of the FDNY and to provide other supplemental benefits to qualified retired Firefighters, Wipers, and Fire Officers. Starting in 2012, the FPF has utilized FDNY's EUPS to maintain active and retired members' and beneficiaries' information.

The FPF processes monthly pension payments through the City's PPMS and terminates benefit payments through PPMS after a benefit recipient dies. The FPF identifies a benefit recipient as deceased through the following means:

- Notifications from the decedent's family, union, and FDNY;
- HR-11 SSA Death Match reports generated through CHRMS;
- Death match reports provided by a contracted vendor—PBI; and
- Non-responsiveness to the FPF's mailed request to a benefit recipient to provide a completed affidavit, also called an attestation, and a copy of a Social Security or medical insurance card as proof the benefit recipient is alive.

After a benefit recipient is reported as deceased, the FPF will suspend future benefit payments immediately and terminate the pension payments after a death certificate is received. After termination of the benefit payments, the FPF will determine whether it made any overpayments in the name of the decedent and start the recoupment process, if necessary. Alternatively, the FPF will reinstate suspended benefits in cases in which the benefit recipient was incorrectly reported as deceased, once the FPF establishes contact with the recipient and obtains required documents as proof that the recipient is alive.

During Fiscal Years 2019 and 2020, the FPF paid \$1.46 billion and \$1.53 billion to approximately 18,000 benefit recipients, respectively.

Objective

The objective of this audit was to determine whether the FPF had adequate controls in place to identify improper benefit payments to deceased recipients.

Scope and Methodology Statement

We conducted this performance audit in accordance with generally accepted government auditing standards, with the exception for the organizational independence as noted in the following paragraph. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our

⁵ The other four retirement systems are: the New York City Employees' Retirement System; the New York City Board of Education Retirement System; the New York City Police Pension Fund; and the Teachers' Retirement System of the City of New York.

findings and conclusions based on our audit objectives. This audit was conducted in accordance with the audit responsibilities of the City Comptroller as set forth in Chapter 5, §93, of the New York City Charter.

In accordance with §13-302 of the New York City Administrative Code, the Comptroller is one of 12 trustees of the FPF Board and is entitled to cast three of the 24 board votes. The Comptroller sits on the Board through a representative. Neither the Comptroller nor his representative on the Board were involved in the audit process.

The scope period of this audit was Fiscal Years 2019 and 2020 (July 1, 2018 through June 30, 2020). Please refer to the Detailed Scope and Methodology at the end of this report for the specific procedures and tests that were conducted.

Discussion of Audit Results

The matters in this report were discussed with FPF officials during and at the conclusion of this audit. A preliminary draft report was sent to the FPF and was discussed at an exit conference held on August 10, 2021. On August 31, 2021, we submitted a draft report to the FPF with a request for written comments. We received the FPF's written response on September 15, 2021.

In its response, the FPF agreed to implement four of the five audit recommendations. Specifically, the FPF stated, "While the FPF agrees with most of the recommendations provided in the report, we disagree with the finding that the FPF did not follow-up on outstanding affidavit requests. After the auditors presented their findings, the FPF provided an updated status of the affidavit review when it was safe for staff to return to the office. FPF staff reviewed the affidavit responses and by mid-July had sent out the second affidavits to the benefit recipients that did not initially respond."

The FPF's policy is to follow up with benefit recipients by sending a second affidavit request when it does not receive a response to its initial affidavit request. The FPF did not revise its policy to grant benefit recipients extra time to respond to the FPF's affidavit requests. Moreover, the FPF took follow-up action more than a year after the initial requests were mailed to the benefit recipients, and only after our inquiries about what follow-up action was taken. Therefore, we concluded that the FPF did not follow its established policy and follow up on nonresponsive affidavit requests. We note, however, that in its response, the FPF also stated that it "intends to review emergency procedures for the inclusion of continuous affidavit review."

The full text of the FPF's response is included as an addendum to this report.

