



*A Report Issued by the*

**Office of the City Auditor  
City of Corpus Christi**

George Holland, CIA, CISA, CCA  
City Auditor



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AU22 – 004

**Human Resource Department  
Employee Beneficiary Verification**

01.12.26

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**City of Corpus Christi, City Council Audit Committee**

Roland Barrera, Audit Chair

Sylvia Campos

Kaylynn Paxson

Mark Scott

# Executive Summary

**Audit Objective:** The objective of the audit is to determine if ineligible recipients receive City Health insurance benefits.

**Summary:** We found one instance of a former employee receiving services from the City's Wellness Clinic after termination. We also identified \$31,571 in overpaid administrative fees to the third-party administrator for City employees (BlueCross BlueShield). This overpayment was caused by the City's failure to update terminated employees' records in a timely manner. However, we did not conclude that ineligible recipients were receiving benefits; required documentation to validate dependent eligibility was missing in 60% of the cases sampled. Our report includes recommendations to improve administrative controls and reduce the risk of loss to the City.

## Recommendations:

1. Develop an automated system to ensure an accurate record of active employees.
2. Develop a policy to require Form 12As to be submitted to HR- Benefits Division and to the Payroll Division within one working day of being terminated.
3. Develop an automated workflow to process changes for all employees' salaries and benefits.
4. HR should ensure there is documentation to support eligibility for all dependents.
5. HR should work with IT to develop self-service automated workflow processing to accommodate employee Qualifying Life Events (QLE).
6. HR should comprehensively review policies and procedures associated with healthcare benefits at least every one to three years, update as appropriate, and publish on Employee Connect.

# Contents

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<b>Executive Summary</b> .....	<b>2</b>
<b>Contents</b> .....	<b>3</b>
<b>Audit Objective, Scope, and Methodology</b> .....	<b>4</b>
<b>Background</b> .....	<b>6</b>
<b>Findings and Recommendations</b> .....	<b>9</b>
<b>Appendix A: Systems used by Human Resources – Benefits Division</b> .....	<b>16</b>
<b>Appendix B: Management’s Response</b> .....	<b>17</b>

The Office of Corpus Christi City Auditor was created in response to the public’s affirmative vote in November 2010 to establish a new City Department independent of the City Manager designed to enhance accountability and oversight. By ordinance, the City Auditor reports to the City Council, with guidance and oversight provided by the City Council’s Audit Committee consisting of 4 Council Members.

“The City auditor shall systematically and continuously examine the works of all city operations to identify opportunities to reduce costs, increase efficiency, quality, and effectiveness, or otherwise improve management of city programs and services.

– Chapter 12 ½ - 6 of the City Code

# Audit Objective, Scope, and Methodology

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## Objective

The objective of the audit is to determine if ineligible recipients receive City Health insurance benefits.

## Scope

The audit scope covered the period from January 1, 2023, through December 31, 2023.

**Out of Scope:** Dental Insurance, Vision Insurance, Life Insurance, Disability Insurance

## Methodology

We conducted this performance audit in accordance with the Generally Accepted Government Auditing Standards (Yellow Book) as promulgated by the GAO. Additionally, conducted in accordance with the Global Internal Audit Standards (Red Book) as promulgated by the Institute of Internal Auditors. These standards require that we plan and perform the audit to obtain sufficient, and appropriate evidence to provide reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provided reasonable basis for our findings and conclusions based on our audit objectives. **(GAS 9.03)**

To achieve our audit objective, we employed a multi-faceted approach, including:

- Reviewed contributions and aggregate claims costs from the HUB Health Plan Financial Summary Report provided by HR.
- Interviewed and observed the HR- Benefits Analyst manually enter the healthcare benefit elections from hard copies into Infor for the eight randomly selected new employee enrollments.
- Interviewed the Concentra Clinic Staff on the 1<sup>st</sup> floor at City Hall to understand the process for using the Wellness Clinic Eligibility Record Voucher.
- Reviewed the report of terminated employees for active status and compared 35 randomly selected terminated employees and 10 judgmentally selected terminated employees with the Wellness Clinic Eligibility Record Voucher on file with Concentra.
- Reviewed employee termination and Form 12A.
- Reviewed 30 randomly selected employee healthcare enrollment forms provided by HR.
- Reviewed legal documents such as social security cards, birth certificates, hospital records, guardianship documentation, marriage licenses, divorce decrees, etc., to verify the required supporting documentation was received for dependent eligibility.
- Reviewed third-party healthcare insurance policies and procedures to obtain an understanding of the processes and control activities.
- Reviewed the process to terminate employees, Qualifying Life Events (QLE), and employee benefits opt-outs with the Benefits Analyst.

