



Collier County Public Schools, Florida Internal Audit Report: Self-Insurance Fund

January 17, 2020

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TRANSMITTAL LETTER

January 17, 2020

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Pursuant to our approved Statement of Work dated July 22, 2019, with Collier County Public Schools, FL (“CCPS”), we hereby present our Internal Audit of Self-Insurance Fund (“Self-Insurance”) report. Our report is organized in the following sections:

Executive Summary	This provides a high-level overview and summary of the observations noted in our internal audit over the Self-Insurance process at CCPS.
Background	This provides an overview of the Self-Insurance process at CCPS, as well as relevant background information.
Objectives and Approach	The internal audit objectives are expanded upon in this section and include detailed testing of self-insurance specific attributes.
Observations Matrix	This section includes a description of the observations noted during our internal audit and recommended actions.

We would like to thank the staff and all those involved in assisting us with this internal audit.

Respectfully Submitted,

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EXECUTIVE SUMMARY

Background

Insurance is an inherently complex, expensive, and necessary method of risk mitigation. In many ways, the practice of self-insurance both intensifies the complexities, yet creates areas of ease that otherwise would not have been possible by utilizing a traditional, third-party insurer with monthly black-box premiums. Like many other public sector entities, Collier County Public Schools (“CCPS”) has opted into self-insurance by creating their own insurance plan, tailored to the CCPS population, instead of using a traditional insurance carrier.

CCPS’ health insurance fund balance as of December 31st, 2018 was approximately \$18.5 million. During this year (2018), CCPS insured approximately 7,259 individuals, including nearly 5,200 full-time employees and over 2,000 dependents. Working to provide and manage the insurance of these individuals, the CCPS Benefits Department consists of the following: 1 Director, 1 Supervisor, 2 Managers, 1 Coordinator, 2 Support Staff, and 1 Specialist.

In addition to the Benefits department, CCPS also contracts a number of vendors, including Third-Party Administrators (“TPAs”) and Third-Party Consultants (“TPCs”), to assist in the management, processing, and forecasting of the self-insurance plan. During the audit period, CCPS held active contracts with the following third parties: Allegiance, Community Health Partners, Tokio Marine, Zelis (“PHX”), John’s Eastern, Envision, and Willis Towers Watson.

Overall Summary / Highlights

The observations identified during our assessment are detailed within the pages that follow. We have assigned relative risk or value factors to each observation identified. Risk ratings are the evaluation of the severity of the concern and the potential impact on the operations of each item. There are many areas of risk to consider in determining the relative risk rating of an observation, including financial, operational, and / or compliance, as well as public perception or ‘brand’ risk.

Fieldwork was performed September 2019 through October 2019.

We would like to thank all Benefits, HR, and Accounting team members who assisted us throughout this internal audit.

Objectives and Scope

The objective of this internal audit was to assess the design and effectiveness of the internal control structure as it relates to CCPS’ self-insurance processes. Procedures included:

- Reviewed and assessed the TPA and TPC selection process, including credentials and independence.
- Identified and reviewed adequacy of monitoring efforts related to measurement of the TPAs and TPCs against performance requirements.
- Determined if respective TPAs obtained System and Organization Control (“SOC”), including appropriateness of Type of SOC report (Type 1 or Type 2), and reviewed SOC reporting results.
- Determined whether the SOC reports were obtained and reviewed by the appropriate parties.
- Determined effectiveness of insurance committee(s), including makeup and governance.
- Identified and assessed controls regarding the submission of data used for the actuarial valuation.
- Tested membership eligibility from the system to original enrollment documentation to verify that the individual and dependent(s) were covered under the plan.
- Reviewed and assessed appropriateness and parameters of the source data submitted/used for modeling tools.
- Assessed segregation of duties over access to models/data utilized, and security of system utilized

Our audit period was from January 1, 2018 through December 31, 2018.

Summary of Observation Ratings

(See page 8 for risk rating definitions)

	High	Moderate	Low
Self-Insurance Fund	2	2	-

EXECUTIVE SUMMARY (CONTINUED)

Observations Summary

Below is a summary listing of the observations that were identified during this internal audit. Detailed observations are included in the observations matrix section of the report.

