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June 24, 2011

Ms. Mary Basso  
Executive Director  
NYC Fire Department Pension Fund  
9 MetroTech Center, 6<sup>th</sup> Floor  
Brooklyn, NY 11201

**Re: 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 Number FL11-076AL)**

Dear Ms. Basso:

We are sending this Letter Report on the audit of the New York City Fire Pension Fund's (FIRE) Controls over the Identification of Deceased Individuals Collecting Pension Payments.

Our audit objective was to determine whether FIRE has the controls in place to detect and prevent the illegal collection of pension payments after the death of a pensioner or beneficiary.

Pension payroll related tasks are performed through the New York City Pension Payroll Management System (PPMS). The system allows users to perform pension-related tasks by capturing and updating all retiree/beneficiary data submitted by the pension agencies, central agencies, and external entities. PPMS processes pension payroll activities and non-periodic vouchers (loans, refunds, rollovers, death benefits). FIRE utilizes a monthly death match report comparing Federal Social Security Administration (SSA) and PPMS records to identify deceased individuals to whom pension benefits are paid. FIRE itself does not produce the death match reports. Prior to October 2010, FIRE would access the New York City Financial Information Service Agency's (FISA) Death Match Discrepancy Report from the Report Management and Distribution System (RMDS). FISA receives the SSA death reports and compares that data against the data in PPMS to create the RMDS Death Match Discrepancy Report. The report lists individuals who have been reported as deceased during that month (only) and are also receiving pension payments.

As of October 2010, FIRE replaced the RMDS Death Match Discrepancy Report with the City Human Resources and Management System (CHRMS) death match report. As a result, FIRE currently uses the HR-11 report generated through the CHRMS. The HR-11 report, preprogrammed by the New York City Office of Payroll Administration (OPA), utilizes a cumulative database to identify and reduce instances of payments to deceased recipients and to compare dates of death recorded within PPMS to a database of deceased individuals. A match is generated when a pensioner or beneficiary listed as active (not deceased) in PPMS is reported as deceased in the database. The database of deceased individuals is updated on a monthly basis with a file provided by SSA.

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To accomplish our objective we compared HR-11 reports from October 2010 through January 2011 to verify whether any deceased individuals appeared in one or more consecutive HR-11 reports. Because the HR-11 report is generated on a real-time basis, which cannot be recreated or generated to obtain information at a previous point in time, we were unable to solely rely on this report to form our opinion. Therefore, we supplemented our testing with the Death Match Discrepancy Report, which cannot be changed or modified, as both reports match the same sets of data.

We tested 100 percent of the individuals (27 in total) cited on each Death Match Discrepancy Report from October 2010 through January 2011. For each individual we reviewed records in PPMS to determine whether FIRE took appropriate action.

The audit found that FIRE took appropriate action on those individuals who were identified as deceased and adequately handles the suspension of pension payments once notified of an individual's date of death. However, FIRE did not update its controls over identification of deceased individuals collecting pensions after their date of death in a timely manner. Specifically, FIRE delayed using the HR-11 (cumulative database), which became available in April 2010 and corrected deficiencies in the Death Match Discrepancy Report (non-cumulative), until October 2010. Because FIRE plans on continuing to use the HR-11 report and has taken appropriate action on those individuals identified as deceased, no recommendations for corrective action are being made in this Letter Report.

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS) except for organizational independence as disclosed 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.

We are issuing a modified GAGAS compliance statement because of the Comptroller's mandated non-audit responsibility in connection with the New York City Fire Department Pension Fund Board. In accordance with §13-302 of the New York City Administrative Code, the Comptroller is one of 12 trustees of the New York City Fire Department Pension Fund and is entitled to cast three of the 24 board votes. The Comptroller sits on the Board through a designee. The Comptroller's designee was not involved in planning or conducting this audit or in writing or reviewing this audit report. Accordingly, we feel that the above issue has had no impact on the objectivity of this audit or on the conclusions and associated findings disclosed in this report.

On May 26, 2011, an exit conference was held and the preliminary letter report dated May 17, 2011 was discussed. On May 31, 2011, we submitted a draft letter providing you an opportunity to respond to matters discussed herein. Your written comments dated June 1, 2011 are attached as an addendum to this final letter report.

Sincerely yours,



Tina Kim

cc: Domenick F. Loccisano, Executive Director, Compliance and Internal Audit FDNY  
Elizabeth Weinstein, Director, Mayor's Office of Operations  
George Davis III, Deputy Director, Mayor's Office of Operations



**FIRE DEPARTMENT**  
9 METROTECH CENTER-- ROOM 8S-10      BROOKLYN, NEW YORK 11201-3857

**RAY SAYLOR**  
CHIEF COMPLIANCE OFFICER



June 1, 2011

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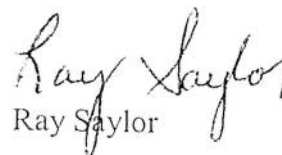
**Re: Letter Report on the New York City Fire Pension Fund's Controls over the Identification of Deceased Individuals Collecting Pension Payments (Audit Number FL11-076AL)**

Dear Ms. Kim:

The above audit did not find any identify any deceased individuals who collected pension payments, hence no recommendations were made. Please thank your audit staff for the assistance they have provided to the Department in this review.

If you wish to discuss any portion of our response, please contact me at (718) 999-1728.

Sincerely,

  
Ray Saylor

cc: Michael Vecchi, Associate Commissioner  
Mary Basso, Executive Director  
Domenick Loccisano, Executive Director