- Compared sample group enrollment forms to city-approved third-party software to validate social security numbers and names.
- Reconciled the Bay Bridge <sup>1</sup>enrollment list for 20 judgmentally selected retirees to determine eligibility.
- Reviewed Healthcare policies and procedures from the Human Resources Department for Employee Benefits.
- Reviewed the Payroll process for healthcare premium refunds and arrears regarding Qualifying Life Events.
- Compared healthcare benefit enrollment forms with the BCBS Billing Census report.
- Conducted meetings with the Legal Department to clarify contract clauses to determine if the employees and their dependents were eligible to receive healthcare benefits.

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<sup>1</sup> Bay Bridge is a third-party administrative service provider for employee benefits, specializing in supplemental insurance and retirement plans.

# Background

The Infor<sup>2</sup> System upgrade in December 2022 caused some prior-year documentation to be unavailable. Therefore, the audit scope period could not include earlier years. This audit scope period begins January 1, 2023 and ends December 31, 2023. The financial summary report provided by the Human Resources Department in the table below captures the total costs of employee and City contributions for the audit period.

<b>Financial Summary of Contributions and Claims Benefits</b> (From January 1, 2023, through December 31, 2023)	
Employee Contribution	\$6,468,964
City's Contribution	\$31,639,430
<b>Total Contribution</b>	<b>\$38,108,394</b>
<b>Claims Paid</b>	<b>\$31,493,121</b>

Our audit scope did not include analyzing fund balances, contribution rates, or other financial aspects. The information above is provided to add context. This audit focuses on employee and dependent eligibility for the healthcare benefits.

During the audit scope beginning in January 2023 there were 2,562 employees and 4,115 dependents enrolled for healthcare benefits in BlueCross BlueShield (BCBS) healthcare program. BCBS is the third-party administrator used for the administrative infrastructure and expertise to process and adjudicate health claims, enrollment and eligibility management, and customer service for plan members.

**Eligibility.** Full-time, permanent employees become eligible to enroll for healthcare benefits on their first day of employment. Full-time is defined as “Employees in a regularly budgeted position routinely assigned to work 40 hours per week.” All new hires must attend an orientation where a Benefits Analyst will review and explain the available healthcare election options. To enroll a spouse and dependents, employees are required to provide the specific documentation detailed in the HR Benefits Guide. All full-time City employees are eligible for employee benefits. Employees can also enroll eligible dependents on their health insurance plans. An eligible dependent includes a spouse, children up to 26 years old.

**Administration.** The Human Resources (HR) Department is responsible for the overall administration of the City employees' healthcare plans. The Benefits Division handles the day-to-day processing, review, and approval of all employee health benefits enrollment and changes. This team consists of a Benefits Manager, two Senior Benefits Analysts, two Benefits Analysts, and one Wellness Coordinator. The Benefits Division has recently experienced high turnover, which may impact its capacity to perform benefits-related tasks.

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<sup>2</sup> Cloud-based Human capital management software designed primarily for large, complex and global enterprises.

**The City operates its healthcare plans on a self-funded basis.** The City acts as its own insurer and is responsible for processing and paying all medical care claims. This allows the City to provide health insurance directly to employees while paying providers, such as doctors and hospitals, directly for medical claims. Self-funded employers are liable for paying all medical claims under the plan’s benefits, so the employer must be able to pay for all claims from employees and dependents participating in the plan. To lower risk, self-funded plans include “stop-loss insurance.” This limits the amount the employer would have to pay for substantial claims. The City of Corpus Christi’s stop-loss pays up to \$300,000 per employee or dependent participating in the plan per fiscal year.