Summary of Observations

Observations	Rating
1. Completeness and Accuracy of Data Used in Health Fund Actuarial Analysis	High
2. Solicitation Process for Community Health Partners	High
3. Segregation of Duties and User Access in Benefits Enrollment Platform	Moderate
4. Governance and Makeup of Insurance Committee	Moderate

BACKGROUND

Overview

Insurance is an inherently complex, expensive, and necessary method of risk mitigation. In many ways, the practice of self-insurance both intensifies the complexities, yet creates areas of ease that otherwise would not have been possible by utilizing a traditional, third-party insurer with monthly black-box premiums. When managed properly, self-insurance allows an entity to make better use of their financial resources by giving the entity more control over capital, investments, cash flow, potential tax savings, and increased operational control, as opposed to the traditional premiums payment to a separate insurance carrier. Self-insurance also allows for greater control for overall claims adjudication, and greater agility to change aspects of the program when market conditions and District strategy inevitably changes. As a whole, self-insurance empowers an organization to own, manage, and control their risk. Collier County Public Schools (“CCPS”) has opted into self-insurance by creating their own insurance plan, tailored to the CCPS population, instead of using an independent insurance carrier.

CCPS’ self-insurance fund balances as of December 31, 2018 were approximately \$18.5 million for health insurance and \$10.6 million for worker’s compensation. As of December 31, 2018, CCPS insured approximately 7,259 individuals, including approximately 5,192 full-time employees and 2,067 dependents. Working to provide and manage the insurance of these individuals, the CCPS Benefits Department (“Benefits”) consists of the following: 1 Director, 1 Supervisor, 2 Managers, 1 Coordinator, 2 Support Staff, and 1 Specialist.

Financial Overview

Fund Balances as of Fiscal Year Ending:				
	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
Health Insurance	\$ 33,128,715	\$ 33,763,870	\$ 28,892,582	\$ 25,680,290
Worker’s Compensation	\$ 9,783,652	\$ 10,516,759	\$ 10,751,443	\$ 10,774,702
<i>Total</i>	\$ 42,912,367	\$ 44,280,629	\$ 39,644,025	\$ 36,454,992

**The above information was obtained from CCPS’ annual financial audit reports issued by the State of Florida Auditor General*

Insurance Committee and Governance

CCPS has an Insurance Committee that meets quarterly to discuss any insurance concerns raised by union members. Each meeting is documented with a packet containing meeting minutes, attendance logs, follow-up questions and answers, and copies of emails regarding questions raised in the meeting. Per the bargaining agreements, Teamsters is allowed two (2) representatives, CCAEOCAP is allowed one (1), and CCEA is allowed three (3). Along with these representatives, the Insurance Committee Members as of Q4 2018 included representatives from Benefits & Wellness, Human Resources, and various additional teachers. The committee is led by the Director of Benefits. While the Insurance Committee does not have a charter governing their makeup, roles, responsibilities, member terms, or requirements, the three bargaining agreements have documented their goals with regard with the Insurance Committee:

- Ensure financial access to clinically efficacious health care services for plan participants.
- Protect plan participants from extreme financial hardship due to major health care needs.
- Minimize the total cost of the health care plan over the long term.
- Simplify wherever possible the administrative burden of the health plan.

Per inquiry with Benefits, the Insurance Committee does not participate in the competitive solicitation process for TPAs or TPCs, and does not have authority to implement changes to insurance plans without Benefits and/or School Board approval.

BACKGROUND (CONTINUED)

Third-Party Administrators and Third-Party Consultants

In addition to the tasks performed by Benefits, CCPS also contracts a number of service organizations, including Third-Party Administrators (“TPAs”) and Third-Party Consultants (“TPCs”), to assist in the management, processing, and forecasting of the self-insurance plan. During the audit period, CCPS held active contracts with the following:

**Note that “N/A” in the rightmost column indicates that the TPA/TPC is not a service organization and is not required to submit a SOC report.*

