

MANATEE COUNTY CLERK OF THE CIRCUIT COURT
INTERNAL AUDIT DEPARTMENT

FINANCIAL MANAGEMENT DEPARTMENT - EMPLOYEE HEALTH BENEFITS DIVISION
AUDIT OF MCNULTY BARBER CONSULTING INC. - CONTRACT PAYMENTS TO SUBCONTRACTORS
FEBURARY 28, 2009

A U D I T R E P O R T

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A U D I T R E P O R T

The Internal Audit Department conducted a limited scope audit of the Employee Health Benefits Division's contract with McNulty Barber Consulting Inc. relating to contract payments to subcontractors as of February 28, 2009. The audit was performed in accordance with *Generally Accepted Governmental Auditing Standards* issued by the Comptroller General of the United States; and the *Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors.

BACKGROUND:

The Employee Health Benefits (EHB) Division is an internal service fund under the Financial Management Department. The Division's primary purpose is to provide a comprehensive self-insured medical and dental program for employees of the Board of County Commissioners, as authorized by Florida law. Pursuant to prior action of the Board of County Commissioners, employees of the Supervisor of Elections, Sheriff's Office, Property Appraiser, Tax Collector, Clerk of the Circuit Court, and Manatee County Housing Authority are also covered by EHB's insurance program. For a significant number of years, the Board of County Commissioners has sought to have all primary functions of EHB performed by a "turn key" third-party administrator (TPA). The TPA concept allows for the contracting of a single entity which, under County oversight, either itself or through its subcontractors, provides all services and materials required to operate the County's health plan. The benefit to the County of the TPA system is that the County may maintain a minimal in house EHB staff, and avoid the need to negotiate, enter into, monitor and manage a host of subcontracts for the various components of the Plan. Instead, the County only has one contract with a TPA, which in turn either provides required services itself or contracts with other entities to do so. The County's most recent TPA contract (hereinafter "the Agreement") was entered into on March 23, 2004, with McNulty Barber Consulting, Inc., (MBC) to provide TPA services including benefits and health management consulting services, including the adjudication and processing of claims, third party administration services, administration of the Manatee Health Network, prescription benefits management, and supplemental related services. In order to fulfill most of its responsibilities, MBC contracted directly with subcontractors. The County was not a party to these agreements.

To obtain payment from the County, MBC submitted monthly invoices to Manatee County for consulting services as well as copies of subcontractor invoices and a copy of MBC checks used to pay the subcontractors. EHB would review and approve such invoices along with the supporting documentation and forward it to the Clerk's Finance Department for payment. Once approved by Finance, a wire transfer was issued to pay MBC. The contract required Manatee County to pay MBC within thirty days of receipt of the invoices. MBC was responsible for paying its subcontractors directly according to the terms of its subcontracts, and we found its practice was to release subcontractor checks upon receipt of payment by the County.

BACKGROUND: Continued

Audit interviews revealed that in the summer of 2008, EHB became aware of facts which caused it to become concerned regarding MBC's ability to perform its contractual duties. By the late summer of 2008, EHB began to be contacted by MBC subcontractors regarding MBC's failure to make payments on its subcontracts, even after the County would pay MBC. As a result of these matters, the Financial Management Department requested a limited scope audit to verify whether the subcontractors were being paid for services in which Manatee County paid MBC in the manner required of MBC. The audit was announced on January 23, 2009 to all parties, including MBC. On February 3, 2009, Karen McNulty Barber (MBC's principle officer) faxed certain allegations against EHB to the County Attorney's Office (See Exhibit C). Inasmuch as it was determined that certain of these allegations were of a sufficiently serious nature, and that they were related in time and topic to the initial limited scope audit, these were included as part of this audit.

PURPOSE/OBJECTIVES:

The main audit objectives included, but were not limited to, the following:

- o To determine the timeliness of payments between Manatee County, MBC, and the subcontractors
- o To determine the total monies owed by MBC to the subcontractors for which Manatee County has already paid to MBC
- o To determine whether the allegations made by MBC against Manatee County are valid

SCOPE:

The scope of the audit included reviewing the overall adequacy of the payment process for both Manatee County and MBC to ensure internal controls are functioning efficiently and effectively. This was accomplished by examining and testing all payments made by Manatee County to MBC, and the subsequent payments made by MBC to the subcontractors for the period January 1, 2008 through February 28, 2009. In addition, the payments were reviewed for compliance with the terms included in the Agreement. As noted earlier, the initial scope eventually expanded to include the auditable allegations made by MBC to the County Attorney's Office.

