

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
Employees' Retirement System's
Controls over Identification of Improper
Benefit Payments to Deceased
Recipients

FN20-102A

December 22, 2021

<http://comptroller.nyc.gov>



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

December 22, 2021

To the Residents of the City of New York:

My office has audited the New York City Employees' Retirement System (NYCERS) to determine whether PPF had adequate controls in place to detect and prevent improper benefit payments to deceased recipients. We audit retirement systems such as NYCERS as a means of ensuring that they operate efficiently and are accountable for the resources and revenues in their charge.

This audit found that NYCERS has established adequate control procedures to detect and prevent improper pension benefit payments to or in the names of deceased benefit recipients, provided those procedures are consistently followed. However, NYCERS did not demonstrate it consistently followed its control procedures since during Calendar Year 2019 it did not mail affidavit requests to all beneficiaries who were aged 85 and above. In another matter, the audit found that NYCERS might improve its death-matching process by joining with the City's four other retirement systems to centralize their death match service contracts.

The audit made three recommendations, that NYCERS should: (1) periodically send affidavit requests to all benefit recipients who are aged 85 and above; (2) properly document all changes in procedures in writing; and (3) consider coordinating with the City's four other retirement systems, as well as FISA/OPA, to centralize the death match service contracts to attain more comprehensive death match data and for potential cost savings.

The results of the audit have been discussed with NYCERS' officials, and their comments have been considered in the preparation of this report. NYCERS' 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.....	2
AUDIT REPORT	3
Background	3
Objective.....	3
Scope and Methodology Statement.....	4
Discussion of Audit Results	4
FINDINGS AND RECOMMENDATIONS.....	6
NYCERS Did Not Consistently Comply with Its Established Criteria to Send Affidavit Requests to All Beneficiaries Who Are Aged 85 and above during Calendar Year 2019.....	6
Other Issue	7
Possible Cost Saving by Centralizing Death-Matching Services.....	7
Recommendations.....	8
DETAILED SCOPE AND METHODOLOGY.....	10
ADDENDUM	

THE CITY OF NEW YORK OFFICE OF THE COMPTROLLER FINANCIAL AUDIT

Audit Report on the New York City Employees' Retirement System's Controls over Identification of Improper Benefit Payments to Deceased Recipients

FN20-102A

EXECUTIVE SUMMARY

The New York City Employees' Retirement System (NYCERS) was established in 1920 to provide retirement benefits for City employees who are not eligible to participate in any of the City's four other retirement systems. NYCERS uses two pension administration systems: (1) PROD to maintain active members' and retirees' information; and (2) NYCEwork to maintain copies of related correspondence and supporting documentation.

NYCERS processes monthly pension payments through the City's Pension Payroll Management System (PPMS) and terminates benefit payments in PPMS after a benefit recipient dies.¹ NYCERS identifies a benefit recipient as deceased or potentially-deceased through the following means:

- Notification from the decedent's family, friends, unions, or banks;
- Death match reports provided by two contracted vendors—the National Association for Public Health Statistics and Information System (NAPHSIS) and Pension Benefit Information, LLC (PBI);
- Non-responsiveness to a request NYCERS mails to a benefit recipient for a signed and notarized affidavit, also known as attestation, as proof the benefit recipient is alive.²

During Fiscal Years 2019 and 2020, NYCERS paid \$5.26 billion and \$5.31 billion, respectively, to approximately 165,000 benefit recipients.

¹ A benefit recipient can be a retiree, or a beneficiary who receives pension benefits after a retiree dies, or a beneficiary designated pursuant to a court order.

² NYCERS sends affidavit requests to benefit recipients: (1) who are aged 85 and above; (2) whose benefit payments are returned by the banks three times or benefit checks are not cashed for six months; (3) who receive disability benefits; and (4) who are the surviving spouses and receiving accidental death benefits.

The objective of this audit was to determine whether NYCERS had adequate controls in place to detect and prevent improper benefit payments to deceased recipients.

Audit Findings and Conclusion

NYCERS has adequate control procedures in place to detect and prevent improper pension benefit payments to or in the names of deceased benefit recipients, provided those procedures are consistently followed. However, we found NYCERS did not demonstrate that it consistently followed its control procedures since it did not mail affidavit requests to all beneficiaries who were aged 85 and above during Calendar Year 2019.