System and Organization Control

Name	Service Provided	TPA or TPC	Vendor Since	Last Bid Date	# of Companies Considered	Dollar Amount (Rounded)	System and Organization Controls Report (SOC 1, SOC 2 or SOC 3)
Allegiance	Medical Claims Third Party Administrator Services	TPA	2013	2017	110 contacted 19 downloaded report 4 applied	\$ 4,000,000	SOC 2
Community Health Partners (“CHP”)	Behavior Based Health Care Services	TPA	>20 years	See Observation #2		\$ 122,000	See Observation #1
	Managed Care Services					\$ 300,000	
	Preferred Provider Payor Agreement					\$ 90,000	
Envision	Pharmaceutical Benefits and Services	TPA	2014	2017	9	\$ 12,600,000	SOC 2
John’s Eastern	Claims Administrator for Workers Comp.	TPA	2007	2015	4	\$ 110,000	SOC 1
Tokio Marine	Stop Loss	TPA	2017 (after acquisition of incumbent carrier, AIG)	2019	11 (only Tokio Marine responded)	\$ 4,060,000	See Observation #1
Zelis (PHX)	Supplemental Health Plan Claims Recovery Service	TPA	2014	2013	4	N/A – Zelis is paid 20% of total savings	SOC 2
AMI	Worker’s Comp. Actuarial Analysis	TPC	N/A – Competitive solicitation not required due to total fee being <\$50,000. Annual PO created for AMI services			\$ 8,200	N/A*
Willis Towers Watson	Benefits Consulting Services	TPC	>25 years	2016	3	\$100,000	N/A*

Service organizations are receiving requests to provide assurance regarding the effectiveness of the controls over the information technology environment. SOC reports helps build trust and confidence by demonstrating that TPA/TPC has the necessary controls implemented and operating effectively.

To address these new requests for reports, the American institute of Certified Public Accounts (“AICPA”) established additional options on controls at service organizations known as service organization controls (“SOC”) reports. The SOC 1 report focuses on controls relevant to a user entity’s financial statements and use of the report is restricted to the user entity and their financial statement auditors. SOC 1 reports are performed in according with the AICPA Statement on Standards for Attestation Engagements (“SSAE”) 16.

SOC 2 and SOC3 reports are examinations performed under the general attestation framework established by AT section 101, Attest Engagements (AICPA, Professional Standards), and utilize the criteria defined within the Trust Services Principles that addressed on or more of the following key system attributes: Security, Availability, Processing Integrity, Confidentiality and Privacy.

BACKGROUND (CONTINUED)

Third-Party Administrators and Third-Party Consultants (continued)

Solicitation

As required by CCPS policy, all TPAs and TPCs must go through a competitive solicitation process and obtain board authorization. Exceptions to this rule, per the CCPS Purchasing Policy and Florida Administrative Code, pertain to contracts that had been previously approved by the Board and have an automatic renewal option, or contracts costing less than \$50,000. Solicitations are purchasing tools for competitive and fair processes utilized by the Purchasing Department (“Purchasing”) in order to make awards and purchases. While TPA and TPC services are generally solicited through the Request for Proposal (“RFP”) method, there are several other methods, including Invitation to Bid (“ITB”), Invitation to Negotiate (“ITN”), Request for Qualifications (“RFQ”), and Request for Quotes (“RFQ”).

After responses have been evaluated by Purchasing, Benefits receives a binder with all remaining proposals. Each member of Benefits will do their own individual assessment, make note of any questions they have, and perform a manual check with a predetermined checklist. Next, the selection committee, which is comprised of personnel from benefits, purchasing, technology, and representatives from Willis Towers Watson, meets and scores each of the responses as a group. The responses with the top 3-4 scores will proceed to two interview rounds. These interviews are graded to determine which vendor is awarded the work. Purchasing is responsible for communicating acceptance or rejections to each vendor, and will also draft award letters. Per the CCPS Purchasing Policy, an award is made to the vendor whose proposal is determined to be the most advantageous and best overall value to CCPS based on all aspects of the proposal.

Enrollment Process

All new employees are required to attend an onboarding meeting, during which time they are provided with information to guide them through the enrollment process, and are instructed to complete all necessary documentation, such as an I-9 form. The Compensation team reviews the documentation, the position submitted through position control, the allocation and whether it is full or part time, base salary, and role. The Compensation team also assigns a job code to the individual in TERMS. Only full-time employees are eligible for benefits, although the term “full-time” may have various meanings, depending on the type of employee. A member of the Benefits team then accesses TERMS and inputs a “Benefits Eligible” date.