METHODOLOGY:

Internal control evaluations were accomplished by reviewing key operations of the payment process through discussions with EHB management and staff, MBC, the Finance Department staff, auditor observations, and analytical and substantive testing of the controls over payments. Risk analysis was used to establish priorities of audit objectives.

IRREGULARITIES, ABUSE, OR ILLEGAL ACTS:

While systemic fraud or illegality was not found as a result of the EHB Division limited scope audit performed as of February 28, 2009, certain inappropriate business practices were uncovered and are included herein.

TEST OF COMPLIANCE:

Internal Audit tested compliance with the payment requirements included in the Agreement. Tests performed were limited to the specific areas included in the Purpose/Objective section of this report and appeared to provide sufficient evidence to support an opinion on compliance and internal controls for the areas tested. Except as noted in our audit report, tested items were in compliance with the Agreement.

STATEMENT ON INTERNAL CONTROL STRUCTURE:

Management is responsible for establishing and maintaining an effective system of internal accounting controls. This system should be under continuous review by management to determine that it is functioning as prescribed and is modified as appropriate for changes in conditions. In planning and performing the limited scope audit of the EHB Division as of February 28, 2009, the internal control structure was considered in order to determine the auditing procedures for the purpose of this report. Internal control weaknesses involve matters relating to deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize and report on data consistent with management's intentions. Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be considered an internal control weakness. In addition, because of the inherent limitations in any internal control structure, deficiencies in the design or operation of the internal control structure may exist and not be detected. While not extraordinary, we did note certain internal control weaknesses, as more fully set forth in this report, while conducting this audit.

MANAGEMENT TEAM AND MANAGEMENT ACTION PLAN:

A Management Action Plan will be given for each Area for Improvement. Management Action Plans are corrective actions with implementation dates developed in cooperation with the EHB Division's Management Team and the Internal Audit Department. The Management Team included Jim Seuffert, Financial Management Department Director and Bob Goodman, EHB Division Manager. Under the County's contract with the TPA, these two officials are also given the added designations of "Plan Administrator" and "Plan Manager" each with duties and authority set forth in the agreement.

MANAGEMENT SUMMARY:

On March 23, 2004, the Board of County Commissioners entered into its most recent contract with MBC, wherein that entity would provide third party benefits and health management consulting services (See

MANAGEMENT SUMMARY: Continued

Exhibit A). This agreement allowed MBC to contract with various health care service providers for the County's health care plan. This model of contracting services allows for an independent expert in the health care field to select vendors to perform various healthcare functions free of County contracting requirements; a benefit to the County when they lack the expertise in a specialized market and/or need to adjust quickly to changing market forces or regulatory environments. Risk factors, however, increase with this type of relationship in that competition is reduced when bypassing the normal County procurement processes in the selection of vendors and relying on the consultant to pay and employ the subcontractors after payments for services are made to the consultant. While the County is not directly responsible for payments to the subcontractors, a decision by one or more of them to cease providing services to the TPA due to non-payment by the TPA could result in significant disruption of Plan services or operations.

While Manatee County has had a very long history with prior iterations of this business model and predecessor companies of MBC, including the now-non-existent Robey-Barber company, its current "turn key concept" arrangement with what is now called MBC was entered into on June 27, 2000. That agreement, as well as the follow-on 2004 agreement, has been amended many times since. During the ensuing nine years, Manatee County would pay MBC for invoices supported by the subcontractors' bills for services performed. In addition to paying for the costs of the subcontractors, the County's Plan also directly paid MBC a consulting fee for the Company's own services, which includes directly shopping for the best services and directly negotiating each subcontract so as to ensure the County would have the services required to run its Plan. For the 2008 year, Manatee County paid MBC an average of over \$100,000 a month for consulting services and services provided by the subcontracts. The latest agreement required Manatee County to pay MBC within thirty days of receipt of payment requests to the County. The Agreement did not require MBC's contracts with subcontractors to include specific performance measures for the timeliness of payments by MBC to the subcontractors following receipt of funds by MBC from Manatee County.

