



# City of New York

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## OFFICE OF THE COMPTROLLER

**Scott M. Stringer**  
**COMPTROLLER**



## **FINANCIAL AUDIT**

**Marjorie Landa**

Deputy Comptroller for Audit

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

FN20-104A

December 15, 2021

<http://comptroller.nyc.gov>



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

December 15, 2021

To the Residents of the City of New York:

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

This audit found that the TRS has established adequate control procedures to detect and prevent improper pension benefit payments to deceased benefit recipients, provided that those procedures are consistently followed. However, the audit found: (1) the TRS did not send affidavit requests to all recipients who received annual pension income exceeding \$100,000 as required; and; (2) deficiencies in the TRS' death-matching review process. In addition, the audit found that both the City's Pension Payroll Management System (PPMS) and UPS contained inaccurate Dates of Birth (DOB) for benefit recipients. In another matter, the audit found that the TRS 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 the following five recommendations. The TRS should: (1) send affidavit requests periodically to all benefit recipients who are under 85 and receive annual pension income exceeding \$100,000 from the TRS; (2) ensure that it timely suspends payments to persons whose deaths are reported to the TRS; (3) conduct a comprehensive review of the DOBs maintained in PPMS and TRS' Unified Pension System (UPS) to ensure PPMS and UPS contain accurate information; (4) ensure that it corrects the erroneous and inconsistent DOBs in UPS and PPMS for the members and beneficiaries identified in the report; and (5) 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 TRS' officials and their comments have been considered in the preparation of this report. TRS' 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](mailto:audit@comptroller.nyc.gov).

Sincerely,

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

Scott M. Stringer

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# THE CITY OF NEW YORK OFFICE OF THE COMPTROLLER FINANCIAL AUDIT

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

**FN20-104A**

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### EXECUTIVE SUMMARY

The Teachers' Retirement System of the City of New York (TRS) was established to provide pension benefits to educators who work for the New York City Department of Education, the City University of New York, and participating charter schools within the City of New York (City).

The TRS uses the Unified Pension System (UPS) to maintain active members' and retirees' information as well as copies of related correspondence and supporting documentation. The TRS processes monthly pension payments through the City's Pension Payroll Management System (PPMS) and terminates benefit payments in PPMS after a benefit recipient dies.<sup>1</sup> The TRS identifies a benefit recipient as deceased or potentially deceased through the following means:

- Notification directly from the decedent's family or friends or via returned mail;
- HR-11 SSA (Social Security Administration) Death Match reports generated through the City Human Resource and Management System (CHRMS);<sup>2</sup>
- Death match reports provided by two contracted vendors—Life Status 360, LLC (LS360) and Pension Benefit Information, LLC (PBI);
- Non-responsiveness to a TRS mailed request to a benefit recipient to provide a signed and notarized "Retirement Allowance Verification Form (ii)," also known as RP-68, as proof the benefit recipient is alive.<sup>3</sup>

During Fiscal Years 2019 and 2020, the TRS paid \$5.87 billion and \$6.04 billion to approximately 90,000 and 91,000 benefit recipients, respectively.

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<sup>1</sup> A benefit recipient can be a retiree or a beneficiary who receives pension benefits after a retiree dies or pursuant to a court order.

<sup>2</sup> 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.

<sup>3</sup> The TRS sends the "Retirement Allowance Verification Form (ii)" to benefit recipients who are: 1) living overseas; 2) under age 85 and whose annual pension income exceeded \$100,000; or 3) age 85 and above.

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

## **Audit Findings and Conclusion**

The TRS has adequate control procedures in place to detect and prevent improper pension benefit payments to deceased benefit recipients, provided those procedures are consistently followed. However, we found (1) the TRS did not send affidavit requests to all recipients who received annual pension income exceeding \$100,000 as required; and (2) deficiencies in the TRS' death-matching review process. In addition, we found that both PPMS and UPS contained inaccurate Dates of Birth (DOBs) for benefit recipients.