During orientation, new employees are also informed that they can call US Enrolment (formally BenTec) to schedule an enrollment appointment if they want assistance in the enrollment process. During that appointment, the employee can choose to be enrolled in medical coverage, which is effective on the first day of employment (the “Benefit’s Eligible” date in TERMS.) If the employee opts for dependent coverage, the enroller from US Enrollment (or CCPS Benefits team member) will request documentation to verify each dependent (birth certificate, marriage license, etc.) The employee’s selections are then entered into CCPS’ benefits system, an internally developed program called Benefits Enrollment Platform. This platform interfaces to TERMS every minute and updates data from TERMS on the Benefits Eligible and Ineligible dates. This interface also facilitates the proper deductions from payroll, based on benefits elections selection.

In addition to the onboarding process, an employee can also update their insurance coverage during open enrollment. This occurs around October of every year, and runs for approximately one (1) month. Similarly to when a new hire is on boarded, employees are advised to contact US Enrollment for assistance, if needed. The employee can also access the Benefits Enrollment Platform and either opt to keep their insurance plan the same, or make desired changes.

Laws and Guidelines

The Federal government and the State of Florida have laws and statutes that CCPS must comply with regarding self-insurance. They include, but are not limited to, The 2019 Florida Statutes Title XXXI Chapter 40 Section 440.38, Florida Administrative Code, Rule 6A-1.012, and Florida Statute Chapter 112. In addition to the above, CCPS currently has collective bargaining agreements with three (3) entities for union employees: 1) Teamsters Local Union No. 79 (“Teamsters”); 2) Collier County Association of Educational Office and Classroom Assistant Personnel (“CCAEOCAP”); and 3) Collier County Education Association (“CCEA”).

OBJECTIVES AND APPROACH

Objectives

The objective of this internal audit was to assess the design and effectiveness of the internal control structure as it relates to CCPS' self-insurance processes.

Approach

Our approach to the audit execution will consist of the following phases:

Understanding and Documentation of the Process

To gain an understanding of the Self-Insurance process, we performed the following:

- Conducted an entrance conference with the appropriate representatives in order to discuss the scope and objectives of the audit work, obtain preliminary data, and establish working arrangements.
- Conducted interviews with key management and departmental leadership with obtain an understanding of the overall self-insurance practice and procurement methods, documents, and procedures; and
- Performed walk-throughs of the processes to validate our understanding.

Evaluation of the Process and Controls Design and Testing of Operating Effectiveness

The purpose of this phase was to evaluate the design of the process and controls and test compliance and internal controls for operating effectiveness based on our understanding of the processes obtained during the first phase. We utilized sampling and other auditing techniques to meet our audit objectives outlined above. We conducted the following testing, and other procedures as deemed necessary.

Actuarial and health insurance third party administrators ("TPA") and other third party consultants ("TPC")

- Reviewed and assessed the TPA and TPC selection process, including credentials and independence.
- Identified and reviewed adequacy of monitoring efforts related to measurement of the TPAs and TPCs against performance requirements.
- Determined if respective TPAs obtained SOC, including appropriateness of Type of SOC report (Type 1 or Type 2), and reviewed SOC reporting results.
- Determined whether the SOC reports were obtained and reviewed by the appropriate parties.

Governance and Data Control

- Determined effectiveness of insurance committee(s), including makeup and governance.
- Identified and assessed controls regarding the submission of data used for the actuarial valuation.
- Tested membership eligibility from the system to original enrollment documentation to verify that the individual and dependent(s) were covered under the plan.
- Reviewed and assessed appropriateness and parameters of the source data submitted/used for modeling tools.
- Assessed segregation of duties over access to models/data utilized, and security of system utilized.

Reporting

During this phase, we will summarize and review the results of this audit with appropriate members of CCPS Management, Superintendent and ultimately the CCPS School Board.

OBJECTIVES AND APPROACH (CONTINUED)

Approach (continued)

Provided below is the observation risk rating definitions for the detailed observations starting on the following page.