After reporting that they received complaints from MBC's sub-contractors regarding late and non-payment of invoices, EHB management perceived that the consultant posed a risk to Manatee County's employees' health care plan and unilaterally decided to delay payments to MBC until past payments to the sub-contractors were paid by MBC. This action does not appear to have been authorized under the prevailing contract. Several months later, when EHB did not believe that the situation had improved and in light of continuing complaints from MBC subcontractors, this audit was requested.

An audit was initiated of the payment processing dates from the submission of MBC invoices to Manatee County; the approval and payment of those invoices by Manatee County to MBC; and the payment timeliness of payments by MBC to the subcontractors from January 1, 2008 through February 28, 2009. In addition, the audit included allegations that Manatee County's EHB management was exceeding its authority under the Agreement by assuming tasks that were contractually delegated to MBC.

As to MBC's compliance with its own contractual duties, the audit found that MBC, despite regularly being paid by Manatee County, has not paid three subcontractors for services performed totaling \$115,816.17. Based in part on these non-payments of subcontractors, even before this Audit was concluded, the Manatee County Board of County Commissioners granted authorization for the direct payment of subcontractors to ensure continuity of service delivery, and the termination of the contract with MBC.

MANAGEMENT SUMMARY: Continued

The Management Team through the Management Action Plan will complete the requirements under the Resolution, and require MBC to pay their subcontractors any remaining amounts due or return the funds paid by the County. Failure to do so should result in civil legal action and/or a criminal referral to the appropriate law enforcement authorities for fraudulent misappropriation of public funds. **(See Area for Improvement #1, at pages 6-7.)**

The audit examined payment times not only from MBC to its subcontractors, but also from the County to MBC. The audit found that the Plan Manager did not always pay MBC in the time frame required under the TPA contract. We looked for a pattern of deterioration in payment times for MBC in paying the subcontractors and generally did not find a deterioration of payment durations. We did, however, find a deterioration of payment durations from the time MBC submitted invoices to the Plan Manager to the time they were submitted to the Clerk's Finance Department for payment. The Management Team through the Management Action Plan will not delay future contract payments and will comply with the Agreement payment terms. **(See Area for Improvement #28, at pages 8 and Payment Summary Analysis on Exhibit B.)**

The audit found that the Plan Manager has over the years increasingly failed to honor the TPA model outlined in the contract, and has assumed tasks delegated in the contract to MBC, including solely negotiating with subcontractors of MBC often without any real involvement by MBC; possessing and using MBC's corporate signature stamp, with MBC's approval, to consummate contracts with MBC subcontractors; and generally directing vendors, including MBC itself, in tasks that were the contractual responsibility of MBC. In addition, the audit revealed that the Plan Manager instructed MBC to submit a \$10,000 "bonus" for assistance in negotiating a \$700,000 reduction in termination fees for one of the subcontractors; however, no contract term provided for the granting of such a bonus. The audit confirms however that after questions were raised concerning MBC's performance, the bonus, though promised to MBC, was never paid. The Management Team, through the Management Action Plan, will re-evaluate the TPA model chosen to contract for health care services to determine whether other models such as directly bidding for vendors might be more appropriate than the TPA consultant model chosen in the Agreement between Manatee County and MBC. If that model is retained, Management will establish policies and procedures to ensure the Plan Manager does not continue to exceed the scope of his authority. **(See Area for Improvement #3, at pages 9-11.)**

We appreciate the fact that management has already begun taking actions to address many of the issues raised in this audit, and thank it for its efforts in timely addressing the remaining issues raised during the audit. We support management's effort in aggressively seeking solutions to these matters as well as broadly assessing whether the current TPA model and managerial oversight system is adequately serving the County and its Plan members. We believe through the implementation of the Management Action Plan included in this report, controls will be strengthened, improving accountability.

Employee Health Benefits Division
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AUDIT REPORT AUTHORIZATION:

This audit report has been reviewed and authorized by:

Richard J. Orienti, CIA, CFE
Director of Internal Audit

R. B. "Chips" Shore
Clerk of the Circuit Court and Comptroller

AREA FOR IMPROVEMENT #1

Subject: Payments not made to Subcontractors

MBC contracted directly with subcontractors to provide the necessary services under the Agreement signed on March 23, 2004 (See Exhibit A). As a result, MBC is directly responsible for negotiating, monitoring, and paying these subcontractors for services performed on behalf of Manatee County. According to MBC, invoices are obtained from subcontractors for services performed and MBC prepares and submits a MBC invoice to EHB together with subcontractors' supporting documentation. EHB approves and submits the package to the Finance Department for payment. Finance wire transfers the money to the MBC account and MBC then releases payment to the subcontractor.