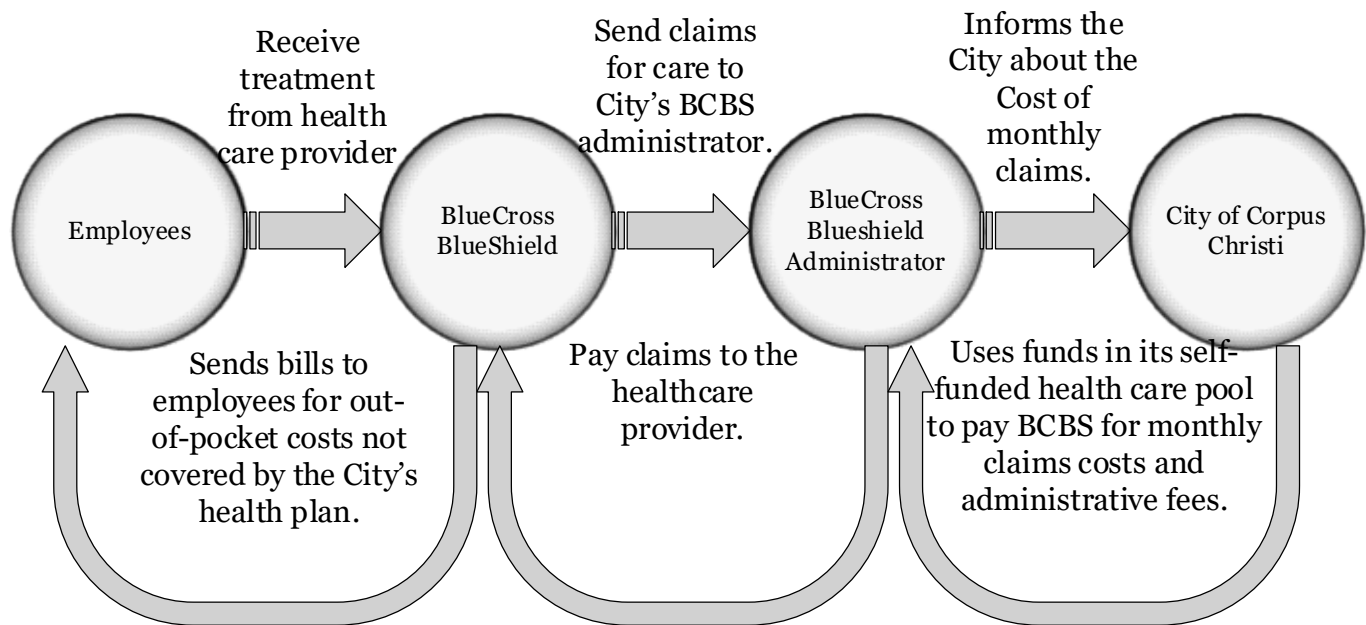
The City budget for these benefits changes yearly, depending on a calculation that includes the prior year’s employee headcount, claims paid, and employee contributions. To determine the new premium rate, the total claims paid are divided by the headcount. This latest rate is then compared against the current employee contribution premiums. Both the employee and the City share responsibility for contributing to the total healthcare premium cost, which may be adjusted each year with a new plan. The City’s overall monthly cost of the self-funded plan includes only administrative fees, fees for stop-loss insurance, and payments for employee claims during the period to BCBS.

***Illustration of Mechanics of Claims with Self-funding***

Process flowchart adapted from an audit of Self-funded Health Plan

A “claim” is a request for payment of a plan benefit. It can come from the City employee who is insured under the plan, their doctor, or another healthcare provider where the employee sought care.

City’s self-funded health plan through BlueCross BlueShield



The administrator processes the bill as a “claim” by creating an invoice and sending the invoice to the City. The City pays its portion of the invoice from the allocated funds and authorizes BCBS, as its administrator, to

pay the healthcare provider on the City's behalf. The City then receives a bill for its out-of-pocket portion, covering any remaining costs not covered by the City's health plan.

### **Eligibility of Employees' Dependents**

City employees can add dependents during open enrollment, as a newly hired employee, or after "qualified life events" during the fiscal year. A qualified life event includes birth or adoption of a child, marriage, divorce, death of a dependent, or a change in your spouse's work status that affects your benefits or a dependent's loss of eligibility.

# Findings and Recommendations

**FINDING 1:**

**Terminated Employees were improperly listed as eligible and received Healthcare Benefits**

During the calendar year 2023 audit period, 140 terminated employees were improperly listed as eligible for healthcare benefits. These employees remained on the BCBS subscriber list and were included in monthly health plan administration. As shown below, some of these employees remained on the subscriber list for more than 12 months after their termination date. In addition to keeping ineligible employees on the subscriber list, the City’s failure to remove terminated employees led to an unverified overpayment of BCBS administrative fees totaling \$31,571. A breakdown of the length of time terminated employees remained on the subscriber list is shown below:

Number of Months	Number of Employees	Unverified Overpayments
2 months	140	\$13,558
6 months	30	\$8,716
>12 months	16	\$ 9,297
	<b>Total</b>	<b>\$31,571</b>

In addition to overpaying administrative fees, the City also faces the risk of paying claims to ineligible employees. We were not provided with information to determine if this occurred. Because of this scope limitation, we could not fully determine if ineligible claims were actually paid.

The root causes of these problems are an ineffective manual process to remove terminated employees from Blue Cross Blue Shield (BCBS) active employees and an ineffective monthly reconciliation comparing the active employee roster against the BCBS subscriber list.