Observation Risk Rating Definitions	
Rating	Explanation
Low	Observation presents a low risk (i.e., impact on financial statements, internal control environment, brand, or business operations) to the organization for the topic reviewed and/or is of low importance to business success/achievement of goals.
Moderate	Observation presents a moderate risk (i.e., impact on financial statements, internal control environment, brand, or business operations) to the organization for the topic reviewed and/or is of moderate importance to business success/achievement of goals. Action should be in the near term.
High	Observation presents a high risk (i.e., impact on financial statements, internal control environment, brand, or business operations) to the organization for the topic reviewed and/or is of high importance to business success/achievement of goals. Action should be taken immediately.

OBSERVATIONS MATRIX

Observation	1. Completeness and Accuracy of Data Used in Health Fund Actuarial Analysis
High	<p>We noted the District does not have controls in place to validate the completeness and accuracy of data provided to Willis Towers Watson (“Willis”) for actuarial analysis of the CCPS health insurance plan. The District’s vendors including Allegiance, Community Health Partners, Envision (replaced by Navitus in 2019), and other TPAs provide required data directly to Willis to perform the actuarial analysis. Examples of information provided include:</p> <ul style="list-style-type: none"> • Monthly claims by incurred and paid data (i.e. lag reports) for medical/drug • Enrollment by month for medical/drug • Large claimant data <p>This information is also used by Willis to prepare the report for the Florida State Insurance Department to comply with Florida Statute 112 filing requirements.</p> <p>To complete the actuarial analysis, Willis relies on the accuracy of information provided by CCPS and authorized representatives; however, agreements only exist between the District and its various vendors. In the cases noted above, although the data is provided directly from other vendors to Willis, the District is ultimately responsible for validating the completeness and accuracy of the information used by Willis in the preparation of the actuarial analysis and other consultative services and reports.</p> <p>Without controls in place for District personnel to verify the accuracy of data provided to Willis, inaccurate data may be used in the preparation of these critical reports used to administer the District’s self-insurance program.</p> <p>In addition to the above, we also noted that CCPS does not have a process in place to obtain or review Service Organization Control (“SOC”) 2 reports on an annual basis for TPAs. SOC 2 reports are assessments of a third party provider, which are performed by an auditing firm. These reports capture internal controls at third parties around safeguarding customer data and how well those controls are operating. Knowing whether key controls at a third party are designed and operating effectively is important for CCPS to protect the information of their insured individuals.</p> <p>The reports may also include complimentary user entity (CCPS) controls that the third party deems the responsibility of the entity to implement. Per inspection of the SOC reports for CCPS’ TPAs, we noted that user entity controls typically include, but are not limited to, the following:</p> <ul style="list-style-type: none"> • Reviewing data provided by the TPA timely to properly reflect material transactions • Restricting access and performing regular user access reviews over relevant systems • Implementing anti-virus programs and firewalls • Reviewing information provided to the TPA for accuracy <p>While CCPS may have some of the above complimentary controls in place, management does not have a process to validate that all complimentary controls listed in SOC 2 reports are in place.</p> <p>If validation of data controls and/or information technology and security controls at CCPS’ TPAs are not designed and operating effectively, or if CCPS does not implement all relevant complimentary controls, CCPS is left exposed to the risk that inaccurate data, whether fraudulent or due to human error, is used in actuarial analysis that determine rates, funding needs, and regulatory compliance.</p>

OBSERVATIONS MATRIX (CONTINUED)

Observation	1. Completeness and Accuracy of Data Used in Health Fund Actuarial Analysis (Continued)
<p>Recommendation</p>	<p>We recommend that CCPS establish procedures to confirm that information provided to Willis by TPAs for actuarial analysis is complete and accurate. This would include reconciliation of data generated by vendors to other sources of information, to confirm accuracy prior to use by Willis for analysis. For example, CCPS should validate that the monthly claims data provided by Allegiance agrees to records maintained by CHP and amount paid per CCPS Health Fund.</p> <p>CCPS should also establish a process for Benefits to obtain and review SOC 2 reports, in coordination with CCPS Information Technology, on an annual basis for all third parties who provide administrative services as it relates to the self-insurance process:</p> <ul style="list-style-type: none"> • Allegiance • Community Health Partners • Zelis • John's Eastern • Envision (replaced by Navitus in 2019) <p>Management's review should include assessment of internal control performance, noted deviations, and complimentary user entity controls.</p>
<p>Management's Action Plan</p>	<p>Response: Staff will update consultant contract language regarding audit responsibilities and complete documentation relative to process and audit reviews.</p> <p>Responsible Party: Benefits and Wellness Department</p> <p>Estimated Completion Date: December 31, 2020</p>