Internal Audit verified that subcontractors were not paid for services rendered where the County made payments to MBC. The following subcontractors were not paid by MBC:

- o **Trizetto was not paid \$65,672.51** –MBC confirmed that 19 checks has neither been remitted nor paid to Trizetto. MBC is currently in litigation with Trizetto and has been advised by their legal counsel not to make payments at this time. Manatee County paid MBC for these services from January 31, 2008 to August 13, 2008.
- o **WLT was not paid \$35,528.22** - Two checks issued by MBC to WLT totaling \$71,056.45 did not clear the bank. MBC subsequently wired \$35,528.23 directly to WLT. MBC confirmed that this amount is owed to WLT. Manatee County paid MBC for this invoice on December 30, 2008.
- o **D2 Hawkeye was not paid \$14,615.44** - Manatee County paid MBC for this invoice on December 2, 2008. It was later learned that MCB's check used to pay D2 Hawkeye was returned by the bank on February 17, 2009 from a "stop payment" placed by MBC. MBC stated that the check was reissued on March 10, 2009. As of March 27, 2009, a representative from D2 Hawkeye stated that payment has not been received.

While Manatee County may not be directly liable to the subcontractors since payment for services had been paid to MBC per Section IX.B.3 of the Agreement, the County did not want a disruption in their health insurance program and were concerned that future cash outlays to MBC would continue to result in nonpayment to the subcontractors. As a result, on February 3, 2009, the Board of County Commissioners approved in open session the following actions:

1. The County Attorney to assist the County Administrator in drafting any notices needed to terminate the County's third party administration agreement with MBC,
2. the sending of such termination notice as it may legally be sent,
3. the direct payment of funds due to the various subcontractors of MBC for approved work performed for the County's health plan until a new TPA is approved, and
4. the negotiation of a new TPA agreement to be presented to the Commission for consideration.

AREA FOR IMPROVEMENT #1Continued

Management Action Plan:

- On March 23, 2009, MBC was given written notice of contract termination. In addition, management is now making direct payments to the subcontractors for services performed.
- Management is in the process of reevaluating the TPA agreement to determine whether it would be more beneficial to continue with the TPA model or use an alternative method such as contracting with private providers or contracting directly with subcontractors. See Detail Finding #3 for more information. Implementation is expected by June 24, 2009, and will be ongoing.
- Management will pursue MBC payments to subcontractors for services rendered or request MBC to return the money to Manatee County. Failure to do so should result in civil legal action and/or a criminal referral to the appropriate law enforcement authorities for fraudulent misappropriation of public funds.

AREA FOR IMPROVEMENT #2

Subject: Timeliness of Payments

According to the EHB Plan - Benefits and Health Management Consulting Services Agreement between MBC and Manatee County Section VI.A. (See Exhibit A), it states that the County shall pay the fees to MBC within 30 days of receipt of the bill from MBC. Testing of invoices and payments for the period January 1, 2008 to February 28, 2009 found that 30% (57 out of 188) of the invoices received by MBC were paid in excess of the 30 days requirement. Testing also revealed the following average processing times for the various processing functions:

- It took an average of 15 days for MBC to submit subcontractors' invoices to EHB.
- It took an average of 18 days for EHB to approve and process an invoice for payment
- It took an average of 11 days for Finance to wire transfer payment
- It took an average of 14 days for MBC checks to the subcontractor to clear the bank after the payment was received from the County.

While the Agreement does not specify when payments are required to be made by MBC to its subcontractors, management had the perception, confirmed by various complaints from MBC subcontractors to the County that MBC was not remitting and/or was holding checks to the subcontractors once payment had been made to it by the County supposedly covering the subcontractor services. In an effort to protect the County, the Plan Manager began holding back payments to MBC until past payments were received by the subcontractors. This effectively placed the Plan Manager in the role of mediator between MBC and subcontractors. A schedule of the processing of payments was compiled for each vendor (included in **Exhibit B**) to determine whether a pattern exists of MBC not paying subcontractors timely. Based on this review, it confirmed that EHB was delaying the processing of payments to MBC which resulted in MBC holding the payments to the subcontractors until payments were confirmed received by the subcontractors. Nothing in the text of the contract between the County and MBC authorizes this action and proper methods of addressing alleged breaches should have been pursued.

