



Office of the State Comptroller

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FOR IMMEDIATE RELEASE

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November 18, 2020

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Temporary Disability Insurance Benefits Incorrectly Paid to Deceased Individuals Have Still Not Been Recovered, State Comptroller's Report Finds

TRENTON – The Department of Labor and Workforce Development (LWD) has not recovered temporary disability insurance (TDI) payments incorrectly made to deceased individuals, according to a follow-up report released by the State Comptroller's Office today. The report also found that LWD needs to strengthen its internal controls and document its efforts to make sure deceased individuals do not receive improper payments in the future.

In the State Comptroller's initial 2014 audit, LWD was found to have paid \$168,764 of TDI benefits to 160 deceased individuals. OSC recommended that LWD recover that taxpayer money. In its follow-up review, State Comptroller auditors found that LWD waived the improper payments without first clearing the requirements for waiving them. Incorrect payments can be waived if an individual is deceased or permanently disabled – but only when it is an error made by the division, employer or physician *and* the recipient did not knowingly misrepresent or withhold facts to obtain the payments. The State Comptroller's Office found no evidence that LWD satisfied the requirements to waive the payments beyond identifying that these recipients were deceased.

In addition, 87 of the 160 improper payments made were purged from LWD's database, making it difficult for auditors to evaluate whether improper payments were recovered. LWD could not provide the rationale for purging that set of records, and its own policy governing the destruction of records failed to comply with the state's records retention policy.

Finally, LWD now uses a third-party vendor to match the social security numbers of people receiving TDI benefits with deceased individuals. However, due to inadequate documentation of this cross-matching system, auditors from the State Comptroller's Office was unable to evaluate whether this

system was effectively preventing LDW from paying benefits to deceased individuals.

The full follow-up review can be found [here](#), and OSC's original 2014 audit can be found [here](#).

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