



R. B. "Chips" Shore

CLERK OF THE CIRCUIT COURT AND COMPTROLLER OF MANATEE COUNTY

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MEMORANDUM

TO: Kim Stroud, Employee Health Benefits Manager

FROM: R. B. "Chips" Shore, Clerk of Circuit Court and Comptroller

DATE: May 13, 2015

RE: Employee Health Benefits Division Non-payroll Deductions Follow-up Audit #4

The Internal Audit Department has completed a fourth follow-up audit of the Employee Health Benefits Division Non-Payroll Deduction Payments, based on the Clerk of the Circuit Court's Follow-up Audit Memoranda issued July 31, 2012, February 25, 2010, and December 10, 2008, and the original Audit Report issued November 4, 2004. This follow-up audit consisted of reviewing and testing the management action plans included in the previous follow-up audit memorandum to ensure that corrective actions have been implemented by the Employee Health Benefits Division. The scope of the follow-up audit included the twelve-month period ending July 31, 2013, the three-month period ending September 15, 2014, and the two-month period ending January 31, 2015.

We are pleased with the corrective actions taken by management to successfully address the issues identified in the prior follow-up audit. The Employee Health Benefits Division (EHB) is depositing premium payments timely, has improved its documentation of notifications to COBRA participants, and has developed more comprehensive procedures for its operations, resulting in overall improvements to the collection process. During the April 15, 2015 exit meeting, your management staff, together with the Internal Department, discussed one area where further attention is needed and agreed on a corrective action plan as follows:

COLLECTION OF OUTSTANDING DEBT

Additional guidance is needed regarding the collection of outstanding balances owed from individuals that are no longer employed by the County. Employees who are not receiving payroll wages ("no pay" status) are responsible for remitting their insurance premiums to EHB for any additional coverage they carry. If the premiums are not paid, EHB is responsible for tracking and collecting the outstanding payments. In some instances, "no pay" individuals are terminated from employment with the County without satisfying the unpaid debt. Since the prior follow-up audit, EHB has obtained a legal opinion from the County Attorney's Office which allows for the collection of outstanding debts from current and recently terminated County employees by withholding funds from any compensation/wages owed. The legal opinion does not address collections from former employees with outstanding unpaid debt. In addition, EHB's current policies and procedures provide that if a terminated employee has not paid an outstanding balance within 30 days of termination, the agency or department in which the former employee worked will be charged; however, this policy does not appear to have been approved by the County Attorney's Office, nor is it currently being followed.

Management Action Plan: Management will seek additional guidance from the County Attorney's Office regarding the collection of outstanding premiums due from former County employees. Any information or opinion received will be incorporated into EHB's policies and procedures. The anticipated completion date is October 15, 2015.

"Pride in Service with a Vision to the Future"

Clerk of the Circuit Court - Clerk of Board of County Commissioners - County Comptroller - Auditor and Recorder

We would like to thank you and your staff for the attention given to the audit findings and the cooperation given to the Internal Audit staff. An additional follow-up audit will not be necessary. Please provide our staff with the appropriate documentation upon completion of the management action plan.

RBS/LJS/MEG

cc: Board of County Commissioners
Ed Hunzeker, County Administrator
Dan Schlandt, Deputy County Administrator
Karen Windon, Deputy County Administrator
Mitchell Palmer, County Attorney
Rodney Barnes, Human Resources Director
Dan Wolfson, Finance Director, Clerk of the Circuit Court