FINDINGS AND RECOMMENDATIONS

The FPF has adequate control procedures in place to identify and prevent improper pension benefit payments to deceased benefit recipients, provided those procedures are consistently followed. However, we found that the FPF: (1) did not consistently send affidavit requests to all benefit recipients who are aged 80 and over; and (2) did not follow up on outstanding affidavit requests after 90 days.

In addition, we found two areas in which the information systems the FPF uses for record-keeping and control activities related to its administration of pension benefits either contained inaccuracies or lacked comprehensive data. Specifically, we found that:

- PPMS contained inaccurate DOBs for 76 benefit recipients; and
- the FPF cannot utilize EUPS to determine the accuracy of the benefit recipients' information maintained in PPMS.

In another matter, we found that the FPF's death matching process might be improved by its joining with the City's four other retirement systems to centralize their death match service contracts.

The FPF Did Not Consistently Comply with Its Established Criteria to Send Affidavit Requests to Benefit Recipients

Every other year, the FPF sends requests for signed and notarized attestations (i.e., affidavits) from benefit recipients who are aged 80 and older to obtain reasonable assurance that those benefit recipients are alive. However, our comparison of the benefit recipients' information maintained in PPMS with the requests the FPF sent found that the FPF did not send its requests for attestation to 27 out of 3,167 benefit recipients aged 80 and older. According to FPF officials, the majority of these benefit recipients were the parents of deceased members who had been born less than 80 years earlier. Because the FPF was still using the deceased members'—rather than their surviving parent-beneficiaries'—DOBs as criteria when preparing mailing list for the affidavit requests, those beneficiaries did not receive the affidavit requests from the FPF.

By not fully complying with its established control procedures, the FPF weakens its internal control environment and reduces its ability to promptly detect and prevent unauthorized payments made in the names of benefit recipients aged 80 and above who may have died.

The FPF Did Not Follow Up on Outstanding Affidavit Requests

According to the FPF's procedures, after the FPF sends affidavit requests to benefit recipients aged 80 and above, the benefit recipients have 90 days to submit the requested affidavits to the FPF. If a benefit recipient does not submit the affidavit within 90 days, a second request will be sent. Should the recipient not respond within 30 days of the FPF's mailing of its second affidavit request, the FPF will hold all subsequent benefit payments and call the benefit recipient. However, we found that the FPF did not perform its prescribed follow-up actions when benefit recipients did not submit the requested affidavits. Our review of a sample of 50 affidavit requests the FPF sent to benefit recipients on June 29, 2020, found that 11 of the requests (22 percent) were still outstanding as of May 2021, and that the FPF had neither sent out the second affidavit requests

to those individuals nor attempted to call them prior to our asking whether the FPF had taken any follow-up action in these cases.

According to FPF officials, due to limitations caused by the pandemic, the FPF maintained only a skeleton staff in the office and therefore did not have the means to review all the affidavits received. The FPF also allowed additional time for the benefit recipients to respond, officials said. As a result, the FPF might not have up-to-date information on the status of the affidavit requests that FPF sent to the benefit recipients in June 2020.⁶

It is understandable that the FPF had to reduce the number of staff in the FPF's office. In addition, we acknowledge that it may have been difficult during the past year for benefit recipients to respond to the FPF's affidavit requests within 90 days. However, the FPF should nonetheless have implemented alternative procedures to verify the status of benefit recipients whose responses to the FPF's requests for affidavits were not received within 90 days. According to FPF officials, on July 11, 2021, they sent second affidavit requests to the benefit recipients who did not respond to the FPF's first requests and asked these benefit recipients to respond within 60 days.⁷ If the benefit recipients do not respond within that timeframe, the FPF will take further follow-up action, such as making phone calls to the benefit recipients who do not respond to the FPF's second requests for affidavits, according to FPF officials.

One of the critical measures necessary to enable the FPF to promptly detect unauthorized payments made in the names of deceased benefit recipients is a timely follow-up in all cases where benefit recipients fail to return requested affidavits. By not performing that established control procedure or timely implementing a reasonable alternative procedure, the FPF weakens its internal control environment and increases the risk of delayed detection and suspension of unauthorized payments. Such delays would also likely increase the associated difficulties of any efforts the FPF would undertake to recoup the accumulated overpayments that continued while a benefit recipient's death went undetected.

