



Internal Audit Office

MAYOR
Oscar Leeser

DATE: November 22, 2021

TO: Robert B. Ash, Executive Director and Legal Advisor

CITY COUNCIL

FROM: Edmundo S. Calderon, CIA, CGAP, CRMA, Chief Internal Auditor

District 1
Peter Svarzbein

SUBJECT: City Pension Fund Confirmation Project

District 2
Alexandra Anello

The Internal Audit Office has completed the City Pension Fund Confirmation Project. This engagement was accepted based on the it's potential to improve management of risks, add value, and/or improve the organization's operations (IIA 2010.C1). The work performed does not constitute an engagement conducted in accordance with Generally Accepted Government Auditing Standards (GAS 1.16). The observations and conclusions that are reported in this memorandum do not require Management Responses.

District 3
Cassandra Hernandez

Background:

District 4
Joe Molinar

The City of El Paso Employees Retirement Trust provides secure retirement benefits, quality information concerning those benefits, and prompt professional and courteous service to all qualified City employees. The City of El Paso Employees Retirement Trust provides monthly payments to over 3,500 City of El Paso retirees and their beneficiaries. Payments are made to recipients for the entirety of their lives until they pass away or beneficiaries remarry. Periodically, the City of El Paso Employees Retirement Trust will conduct a review of active payment recipients to determine their status.

District 5
Isabel Salcido

Objectives:

District 6
Claudia L. Rodriguez

The objectives of our review were to:

- Verify the status of current City of El Paso Employees Retirement Trust payment recipients to determine if they are still alive, and
- Notify the City of El Paso Employees Retirement Trust of any unresponsive recipients.

District 7
Henry Rivera

District 8
Cissy Lizarraga

CITY MANAGER
Tommy Gonzalez

Scope:

The scope included all City of El Paso Employees Retirement Trust payment recipients as of August 17, 2021. The cutoff date for Confirmation Letters to be returned was November 19, 2021.

Methodology:

- Obtained the population of Retirement Trust payment recipients and selected a judgmental sample of 50 recipients with an emphasis on older participants. Beneficiaries were also included.
- A Confirmation Letter was mailed out on September 29, 2021 with a "Return By" date of October 12, 2021.
- City of El Paso Employees Retirement Trust staff assisted the Internal Audit Office in obtaining updated mailing addresses for Confirmation Letters returned as "Undeliverable."
- A 2nd Confirmation Letter was mailed out on November 4, 2021 to nine (9) individuals that did not return the 1st letter. A "Return By" date of November 12, 2021 was established.

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Our City Pension Fund Confirmation Project identified the following Observation:

CITY COUNCIL

District 1
Peter Svarzbein

District 2
Alexandra Anello

District 3
Cassandra Hernandez

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OBSERVATION 1

Pension Recipient Confirmation

City of El Paso Strategic Plan:

- Goal 6.6 *Ensure continued financial stability and accountability through sound financial management, budgeting and reporting.*

43 out of 50 (86%) Pension Recipients were confirmed by the Internal Audit Office.

- 37 Pension Recipients were confirmed via a returned Confirmation Letter. The Confirmation Letter identified their marital status, retirement date and required a signature.
- Three (3) Pension Recipients passed away during the course of the Confirmation Project. The Internal Audit Office was notified of their passing by the City of El Paso Employees Retirement Trust staff.
- Three (3) Pension Recipients were confirmed through a phone conversation with the Internal Audit Office.
- The age range for Pension Payment Recipients selected was from a 19-year-old beneficiary to a 101-year-old retiree. The earliest Retirement Date for the selected sample was June 1, 1984.

As of November 19, 2021, the Internal Audit Office was not able to confirm the status of seven (7) Pension Payment Recipients.

RECOMMENDATION

The City of El Paso Employee Retirement Trust staff should verify the status of the remaining seven Pension Recipients.

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Conclusion

Based on the results of our project, the City of El Paso Employees Retirement Trust has:

- Proper controls in place to determine the status of recently deceased retirement payment recipients.
- The ability to verify the status of payment recipients separately from the Internal Audit Office.

The Internal Audit Office was able to confirm 43 out of 50 retirees contained in our sample. We are providing the names and identifiers for the 7 unconfirmed retirees to the City of El Paso Employees Retirement Trust for further verification.

If you have any questions please feel free to contact me at extension 21365.

cc: Tomas Gonzalez, City Manager
Robert Cortinas, Chief Financial Officer
Financial Oversight and Audit Committee

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