In another matter, we found that the TRS 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 recommend that the TRS:

- Send affidavit requests periodically to all benefit recipients who are under 85 and receive annual pension income exceeding \$100,000 from the TRS.
- Ensure that it timely suspends payments to persons whose deaths are reported to the TRS and that it follows up in accordance with its policies and procedures, including by terminating payments immediately upon receipt of a death certificate or within the applicable timeframe after it has requested and not received a signed and notarized attestation or other satisfactory proof that the payee is alive.
- Conduct a comprehensive review of the DOBs maintained in PPMS and UPS and a comparison with external records as needed to ensure PPMS and UPS contain accurate information.
- Ensure that it corrects the erroneous and inconsistent DOBs in UPS and PPMS for the members and beneficiaries identified in this report.
- 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**

The TRS generally agreed with the audit's five recommendations and provided the corrective actions the agency has taken or plans to take for their implementation.

# AUDIT REPORT

## Background

The TRS was established in 1917 to provide pension benefits to educators who work for the New York City Department of Education, the City University of New York, and participating charter schools within the City. It is one of the five retirement systems within the City that provide benefits for their members and the employees of various City agencies.<sup>4</sup>

The TRS uses UPS to maintain active members' and retirees' information as well as copies of related correspondence and supporting documentation. The TRS processes monthly pension payments through PPMS and terminates benefit payments in PPMS after a benefit recipient dies.<sup>5</sup> The TRS identifies a benefit recipient as deceased or potentially deceased through the following means:

- Notification directly from the decedent's family or friends or via returned mail;
- HR-11 SSA (Social Security Administration) Death Match reports generated through the City Human Resource and Management System (CHRMS);
- Death match reports provided by two contracted vendors—Life Status 360, LLC (LS360) and Pension Benefit Information, LLC (PBI);
- Non-responsiveness to a TRS mailed request to a benefit recipient to provide a signed and notarized "Retirement Allowance Verification Form (ii)," also known as RP-68, as proof the benefit recipient is alive.

When the TRS learns through one of the abovementioned means that a benefit recipient has died or may have died, the TRS may suspend the benefit payments for up to three months and investigate the case through Lexis Nexis and/or by sending an affidavit request—"Attestation of Eligibility for Retirement Benefit" (also known as RP-106)—to the benefit recipient.<sup>6</sup> When the TRS receives a death certificate confirming that a benefit recipient has died, or if it does not receive a signed and notarized RP-106 within three months of requesting one, the TRS will start the termination process, and then determine whether overpayments were made in the name of the decedent, and start the recoupment process, if necessary.<sup>7</sup>

During Fiscal Years 2019 and 2020, the TRS paid \$5.87 billion and \$6.04 billion to approximately 90,000 and 91,000 benefit recipients, respectively.

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<sup>4</sup> The other four retirement systems are: the New York City Employees' Retirement System, the New York City Fire Pension Fund, the New York City Board of Education Retirement System, and the New York City Police Pension Fund.

<sup>5</sup> A benefit recipient can be a retiree or a beneficiary who receives pension benefits after a retiree dies or pursuant to a court order.

<sup>6</sup> If the TRS receives a death match report indicating that a benefit recipient has died, it will then request that the benefit recipient provide a signed and notarized Attestation of Eligibility for Retirement Benefit (also known as RP-106) to attest the recipient is alive. The benefit recipient or the benefit recipient's attorney-in-fact, guardian, conservator, or legal representative must then sign the Attestation of Eligibility for Retirement Benefit before a notary and return it to the TRS to establish that the benefit recipient is alive and eligible for benefit payments. If the TRS receives no response within three months, it will then suspend the benefit recipient's benefits for up to three months before terminating the benefits.

<sup>7</sup> If a deceased member had previously elected a beneficiary, the TRS will contact the beneficiary to initiate the process for the beneficiary to receive the pertinent benefits.

## Objective

The objective of this audit was to determine whether the TRS had adequate controls in place to detect and prevent 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 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 §13-507 of the New York City Administrative Code, the Comptroller is one of seven trustees of the TRS Board. 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 TRS officials during and at the conclusion of this audit. A preliminary draft report was sent to TRS officials and was discussed at an exit conference held on November 22, 2021. On November 24, 2021, we submitted a draft report to the TRS with a request for written comments. We received a written response from the TRS on December 9, 2021.