Inaccurate Dates of Birth for 76 Benefit Recipients

Of 18,770 benefit recipients who received benefit payments during Fiscal Years 2019 and 2020, we found that PPMS' records for 76 individuals erroneously show their DOBs as January 1, 1901. After we informed the FPF about these invalid DOBs, FPF officials stated that these errors occurred during the conversion of data from the legacy pension payroll system to PPMS in 2005. When FPF officials notice that a benefit recipient is listed in PPMS with an erroneous DOB of January 1, 1901, they will correct the invalid DOB. However, the FPF did not conduct a systematic review of benefit recipients' DOBs recorded in PPMS to identify and correct the inaccurate DOBs that resulted from the 2005 conversion, and as a result, these 76 invalid DOBs were never corrected.

⁶ The Governor of the State of New York, citing the World Health Organization (WHO), declared a disaster emergency in the State based on COVID-19 on March 7, 2020, https://www.governor.ny.gov/sites/default/files/atoms/files/EO_202.pdf (accessed July 20, 2021). The WHO declared COVID-19 a global pandemic on March 11, 2020. Cucinotta D, Vanelli M. *WHO Declares COVID-19 a Pandemic*. *Acta Biomed*. 2020 Mar 19;91(1):157-160. doi: 10.23750/abm.v91i1.9397. PMID: 32191675; PMCID: PMC7569573, <https://pubmed.ncbi.nlm.nih.gov/32191675/> (accessed July 20, 2021).

The Governor announced the ending of the COVID-19 emergency in New York on June 24, 2021, <https://www.governor.ny.gov/news/governor-cuomo-announces-new-york-ending-covid-19-state-disaster-emergency-june-24> (accessed July 20, 2021).

⁷ In July 2021, the FPF increased benefit recipient's response time for the second affidavits from 30 days to 60 days.

Because each benefit recipient's DOB is a critical data field used in the death match process, the FPF needs accurate DOBs in PPMS to facilitate accuracy and efficiency in its computer-assisted death matches and its efforts to identify benefit recipients aged 80 and above whom the FPF asks to complete affidavits as proof of life. At the exit conference, FPF officials stated that they were in the process of correcting these inaccurate DOBs in PPMS.

The FPF Cannot Utilize EUPS to Determine the Accuracy of the Benefit Recipients' Information Maintained in PPMS

Because of an inherent data limitation in EUPS, the FPF lacks the means to efficiently determine the accuracy of the information maintained in PPMS regarding the majority of its pension recipients. Specifically, the FPF generally does not maintain information in EUPS for members who retired prior to 2012, including their beneficiaries. According to FPF officials, EUPS contains information mostly for members who were employed, or in active status, during the system's implementation in 2012 or who joined FDNY thereafter.⁸ As a result of EUPS' limited scope, the system does not contain information for approximately 79 percent of the FPF's pension recipients who received pension benefits in Fiscal Year 2020.

Although FPF officials stated that EUPS was not designed to maintain data for death match and that the FPF relies instead on PPMS to provide the data used for performing the death matches, the FPF has no other readily available database that the FPF can access to determine the accuracy of the members' and their designated beneficiaries' information—such as dates of birth—maintained in PPMS. The lack of comprehensive and complete members' information in EUPS may affect the reliability of the FPF's death match results and the efficiency of its reviews.

Other Issue

Possible Cost Saving by Centralizing Death-Matching Services

The FPF and three other City retirement systems (the New York City Employees' Retirement System, the New York City Police Pension Fund, and the Teachers' Retirement System of the City of New York) contracted individually with four vendors in total—two of which contracted separately with more than one City retirement system—to obtain computer-assisted death-matching services that supplement the HR-11 SSA Death Match reports generated in PPMS. Because the PPMS death match reports are affected by an inherent data limitation, described below, the fifth City pension system, the New York City Board of Education Retirement System (BERS), is also researching prospective vendors to obtain similar supplementary death-matching services.⁹ The five City systems should consider centralizing their separate procurement efforts for greater efficiency and potential cost savings for their members.