In another matter, we found that NYCERS might improve its death-matching process by 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 three recommendations that NYCERS should:

- Send affidavit requests periodically to all benefit recipients who are aged 85 and above.
- Properly document all changes in procedures in writing.
- Consider coordinating with the City's four other retirement systems, as well as FISA/OPA, to centralize the death match service contracts to attain more comprehensive death match data and for potential cost savings.

Agency Response

NYCERS generally agreed with Recommendations #2 and #3. However, NYCERS effectively disagreed with Recommendation #1, although it did not directly state so. Rather, in its response, NYCERS reiterated that, effective August 23, 2019, it had changed its procedures to eliminate the requirement that affidavits be requested from recipients aged 85 and above, unless they reside in geographical areas not covered by its automated death match tools. Thus, NYCERS effectively rejected the audit recommendation that it request affidavits from *all* benefit recipients aged 85 and above. In addition, NYCERS stated that it "introduced automation to improve the process in October of 2021" and that "[t]he system will now automatically send out an affidavit to all Clients who meet the exception criteria." Finally, NYCERS stated that it "has strengthened its internal controls and enhanced its ability to promptly detect and prevent unauthorized payments."

AUDIT REPORT

Background

NYCERS is one of the five City retirement systems that provide benefits for their members and the employees of various City agencies.³ NYCERS was established in 1920 to provide pension benefits to City employees who are not eligible to participate in any of the City's four other retirement systems. NYCERS uses two pension administration systems: (1) PROD to maintain active members' and retirees' information; and (2) NYCEwork to maintain copies of related correspondence and supporting documentation.

NYCERS processes monthly pension payments through PPMS and terminates benefit payments in PPMS after a benefit recipient dies. NYCERS identifies a benefit recipient as deceased or potentially-deceased through the following means:

- Notification from the decedent's family, friends, unions, or banks;
- Death match reports provided by two contracted vendors—NAPHSIS and PBI; and
- Non-responsiveness to a request NYCERS mails to a benefit recipient for a signed and notarized affidavit, also known as attestation, as proof the benefit recipient is alive.

If NYCERS receives a death certificate confirming that a benefit recipient has died, it will immediately cease issuing benefit payments in the name of the decedent, determine whether overpayments were made, and start a recoupment process, if necessary.⁴ Alternatively, in the absence of a death certificate, NYCERS will investigate cases involving potentially-deceased benefit recipients by mailing a request for a completed payroll verification affidavit to the recipient. If NYCERS does not receive the requested affidavit, signed by the benefit recipient and notarized, within one month, it will hold any further benefit payments for up to three months before terminating benefit payments.⁵

During Fiscal Years 2019 and 2020, NYCERS paid \$5.26 billion and \$5.31 billion, respectively, to approximately 165,000 benefit recipients.

Objective

The objective of this audit was to determine whether NYCERS had adequate controls in place to detect and prevent improper benefit payments to deceased recipients.

³ The other four retirement systems are: the Teachers Retirement System of the City of New York; the New York City Fire Pension Fund; the New York City Board of Education Retirement System; and the New York City Police Pension Fund.

⁴ If a deceased member had previously elected a beneficiary, NYCERS will contact the beneficiary to initiate the process for the beneficiary to receive the pertinent benefits.

⁵ An affidavit needs to be signed by the benefit recipient and notarized.

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 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 §13-103 of the New York City Administrative Code, the Comptroller is one of 11 trustees of NYCERS' Board and is entitled to cast one vote. 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 NYCERS officials during and at the conclusion of this audit. A preliminary draft report was sent to NYCERS officials and was discussed at an exit conference held on November 18, 2021. On November 30, 2021, we submitted a draft report to NYCERS with a request for written comments. We received a written response from NYCERS on December 14, 2021.

In its response, NYCERS generally agreed with Recommendations #2 and #3 and reported the actions the agency has taken or plans to take for their implementation. Regarding the actions it has already taken, NYCERS stated that it has updated its Procedure Manual pertaining to the affidavit process, which is responsive to Recommendation #2. Regarding the actions it plans to take, in response to Recommendation #2, NYCERS stated that it will maintain appropriate Procedure Manual “versioning” history and ensure changes are documented in that history. Finally, NYCERS stated that it will take Recommendation #3 into consideration.

