

**Internal Audit Commission**  
**Meeting Minutes**  
**January 16, 2019**  
**2:00 p.m.**

Attending Members: Kyle J. Bergquist, Chairman, Internal Audit Commission  
Bruce Rubenstein, Internal Audit Commission Member  
Edmund M. See, Internal Audit Commission Member  
Craig S. Trujillo, Chief Auditor and Secretary to the Internal Audit Commission

Guests: Len Besthoff, NBC Chief Investigative Reporter  
Kevin Brookman, City Resident  
Joe Caruso, Deputy Chief Auditor  
Steve Goode, Hartford Courant Reporter  
Chris Hall, NBC Photographer  
Lori Mizerak, Asst. Corporation Counsel

The meeting was held in the Internal Audit Conference Room #304 at 550 Main Street, Hartford, CT.

The topics of discussion, for the most part, followed the items on the agenda, which was prepared jointly by the Chief Auditor and the Internal Audit Commission (IAC) members and filed with the Town and City Clerk prior to the meeting. Items discussed were as follows:

1. The meeting was called to order by IAC Chairman Bergquist at 2:00PM.
2. K. Bergquist took roll call. The individuals in attendance are noted above.
3. The IAC Chairman position was discussed. Chairman Bergquist mentioned that the IAC by-laws state the Chairman term is for two years; however, the IAC has been rotating the Chairman annually. IAC member See recommended that Chairman Bergquist remain as Chairman for another year to comply with the IAC by-laws and was agreed by IAC member Rubenstein. A formal vote will be done at the February 2019 IAC meeting.
4. The minutes from the December 2018 IAC meeting were deemed to represent the proceedings. IAC member See made a motion to accept the minutes, seconded by IAC member Bergquist and unanimously approved.
5. The Internal Audit Department (IAD) Activity Report for the month of December 2018 was noted. No issues were noted by the IAC.
6. There was a review and discussion of audit reports issued since the December 2018 IAC meeting.
  - a. Hartford Public Library Employee Pension Contribution Audit Report 1908 – J. Caruso noted the documentation for pension adjustments weren't always evident in the employee's HR files. In addition, some that were evident were maintained in the employee's separate medical folder. HPL management is aware of this issue and is working to segregate all medical files from the non-medical HR files.

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- b. City of Hartford Department of Human Resources Employee Pension Contribution Audit Report 1909 – J. Caruso noted that 5 individuals were paying the incorrect pension contribution percentage as required in their union contract. These were due to the HR Analyst assigning the wrong table within MUNIS due to the cut-off issue of when the union agreement was ratified. HR management will set up repayment plans with each employee and remit the funds to the MERF.
- c. City of Hartford Department of Public Works Waste, Recycling and Tipping Fee Operations Audit Report 1910 – J. Caruso noted that there are potential increased revenue opportunities that came out of this audit. It was noted during the audit that permit fees are lower in Hartford than in surrounding towns/cities. In addition, landscapers are taking mulch for free that the City pays to make for their own business use. IAC Chairman Bergquist asked if an analysis of Tipping Fees was performed. J. Caruso noted that it was not and the Internal Audit audited to the contract. IAC member Rubenstein requested that we perform this analysis and get back to the IAC with the results. IAC member Bergquist also questioned the private haulers bringing their waste to the City and how we know that the waste is not from another town or city. J. Caruso stated he would research the workpapers and get an answer to his questions.
- d. Hartford Public Schools Office of Finance & Budget Healthcare Dependent Eligibility Audit Report 1911 – J. Caruso noted that HPS hired Secova, Inc. to perform a healthcare dependent eligibility verification audit. The results of that audit noted 176 dependents were not verified either because they were voluntarily dropped, submitted incomplete documents, or just failed to comply with Secova's audit request. All 176 dependents were dropped from Anthem coverage. Subsequent to Secova's issued report, 22 of the 176 dependents were reinstated back onto the health plan as they chose to fully comply once they realized they no longer had healthcare coverage. Per Secova's report, Secova estimated approximately \$500,000 in annual savings as a result of their audit, of which Internal Audit did not express an opinion on that amount. J. Caruso then noted that they took the remaining 154 dependents and separated the spouses from the children. C. Trujillo and J. Caruso took the position that it was difficult to prove that children were ineligible for coverage, so the focus was on the spouses. Internal Audit performed a review of the spouses and researched each one to see if there was a divorce record with the State of CT. Internal Audit found that 27 spouses had a divorce record, of which 17 had claims paid on their behalf since their divorce date totaling approximately \$63,000. In addition, there was another 21 spouses that a divorce record could not be located, but the spouse was dropped. Anthem ran the claims for us for the past 3 years and these claims totaled approximately \$420,000. These 21 spouses, along with the 17 with a divorce record and noted claims of \$63,000, were submitted to the Hartford Police Department for potential criminal investigation and prosecution. J. Caruso also informed the IAC of another ex-spouse that was voluntarily dropped by the HPS employee before the Secova audit commenced and was subsequently investigated by Internal Audit. This ex-spouse was divorced back in 2002 and had accumulated approximately \$700,000 in claims paid by Anthem. IAC member Rubenstein asked what HPS's action plan is with the employees noted in our report. J. Caruso noted that HPS has not informed IAD of its