Data Limitation Affecting HR-11 SSA Death Match Reports Resulted in City Pension Systems' Contracting Separately for Supplementary Death-Matching Services

⁸ The FPF can manually search for information for individual members who retired prior to 2012 through Visual Vault, a service that the FPF uses to maintain, in image form, documents and correspondence submitted by the pensioners.

⁹ As a result of our audit of BERS' controls over benefit payments, *Audit Report on the Board of Education Retirement System's Controls over the Identification of Improper Benefit Payments to Deceased Recipients* (#FN20-103A), issued June 16, 2021, BERS was informed of the inherent data limitation affecting the HR-11 SSA Death Match reports and is researching potential vendors to provide supplementary death match services.

Starting November 1, 2011, the Social Security Administration's (SSA's) Limited Access Death Master File (LADMF), which the City's FISA¹⁰ uses to conduct computer-assisted death matches for the City's retirement systems, ceased to include what SSA identified as protected state death records.¹¹ As a result, the number of annual decedent records in SSA's death master file substantially decreased throughout the years since 2011—from 2,449,339 in 2010 to 476,689 in 2019—which thereby reduces the effectiveness of the death matches that FISA conducts for the City's retirement systems. Consequently, four of the five individual retirement systems have contracted with third-party vendors to obtain death match services and the fifth is exploring the prospect of doing so. Based on our review, each retirement system paid anywhere from \$2,400 to \$25,160 a year for death match services from these vendors.¹²

Since the different vendors' sources of information vary by vendor, the data they generated varied as did the cost per search during the period we reviewed. Our review of invoices from the four vendors who contract with the City's retirement systems found that the per record cost ranged from \$0.03 to \$3.20, and that the total cost for the death-matching services the four vendors provided to the City's retirement systems for Fiscal Years 2019 and 2020 was \$109,093. Given the commonality of the retirement systems' needs for similar death-matching services, it would be in the best interest of the FPF to consider coordinating with the City's other retirement systems, as well as FISA, to collectively establish centralized contracts with one or more of the death match vendors to obtain cost effective, comprehensive service. Centralizing this procurement activity with the other pension systems might enable the FPF to obtain more comprehensive death match data and cost savings.

Recommendations

To prevent and promptly detect any unauthorized payments in the names of deceased benefit recipients, the FPF should take the following actions:

1. Use benefit recipients' DOBs when preparing the affidavit requests to ensure that the FPF sends affidavit requests to all benefit recipients, including parent-beneficiaries, who are aged 80 and above in accordance with existing FPF control procedures.

FPF Response: "The FPF agrees with this recommendation. The FPF is working with FISA-OPA on modifying the reporting parameters for the inclusion of parent-beneficiaries when preparing future affidavit requests."

2. Follow up timely in all cases when benefit recipients do not submit the requested affidavits within 90 days and establish alternate procedures to ensure continuous affidavit review and follow-up procedures during emergencies.

FPF Response: "The FPF disagrees with this recommendation. Since COVID-19 was an un-anticipated extraordinary event, resulting in FPF staff working remotely, however, once FPF staff returned to the office the affidavits were reviewed and by July 11, 2021 the

¹⁰ FISA is an information technology service center with all the support facilities needed to provide City officials with Citywide financial, payroll, and human resources information.

¹¹ National Technical Information Service *Important Notice: Change in Public Death Master File Records*. The notice states, in part, "Effective November 1, 2011, the DMF data that NTIS receives from SSA no longer contains protected state death records. Section 205(r) of the [Social Security] Act prohibits SSA from disclosing the state death records SSA receives through its contracts with the states, except in limited circumstances." <https://ladmf.ntis.gov/docs/import-change-dmf.pdf> (accessed April 20, 2021).

¹² The New York City Police Pension Fund did not use any third-party death match services in Fiscal Year 2019; therefore, no payments were made to its death match vendor.

second affidavits were sent to benefit recipients. In addition, the FPF intends to review emergency procedures for the inclusion of continuous affidavit reviews.”

