


<p><b>Date:</b> May 22, 2018</p> <p><b>To:</b> Distribution</p> <p><b>From:</b> Joseph Caruso, CPA, Deputy Chief Auditor</p> <p><b>Tele:</b> (860)757-9955</p>		<p align="center"><b>City of Hartford and Hartford Public Schools Employee and Retiree Social Security Administration Mortality Audit Report 1816</b></p>
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## I. EXECUTIVE SUMMARY

With the assistance of Metro Hartford Innovation Services, we completed an examination in May 2018 of the accuracy of the data recorded in the MUNIS Financial Management and the Cigna and Anthem Health Care Systems based on Mortality data obtained from the Social Security Administration and other sources. The purpose of the audit was to identify pensioners and surviving spouses who are deceased and have not been reported to the City. The results of our examination were reviewed with B. Parsa, Pension Actuarial Assistant, Treasurer’s Office Pension Administration Unit; R. Pokorski, Benefits Administrator, Department of Human Resources; L.A. Ralls, Finance Director; G. Garcia, Systems and Data Manager, Office of Talent Management and Relations; and, other responsible members of operating management. The summary that follows includes only exceptions disclosed and recommended operating improvements. Management has also noted actions taken or planned, including timeframes, to resolve each finding and/or recommendation in this report. We thank the individuals noted above and their respective staffs for their cooperation and courtesies extended to us during our audit.

We found that the employee’s data recorded in MUNIS and the Cigna and Anthem Systems significantly improved from last year; however, there are a few errors and omissions that need further follow-up. We referred these to the appropriate City, HPS and PAU management for review, follow-up and resolution.

### Background

The City of Hartford (City) Finance Department Payroll Unit and Human Resources Department have responsibilities for recording City employee payroll data in the MUNIS Financial Management System (MUNIS). The Hartford Public Schools (HPS) Office of Finance and Budget Payroll Unit and Office of Talent Management (OTM) have responsibilities for recording HPS employee payroll data in MUNIS. The Pension Administration Unit (PAU) of the City Treasurer’s Office is responsible for the administration of the City and HPS retiree pension payments. This includes ensuring that pension benefit payments made to retirees and surviving spouses are discontinued promptly after the dates of their respective deaths are reported. Payments noted after the date of death are followed-up for recovery and are recorded by PAU, only after they identify or are aware that a pension recipient is deceased. The City Human Resources Department and HPS OTM are responsible for maintaining membership data in the Cigna and Anthem Health Care Systems and ensuring that health care benefits provided to employees, retirees and their spouses and dependents are discontinued promptly after they are found to be deceased. To perform our review, Metro Hartford Innovation Services (MHIS)

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downloaded payroll data for retirees and active employees from MUNIS and health care data for employees, retirees, spouses and dependents from the Cigna and Anthem Systems. MHIS then submitted the downloaded data to the Berwyn Group, an independent consultant, which compared the 21,822 records to their master files containing mortality records obtained from federal and state government agencies and various private organizations.

Scope

The review included all active employees, retirees and surviving spouses currently receiving pension benefits and are eligible to receive healthcare benefits administered by Cigna and Anthem.

**II. RESULTS OF THE AUDIT**

To identify deceased pensioners and other data errors or omissions, the Berwyn Group, an outside vendor, matches key data fields including names, birth dates and Social Security Numbers (SSNs) in the MUNIS and Cigna and Anthem Systems to related data in their Master Death file containing records from the Social Security Administration and other sources. The Berwyn Group report requested by us identified 483 potential data integrity issues under the following four categories:

1. Exact Matches – Where all of the data from the MUNIS and Cigna files matched the data in the Berwyn Group National Master Death file.
2. Highly Probable Exact Matches – Which include potential SSN data entry errors and instances where all fields except the dates of birth match.
3. Other Match Categories – Where various combinations of data fields in each of the systems match.
4. Invalid Social Security Numbers – Where SSNs are not valid according to the Berwyn Group’s SSN Validation File.

