


<p>Date: January 13, 2020</p> <p>To: Natasha Banks, Executive Director of Human Resources, Office of Talent Management, Hartford Public Schools</p> <p>From: Craig Trujillo, CPA, Chief Auditor</p> <p>Tele: Office: 860-757-9952 Cell: 860-422-3600</p>		<p>Hartford Public Schools Office of Talent Management Employee and Retiree Healthcare Contributions Audit Report 2008</p>
<p>EXECUTIVE SUMMARY</p> <p>In accordance with our audit plan for the fiscal year ending June 30, 2020, we completed an examination in January 2020 of Hartford Public Schools employee and retiree healthcare contributions. The purpose of the examination was to evaluate and test internal accounting and operating controls, the accuracy and propriety of transactions processed, the degree of compliance with established operating policy and procedures, and to recommend improvements where required. The results of our examination were reviewed with N. Banks, Executive Director of Human Resources, Office of Talent Management; and, other responsible members of operating management. The summary which 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. In general, we found that employee and retiree healthcare contributions were properly being collected from Hartford Public School employees and retirees. We thank Office of Talent Management and staff for their cooperation and courtesies extended to us during our audit.</p>		
<p>BACKGROUND</p> <p>The Hartford Public Schools (HPS) provides medical and dental healthcare and prescription benefits to eligible employees and retirees as a part of a standard benefits package. Healthcare benefit plan options and restrictions including subscriber and dependent eligibility, employee contributions, types of coverage and co-pays are generally outlined in bargaining unit contracts and Personnel Rules and Regulation policies. Employees can either decline or enroll for coverage with Anthem Blue Cross Blue Shield (BCBS). With a few exceptions, employees and retirees are required to contribute to their healthcare costs. The Office of Talent Management (OTM), along with the Risk Management Department, is responsible for administering the medical, dental and prescription drug plans including, but not limited to, enrolling and maintaining eligible members and overseeing employee and retiree health care contributions. HPS also uses Zenith American Solutions, an Employee Benefits company, to administer certain aspects of these plans including collecting and accounting for healthcare contributions made by the State of Connecticut and directly by retirees. For the fiscal year ended June 30, 2019, HPS employee and retiree healthcare contributions totaled more than \$14.4 million.</p>	<p>SCOPE</p> <p>The scope of our review included an examination of activity primarily during the fiscal year ending June 30, 2019. The following audit procedures were performed:</p> <ul style="list-style-type: none"> • Reviews of procedures and controls; • Tests of healthcare contribution rates charged to employees, retirees and COBRA participants; • Reviews of bargaining unit contracts; and • Tests of the billing and collection of employee and retiree healthcare contributions. 	

**Hartford Public Schools
Office of Talent Management
Employee and Retiree
Healthcare Contributions Audit**

Issue Statement	Management Action Plans
<p><u>Issue</u> Contrary to good internal control, the employee responsible for administering healthcare benefits can also make changes to employee data and also receives monthly COBRA payment checks from Conexis, a third-party administrator.</p> <p><u>Cause</u> Conexis mails checks directly to the Benefits Administrator as previously instructed.</p> <p><u>Effect</u> The lack of a good segregation of duties could lead to the misappropriation of HPS funds.</p> <p><u>Recommendation</u> We recommend that Conexis be instructed to mail checks directly to HPS Office of Finance & Budget or to an individual independent of the employee responsible for administering healthcare benefits.</p>	<p>Due Date: January 31, 2020</p> <p>Responsible Person: Natasha Banks, Executive Director of Human Resources, Office of Talent Management</p> <p>Management Response: We will contact Conexis and arrange for checks to be directly sent to the Office of Finance & Budget.</p>

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<p><u>Issue</u> Procedures and controls over the administering of the healthcare benefits process were not formally documented in written form.</p> <p><u>Cause</u> OTM management attempted to respond to the prior request to document procedures for administering healthcare benefits to document procedures for the job; however, the process was not completed due to the elimination of the Benefits Associate position and the illness and subsequent death of the Benefits Specialist.</p> <p><u>Effect</u> Errors and mistakes potentially can be made in administering healthcare benefits. In addition, transfer of knowledge of job duties may get lost in transition if this employee decided to leave the job.</p> <p><u>Recommendation</u> We recommend that OTM management document procedures and identify the key controls over the administering of the healthcare benefits process and the employee, retiree and COBRA contribution processes.</p>	<p>Due Date: March 31, 2020</p> <p>Responsible Person: Natasha Banks, Executive Director of Human Resources, Office of Talent Management</p> <p>Management Response: OTM has restructured the benefits administration to include a Data Associate to work with Employee Data and Benefits Coordinator as a support. OTM is now positioned with enough support to document proper procedures over the administering of the healthcare benefits and the employee, retiree and COBRA contribution processes.</p>

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<p><u>Issue</u> At the time of our review, two related retirees whose healthcare coverage was discontinued effective 1/1/2020 owed more than \$2,800 in healthcare contributions. The procedures for following up on and addressing retirees with past due healthcare premiums were a function of Zenith American Solutions and, therefore, not documented in OTM.</p> <p><u>Cause</u> A few HPS retirees are not paying their premiums on time. Zenith American Solutions is completing the work of collections and have not been informing OTM of their collection process.</p> <p><u>Effect</u> Retirees could incur claims and have them paid without paying the related healthcare premiums.</p> <p><u>Recommendation</u> We recommend OTM management work with Zenith American Solutions by ensuring steps necessary are taken to collect the \$2,800 in overdue healthcare premiums.</p>	<p>Due Date: March 31, 2020</p> <p>Responsible Person: Natasha Banks, Executive Director of Human Resources, Office of Talent Management</p> <p>Management Response: Zenith American Solutions informed OTM management that they are aware of the amount past due and are making attempts to collect the outstanding premiums. OTM has requested to be provided with the procedure outline for collection of past due premiums.</p>

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