Regarding Recommendation #1, NYCERS did not directly respond to the recommendation and did not state whether it agreed or disagreed. However, in response to the corresponding audit finding, NYCERS reiterated a claim its officials had made previously, which, in substance, amounts to disagreement with the finding and the recommendation.

Specifically, NYCERS stated that, effective August 23, 2019, NYCERS had changed its procedure to provide that it will request affidavits only from those retirees who reside in geographical areas not covered by its automated death match tools and not from all retirees over the age of 85. However, while NYCERS officials provided the same explanation—a change in criteria effective on a specific date in 2019—during the exit conference, NYCERS did not provide documentary evidence to support that statement. Moreover, NYCERS has not explained the basis for its decision—whenever it became effective—which, in effect, eliminates a category of payees aged 85 and above from an internal control procedure that is intended to prevent the issuance of payments to or in the names of deceased persons.

In further response to the audit finding, NYCERS stated that it “introduced automation to improve the process in October of 2021” and that “[t]he system will now automatically send out an affidavit to all Clients who meet the exception criteria.” In regard to that statement, NYCERS did not previously inform us before, during, or after the exit conference held on November 18, 2021, of the new automation process it introduced in October 2021.

Finally, in response to the audit finding, NYCERS stated that it has “strengthened its internal controls and enhanced its ability to promptly detect and prevent unauthorized payments.”

The full text of NYCERS’ response is included as an addendum to this report.

FINDINGS AND RECOMMENDATIONS

NYCERS has adequate control procedures in place to detect and prevent improper pension benefit payments to or in the names of deceased benefit recipients, provided those procedures are consistently followed. However, we found NYCERS did not demonstrate that it consistently followed its control procedures since it did not mail affidavit requests to all beneficiaries who were aged 85 and above during Calendar Year 2019.

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

NYCERS Did Not Consistently Comply with Its Established Criteria to Send Affidavit Requests to All Beneficiaries Who Are Aged 85 and above during Calendar Year 2019

Every year NYCERS requests attestations (i.e., affidavits) from benefit recipients who are aged 85 and above to obtain reasonable assurance that these individuals are alive. According to NYCERS officials, NYCERS sends those requests to pensioners and beneficiaries, respectively, in alternating years. During Calendar Year 2019, NYCERS mailed affidavit requests to beneficiaries who were aged 85 and above.

However, our comparison of the benefit recipients' information maintained in PROD to NYCERS' affidavit request list found that NYCERS did not send affidavit requests to some of the benefit recipients who should have received one. Specifically, we determined that in Calendar Year 2019, NYCERS did not mail affidavit requests to 700 of 2,861 beneficiaries who were aged 85 and above (24 percent) to confirm they were alive.

According to NYCERS, in an email received on November 8, 2021, it did not send affidavit requests to these 700 beneficiaries "because NYCERS only send[s] affidavits to clients 85 and older who are outside of the jurisdiction of the death match tools used (EVVE, PBI) to capture decease[d] clients not reported to NYCERS."⁶ However, the written procedures provided along with the email did not include such a modification to the criteria NYCERS had previously provided to us. At the exit conference on November 18, 2021, NYCERS officials stated that this revised procedure was established in August 2019 and subsequently, on November 22, 2021, provided us with another version of its revised procedures that included the modified criteria. However, those revised procedures were dated November 18, 2021. Since NYCERS was unable to provide documentation to demonstrate that it revised its criteria in 2019, we were unable to substantiate NYCERS' claim that it changed its procedure in 2019 to obtain affidavits from benefit recipients who resided in the areas that were not covered by the death-match vendors. Based on our review of the 2,159 affidavit requests NYCERS sent during Calendar Year 2019, at least 443 were sent to beneficiaries who resided in the states covered by NAPHSIS' and PBI's services. Moreover, NYCERS was unable to explain why it did not send affidavit requests to two beneficiaries who were living in the areas that were not covered by NYCERS' death-match vendors.

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

⁶ Electronic Verification of Vital Events (EVVE) is NAPHSIS' death match system.