OBSERVATIONS MATRIX (CONTINUED)

Observation	2. Solicitation Process for Community Health Partners
<p style="text-align: center;">High</p>	<p>Community Health Partners has been a vendor of CCPS for over twenty (20) years, and maintains active contracts for three (3) different services: Behavior Based Health Plan Agreement (last contract effective as of January 1st, 2016), Preferred Provider Payor Agreement (last contract effective as of January 1st, 2018) and a Managed Care Service Agreement (last contract effective as of January 1st, 2018).</p> <p>While CCPS was able to provide copies of these contracts, as well as evidence of Board Approval, there was no evidence or documentation of a competitive solicitation process over any period. Per inquiry with both the Benefits and Purchasing departments, neither department recalls a competitive solicitation process occurring in recent years.</p> <p>While we noted that State Board of Education Rule 6A-1.012 (12) (d) provides an exemption from competitive solicitation for commodities or contractual services when available only from a single source, there is no evidence that CCPS made this determination for CHP.</p> <p>While long-standing business relationships may provide comfort and familiarity, they do not guarantee that CCPS is receiving the best services for those insured. Without a recurring competitive solicitation process, CCPS is exposed to the risk that the services provided by vendors are outdated, ineffective, or costly, when compared to market standards. Participating in competitive solicitation empowers CCPS to gain a better understanding of market and industry standards on fees and services provided by third parties.</p>
<p>Recommendation</p>	<p>We recommend that CCPS consider competitive solicitation for these three services on an ongoing basis. If CCPS determines that the services provided by CHP would qualify for exemption under State Board of Education Rule 6A-1.012 (12) (d), we recommend that CCPS document this exemption and rationale.</p>
<p>Management's Action Plan</p>	<p>Response: Staff will document appropriate consideration of solicitation of competitive purchasing, exemptions and rationales.</p> <p>Responsible Party: Benefits and Wellness Department/Purchasing Department</p> <p>Estimated Completion Date: Completed</p>

OBSERVATIONS MATRIX (CONTINUED)

Observation	3. Segregation of Duties and User Access in Benefits Enrollment Platform
<p>Moderate</p>	<p>During our testing of segregation of duties and user access in the Benefits Enrollment Platform, we noted that certain users have access to approve their own insurance plan and verify their own dependents. We further noted that the access listing contained 34 users that no longer required access to the Platform.</p> <p>The Benefits Enrollment Platform is an internally developed application that is administered by CCPS' Information Technology Department. The system is the only application in which an individual can be enrolled in a benefit plan. The Benefits Platform authenticates through CCPS' Active Directory ("AD") to determine rights and access. All employees have access to the application and can edit their benefits in the platform during the open enrollment period each year. These employees, who are not involved in the Benefits/Enrollment process, can access the Benefits Platform to view their benefits selections at any time.</p> <p>Individuals in the Benefits department, as well as approved personnel from US Enrollers, are granted additional security rights to assist in employee enrollment and approve dependent verification forms. This elevated access is granted through three roles in AD: Benefits Admin, Enrollers Admin, and Enrollers Assist.</p> <p><u>Segregation of Duties</u></p> <p>We noted that individuals with elevated access to the Enrollment Platform have the ability to approve/verify their own insurance plan and dependents plan. This risk is relevant to individuals who are both insured by CCPS, and have one of the three roles above. We obtained a report showing all users assigned the above roles, and noted ten (10) CCPS employees (either Benefits department, HR, or IT support). While activity in the Enrollment platform is tracked, it is not actively or periodically monitored.</p> <p>Segregation of duties around insurance and dependent verification is essential; if an individual has the ability to approve their own dependents, fraudulent activity could occur. The approval of invalid dependents carries financial repercussions that alter the effectiveness of the insurance plan, as well as plan forecasting and reporting.</p> <p><u>User Access</u></p> <p>Per inquiry, on an annual basis, Benefits receives the access forms from US Enrollment and provisions new access, but does not revoke old access or remove old users. Upon review of all users with access to the Benefits Platform, we noted that 34 of the 62 individuals, or 55%, tested had inappropriate access. These users were former enrollers from US Enrollment whose access had not been removed from the Benefits Platform or Active Directory.</p> <p>Inappropriate and excessive access could result in unauthorized, inaccurate and potentially fraudulent changes to accounts in the enrollment system.</p>
<p>Recommendation</p>	<p>We recommend that CCPS update the security access within the Benefits Enrollment Platform to disallow individuals from approving their own insurance or dependent verifications. Alternately, if updating the security rights is not feasible or financially prudent, management should implement a control to periodically review the activity of individuals with elevated access to the platform and validate that they did not update their own records and that no inappropriate activity occurred.</p> <p>Additionally, CCPS should implement a control to review user access to the Enrollment Platform at least annually. Any users who are identified as no longer requiring the access (or no longer having approved US Enrollment access forms) should be removed.</p>

