

Carmel CSD Corrective Action Plan for Internal Control Cycle Audit of the Retiree Health Insurance

Area: Retiree Billing

Auditor's Finding:

The controls over retiree billings are operating effectively with the following exceptions noted:

The District maintains a retiree billing spreadsheet to track each retiree's responsible portion of their annual premium and associated payments that have been received from each retiree. While the spreadsheet indicates the amount of the retirees' premiums, it does not show how the amount was calculated. Determining the annual amount that each retiree is responsible for can be complex because it is a function of a variety of factors. These factors include identifying the applicable bargaining agreement of each retiree, their hire date and/or retirement date, years of service with the District, and the responsible percentage of the annual premium for which they are responsible. Also, the correct percentage is based on the terms of the agreement that was in place at the time of their retirement. The agreements are periodically renegotiated and the responsible percentage often change as agreements are updated. Consequently, the current billing spreadsheet lacks transparency in documenting the data used to calculate the appropriate responsible portion of the premiums for each retiree.

Auditor's Recommendation:

We encourage the District to consider including the data outlined above in the billing spreadsheet to improve the transparency of how each retiree's annual premium is calculated.

District's Corrective Action:

In addition to the effective percentage rate and annual premium, the Human Resources Department will provide the Business Office with the employee's original hire date, retirement date, date of birth, years of service, bargaining unit of retiree, changes in percentage of contribution for renegotiated agreements, premium effective start dates and premium effective end dates, when applicable.

Implementation Date:

June 2022 through June 30, 2023

During the 21-22 school year the Business Office has incorporated their separate spreadsheet containing name, address and required percentage contribution into the premium billing and receivables spreadsheet. Going forward the Business Office will continue to work with the Human Resources Department in order to secure and incorporate the above recommended information into a single spreadsheet.

Person Responsible for Implementation:

Assistant Superintendent for Business
Human Resources Director
Assistant Business Manager

Area: Medicare Coverage Reimbursement

Auditor's Finding:

1. Our review of the process for issuing reimbursements to retirees for the Medicare Part B and D coverages revealed that determining the amount of the payments is often not straight forward. Often times the retiree will not submit current documentation of their premium costs for the retiree and/or their spouse. In these cases, the District typically uses documentation that was submitted during a prior period as the basis for the reimbursement amount. There also does not appear to be a method of documenting and tracking the specifics related to each retiree payment. There is no recordkeeping that summarizes information such as the retiree, spouse (if applicable), the amount of each type of coverage to be reimbursed, the applicable timeframe, and whether supporting documentation has been received from the retiree.
2. We could not substantiate the accuracy of the reimbursements made to nine individuals in our sample because the District could not locate the supporting documentation used to process those payments.

Auditor's Recommendation:

1. We suggest the District work to improve its recordkeeping in this area by implementing the use of a summary spreadsheet to track the relevant information for each retiree's reimbursement. The recordkeeping should provide a transparent record of how the reimbursement amounts were determined for each retiree by including the specific information referenced above. Once created, the spreadsheet could be updated for each cycle of reimbursements issued, which generally occurs every six months.

2. We encourage the District to improve its recordkeeping in maintaining the supporting documentation provided by retirees for the related reimbursements. As indicated above, the summary spreadsheet could indicate whether a retiree has submitted the appropriate documentation each year. Efforts should be made to improve the retention of this information so that it is readily available for subsequent review.

District's Corrective Action:

1. Currently the Human Resources Department maintains a spreadsheet that contains the employee's name, family or individual health insurance, family or individual reimbursement, effective date, spouse eligibility, retiree amount, # months, spouse amount, # of months, adjustments, reimbursable amount. Going forward they will include additional columns for the date of last documentation received and corresponding amounts. The Human Resources Department will submit the full spreadsheet with all information to the Business Office for retention with the disbursements.
2. The Human Resources Department, with the help of the Technology Department is developing a scanned retention file with searchability for storing supporting documentation.

Implementation Date:

1. June 2022 through June 30, 2023
2. June 2022 through June 30, 2023

Person Responsible for Implementation:

Assistant Superintendent for Business
Human Resources Director
Assistant Business Manager