Additionally, there was a lack of a formal, documented policy or systemic control to ensure that the automated or manual removal of terminated employees from the health plan records occurs promptly. Beyond the direct financial loss from administrative fees, this oversight also increases the risk that ineligible claims will be paid by the health plan for these individuals, potentially negatively affecting the City's future premiums or self-funded health costs.

**Recommendation #1: Develop an automated system to ensure an accurate record of employees.**

- Plan and perform an accurate, automated monthly reconciliation process of terminated employees with an active employees list and compare it to the subscriber list from BCBS, considering the trail of approval process and segregation of duties.
- Develop a formalized standard operating procedure (SOP) to implement systematic controls over the benefit processing.

## **FINDING 2:**

### **There are significant delays in processing Employee Change Forms (F12A) for terminated employees**

Form 12A is the form to document employee termination. Upon termination, the Department is required to promptly email HR.” Terminated employees are eligible for benefits until the end of the month. However, the Benefits Division stated there have been instances where departments did not submit the form for up to 30 days after an employee was terminated. As a result, the Benefits Division does not know the employee’s terminated status, and the employee, including dependents, remains active in the system and appears to be eligible for healthcare.

We met with the Payroll Supervisor to address the late processing of F12A forms and were advised that the Department initiates the F12A for submission to Human Resources. An employee will continue to receive pay and benefits until Human Resources processes the F12A submitted by the Department. Human Resources will then submit the F12A to the Finance Department – Payroll Division for final processing of pay.

When a former employee continues to receive pay in error, Payroll will contact the individual and request payment to the City. In an effort to recoup payment from the individual, Payroll can initiate a payment plan to recoup the overpayment. The Assistant Director of Finance and/or the Director of Finance & Procurement review and approve all payment plans. The Finance Department can also draft the individual account to recoup the overpayment. We confirmed with the City’s Accounts Receivable (AR) Division that they are currently processing and accepting customer payments. While AR provided a report detailing payments received in 2023, the data was insufficient for financial analysis as it omits critical fields, specifically the funding source, account number, and aging status. It should be noted that AR is not tasked with collections, and outstanding debt is not referred to a third-party collection agency. Per current policy, all balances exceeding 120 days delinquent are automatically written off as a bad debt expense during the year-end closing process.

As of October 2025, the process was updated. Accounts Receivable processes all invoices for Retiree Billing and an auto draft on the retiree bank account is processed on a monthly basis. Employees on No Work Status without leave accruals are invoiced by Human Resources and the employee makes payment to Central Cashiering. Human Resources updates the employee’s account in Infor. If the employee does not make payments to Central Cashiering, Payroll will recoup the benefits that are in arrears through the Payroll process.

**Recommendation #2:** Develop a policy to require Form 12As to be submitted to HR- Benefits Division and to the Payroll Division within one working day of being terminated.

- Create a formal policy that supervisors must submit Form 12A before or immediately after the employee is terminated, and publish the policy on the Employee Connect website.
- Implementation of an automated Offboarding Business Process (BP) for managing employee terminations through the HR/Payroll/WFM Assessment that was initiated by Finance, IT and Human Resources in January 2026
  - This system should be configured to:
  - Create a standardized workflow for all offboarding procedures.
  - Automatically generate and assign all required tasks to the responsible stakeholders.
  - Ensure timely action on critical items, including asset recovery, access revocation, final pay approval, and benefits termination.

**FINDING 3:**

**60% of the dependents' files sampled lacked the required documentation**

To ensure data integrity and participant eligibility, employees are required to submit necessary documentation (e.g., birth certificate, marriage license, and Social Security documentation) to the Benefits Analyst to verify dependent status for benefits enrollment. The Benefits Analyst is responsible for confirming this documentation and ensuring all required fields on the enrollment forms are complete prior to data entry into the system.

During the audit scope period, a review of a random sample of employee (30 sampled employees, 35 total dependents) files revealed lapses in established procedures, specifically: missing dependent verification documents and incomplete benefit enrollment forms, which lacked critical data, including Social Security documentation, Date of Event, employee names, and ID numbers. This indicates the process did not consistently enforce or verify the submission of all required dependent documentation or the completion of all mandatory fields before processing benefit elections.