OBSERVATIONS MATRIX (CONTINUED)

Observation	3. Segregation of Duties and User Access in Benefits Enrollment Platform (Continued)
Management's Action Plan	<p>Response: Staff will refine internal processes and standard operating procedures (SOPs), including maintaining documentation, to support tracking of changes to implement these controls.</p> <p>Responsible Party: Benefits and Wellness Department/Technology Department</p> <p>Estimated Completion Date: User Access is completed and SOP will be completed July 1, 2020</p>

OBSERVATIONS MATRIX (CONTINUED)

Observation	4. Governance and Makeup of Insurance Committee
<p>Moderate</p>	<p>Through discussions with Benefits, review of Collective Bargaining Agreements (“CBA”), and review of committee meeting minutes, we noted that the committee is not configured consistent with best practices we observe at other entities, and lacks formal guidance regarding its purpose and responsibility.</p> <p>The insurance committee currently includes members from each collective bargaining unit, and members from CCPS Benefits department. In other Districts, we typically also see representation from District Finance, Risk Management, and, in some cases, Board appointees or other subject matter experts. While the Insurance Committee does not participate in the competitive solicitation process for TPAs or TPCs, having a varied representation on the committee can provide additional perspective when discussing District needs and best practices regarding the insurance plans.</p> <p>The following goals for the committee are outlined in the CBAs:</p> <ul style="list-style-type: none"> • Ensure financial access to clinically efficacious health care services for plan participants. • Protect plan participants from extreme financial hardship due to major health care needs. • Minimize the total cost of the health care plan over the long term. • Simplify wherever possible the administrative burden of the health plan. <p>Although goals have been defined by CBAs, there is not a clear understanding or policy documentation explaining how the committee should function to achieve these goals. We further noted that there is not a charter for the committee.</p> <p>When properly implemented and fully leveraged, an insurance committee can significantly benefit a district. A high functioning insurance committee may provide the District opportunities for cost savings, with the added benefit of providing representation from relevant parties and constituents in key decisions regarding plan coverage. Without a sufficient committee makeup, and without defined roles and responsibilities, CCPS does not take advantage of all the benefits this committee could provide.</p>
<p>Recommendation</p>	<p>We recommend that CCPS create a charter for the Insurance Committee that documents the makeup, roles, responsibilities, as well as goals of the committee. This document should be published on the CCPS website and reviewed for updates annually. Further, we recommend that the Finance and Insurance/Risk Departments each have a representative on the committee.</p>
<p>Management’s Action Plan</p>	<p>Response: Staff will maintain documentation of Insurance Committee meetings. The District will form an Insurance Advisory Group, made up of Finance, Broker/Consultant, Risk and Benefits, which will report to the Superintendent.</p> <p>Responsible Party: Human Resources Department/Benefits and Wellness Department</p> <p>Estimated Completion Date: October 1, 2020</p>



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