



**OIOS**

Office of Internal Oversight Services

## **INTERNAL AUDIT DIVISION**

# **AUDIT REPORT**

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### **Certificate of entitlement process at the United Nations Joint Staff Pension Fund**

**27 May 2008**

**Assignment No. AS2007/800/03**

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United Nations  Nations Unies

INTEROFFICE MEMORANDUM

MEMORANDUM INTERIEUR

INTERNAL AUDIT DIVISION / DIVISION DE L'AUDIT INTERNE

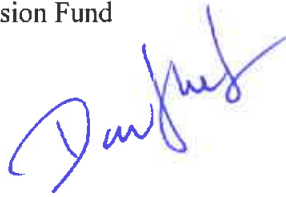
OFFICE OF INTERNAL OVERSIGHT SERVICES - BUREAU DES SERVICES DE CONTRÔLE INTERNE

TO: Mr. Bernard Cochemé  
A: Chief Executive Officer  
United Nations Joint Staff Pension Fund

DATE: 27 May 2008

REFERENCE IAD: 08- 01337

FROM: Dagfinn Knutsen, Director  
DE: Internal Audit Division, OIOS



SUBJECT: **Assignment No. AS2007/800/03 - Audit of the Certificate of Entitlement process at the United Nations Joint Staff Pension Fund**

1. I am pleased to present the report on the above-mentioned audit.
2. Based on your comments, we have kept all recommendations open in OIOS' recommendations database. In order for us to close the recommendations, we request that you provide us with the additional information as discussed in the text of the report and also summarized in Annex 1.
3. Your response indicated that you did not accept recommendation 7. In the view of OIOS however, this recommendation seeks to address a significant risk area. We are therefore reiterating it and request that you reconsider your initial response based on the additional information provided in the report.
4. Please note that OIOS will report on the progress made to implement its recommendations, particularly those designated as critical (i.e., recommendations 1, 3, 4, and 7) in its annual report to the General Assembly and semi-annual report to the Secretary-General.

cc: Ms. Jaana Sareva, Secretary to the UNJSPB Audit Committee  
Mr. Swatantra Goolsarran, Executive Secretary, UN Board of Auditors  
Ms. Maria Gomez Troncoso, Officer-in-Charge, Joint Inspection Unit Secretariat  
Mr. Jonathan Childerley, Chief, Oversight Support Unit, Department of Management  
Mr. Byung-Kun Min, Programme Officer, OIOS  
Mr. William Petersen, Chief, New York Audit Service, OIOS

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## INTERNAL AUDIT DIVISION

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### **FUNCTION**

*“The Office shall, in accordance with the relevant provisions of the Financial Regulations and Rules of the United Nations examine, review and appraise the use of financial resources of the United Nations in order to guarantee the implementation of programmes and legislative mandates, ascertain compliance of programme managers with the financial and administrative regulations and rules, as well as with the approved recommendations of external oversight bodies, undertake management audits, reviews and surveys to improve the structure of the Organization and its responsiveness to the requirements of programmes and legislative mandates, and monitor the effectiveness of the systems of internal control of the Organization” (General Assembly Resolution 48/218 B).*

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## **EXECUTIVE SUMMARY**

### **Certificate of Entitlement process at the United Nations Joint Staff Pension Fund**

OIOS conducted an audit of the certificate of entitlement (CE) process at the United Nations Joint Staff Pension Fund (UNJSPF). The overall objectives of the audit were to assess the adequacy and effectiveness of internal controls applied by the UNJSPF Secretariat in verifying the continuing eligibility to benefit entitlements in order to prevent or recover overpayment of benefits; and to determine the adherence to the established regulations and rules, policies and procedures. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

In general, OIOS concluded that the UNJSPF Secretariat had carried out its CE functions satisfactorily, and controls were generally adequate. There was however, a need to improve the CE verification process to further reduce the risk of fraud and overpayment by: independent third-party verification of all beneficiaries over a certain age, and use of a sampling methodology which ensures a high probability that beneficiaries have their signatures verified. The UNJSPF Secretariat had not conducted formal analysis of the statistics for non-receipt of CEs, and did not fully comply with the procedures outlined in the requirements of the procedure, especially with regard to timely follow-up of outstanding cases and termination of long overdue cases. The major audit findings were:

- The UNJSPF Secretariat currently uses CE as the only method of verifying that beneficiaries are still alive; no independent third-party verification is conducted. OIOS observed that 8,407 retirees (15%) had never had a signature verification completed on any of their CEs, and an additional 4,106 retirees (7%) have had no signature verification in over five years, some going as long as 14 years. The lack of signature verification, coupled with inadequate follow-up on signature verification by the Client Services, Records Management & Distribution Unit (CSRMDU), exposed the Fund to an increased risk of fraudulent payments to a deceased beneficiary.
- Failure to comply with the requirement of General Procedure (GP) #68 to delete cases from the Payroll if, after two years, the efforts to locate the beneficiary have failed, has led to cases not being terminated on a timely basis. This situation increases the risk that Pension Fund liabilities may be overstated, which may affect the actuarial valuations.
- No follow-up was conducted of Work-Type (WT) 609 (CE/Suspended Payments-Payroll). There were 200 open WT 609 cases as of January 2008.
- The GP was not updated to reflect the current organizational structure and details of the processes used by the Payments Unit, including the CE addendum to the general procedure.

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## I. INTRODUCTION

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the Certificate of Entitlement (CE) process of the United Nations Joint Staff Pension Fund (UNJSPF) Secretariat. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.
2. As of December 2006, the Fund had 98,433 active contributors (participants) from its 22 UN System organizations/agencies, and 56,718 beneficiaries spread in some 190 countries. The total annual pension payments were about \$1.5 billion which are paid in 15 different currencies. During the 2007 CE exercise conducted in October 2007, a total of 45,772 CEs were sent out, an increase of 3 per cent from the 2006 exercise (44,379).
3. The UNJSPF Secretariat verifies the continuous eligibility to pension benefits by mailing the CE annually, usually in November, to the beneficiaries requesting them to sign and mail them back to the UNJSPF as evidence of continued eligibility for the benefits received. The Client Servicing and Records Management and Distribution Unit (CSRMDU) of the Pension Entitlements and Client Services Section (PECSS), and the Payments Unit (PU) of the Financial Services Section (FSS) are responsible for the CE process.
4. One of the prevailing risks is the failure to report, or delay in reporting, a beneficiary's death, which may result in substantial overpayments that require recoveries from surviving family members or from the estates of the deceased beneficiaries. In order to avoid suspension of a benefit payment, the Fund has emphasized that it is essential that beneficiaries complete and return the CE on a timely basis each year. An announcement is regularly posted on the Fund's website to remind beneficiaries about the CE process.
5. Comments made by the UNJSPF Secretariat are shown in *italics*.

## II. AUDIT OBJECTIVES

6. The main objectives of the audit were to:
    - (a) Assess the adequacy and effectiveness of internal control applied by the UNJSPF Secretariat in verifying the continuous eligibility to benefit entitlements in order to prevent or recover overpayment of benefits;
    - (b) Determine whether the established regulations and rules, policies and procedures are being adhered to; and
    - (c) Follow-up on the implementation of prior audit recommendations.
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### **III. AUDIT SCOPE AND METHODOLOGY**

7. This audit covered the Fund's CE process during the biennia 2005-06 and 2006-07 as well as documents from other periods. The audit was conducted using different methods including review of relevant CE documentation maintained on the UNJSPF Secretariat's systems, interviews of key staff, evaluation of CE policies and procedures, random testing of the continuing eligibility of beneficiaries, and an evaluation of the implementation of the recommendations of previous audits of OIOS and the Board of Auditors.

### **IV. AUDIT FINDINGS AND RECOMMENDATIONS**

#### **A. Certificate of Entitlement processing**

##### Sampling methodology for signature verification not optimal

8. General Procedure (GP) #68 of the UNJSPF states that signature verification is required for certain populations returning certificates of entitlement. UNJSPF currently requires signature verification of 100 per cent of CEs for beneficiaries over 85 years and widows and widowers; 50 per cent of CEs for beneficiaries between the ages of 75 and 85 years; and 20 per cent of all remaining beneficiaries. The 20 per cent sample is a random sample established by the Division of Statistics (within the Department of Economic and Social Affairs) based on information provided by Information Management Services Section (IMSS) of UNJSPF in the form of a file with total population of retirees to be randomly sampled.