The City's Benefit Guide requires that all employees seeking to enroll a dependent must provide supporting documentation. In all cases, a Social Security card must be in the file for each dependent. Depending upon circumstances, other documentation to support dependents may include:

- A copy of the marriage certificate or an affidavit of common law marriage
- Adoption Certificate
- Court Order Guardianship Document
- Qualified Medical Child Support Order
- Affidavit Dependent Tax Qualifications

<b>Summary of Employee and Dependents' Missing Documentation</b>	
<b>(39/65) or 60%</b>	Missing documentation.
<b>(6/22) or 28%</b>	Did not have a marriage license on file.
<b>(38/65) or 58%</b>	Did not have a Social Security card on file.
<b>(35/65) or 54%</b>	Did not have a Birth Certificate on file.
<b>(2/30) or 7%</b>	Did not have an I9 in Laserfiche (Employee Only).

To determine whether missing documentation continued to exist with newly hired employees, we performed another sample. All required documentation was in the files. Therefore, it is possible that the current HR process has been corrected to identify missing documentation for new employees.

It is very important to ensure documentation exists to support eligibility for all beneficiaries. Participants are at risk of being deemed ineligible and potentially dropped from the benefits plan due to unverified or incomplete dependent information in both the physical files and the benefits system.

**Recommendation #3:** Develop an automated workflow to process changes for all employees' salaries and benefits.

- HR should seek to enhance the dependent verification process by leveraging the full capabilities of the current Benefits administration system to automate and enforce the dependent verification process. The system's enrollment workflow should be configured to include the following mandatory controls:
  - **Require Document Uploads:** Adding an online enrollment process to make the uploading of verification documents a required step for an employee to submit their dependent elections successfully. The system should not allow submission without an attachment.
  - **Implement a Mandatory Review Step:** The system workflow must include a required approval step that automatically generates a task and routes all new dependent enrollments and their attached documents to the Benefits Analyst for verification.
  
- Benefits Division should review the files of all active employees and request that employees submit the missing documentation for dependents. It is important that HR complies with the benefits guide criteria to validate that all active recipients are eligible for benefits.

#### **FINDING 4:**

#### **The City's Wellness Clinic did not verify if employees were currently employed by the City.**

The City's Wellness Clinic Eligibility Record Voucher is a form provided to the employee by the Benefits Division in the event the employee and/or dependents under the age of 26, does not have City insurance to utilize the clinic's services at the employee and/or dependents. During the audit scope period, the form was valid for three months (90 days) beginning on the date an authorized Benefits representative signed it. It was not the policy at the time for The Wellness Clinic to verify if the employee was employed with the City.

The risk is that a former employee may continue to receive healthcare services that should not be available beyond the termed month to them or their dependents. Out of a random sample of 45 employees, we identified one instance in which an employee who was terminated and utilized the clinic beyond the month that they were termed.

Subsequently, and to help mitigate this risk, the Human Resources Department has updated the voucher's validity period, reducing it from 90 days to 30 days. Furthermore, the new control measure requires the Wellness Clinic to call HR to verify an employee's eligibility before providing services.

#### **Recommendations: HR should ensure there is documentation to support eligibility for wellness clinic visits**

- To ensure the sustainability of this improvement, we recommend that the Human Resources Department formally document these new procedures in the official Benefits and Wellness Clinic policies.
- The Human Resources department, in partnership with its technology stakeholders, should replace the current paper-based voucher system with a real-time, electronic eligibility verification solution. This solution should be designed to provide the Wellness Clinic with a secure and instantaneous method to confirm an individual's active employment and eligibility status.

**FINDING 5:****Sensitive personal information contained on Qualifying Life Events (QLE) forms is unnecessarily placed at risk of disclosure.**

The City's benefit policy requires employees to submit changes to their health care benefits, along with supporting documentation, within 30 days of a Qualifying Life Event (QLE). The Payroll Division is tasked with promptly processing these changes and ensuring that premium adjustments are accurately reflected in employee pay. However, the existing manual QLE process introduces a significant lag and increases the risk of disclosing sensitive personal information because the forms are routed through different departments (HR and Finance-Payroll). This manual process requires employees to notify the Benefits Division and submit physical forms, which the Payroll Division must then manually review and input into the payroll system.

Even with timely employee submissions, this manual process, combined with the 30-day submission grace period, typically delays premium adjustments by one to three pay periods. All QLE changes affect employee premium rates. Inherent lags frequently result in an employee owing the City for premium increases or receiving a refund for overpayment because new rates are not applied immediately. During CY 2023, refunds were made to employees of \$19,602.69, and payments due in arrears of \$45,665.25.

We also observed that personal information, such as the employee's reason for changing elections, was included on the Refund and Arrears Worksheet prepared by HR and then emailed to Payroll.

Reconciling these premium payments is a manual and time-intensive process for both the Benefits Division and the Payroll Division, creating additional administrative work for staff who must manually calculate and request refunds or arrears.