Management Action Plan:

- Management understands that they have a fiduciary duty to process payments timely, and to otherwise comply with the terms and conditions of any contract they administer. Management has agreed to follow the controls and enforcement provisions built into the contracts it administers and will no longer delay the approval of invoices without proper written notification to MBC documenting the reasons for the delay and without seeking the advice of the County Attorney's Office concerning the legality of such enforcement methods.
- If the consulting model is continued, Management will include language in their services agreements to specifically address the timeliness of payment by the consultant to its subcontractors, and will specify what remedies the County will retain where such payments are not made. Implementation is expected by June 24, 2009.

AREA FOR IMPROVEMENT #3

Subject: EHB Exceeding its Contractual Authority

According to the EHB Plan - Benefits and Health Management Consulting Services Agreement between MBC and Manatee County Section II.B.9:

MBC may subcontract with other legally, financially and technically qualified vendors with relations to the duties contractually agreed upon to be performed under this agreement. However, MBC shall remain fully responsible for the duties and obligations contained in this agreement. Where MBC elects to subcontract, it shall provide the Plan Manager with executed copies of all such contract.

In the list of allegations MBC sent to the County Attorney's Office after this audit was launched (See Exhibit C), MBC stated that EHB, and specifically the Plan Manager, was exceeding the County's contractual authority by performing MBC duties, making unilateral payment decisions, and taking unauthorized actions on behalf of MBC by use of its corporate stamp. Specifically, the allegations stated that the Plan Manager has been using the MBC corporate signature stamp on contracts without its knowledge or prior approval, and that the Company's signature stamp is still in the possession of EHB. Interviews with MBC, the Plan Manager, and other EHB staff confirmed these allegations. The Plan Manager stated, however, that these actions were taken because MBC was not performing its contractual responsibility to negotiate agreements, and the Manager asserted that a disruption to Plan operations may have occurred if he had not negotiated and executed these contracts on behalf of MBC. While MBC stated it was not its intention to relinquish any contractual responsibility to EHB, we confirmed that MBC voluntarily gave its corporate signature stamp to EHB when asked. An attempt was made by the EHB Manager to mail the signature stamp to MBC's corporate office, and it was subsequently returned by the post office to EHB.

Section III.A.2.c. of the agreement states:

"The Plan Manager shall receive a copy of all MBC Network Preferred Provider and Service Agreements and may participate with MBC in negotiations with providers or vendors as a non-party resource."

While this contract provision was intended to give EHB some ability to participate in MBC's negotiations with its subcontractors so as to be a resource and to ensure the Plan's needs would be met by the terms of such agreements, this provision was neither intended to authorize the Plan Manager to "solely" negotiate contracts without MBC's involvement or knowledge, nor to step into the corporate shoes of MBC by actually executing these agreements with MBC's corporate stamp. Our audit work included review of a significant email history between EHB and MBC and other subcontractors. These emails between MBC and EHB demonstrate that EHB was directly negotiating with subcontractors, both in terms of contract formation as well as contract termination and informing MBC what actions to take after the fact. While the Plan Manager indicated a need to take over more and more of MBC's contractual duties due to its "lack of performance" of those duties, such non-performance of contract negotiation duties were not adequately documented. EHB did not seek to use the remedies for non-performance built into the agreement and instead resorted to unilateral withholding of certain payments, due to MBC's failure to pay its subcontractors.

AREA FOR IMPROVEMENT #3Continued

During the audit, Internal Audit reviewed the allegation that Manatee owes MBC \$270,000+ in outstanding eligible invoices. A detail schedule was provided by MBC on February 13, 2009. Of the total outstanding invoices included in the schedule, Internal Audit found that approximately \$37,000 had not been paid. \$27,000 of this amount was waiting for additional supporting documentation. The remaining \$10,000 appeared to be a bonus to MBC. The agreement with MBC provides for certain authority of the Plan Manager and Plan Administrator, respectively, to authorize certain "work assignments" to MBC to perform certain unusual tasks outside the scope of normal contractual duties. However, these work assignments are limited to low dollar amounts (up to \$10,000 per task) without higher authority. In 2008, the Plan Manager contacted MBC's operating officer and instructed her verbally to submit an invoice for a \$10,000 bonus. The justification for this bonus confirmed by both parties was that MBC assisted the Plan Manager in negotiating the early termination of a subcontractor that included the reduction of an early termination penalty sought by the provider known as Trizetto. While the Plan Manager instructed MBC to submit an invoice for the bonus, the Plan Manager subsequently included it in the amounts he had decided not to pay MBC because of MBC's failure to pay its subcontractors. While we do not dismiss the Plan Manager's thankfulness for whatever assistance MBC might have provided in lowering the final early termination penalty charged by subcontractor Trizetto, the rewarding of this assistance monetarily is not consistent with the terms included in the Agreement. Each County official given authority over approval of significance expenditures must be relied upon to exercise sound business judgment, abide by all contract terms and limits on authority, and avoid even an appearance of favoritism or impropriety. We note that extreme ethical caution should be used by the Plan Manager in the future, to avoid the appearance of misuse of public office and/or public malfeasance. Such excess use of authority should never be permitted to occur again.