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intentions relating to these employees as it pertains to civil restitution or termination of employment. IAC member Rubenstein then requested that HPS representation be present at the February 2019 IAC meeting to address this concern. C. Trujillo stated he would invite HPS management to our next IAC meeting. IAC member Rubenstein also questioned the vetting of the healthcare dependent process. C. Trujillo mentioned that each year all employees are required to do a re-enrollment as requested by Office of Talent Management (OTM). If no changes are made to the coverage, the coverage stays the same as the previous year. C. Trujillo also stated that Anthem does not verify eligibility as they just pay the claims on behalf of HPS. J. Caruso noted that a 1095-C is sent to each employee every year that illustrates everyone that is covered under the plan. If a dependent is on that form and should not be, it is the employee's responsibility to inform OTM of the change. IAC member Rubenstein asked why Anthem does not vet the employee's dependents. C. Trujillo informed IAC member Rubenstein that is not what Anthem does. IAC member Rubenstein then asked if an internal monitoring control can be performed on large claims that come in to catch claims paid in error. C. Trujillo noted that he believes this could be performed by the Risk Manager. IAC member Rubenstein then requested the Risk Manager be invited to the next IAC meeting and C. Trujillo and J. Caruso agreed to send the invitation. IAC Chairman Bergquist then asked what the next steps are in the process. J. Caruso informed the IAC that it's an active police investigation and HPD needs only data from the past 5 years, whereas Internal Audit obtained claim data beyond 5 years if the divorce date was longer. Internal Audit is still waiting on a response from Anthem with the updated numbers.

7. J. Caruso noted the following audits are in-process: Hartford Public Schools Employee Pension Contribution; Health & Human Services Dial-a-Ride Operations; and Hartford Public Schools Procurement. In addition, J. Caruso noted that the City of Hartford Revenue Management audit is in the reporting stage and will be meeting with the new Acting Director of the Department of Management & Budget to discuss concerns with the audit report.
8. C. Trujillo informed the IAC the investigation pertaining to a DPW employee who allegedly provided unworked hours to staff is progressing and City management has downloaded all the information requested; however, are currently reviewing them first before sending to Internal Audit. We expect to receive these TimeForce downloads soon.
9. J. Caruso discussed follow-up activities for old audit reports with outstanding recommendations to be addressed. J. Caruso mentioned that he's following up on FY'2014 & FY'2015 audits first before addressing the more recent fiscal years. J. Caruso noted that many of these audit reports have been superseded in recent fiscal years and have closed these open items. IAC member See requested that we leave Audit Report 1403 as open as there were many issues noted in that report that were critical in nature and further discussion with City management is required.
10. J. Caruso provided a copy of the IAD submitted budget for FY'2020. No major issues were noted by the IAC.
11. J. Caruso noted that the City issued its June 30, 2019 since the last IAC meeting and was on time.

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12. IAC member See requested a change in the February 20, 2019 meeting date to February 13, 2019 at 2:00PM. IAC members were unanimous in changing the date. It was noted that the next IAC meeting is scheduled for February 13, 2019 at 2:00PM. in the IAD conference room # 304. The meeting was adjourned at 3:27PM. after a motion made by IAC member Rubenstein, seconded by IAC member See and unanimously approved.

**Respectfully submitted by Craig S. Trujillo – Chief Auditor, City of Hartford**