Auditor Comment: We are glad that the FPF is going to review emergency procedures for the inclusion of continuous affidavit reviews. However, until the emergency procedures are established, the FPF should comply with its existing policy by following up timely in all cases when benefit recipients do not submit the requested affidavits.

3. Ensure that DOBs are corrected in PPMS and all relevant information systems for the 76 recipients of pension payments this audit identified with invalid DOBs in PPMS.

FPF Response: “The FPF agrees with this recommendation. The FPF is in the process of correcting the inaccurate DOB information for the 76 recipients.”

4. Consider entering in EUPS standard required data for all members who retired prior to EUPS’ 2012 implementation to enable that system to serve as a comprehensive, current information system accurately reflecting all members and beneficiaries receiving pension payments from the FPF and to enable the FPF to monitor its payments and prevent unauthorized payments in the names of deceased recipients more effectively and efficiently.

FPF Response: “The FPF agrees with this recommendation. The FPF plans to meet with the FDNY to develop a process for loading into EUPS the members that retired prior to 2012.”

5. Consider coordinating with the City’s four other retirement systems, as well as FISA, to centralize death match service contracts and potentially obtain comprehensive death match data at a lower overall cost.

FPF Response: “The FPF agrees with this recommendation. The FPF is currently still in contract with PBI for its death match service, and upon the contract’s expiration the FPF intends to explore all options including the centralization of contracts for death match services.”

DETAILED SCOPE AND METHODOLOGY

We conducted this performance audit in accordance with generally accepted government auditing standards, with the exception for the organizational independence as noted in the following paragraph. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. This audit was conducted in accordance with the audit responsibilities of the City Comptroller as set forth in Chapter 5, §93, of the New York City Charter.

In accordance with §13-302 of the New York City Administrative Code, the Comptroller is one of 12 trustees of the FPF Board and is entitled to cast three of the 24 board votes. The Comptroller sits on the Board through a representative. Neither the Comptroller nor his representative on the Board were involved in the audit process.

The scope period of this audit covered Fiscal Years 2019 and 2020 (July 1, 2018 through June 30, 2020).

To achieve our audit objective, we obtained an understanding of the FPF's operation by reviewing the policy and procedures and interviewing FPF officials in regard to its internal controls over: (1) identification of deceased benefit recipients, and (2) termination and recoupment processes. We also obtained an understanding of EUPS, which the FPF uses to record pensioners' and beneficiaries' information. In addition, we reviewed the prior audit report our office issued on June 24, 2011.¹³

To determine whether the benefit recipients' personal information is accurately maintained in PPMS, we compared the personal information in PPMS for all benefit recipients with the information maintained in EUPS and identified discrepancies, if any. Since EUPS maintains information mostly for members whose employment status was active as of the time the system was implemented in 2012 or who joined FDNY thereafter, we randomly selected a sample of 50 of the members who received benefits in Fiscal Year 2020 and traced their personal information from the source documents maintained in Visual Vault to EUPS/PPMS. We also reviewed and analyzed the Social Security numbers and dates of birth in PPMS to identify invalid or duplicate data.

To determine whether the FPF sent affidavit requests to benefit recipients who were 80 years of age and older, we extracted a list of individuals who met the criteria, compared it with the lists of affidavit requests that the FPF sent to benefit recipients during Fiscal Year 2020, and identified the discrepancies, if any.¹⁴ We then randomly selected 50 individuals from the affidavit request lists and reviewed the affidavits that the FPF received and determined whether the FPF took appropriate actions to follow up with the benefit recipients who did not submit affidavits within 90 days, if any, to suspend and if warranted terminate the benefit payments.

To determine whether the FPF properly followed up on the deceased recipients identified by the death match reports, we randomly selected two consecutive months (June 2019 and July 2019)

¹³ *Letter Report on the Audit of the New York City Fire Pension Fund's Controls over the Identification of Deceased Individuals Collecting Pension Payments*, Audit #FL11-076AL.