9. OIOS found that the sample is chosen by the Division of Statistics without any thought to whether the beneficiary has been recently selected in past samples or whether they have never been selected. This sampling methodology creates the likelihood that some beneficiaries might be chosen more than once in consecutive sampling exercises while others might not be chosen for review for many years. Through the analysis of a report obtained from IMSS, OIOS determined that 8,407 (15%) of the 56,718 retirees had never had a signature verification completed on any of their CEs, and an additional 4,106 (7%) of the retirees had not had a signature verification in over five years, and some had gone as long as 14 years without having had one.

#### **Recommendation 1**

**(1) The UNJSPF Secretariat should employ attribute sampling to increase the probability that beneficiaries' signatures will be verified at least once every five years.**

10. *The UNJSPF Secretariat accepted recommendation 1 and stated that it is cognizant of the need to enhance the random sampling mechanism that is currently in place. In fact, initial discussions were held with IMSS before the start of the 2007 CE process to see if another rule could be introduced to ensure*

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*that the same CEs are not picked up over and over again in the random sample. However, because of the tight schedule, it was not possible to implement any changes in time for the 2007 CE run. The UNJSPF Secretariat shall look into this for the 2008 CE process.* Recommendation 1 remains open pending receipt of documentation showing that attribute sampling has been successfully implemented in the 2008 CE process.

#### Cases not terminated on a timely basis

10. GP #68 stipulates that if after two years, the efforts to locate the beneficiary have failed, the Chief of Operations will request the Payments Unit to delete the cases from Payroll in accordance with Article 46(c) of the UNJSPF Regulations. Failure by UNJSPF to comply with this requirement has led to cases not being terminated on a timely basis. This situation creates a risk that Pension Fund liabilities may be overstated, which may affect the actuarial valuations. Moreover, the Fund has been utilizing scarce resources to monitor such cases, a time consuming function. OIOS found that UNJSPF has not been diligent enough in ensuring the timely closing of cases as shown by the following conditions:

- i. There were 70 instances in which a benefit was suspended and not reinstated for more than 2 years (some for as long as 4 years), and the cases had yet to be terminated. Furthermore, there was no documented reason for keeping the cases open. Payments were, however, suspended in these cases.
- ii. CSRMDU opens Work-Type (WT) 149 which is used for following-up on non-receipt of CE in October of each year, five months after suspension is initiated using WT 611. OIOS found 24 cases in which a WT 611 was opened but a corresponding WT 149 was not opened, some dating as far back as 2003. In addition, there were 98 cases, some as old as five years, in which there was a suspension of payment, and WT 149 was opened, but not closed by CSRMDU. Furthermore, there were five cases that took over one year for the WT to be closed and the issue resolved. Payments were, however, suspended in these cases.
- iii. There was one instance where a death certificate was received in January 2007 but the beneficiary was not terminated from the system until September 2007. Payments were suspended in February 2007 in this case.

#### **Recommendation 2**

**(2) The UNJSPF Secretariat should periodically request and review reports of all cases with Work-Type (WT) 611 that either have no WT 149 open or have not been terminated in over two years. All cases suspended for more than two years should be deleted from payroll in compliance with General Procedure #68.**



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11. *The UNJSPF Secretariat accepted recommendation 2 and stated that they have reviewed the 24 cases where there was a WT 611 but no corresponding WT 149 was opened. It should be noted that WT 149 is actually associated with WT 609. Normally, the WT 611 is opened by the system automatically in those cases where the CE has not been received so that the Payments Unit/IT suspends the benefit electronically with WT 611 being closed by the system upon completion of the suspension. The UNJSPF Secretariat further stated that they found 7 cases where a WT 149 was opened but was later invalidated following receipt of some form of correspondence from the beneficiary. As regards the remaining 29 cases, they are being reviewed and corrective action will be taken as appropriate.*