**Recommendations: HR develop self-service automated workflow processing to accommodate more efficient processing of employee Qualifying Life Events**

- A policy should be formally created and communicated to establish deadlines to process Refunds and Arrears requests, with a general description, and publish them on the Employee Connect website.
- HR should coordinate with the Payroll Division and other relevant stakeholders to automate the process and determine hard deadlines to process on the current or next payroll cycle to minimize the timing issues that result in refunds or arrears billing.
- HR should implement a "data minimization" policy, ensuring that only the absolute minimum information necessary for a transaction is shared. All sensitive personal details should be replaced with general reason codes.

**FINDING 6:**

**There is a lack of formally documented policies and procedures pertaining to healthcare benefits.**

We were advised that the Benefits Analyst has developed their own instructions for specific benefits-related tasks. Without an official, documented standard to follow, transactional errors and inconsistent outcomes are more likely. Relying on informal, undocumented processes creates significant and unnecessary risks for the organization.

**Recommendation: HR should comprehensively review policies and procedures associated with healthcare benefits annually, update as appropriate, and publish on Employee Connect.**

- Review each benefits-related task and formally develop policies and procedures to complete each task and make them available within the HR department and/or publish them on the Employee Connect website. Formalizing policies and procedures will establish standards for task completion, provide training, enhance departmental efficiency, and ensure compliance.

**Staff Acknowledgment:**

Amr Hussein, CIA, CFE, CISA, Audit Manager

Joseph Lopez, MSFE, Auditor

Tiffany Cheshier, Audit Associate – Licensed General Lines Agent (Life, Accident, Health, and HMO)

## Appendix A: Systems used by Human Resources – Benefits Division

System/ Report	Primary Function	Explanation
<b>Blue Access for Members (BAM)</b>	<b>BCBS Member Portal</b>	A secure online portal provided by Blue Cross Blue Shield that allows plan members to manage their health benefits. Members can view claims history, print ID cards, find in-network doctors, and check coverage details.
<b>Infor GHR</b>	<b>Global Human Resources (GHR) Software</b>	A cloud-based Human Capital Management (HCM) suite, designed for large enterprises. It centralizes all employee data, core HR processes, payroll, benefits administration, and talent management on a single platform.
<b>HUB Financial Summary Report/ Broker</b>	<b>Health Plan Financial Analysis</b>	A specialized report, generated by HUB, for a self-funded employer (or a third-party broker/consultant, like 'BCBS'). It provides a comprehensive analysis of the health plan's financial performance, including total paid claims, reserves, and administrative fees. Insurance Broker offers a range of services, including health and employee benefits and services.
<b>Bay Bridge Administrator's Report</b>	<b>Third-Party Administrator (TPA) Report Document</b>	A report generated by Bay Bridge Administrators, which is a TPA for employee benefits. The report details the plan's financial status, claim reimbursements, enrollment changes, and compliance metrics.
<b>Laserfiche Record Keeping Software</b>	<b>Enterprise Content Management (ECM)</b>	A software platform used for secure electronic document management and business process automation. It helps organizations digitize paper records, manage digital files, and ensure regulatory compliance.
<b>Wellness Clinic (Concentra)</b>	<b>Third-Party Administrator (TPA)- Clinic</b>	The clinic offers quality care for all eligible employees and their eligible dependents.

# Appendix B: Management's Response

February 10, 2026

George H. Holland, City Auditor  
Corpus Christi, TX

RE: AU22-004 Human Resources – Employee Beneficiary Verification

We have thoroughly reviewed the audit report referenced above.

We are fully committed to leveraging these recommendations to achieve operational excellence. Management is already enhancing our processes, with several key initiatives successfully implemented. Our concurrence with the recommendations is further detailed in the following pages.

Sincerely,



Rebecca Castillo  
Director of Human Resources



Date



Michael Rodriguez  
Deputy City Manager



Date



Peter Zanoni  
City Manager



Date

## Summary of Management Responses

### **Finding 1: Terminated Employees were improperly listed as eligible and received Healthcare Benefits**

#### **Recommendation #1: Develop an automated system to ensure an accurate record of employees.**

1. Plan and perform an accurate, automated monthly reconciliation process of terminated employees with an active employees list and compare it to the subscriber list from BCBS, considering the trail of approval processes and segregated duties
2. Develop a formalized standard operating procedure (SOP) to implement systematic controls over the benefit processing.