Other Issue

Possible Cost Saving by Centralizing Death-Matching Services

NYCERS and three other retirement systems (the Teachers' Retirement System of the City of New York, the New York City Fire Pension Fund, and the New York City Police Pension Fund) contracted individually with four vendors in total—two of which contracted separately with more than one City retirement system—to obtain computer-assisted death match services that supplement or substitute 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 in this report, the fifth City retirement system, the New York City Board of Education Retirement System (BERS) is also researching prospective vendors to obtain similar supplementary death match services.⁷ The five City retirement 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

As of November 1, 2011, the Social Security Administration's Limited Access Death Master File (LADMF),⁸ which FISA uses to conduct computer-assisted death matches for the City's retirement systems, ceased to include what SSA identified as protected state death records.⁹ 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.¹⁰

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

⁷ 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.

⁸ A paid subscription to the LADMF can be obtained through the National Technical Information Service (NTIS). Subscribers must have a legitimate fraud prevention interest or have a legitimate business purpose for the subscription pursuant to a law, governmental rule, regulation, or fiduciary duty.

⁹ 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. "Protected state death records" as used and cited in our reports refers to the reports the various states (all but four) now submit to the SSA's Electronic Death Registration system, which are excluded from the LADMF. These are derived from the states' official vital statistics bureaus or agencies.

¹⁰ 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.

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 match services, it would be in the best interest of NYCERS to consider coordinating with the City's other retirement systems, and possibly with FISA and the City's Office of Payroll Administration (OPA) to collectively establish centralized contracts with one or more of the death match vendors to obtain cost effective, comprehensive service.¹¹ Centralizing this procurement activity with the other pension systems might enable NYCERS to obtain more comprehensive death match data and cost savings.

Recommendations

NYCERS should:

1. Send affidavit requests periodically to all benefit recipients who are aged 85 and above.

NYCERS Response: NYCERS did not directly respond to this recommendation and did not directly state whether it agreed or disagreed. NYCERS responded to the corresponding audit finding as follows:

"As we have previously shared, effective August 23, 2019, NYCERS changed its procedures to limit affidavits to those retirees, beneficiaries, and alternate payees who reside in geographic areas not covered by our automated death match tools or where ambiguity in the information provided by these tools exists. This is the exception criteria followed from August 23, 2019 to date. The four hundred and forty-three (443) affidavit requests cited in the draft report were sent prior to the August 23, 2019 change in procedure. In addition, NYCERS introduced automation to improve the process in October of 2021. The system will now automatically send out an affidavit to all Clients who meet the exception criteria."

Auditor Comment: With respect to a procedural change NYCERS represents it made in August 2019, NYCERS' written response merely repeats the claim its officials made during the exit conference. However, NYCERS did not provide documentary evidence that supports its claim of an August 23, 2019 change in procedure. Moreover, NYCERS' written response does not address whether it will take steps to verify and ensure that the automated process it reports having implemented in October 2021 will in fact automatically send affidavit requests to all benefit recipients who meet the criteria NYCERS established. Finally, NYCERS did not previously inform us before, during, or after the exit conference held on November 18, 2021, of the new automation process it now reports having introduced in October 2021. We urge NYCERS to review its procedures and

¹¹ FISA and OPA are two City agencies, separately established by Chapters 38 and 39, respectively, of the New York City Charter. Both agencies are now served by a single Executive Director and are sometimes referred to collectively as FISA-OPA. They share administrative responsibility for City payroll systems, including PPMS. See OPA Mission Statement: "FISA-OPA pays the City of New York's employees, retirees, and vendors. We also develop and manage high-performance information technology applications for the City's integrated financial, payroll, timekeeping and human resource systems." <https://www1.nyc.gov/site/opa/about/mission-statement.page> (accessed September 20, 2021). According to the City's adopted budget for Fiscal Year 2022, FISA "maintains the operational integrity of the payroll management system (PMS)." *The City of New York Adopted Budget, Fiscal Year 2022, Expense, Revenue, Contract*, at 145E. The same budget document, at 147E, states that OPA is responsible for, among other things, maintenance of the integrity and accuracy of the payroll management system (PMS)." On its website, OPA lists PPMS as one of its portals. <https://www1.nyc.gov/site/opa/other-services/portals.page> (accessed September 20, 2021).

processes going forward to ensure that they provide adequate assurance that benefit payments are not being improperly paid to deceased recipients.

2. Properly document all changes in procedures in writing.

NYCERS Response: “NYCERS has updated the Procedure Manual pertaining to this process. We will maintain appropriate versioning history and ensure changes are documented in the version history.”