12. *On the other issue of cases suspended for more than two years, but not yet terminated, it would appear that of the 70 cases mentioned in the report, 57 cases have an open WT 149 while the rest, i.e. 13 cases, had no WT 149. Of the 57 cases, there was 1 case (R/22600) from 2001, 2 cases (R/68932 and R/74292) from 2003, 9 cases from 2004 and the rest - 46 cases - from 2005. The 2001 and 2003 cases have now been terminated. As regards the 2004 cases, two are back in payroll, one case pertaining to a child's benefit has been terminated as the child reached 21 and another one is in the process of being reinstated. Review of the rest of the open WT 149 cases as well as those cases with no WT 149 are ongoing. Corresponding action, as regards termination of benefit, will be undertaken as appropriate. Recommendation 2 remains open pending receipt of documentation showing that all applicable cases suspended for more than two years have been reviewed and deleted from payroll in compliance with General Procedure #68.*

No follow-up on WT 609 by the Payments Unit

13. GP #68 paragraph 11 (a) (i), as regards WT 609 (CE/Suspended Payments-Payroll), requires the Payments Unit to review the payment instructions of each beneficiary, write immediately to the entity where payment was made (Bank/UNDP, etc.) and pursue recoveries if the beneficiaries have died. According to the Payments Unit, no follow-up has been conducted of the WT 609, since the systems [PENSYS and Content Manager] do not automatically close the open WT 609 when a CE is received. There were 200 open WT 609 as of January 2008.

**Recommendations 3 and 4**

**(3) The UNJSPF Secretariat should ensure that staff follow-up on all open Work-Type (WT) 609 suspensions and contact the financial institutions as deemed necessary.**

**(4) The UNJSPF Secretariat should enhance the PENSYS and Content Manager systems to automatically close any open WT 609 when the Certificate of Entitlement is received.**

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14. *The UNJSPF Secretariat accepted recommendation 3 and stated that the Payments Unit will review the cases (33 currently) still open for WT 609 after the conclusion of the cost-of-living exercise and the remaining 129 cases that relate to non-receipt of CE and suspension in the June payroll will be reviewed immediately following the actual suspension. Recommendation 3 remains open pending receipt of evidence of the review and resolution of all open WT 609 suspension cases.*

15. *The UNJSPF Secretariat accepted recommendation 4 stating that the Payments Unit will take the necessary action to draw up specifications for this change. Recommendation 4 remains open pending confirmation by UNJSPF that the required enhancement of the PENSYS and Content Manager systems has been completed.*

Inadequate follow-up on signature verification

16. GP #68 (10) (a) states that if there is an inconsistency in the signature, a letter should be sent to the beneficiary inquiring as to why the signature differs from earlier signatures. It also stipulates that “If after 45 days has elapsed from the date of the letter or no reply has been received then the benefit will be suspended.” OIOS noted that CSRMDU participated in signature verification training in 2004. However, there is a need for the Fund to institute periodic training for staff. OIOS reviewed a total of 40 beneficiary files and found that signature verification was not adequately followed up as demonstrated by the following examples:

- i. Six instances where the signatures of the beneficiaries were shaky but the UNJSPF Secretariat had not requested a medical certificate; or were illegible, or in a foreign language without a witness signature/stamp or a request for such.
- ii. Two instances where the CE was signed with a thumbprint without an official UN seal; there was no documentation of a resolution of the issue in either of the cases.
- iii. One instance where there were no payment instructions on file in Content Manager to enable verification of signature, but the CE was approved and the benefit continues to be paid.
- iv. There were three instances where the process before suspending the case was prolonged (longer than the 45 days stipulated in the procedure), with no explanation provided.

**Recommendations 5 and 6**

**(5) The UNJSPF Secretariat should ensure that staff comply with the procedure regarding signature verification and provide additional training to staff.**

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**(6) The UNJSPF Secretariat should ensure that staff comply with the procedures outlined in the general procedure, especially with regard to timely follow-up of outstanding cases and termination of long overdue cases.**

17. *The UNJSPF Secretariat accepted recommendation 5 and stated that staff attended a handwriting analysis class in November 2005, and that a refresher course will be arranged in the course of the next 12 months. Current staff are reminded about signature verification procedures from time to time. Recommendation 5 remains open pending confirmation by UNJSPF of the completion of the training course, and evidence of timely follow-up of outstanding cases.*