**Management Response (Agree, Partially Agree, Disagree):** Agree with the recommendations

**Completion Date:** 08/2024

Regarding the \$31,571 in overpayments identified in Finding 1, it is important to clarify that these funds were not lost. Instead, funds were recovered through offsets in subsequent billing cycles once termination dates were corrected in the system (currently verifying amounts through BCBS). These discrepancies stemmed from the learning curve associated with the 2023 transition to Infor for online Open Enrollment. Since then, the Benefits Division has implemented staff training, resulting in a significant decrease in errors during the 2024 and 2025 Open Enrollments. There were no documented findings that reflected ineligible beneficiaries utilized the healthcare benefits or incurred any claims on the plan beyond termination date.

An automated process exists within the Infor system. Once an employee is terminated in the system, a workflow is in place to automatically terminate benefits effective on the last day of the month the employee was terminated. A manual process must be used during September due to Open Enrollment.

1. The Benefits Division has implemented periodic spot checks to ensure employee terminations flow through to BCBS correctly and to ensure terminated employees are removed from BCBS in a timely manner.
2. The Standard Operating Procedure currently in place utilizes the automated system to end benefits when an employee is terminated from the City. An SOP was created to handle the process more effectively during Open Enrollment.

#### **Responsible Party:**

HR Benefits Division

**Finding 2: There are significant delays in processing Employee Change Forms (F12A) for terminated employees**

**Recommendation #2: Develop a policy to require Form 12As to be submitted to HR-Benefits Division and to the Payroll Division within one working day of being terminated.**

1. Create a formal policy that supervisors must submit Form 12As before or immediately after the employee is terminated and publish the policy on the Employee Connect website.
2. Implementation of an automated Offboarding Business Process (BP) for managing employee terminations through the HR/Payroll/WFM Assessment that was initiated by Finance, IT and Human Resources in January 2026. This system should be configured to:
  - a. Create a standardized workflow for all offboarding procedures.
  - b. Automatically generate and assign all required tasks to the responsible stakeholders.
  - c. Ensure timely action on critical items, including asset recovery, access revocation, final pay approval, and benefits termination.

**Management Response (Agree, Partially Agree, Disagree):** Partially Agree with the recommendations

**Completion Date:** 10/1/2022

1. The current practice is for Department Directors to submit Form12s by Wednesday the week before payroll runs. It has recently been noted as a reminder in the Manager Space of Infor that all Form 12s are due to HR by Wednesday the week before payroll. However, since most Form12s are submitted in a timely manner, this policy has a limited impact on beneficiary eligibility and verification. There were no findings noted that reflected ineligible beneficiaries were receiving benefits due a delayed Form12.
2. An automated offboarding process was in place prior to the audit being conducted to manage employee terminations, and a standardized workflow already exists in Infor.
  - a. When a Form 12 is processed, benefits will automatically be terminated as designated by the rules in Infor.
  - b. Additional research and analysis are possible in conjunction with Payroll and IT to determine shortfalls within Infor and how to make improvements. Benefits termination is already set up as an automatic workflow. Recovering assets, revoking access and ensuring final pay is correct would be the responsibility of the terminated employee's department and payroll.

**Responsible Party:**

HR Benefits Division, Payroll, terminated employees' department

**Finding 3: 60% of the dependents' files sampled lacked the required documentation**

**Recommendation #3: Develop an automated workflow to process changes for all employees' salaries and benefits.**

1. HR should seek to enhance the dependent verification process by leveraging the full capabilities of the current Benefits administration system to automate and enforce the dependent verification process. The system's enrollment workflow should be configured to include the following mandatory controls:
  - a. **Require Document Uploads:** Adding online enrollment process to make the uploading of verification documents a required step for an employee to successfully submit their dependent elections. The system should not allow submission without an attachment.
  - b. **Implement a Mandatory Review Step:** The system workflow must include a required approval step that automatically generates a task and routes all new dependent enrollments and their attached documents to the Benefits Analyst for verification.
2. Benefits should review the files of all active employees and request that employees submit the missing documentation for dependents by a set date. This will ensure that HR and employees comply with the Benefits Guide criteria which validates all active recipients are eligible for benefits.

**Management Response (Agree, Partially Agree, Disagree) :** Partially Agree with the recommendations

**Completion Date:** 10/1/25 for employee's ability to upload documents into Infor; 3/6/26 for ineligible dependents to be verified and/or removed from plan

In reference to the overall recommendation, automating a workflow to process salary changes for employees would not improve beneficiary verification. In reference to the data in Finding 3, it is noted that two are missing I-9s. Dependents do not require I-9s.