The Berwyn Group also provided a report comparing the City and HPS data for our age 65 and over population to the United States 2010 Census Data.

1. Tests of the 62 potential exceptions noted in the “Exact Matches” section of the report disclosed the following:
  - a. Five deceased former HPS employees and/or surviving spouses and one deceased former City employee, were active pension recipients in MUNIS one to nine months after their respective dates of death. This resulted in overpayments totaling \$13,103. PAU management agreed to immediately inactivate the MUNIS records of these deceased retirees and take action to recover the overpayments.
  - b. Three active Pension accounts were created for former employees non-vested withdrawals of their pension contributions. We recommend that Finance Department input the date of death for these three accounts and subsequently inactivate from MUNIS.

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- c. Sixteen SSN's in this category were from the Cigna and Anthem Systems. We reviewed these exceptions with City Benefits Administration Unit (BAU) and OTM's management and to determine if these health care and dental care recipients need to be removed from the Cigna and Anthem Systems. We provided BAU and OTM management with a copy of the Berwyn Group report for their review, follow-up and resolution of the reported exceptions.
2. Tests of the 17 potential exceptions noted in the "Highly Probable Exact Matches" section of the report disclosed the following:
    - a. Eight potential exceptions appear to be the result of incorrect SSN's associated with the pension records. We reviewed these exceptions with PAU management. We recommend PAU management research these accounts further and either correct the SSN's, where applicable, or inactivate those accounts where the former employee is truly deceased.
    - b. Seven potential exceptions in this category were from the Cigna and Anthem Systems. We reviewed these exceptions with BAU and OTM management and it appears that there may be some SSN errors related to these accounts. We recommend BAU and OTM management research these accounts further and either correct the SSN's, where applicable, or inactivate those accounts where the former employee is truly deceased.
  3. Tests of the 21 potential exceptions noted in the "Other Match Categories" section of the report disclosed the following:
    - a. Eight of the potential exceptions were provided to PAU for further follow-up. We recommend PAU management research these accounts further and either correct the SSN's, where applicable, or inactivate those accounts where the former employee is truly deceased.
    - b. Eleven of the potential exceptions in this category were from the Cigna and Anthem Systems. We reviewed these exceptions with BAU and OTM management. We recommend BAU and OTM management research these accounts further and either correct the SSN's, where applicable, or inactivate those accounts where the former employee is truly deceased.
  4. Tests of the 383 exceptions noted in the "Invalid Social Security Numbers" section of the report disclosed the following:
    - a. Fifty-five active HPS employees appeared to have incorrect SSNs recorded in MUNIS. We provided a listing of all fifty-five employees to OTM for follow-up.
    - b. Seven active City employees appeared to have incorrect SSNs in MUNIS. We referred these to the City Human Resources Department and for review, follow-up and correction as required. Human Resources management agreed to take immediate action to review and update the records of these individuals in MUNIS as required.
    - c. Four active pension records appeared to have incorrect SSN's in MUNIS. We referred these to PAU for follow-up.
    - d. There were a total of 317 potential SSN exceptions in the Cigna and Anthem Systems. We noted that this is a significant improvement from prior death audits. We provided a copy of the Berwyn Group report to BAU and OTM management for further follow-up.

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Other Matters

During our review, we noted there were 1,029 active pension records in MUNIS not receiving a monthly payment. These accounts are created by PAU for former City and HPS employees that terminate employment and request withdrawals of their pension contributions, request a rollover of their funds into another retirement account, or are one-time death benefit payments per terms of their respective union or non-union contract. We believe these accounts do not need to be active and creates false positive exceptions when those former employees decease and are reported in the Berwyn Group report. We recommend Finance Department management take action to immediately inactivate these accounts, where necessary. We have provided a copy of all 1,029 accounts to Finance Department management for follow-up.

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