18. *The UNJSPF Secretariat accepted recommendation 6 and stated that this is a work-in-progress, in conjunction with recommendation 1. Recommendation 6 remains open pending receipt of documentation showing that it has been implemented.*

## **B. Independent verification of decedent**

19. There is a risk of overpayment due to the lack of information on the deceased beneficiaries. No independent third-party verification is completed. The Pension Fund currently employs the CE as the only method of verifying that a beneficiary is still alive, citing that it would be costly to do independent third-party verification in countries outside the United States, and that in some countries, access to public records is prohibited. In the opinion of OIOS, there is an imminent risk of fraudulent payment to a deceased beneficiary's account. In a past audit by OIOS, a death match review of US nationals against the Social Security Administration records uncovered several cases of fraud, which were followed-up by the Fund.

20. OIOS is of the view that it would be prudent to carry out third party independent verification in countries where it is permissible and practical to do so. OIOS found during this review that there were three instances in which the signatures did not match the payment instructions, but payments continued to be made to these beneficiaries. The audit conducted research on the different methods used to complete collection tracking and annuitant death searches. Information was sought from member organizations of the Association of Public Pension Auditors (AFFPA) and other retirement systems, as well as from the Internet. The results are shown in Annex 2 for consideration by UNJSPF.

### **Recommendation 7**

**(7) The UNJSPF Secretariat should conduct independent verification of a sample of the beneficiary population currently targeted for signature verification, that is over 75 years of age, widows and widowers, as well as a random sample of the remaining population of beneficiaries.**

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21. *The UNJSPF Secretariat did not accept recommendation 7 stating that UNJSPF undertakes an extensive exercise to determine if a beneficiary is alive. The CE process, which is well documented, has a sampling procedure and those beneficiaries who are deemed “higher risk” have their CE scrutinized each year. Former employing organizations and the various Association of Former International Civil Servants (AFICS) organizations and Federation of Associations of Former International Civil Servants (FAFICS) also assist in determining whether a beneficiary is still alive if a CE is not returned. The UNJSPF has noted the comments and analysis provided by OIOS as regards industry practice regarding death annuitant searches. As the UNJSPF has indicated on a number of occasions in the past, whilst it has been possible to undertake a search against US social security numbers when a CE has not been returned or when there is no signature match, such searches are not readily available or possible in the vast majority of countries either because the data is not available, is considered to be confidential or is far too expensive to obtain – the cost factor far outweighing any possible benefits obtained. The samples given by OIOS relate only to the United States whereas beneficiaries reside in over 190 countries around the world; singling out certain countries for more stringent controls in a multicultural organization could cause difficulty.*

22. *The UNJSPF Secretariat further stated that investigative services have been discussed in the context of the review of disability cases in the UN Staff Pension Committee (UNSPC); however, the Committee did not agree that such services were appropriate for a United Nations entity. Rule B.4 of the UNJSPF Regulations and Rules also specifically states that no information regarding a beneficiary may be disclosed without the approval of the beneficiary. The UNJSPF has uncovered very few cases of fraud over the years and does not support the OIOS recommendation for the reasons given above. OIOS is unable to accept the UNJSPF Secretariat’s explanation due to the significant risks of potential fraud as well as the exposure resulting from the lack of adequate signature verification associated with a less than optimal sampling methodology. It is industry practice to conduct annuitant death searches on a periodic basis. Moreover, OIOS suggests the completion of such verification, on a rotation basis, in countries wherever feasible, not just the United States. OIOS therefore reiterates recommendation 7, which will remain open pending receipt of documentation from the Fund showing that it has been implemented.*

### **C. Policies and procedures**

23. GP #2002-68 governs the CE process. CEs are sent annually to every beneficiary to confirm that he or she remains alive and entitled to continue to receive his or her UNJSPF benefit. The General Procedure on processing CEs has been formally established and followed by the CSRMS and the Payments Unit. There is a need, however, to enhance and update the procedure to reflect the current organizational structure. OIOS found that the details of current processes used by the Payments Unit are not addressed, and the CE addendum to the procedure was not included therein.