Turning to the actual capacity of MBC to perform, the first page of MBC's agreement with the County states, in relevant part, that:

MBC has the capability to provide benefit and health management consulting services such as employee health benefits program or subcontract for the administration including the adjudication and processing of claims; third party administration services, administrate the Manatee Health Network; prescription benefit manager; supplemental health management related services, consulting, and other related product and services; and the County desires to retain the services of MBC to administer, on its behalf, the employee health, dental, and FLEX benefits programs under the provisions of the Plan, and MBC desires to provide such services and other services incidental thereto as described in this Agreement.

Our audit revealed that MBC is, and has been for some time, an exceedingly small corporation run out of the sole company officer's personal home. It appears its only significant client has been Manatee County. As a result of this status, MBC does not appear to have maintained the capacity noted above, and this has necessitated the need for MBC to subcontract virtually all of the services it was required to perform under the Manatee County Agreement. While the use of an independent TPA/consultant can allow for a plan such as the County's to gain access to industry experts who have the knowledge and capacity to negotiate and contract directly with the best subcontractors, thereby relieving the County of any direct procurement and contractual responsibilities, this benefit seems to be significantly eroded where an appropriate firm is not selected, and/or where the County's own staff do not insist on performance but instead undertake such negotiations themselves. The TPA plan is but one model the County could use to

AREA FOR IMPROVEMENT #3Continued

deliver health care to its employees. An alternative model is the use of private providers to provide health care directly to employees, as many private-sector employers do. Another model the County may wish to examine for securing the healthcare services and materials needed to operate its self-insured plan would be for Manatee County staff to directly take over all aspects of the Plan's management, including directly negotiating agreements with healthcare and service providers, complying with any competitive bidding requirements which may be contained in the County's procurement code or otherwise required by law or good business practice. This model, however, would require retaining adequate professional staff, including Plan management fully capable of performing contract negotiation, management and monitoring duties. It appears that historically, this lack of staffing capacity was a driving cause of the shift to a "turn key" TPA model, thus ostensibly removing the need to retain such staff.

The evaluation of the various models is a business decision to be made by the County's top elected and appointed officials. We only note that allowing EHB to exceed its authority in dealing directly with MBC's subcontractors may give the appearance that the TPA model is being used only as a means of circumvention of public procurement requirements by using a consultant to contract with EHB's preferred vendors and without any competitive process to ensure the best services for the money are obtained.

Management Action Plan:

- Management is in the process of reevaluating the model chosen to contract for health care services to determine whether directly bidding for vendors might be more appropriate than the consultant model chosen in the contract between Manatee County and MBC. In the mean time, management will select an interim replacement for MBC so as to ensure Plan service delivery continuity. If that model is retained, Management will establish policies and procedures to ensure the Plan Manager does not continue to exceed the scope of his authority. Implementation is expected by June 24, 2009 and will be ongoing.

MEMORANDUM

TO: Jim Seuffert, Financial Management Department Director
Bob Goodman, Employee Health Benefits Division Manager

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

DATE: May 29, 2009

RE: Employee Health Benefits Division- Audit of McNulty Barber – Contract Payments to Subcontractors

Enclosed is the Internal Audit Report for the Employee Health Benefits Division- Audit of McNulty Barber – Contract Payments to Subcontractors as of February 28, 2009. I wish to thank you and your staff for their courteous and professional cooperation with our Internal Auditors throughout the audit. If you have any further questions regarding this report, please feel free to contact Richard Orienti or Millie Blevins at 749-1800, extension 4170.

RBS/RJO

Enclosures

cc: Manatee County Board of County Commissioners
Ed Hunzeker, County Administrator