¹⁴ The FPF sends the affidavit requests to benefit recipients every other year.

as our sample and determined whether the FPF took appropriate action for each case recorded on the death match reports for the two months selected.

In addition, for the four retirement systems that contracted with an outside vendor to provide death match services, we obtained an understanding of the scope of service provided by each vendor. We then reviewed and analyzed the vendors' invoices paid during Fiscal Years 2019 and 2020 to determine whether the retirement systems should centralize the death match services.

The results of our tests, while not projectable, provide reasonable assurance that we have obtained sufficient, appropriate evidence of the FPF's controls over the identification of deceased pensioners and beneficiaries.



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Executive Director

September 15, 2021

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RE: Audit Report on the New York City Fire Pension Fund's Controls over Identification of Improper Pension Payments to Deceased Recipients - FN20-105A

Dear Ms. Landa:

This letter will serve as the New York City Fire Pension Fund's (FPF) formal response to the New York City Office of the Comptroller's (Comptroller) draft audit report on the New York City Fire Pension Fund's Controls over Identification of Improper Pension Payments to Deceased Recipients.

While the FPF agrees with most of the recommendations provided in the report, we disagree with the finding that FPF did not follow-up on outstanding affidavit requests. After the auditors presented their findings, the FPF provided an updated status of the affidavit review when it was safe for staff to return to the office. FPF staff reviewed the affidavit responses and by mid-July had sent out the second affidavits to the benefit recipients that did not initially respond. The majority of the second affidavits have been returned by pensioners and beneficiaries.

Response to Recommendations:

Recommendation 1. *Use benefit recipients' DOBs when preparing the affidavit requests to ensure that it sends affidavit requests to all benefit recipients, including parent-beneficiaries, who are aged 80 and above in accordance with existing FPF control procedures.*

Response: The FPF agrees with this recommendation. The FPF is working with FISA-OPA on modifying the reporting parameters for the inclusion of parent-beneficiaries when preparing future affidavit requests.

Recommendation 2. *Follow up timely in all cases when benefit recipients do not submit the requested affidavits within 90 days and establish alternate procedures to ensure continuous affidavit review and follow-up procedures during emergencies.*

Response: The FPF disagrees with this recommendation. Since COVID-19 was an un-anticipated extraordinary event, resulting in FPF staff working remotely, however, once FPF staff returned to the office the affidavits were reviewed and by July 11, 2021 the second affidavits were sent to benefit recipients. In addition, the FPF intends to review emergency procedures for the inclusion of continuous affidavit reviews.

Recommendation 3. *Ensure that DOBs are corrected in PPMS and all relevant information systems for the 76 recipients of pension payments this audit identified with affidavit requests DOBs in PPMS.*

Response: The FPF agrees with this recommendation. The FPF is in the process of correcting the inaccurate DOB information for the 76 recipients.

Recommendation 4. *Consider entering in EUPS standard required data for all members who retired prior to EUPS' 2012 implementation to enable that system to serve as a comprehensive, current information system accurately reflecting all members and beneficiaries receiving pension payments from FPF and to enable FPF to monitor its payments and prevent unauthorized payments in the names of deceased recipients more effectively and efficiently.*

Response: The FPF agrees with this recommendation. The FPF plans to meet with the FDNY to develop a process for loading into EUPS the members that retired prior to 2012.

Recommendation 5. *Consider coordinating with the City's four other retirement systems, as well as Financial Information Services Agency (FISA), to centralize death match service contracts and potentially obtain comprehensive death match data at a lower overall cost*

Response: The FPF agrees with this recommendation. The FPF is currently still in contract with PBI for its death match service, and upon the contract's expiration the FPF intends to explore all options including the centralization of contracts for death match services.

Thank you for taking the time to offer recommendations for improving the controls associated with the identification of improper pension payments to deceased recipients.

Sincerely,

A handwritten signature in black ink, appearing to read "Patrick M. Dunn". The signature is fluid and cursive, with a large initial "P" and a long, sweeping underline.

Patrick M. Dunn
Executive Director