In its response, the TRS generally agreed with the audit's five recommendations and stated the actions it has taken or plans to take for their implementation. Regarding actions it has already taken, the TRS stated that it has implemented new controls to ensure payments are terminated timely (Recommendation #2) and that it has reviewed and corrected all DOB discrepancies identified by the audit, except for one that requires further investigation (Recommendation #4). For actions it plans to take, the TRS stated that it will automate its affidavit request process by 2022 (Recommendation #1), complete its DOB review and correct all incorrect DOBs by the end of 2022 (Recommendation #3), and discuss with the City's four other retirement systems the recommendation to centralize death match service contracts (Recommendation #5).

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

## FINDINGS AND RECOMMENDATIONS

The TRS has adequate control procedures in place to detect and prevent improper pension benefit payments to deceased benefit recipients, provided those procedures are consistently followed. However, we found (1) the TRS did not send affidavit requests to all recipients who received annual pension income exceeding \$100,000 as required; and (2) deficiencies in the TRS' death-matching review process. In addition, we found that both PPMS and UPS contained inaccurate Dates of Birth (DOBs) for benefit recipients.

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

### The TRS Did Not Fully Comply with Its Established Criteria for Requesting Affidavits from Benefit Recipients

According to the TRS' policy, the TRS requests signed and notarized attestations (i.e., affidavits) from benefit recipients who are: (1) aged 85 and above; (2) under age 85 and whose annual pension income from the TRS exceeds \$100,000; or (3) living overseas. The notarized attestations the TRS receives are intended to provide the TRS with reasonable assurance that those benefit recipients are alive. However, our comparison of the benefit recipients' information maintained in PPMS with the affidavit requests the TRS sent found that, although the TRS properly requested affidavits from all overseas benefit recipients and benefit recipients who were age 85 and above, it did not request them from all benefit recipients who were under 85 and received annual pensions exceeding \$100,000. We found that the TRS requested affidavits from 159 (36 percent) of the 445 benefit recipients who met the TRS' criteria based on age and pension income.

The TRS stated that the income threshold was meant to be the net income, instead of gross income. However, the TRS previously gave no indication that the income threshold was based on net income in either our audit walkthrough or in the procedures the TRS officials provided; nor is the logic of applying the threshold to net rather than gross income self-evident. The gross amount that the TRS pays out is the sum that it seeks to protect from loss, regardless of the net amount that goes to the individual recipient.

By not fully complying with its established control procedures, the TRS 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.

### Deficiencies in Death-Matching Review Process

If the TRS receives a death match report indicating that a benefit recipient has died, it will then send a request to the benefit recipient to provide a signed and notarized RP-106 to attest they are alive. If the TRS receives no response within three months, it will then suspend the benefit recipient's benefits for up to three months before terminating the benefits.<sup>8</sup> However, based on our review of the death match cases that were reported to the TRS during August 2019, we found one in which the TRS did not terminate the decedent's benefit payments timely. According to the

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<sup>8</sup> The TRS will change the EFT payments to paper checks and it will not send the checks to the recipient during the three months. The issued checks will be kept at the TRS until the benefit recipient contacts the TRS or the TRS terminates the benefits.



TRS, the Retirement Payroll Unit manually entered the benefit recipient's date of death in its system on July 30, 2019, but the termination of the benefit was not executed until May 2021, 21 months after the decedent had died. In this case, all the checks issued after the payee's date of death were returned to the TRS, according to the TRS, but the lack of timely follow-up by the Retirement Payroll Unit in future instances could result in erroneous or invalid payments of pension benefits and the potential loss of funds.

## **Inaccurate Dates of Birth Maintained in PPMS and UPS**

The TRS did not consistently maintain accurate benefit recipient DOBs in both PPMS and UPS. Specifically, we found the following errors and discrepancies in the systems and records the TRS uses to administer benefits:

- PPMS listed erroneous DOBs, specifically, January 1, 1901 and November 1, 1900, for three of the TRS' benefit recipients.<sup>9</sup> The TRS acknowledged that these DOBs were inaccurate but did not explain how or why they were entered in PPMS.
- The TRS issued benefit payments to four beneficiaries, through PPMS, under the deceased members' DOBs rather than the beneficiaries' DOBs.
- PPMS and UPS, respectively, listed different DOBs for 211 benefit recipients.<sup>10</sup>
- The TRS did not have source documents to support the DOBs listed in UPS for two benefit recipients.
- UPS listed invalid DOBs (i.e., 0001-01-01) for 48 benefit recipients. In response to our inquiry, the TRS looked up the DOBs of 5 of the 48 recipients in PPMS and UPS and provided screen shots showing that their DOBs in UPS were consistent with those in PPMS, and no longer listed incorrectly as 0001-01-01. However, the TRS did not clarify, and we are unable to determine, whether these five DOBs were updated and corrected in UPS after the system data was extracted for us, or whether the data the TRS extracted for us did not match the system data. In addition, the TRS has not provided documentation concerning the remaining 43 invalid DOBs reflected in the UPS data extract.

Each benefit recipient's DOB is a critical data field used in the death match process and all other efforts to verify the individual's identity and status. Accordingly, the TRS needs to ensure that members' and beneficiaries' DOBs are recorded accurately in its records and systems to facilitate the accuracy and efficiency of its computer-assisted death matches, attestation requests, and any follow-up inquiries it makes to determine whether the persons to whom it issues payments are alive and to promptly detect and prevent issuance of improper payments in the names of deceased persons.

## **Other Issue**

### **Possible Cost Saving by Centralizing Death-Matching Services**

The TRS and three other retirement systems (the New York City Employees' Retirement System, 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

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<sup>9</sup> The TRS suspended benefit payments to one of the three benefit recipients who has January 1, 1901 as her DOB in May 2019.

<sup>10</sup> Of the 211 benefit recipients, 59 were members and 152 were beneficiaries.

retirement system—to obtain computer-assisted death match 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 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.<sup>11</sup> 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 (SSA's) Limited Access Death Master File (LADMF),<sup>12</sup> which the City's Financial Information Service Agency (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.<sup>13</sup> 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.<sup>14</sup>

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 match services, it would be in the best interest of the TRS 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.<sup>15</sup> Centralizing this procurement activity with the other pension systems might enable the TRS to obtain more comprehensive death match data and cost savings.

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<sup>11</sup> 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-matching services.

<sup>12</sup> 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.

<sup>13</sup> 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." (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.

<sup>14</sup> New York City Police Pension Fund did not use any third-party death-matching services in Fiscal Year 2019; therefore, no payments were made to its death match vendor.

<sup>15</sup> 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

## Recommendations

To address the issues identified in the audit, the TRS should take the following five actions:

1. Send affidavit requests periodically to all benefit recipients who are under 85 and receive annual pension income exceeding \$100,000 from the TRS.

**TRS Response:** “The process for this population is currently manual and will be automated in ASPEN based on gross income in 2022.”

2. Ensure that it timely suspends payments to persons whose deaths are reported to the TRS and that it follows up in accordance with its policies and procedures, including by terminating payments immediately upon receipt of a death certificate or within the applicable timeframe after it has requested and not received a signed and notarized attestation or other satisfactory proof that the payee is alive.

**TRS Response:** “New controls have been implemented to ensure that payments are timely terminated.”

3. Conduct a comprehensive review of the DOBs maintained in PPMS and UPS and a comparison with external records as needed to ensure PPMS and UPS contain accurate information.

**TRS Response:** “A date of birth project was initiated in 2020, when TRS was notified of date of birth discrepancies by the Office of the Actuary. We have committed to correcting the full population identified by the end of FY22. In addition, continuous data reviews are performed by the Data Management Group to ensure that member data is accurate.”

4. Ensure that it corrects the erroneous and inconsistent DOBs in UPS and PPMS for the members and beneficiaries identified in this report.

**TRS Response:** “All discrepancies have been reviewed and corrected as necessary except for one that will require further investigation.”

5. 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.

**TRS Response:** “We will consider this for discussion with the other pension systems at the next conference to be held in February/March 2022.”

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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.” (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. (Accessed September 20, 2021).