3. Consider coordinating with the City’s four other retirement systems, as well as FISA/OPA, to centralize the death match service contracts to attain more comprehensive death match data and for potential cost savings.

NYCERS Response: “NYCERS will take the Comptroller’s recommendation into consideration.”

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 §13-103 of the New York City Administrative Code, the Comptroller is one of 11 trustees of the NYCERS' Board and is entitled to cast one vote. 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 NYCERS' operation by reviewing the "Responsibilities of the Survivor Benefits Unit" and "Death Data Match Reports from PBI & EVVE," and interviewing NYCERS officials in regard to its internal controls over: (1) the identification of deceased benefit recipients, and (2) termination and recoupment processes. We also obtained an understanding of PROD that NYCERS uses to record active and retired members' information. In addition, we reviewed the prior audit report issued by our office on October 28, 2011.¹²

To determine whether the retirees' and beneficiaries' personal information is accurately maintained in PPMS, we compared the personal information maintained in the PPMS with the information maintained in PROD and identified the data discrepancies, if any. Since NYCERS is relying on data maintained in PROD to conduct death matches, we randomly selected a sample of 80 of the individuals who received benefits during Fiscal Years 2019 and 2020 and traced their personal information from the source documents to PROD. We also reviewed and analyzed the Social Security numbers and DOBs in PPMS and PROD to identify invalid or duplicate data.

To determine whether NYCERS mailed affidavit requests to members and beneficiaries who are aged 85 or above, we extracted a list of individuals who met the criteria in PPMS and compared it to the list of individuals that NYCERS mailed the affidavit requests during Calendar Year 2019 and identified the discrepancies, if any. We then randomly selected a sample of 50 individuals from the list and reviewed the affidavits that NYCERS received and determined whether NYCERS took the appropriate actions to follow up with the benefit recipients who did not submit affidavits within 30 days and to terminate the benefit payments when no response is received after 120 days.

To determine whether NYCERS properly followed up on the deceased recipients identified by various death match reports, we judgmentally selected the 28 individuals who were identified in the October 2019 death match reports and were still receiving benefit payments in May or June

¹² Letter Report on the New York City Employees' Retirement System's Controls over the Identification of Deceased Individuals Collecting Pension Payments, Audit #FM11-114AL.

2020 to determine whether NYCERS took the appropriate action to terminate the benefit payments timely or confirm these benefit recipients were still alive.¹³

The results of the above tests, while not projectable to their respective populations, provided a reasonable basis for us to assess and to support our findings and conclusions about NYCERS' controls over identification of improper payments to deceased benefit recipients.

¹³ October 2019 was randomly selected using Excel's RAND function. A total of 221 individuals were identified in the October 2019 death match reports as potentially-deceased, which represented approximately 3 percent of 7,773 potentially-deceased individuals that were identified by the death match providers during Fiscal Years 2019 and 2020.



December 14, 2021

1. NYCERS Did Not Consistently Comply with Its Established Criteria to Send Affidavit Requests to All Beneficiaries Who Are Aged 85 and above during Calendar Year 2019

As we have previously shared, effective August 23, 2019, NYCERS changed its procedures to limit affidavits to those retirees, beneficiaries, and alternate payees who reside in geographic areas not covered by our automated death match tools or where ambiguity in the information provided by these tools exists. This is the exception criteria followed from August 23, 2019 to-date. The four hundred and forty-three (443) affidavit requests cited in the draft report were sent prior to the August 23, 2019 change in procedure. In addition, NYCERS introduced automation to improve the process in October of 2021. The system will now automatically send out an affidavit to all Clients who meet the exception criteria. NYCERS has strengthened its internal controls and enhanced its ability to promptly detect and prevent unauthorized payments.

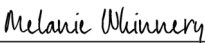
2. Properly document all changes in procedures in writing

NYCERS has updated the Procedure Manual pertaining to this process. We will maintain appropriate versioning history and ensure changes are documented in the version history.

3. Consider coordinating with the City's four other retirement systems, as well as FISA/OPA, to centralize the death match service contracts to attain more comprehensive death match data and for potential cost savings.

NYCERS will take the Comptroller's recommendation into consideration.

Regards,

DocuSigned by:

Melanie Whinnery
B674899084E14FB
Executive