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### **Recommendation 8**

**(8) The UNJSPF Secretariat should update General Procedure #68 related to Certificate of Entitlements, to reflect the current process.**

24. *The UNJSPF Secretariat accepted recommendation 8 and stated that the update of the procedures will be done in conjunction with recommendation 1 above. Recommendation 8 remains open pending receipt of the updated procedure on the CE process.*

## **V. ACKNOWLEDGEMENT**

25. We wish to express our appreciation to the Management and staff of the UNJSPF Secretariat for the assistance and cooperation extended to the auditors during this assignment.

## STATUS OF AUDIT RECOMMENDATIONS

Recom. no.	C/O <sup>1</sup>	Actions needed to close recommendation	Implementation date <sup>2</sup>
1	O	Submission to OIOS of documentation showing that attribute sampling has been successfully implemented in the 2008 CE process	October 2008
2	O	Submission to OIOS of evidence that all cases suspended for more than two years have been reviewed and deleted from payroll in compliance with General Procedure #68.	Ongoing
3	O	Submission to OIOS of evidence of the review and resolution of all open WT 609 suspension cases.	September 2008
4	O	Submission to OIOS of confirmation from UNJSPF that the required enhancement of the PENSYS and Content Management systems has been implemented d.	December 2008
5	O	Submission to OIOS of confirmation from UNJSPF of the completion of the training course and evidence of timely follow-up of outstanding cases.	April 2009
6	O	Submission to OIOS of documentation showing that it has been implemented	October 2008
7	O	Submission to OIOS of evidence of an independent verification of a sample of the beneficiary of population currently targeted for signature verification, i.e. over 75 years of age, widows and widowers, as well as a random sample of the remaining population of beneficiaries.	Not provided
8	O	Submission to OIOS of the updated procedure.	October 2008

1. C = closed, O = open

2. Date provided by the UNJSPF Secretariat in response to recommendations.



**Industry Practice(s) – Death Annuitant Search  
Assignment No. AS2007/800/3 – Audit of Certificates of Entitlements in UNJSPF Secretariat**

No.	Institution Name	Practice(s)
	<p><b>Summary Results</b></p>	<p>The following are the results of OIOS' research with Association of Public Pension Fund Auditors (APPFA), in which a total of eight retirement systems were polled regarding Death Annuitant Searches:</p> <ul style="list-style-type: none"> <li>▪ Three of eight (38%) retirement systems use Public Benefit Information (PBI) services.</li> <li>▪ Three of eight (38%) retirement systems use Berywn Group services.</li> <li>▪ Five of eight (63%) retirement systems use their states' Vital Statistics and Health Department services.</li> <li>▪ Two of eight (25%) retirement systems review the daily obituaries.</li> <li>▪ Two of eight (25%) retirement systems use an Investigative Service for on-site verification</li> <li>▪ NYS Teachers Retirement systems uses <ul style="list-style-type: none"> <li>◆ A Clipping service,</li> <li>◆ An Investigative Service.</li> <li>◆ Veris software.</li> <li>◆ Internet searches.</li> </ul> </li> </ul> <p>Additionally OIOS identified four collection tracking services and/or software that may be useful in UNJSPF's efforts to collect on overdue pension funds for deceased pensioners. Details for these services/ software are highlighted below.</p>
<p><b>1. Teacher Retirement System of Texas</b></p>	<ul style="list-style-type: none"> <li>▪ Semi-annual report of our retirees is sent to PBI. List of potential deceased members on our list is returned. These annuitants are identified and research conducted within annuitant's file. A certified letter with postage prepaid envelope is sent out to each annuitant identified. If no response is received, then suspend payments until we hear from annuitant or family member. If still no response, we make efforts to contact family member and/or beneficiary to obtain information on annuitant and if applicable take a report of death.</li> <li>▪ We receive death notices from the Texas Department of Human Services Bureau of Vital Statistics and periodically check the Social Security Administration Website database.</li> </ul> <p>The responsibilities of Benefit Processing (BP) are to track annuitants that matched PBI data indicating that an annuitant is deceased. If we find that an annuitant is deceased, BP stops the monthly annuity payment and proceeds with the death claim process. We require notification from the member or power of attorney if we have notification from family member that the person is not deceased. Signature is required as proof that the retiree is not deceased. If we get a signed statement back from the annuitant and make a visual check that their signature matches a previous signature, we note that this annuitant is alive. It is possible that a spouse has died or someone else was reported with their SSN.</p>	