As for automation of benefits:

1. Currently, the benefits division reviews and uploads all documents to Laserfiche on the new employee's date of hire or when the employee has a Qualifying Life Event (QLE). Employees do not currently make their selections through Infor, except during Open Enrollment, and it is required to submit documentation for any new dependents to be added. This was tested for OE FY2026, and it worked smoothly.
  - a. The benefits division is currently testing the ability for employees to complete new hire enrollment and QLEs through Infor. The system will require dependent documents to be uploaded at the time of elections before the employee can submit for approval.
  - b. The system will require a benefits team member to review the employee's elections and dependent documents and require approval before the employee is enrolled in the selected benefits. This process was tested successfully during Open Enrollment FY2026.
2. The benefits division will begin reviewing a sample list of employees for acceptable dependent documentation on a quarterly basis to ensure we have correct documentation for all covered dependents. We have already notified employees that were identified by CAO as missing dependent documentation and instructed them to submit acceptable documentation or risk their dependents being removed from insurance coverage.

**Responsible Party:**

HR Benefits Division

**Finding 4: The City’s Wellness Clinic did not verify if employees were currently employed by the City.**

**Recommendations: HR should ensure there is documentation to support eligibility for wellness clinic visits.**

1. To ensure the sustainability of this improvement, we recommend that the Human Resources Department formally document these new procedures in the official Benefits and Wellness Clinic policies.
2. The Human Resources department, in partnership with its technology stakeholders, should replace the current paper-based voucher system with a real-time, electronic eligibility verification solution.

**Management Response (Agree, Partially Agree, Disagree):** Agree with the recommendations

**Completion Date:** 2/1/24

1. Following notification from the City Auditor’s Office, the paper voucher process was updated to limit vouchers for the Wellness Clinic to 30 days and to require the clinic to call the HR Benefits Division to verify that the employee and/or dependent is eligible to receive care.
2. The verification process updated in February 2024 has been effective. A real-time electronic solution is not a current priority, given that potential cost and time outweigh the benefit.

**Responsible Party:**

HR Benefits Division

**Finding 5: Sensitive personal information contained on Qualifying Life Events (QLE) forms is unnecessarily placed at risk of disclosure.**

**Recommendations: HR develop self-service automated workflow processing to accommodate more efficient processing of employee Qualifying Life Events.**

1. A policy should be formally created and communicated to establish deadlines to process Refunds and Arrears requests with a general description and publish them on the Employee Connect website.
2. HR should coordinate with the Payroll Division and other relevant stakeholders to automate the process and determine hard deadlines to process on the current or next payroll cycle to minimize the timing issues that result in refunds or arrears billing.
3. HR should implement a "data minimization" policy, ensuring that only the absolute minimum information necessary for a transaction is shared. All sensitive personal details should be replaced with general reason codes.

**Management Response (Agree, Partially Agree, Disagree):** Partially Agree with the recommendations

**Completion Date:** February 2024 – removed sensitive information from refunds and arrears worksheets

1. Current practice is to submit all refunds and arrears requests to the payroll division by 5 pm on Thursday, a week before payroll closes, at the request of the payroll division.
2. Infor is not currently configured to automate processing refunds and arrears due to changes in benefit elections. Per IRS and HIPAA regulations, employees have 30 days from the date of the QLE to notify their current employer of the change and provide supporting documentation for the requested change, and the City is currently in compliance with these rules. Reviewing Infor's capabilities to determine whether the QLE process can be automated can be considered at a later date. The benefits division will continue to create the refunds and arrears worksheets after approving any QLEs and sending them to payroll by the requested deadline.
3. The refunds and arrears worksheets have been updated to limit the transfer of sensitive personal information across divisions and departments.

**Responsible Party:**

HR Benefits Division

**Finding 6: There is a lack of formally documented policies and procedures pertaining to healthcare benefits.**

**Recommendation: HR should comprehensively review policies and procedures associated with healthcare benefits annually, update as appropriate, and publish on Employee Connect.**

1. Review each benefits-related task and formally develop policies and procedures to complete each task and make them available within the HR department and/or publish them on the Employee Connect website. Formalizing policies and procedures will help establish standards for completing tasks, provide training, enhance departmental efficiencies, and ensure compliance.

**Management Response (Agree, Partially Agree, Disagree):** Agree with the recommendations

**Completion Date:** SOPs updated and completed 7/1/24; ongoing as processes update and change

1. Standard Operating Procedures have been created for most processes and continue to be created due to system and/or process changes. The benefits division was able to use the updated SOPs to train new employees when they were hired in November 2024, January 2025 and December 2025. SOPs are saved in a designated folder within HR/Benefits SharePoint site so all HR employees may access.

**Responsible Party:**

HR Benefits Division