## 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 §13-507 of the New York City Administrative Code, the Comptroller is one of seven trustees of the TRS Board. 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 TRS' operation by reviewing the Death Match Procedure – Monthly Process, and interviewing TRS 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 UPS that the TRS uses to record active and retired members' information. In addition, we reviewed the prior audit report issued by our office on September 7, 2011.<sup>16</sup>

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 UPS and identified the data discrepancies, if any. Since the TRS is relying on data maintained in UPS to conduct death match, we randomly selected a sample of 80 of the individuals who received benefits in Fiscal Years 2019 and 2020 and traced their personal information from the source documents to UPS. We also reviewed and analyzed the Social Security numbers and DOBs in PPMS and UPS to identify invalid or duplicate data.

To determine whether the TRS sent affidavit requests to members and beneficiaries who: 1) live overseas; 2) are aged 85 or above; and 3) are aged under 85 and receive annual pension income more than \$100,000, we extracted a list of individuals who met the criteria in PPMS and compared it to the list of individuals that the TRS sent the affidavit requests during Fiscal Years 2019 and 2020, and identified the discrepancies, if any.<sup>17</sup> We then randomly selected a sample of 50 individuals from the list and reviewed the affidavits that the TRS received and determined whether the TRS took the appropriate actions, if any, to follow up with the benefit recipients who did not submit affidavits within 90 days, and whether it terminated the benefit payments appropriately.

To determine whether the TRS properly followed up on the deceased recipients identified by various death match reports, we randomly selected August 2019 as our sample and reviewed the

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<sup>16</sup> *Audit Report on the New York City's Teachers' Retirement System's Controls over the Identification of Deceased Individuals Collecting Pension Payments*, Audit #FM11-111A.

<sup>17</sup> Our tests only included benefit recipients who 1) were age 85 and above as of January 1, 2018, 2) were under age 85 as of December 31, 2018 and received annual pension income exceeding \$100,000, or 3) reside overseas.

death match reports generated from PBI and LS360.<sup>18</sup> We then determined whether the TRS took the appropriate action to terminate the benefit payments or confirm the benefit recipients were still alive.

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 the TRS' controls over identification of improper payments to deceased benefit recipients.

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<sup>18</sup> A total of 211 individuals were identified in the PBI's and LS360's August 2019 death match reports as potential deceased, which represented approximately 5 percent of 4,067 potential deceased individuals that were identified by the death match providers during Fiscal Years 2019 and 2020. The HR-11 SSA Death Match Report did not identify any potential deceased recipients during August 2019.



**Patricia Reilly**  
Executive Director

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December 9, 2021

**RE: Audit Report on the Teachers' Retirement System of the City of New York's Controls over Identification of Improper Benefit Payments to Deceased Recipients FN20-104A**

Attn: Ms. Marjorie Landa  
Deputy Comptroller for Audit  
Bureau of Audit  
Office of the Comptroller of the City of New York  
1 Centre Street  
New York, NY 10007

Dear Ms. Landa:

Please see below our response that addresses each recommendation.

1. Send affidavit requests periodically to all benefit recipients who are under 85 and receive annual pension income exceeding \$100,000 from the TRS.  
*TRS response: The process for this population is currently manual and will be automated in ASPEN based on gross income in 2022.*
2. Ensure that it timely suspends payments to persons whose deaths are reported to the TRS and that it follows up in accordance with its policies and procedures, including by terminating payments immediately upon receipt of a death certificate or within the applicable timeframe after it has requested and not received a signed and notarized attestation or other satisfactory proof that the payee is alive.  
*TRS response: New controls have been implemented to ensure that payments are timely terminated.*
3. Conduct a comprehensive review of the DOBs maintained in PPMS and UPS and a comparison with external records as needed to ensure PPMS and UPS contain accurate information.  
*TRS response: A date of birth project was initiated in 2020, when TRS was notified of date of birth discrepancies by the Office of the Actuary. We have committed to correcting the full population identified by the end of FY22. In addition, continuous data reviews are performed by the Data Management Group to ensure that member data is accurate.*
4. Ensure that it corrects the erroneous and inconsistent DOBs in UPS and/or PPMS for the members and beneficiaries identified in this report.  
*TRS response: All discrepancies have been reviewed and corrected as necessary except for one that will require further investigation.*
5. 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.  
*TRS response: We will consider this for discussion with the other pension systems at the next conference to be held in February / March 2022.*

Sincerely,

*Patricia Reilly*

Patricia Reilly  
Executive Director