No.	Institution Name	Practice(s)
2.	New York State Teachers Retirement System	<p>The Benefits Department has two controls to identify unreported annuitant deaths:</p> <ul style="list-style-type: none"> <li>▪ Benefits Department runs a monthly compare against a Social Security Administration file. Most of the time these hits are accurate so the annuitant is automatically flagged as dead and removed from the payroll. We used to verify these before we removed them but we found that it's better to correct the occasional false positive than let the true dead, which is the majority, remain on the payroll.</li> <li>▪ Benefits Department subscribes to a clipping service. This is a service where people literally read most of the newspapers in New York State and clip out any obituaries and death notices that describe the deceased as a teacher or retired teacher. We pay \$1.00 per clipping. This is done by the NYS Clipping Service, 200 Central Park Ave., Hartsdale, NY 10530. Contact is Richard Melchers at (914) 948-2525. The SS match is certainly more efficient but there's a lag of a few months. The clipping service is labor intensive, but we can find out about a death within days of the funeral. The combination is complementary and works well in identifying unreported deaths.</li> </ul> <p>There are three other tests conducted as well:</p> <ul style="list-style-type: none"> <li>▪ The department runs a semi-annual comparison against the SS Master Death Index via Veris software. This is an independent check on what the Benefit Department does monthly. We'll usually pick up a few here and there that fell through the cracks. We've also used Berwyn, but they're more expensive and their more extensive database produces more false positives. This takes us more time to clear without adding any value.</li> <li>▪ The department runs periodic comparisons against a NYS Health Department file of deceased teachers. This is OK, but it depends upon the occupation listed on the death certificate. If it doesn't properly describe the deceased as a teacher, they do not end up on our file. In addition, if they die out of state they would not be on this file.</li> <li>▪ The department also runs periodic Internet searches of the online death notices in various NYS newspapers. This is an independent check on the clipping service. Here too, we usually pick up a few that fell through the cracks.</li> </ul> <p>If the department has contradictory information, such as a match with the SS deceased file, but the annuitant claims they're alive, additional evidence will be gathered to substantiate the claims. The department usually takes two steps:</p> <ul style="list-style-type: none"> <li>▪ Request a death certificate directly from the jurisdiction covering the last known address.</li> <li>▪ Turn the file over to our investigative service to actually visit the annuitant; interview them, family members or both; and examine documentation such as drivers licenses, etc. The investigative service we use is: International Claims Specialists (ISC), Contact: John Hartman, 136 Berlin Road, Suite 204B, Cromwell, CT 06416, (800) 688-6498 x230.</li> </ul> <p>ICS has a network of employees throughout the country that will visit annuitants and interview them or neighbors if they cannot locate the annuitant. The charge (based on a competitive bid), is \$80 per visit. We not only use them to resolve conflicting information, but we sometimes select samples and turn them over the ICS to investigate. We have done subjective samples, like the oldest 100 annuitants, as well as random samples. We've also targeted disability retirees using the logic that if they retired early for health reasons, they may not live as long</p>



No.	Institution Name	Practice(s)
3.	UNJSPF	<p>as an otherwise healthy person. You have to be careful with subjective samples because, for example, the oldest 100 annuitants may be the most likely to be deceased, but they may be the least likely to cheat. ICS is great for resolving conflicting information when you suspect someone may be dead but are not sure. The department hasn't had too much success with random and targeted (subjective) investigations.</p> <ul style="list-style-type: none"> <li>▪ The Pension Fund currently employs the Certificate of Entitlement as the only method of verifying that the beneficiary is still alive. The process includes first and second mailings before a suspension list is drawn up and communicated to the various participating group for follow-up. Cases are followed-up before payments could be suspended, including attempts to obtain death certificates.</li> <li>▪ No independent third-party verification is completed.</li> <li>▪ In past audits, death match review of US nationals against the Social Security Administration records uncovered several cases of fraud, which were followed-up on by the Fund.</li> </ul>