



QUESTAR III
PUTTING STUDENTS FIRST

North Colonie Central School District:

FY 2022/23 Healthcare Benefits Audit

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February 20, 2024

Board of Education
North Colonie Central School District
91 Fiddlers Lane
Latham, NY 12110

We have completed the annual testing of controls for the North Colonie Central School District. One of the requirements of the 2005 School Financial Oversight and Accountability legislation is ongoing testing and evaluation of the District's internal controls. Our engagement was designed to evaluate the adequacy of internal controls over the Healthcare Benefits processes to ensure they are appropriately designed and operating effectively and efficiently. And, to provide a report with recommended changes for strengthening controls and reducing identified risks.

The purpose of the audit was to review the internal controls that the District has in place to prevent errors, detect fraud and ensure that financial reporting is accurate and that the District assets are safeguarded.

RELIABILITY OF INFORMATION

As noted, the purpose of our engagement was to assist you in improving the process by which you monitor and manage the risks that face the District. Any findings and recommendations in the attached report are the responsibility of the District to implement, accept the risk as identified, or implement alternative controls that will mitigate the risk to a level that is acceptable by the District. Ultimately, it is your responsibility to assess the adequacy of your risk management system.

DISTRIBUTION OF THE REPORT

This report is intended solely for the information and use of the Board of Education and management of North Colonie Central School District and should not be used for any other purpose.

We appreciate the opportunity to serve you and thank the individuals in your organization for their cooperation. Over time, it will be necessary to reassess your risks to ensure that they have not changed and to ensure that your risk management system is functioning properly. Through our ongoing involvement with you as a client and our knowledge of your District and its processes, we are in a unique position to assist you with that process. Please contact us at any time should you desire such services.

Sincerely,

Mark Beaudette

Mark Beaudette
Internal Audit Manager
Questar III

Executive Summary

Objectives and Scope

The North Colonie Central School District asked us to examine the District’s policies and procedures over Healthcare Benefits which is a follow-up to an audit we conducted during the 2017-18 school year. Key objectives included evaluating the internal controls established by the District and evaluating compliance with related Board policies, collective bargaining agreements, and individual contracts.



The audit covered systems and controls in effect through May 26, 2023. Our fieldwork concluded on June 23, 2023.

Acknowledgements

We would like to thank the staff of the North Colonie Central School District for their courteous and prompt assistance during our audit.

Conclusion

Two observations were noted and are summarized below. Our recommendations are detailed in the report.

| Reference | Observation | Risk |
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| 1 | Items billed to the District incorrectly |  Medium |
| 2 | System not fully utilized |  Medium |

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| ENTITY NAME | North Colonie Central School District |
| REPORT DATE | June 23, 2023 |
| PROCESS REVIEWED | Healthcare Benefits |
| PERSONNEL INTERVIEWED | Jenna Bongermينو; Director of Human Resources Sara Sherwin; Human Resources Office Coordinator Matt Slevin; Amsure Employee Benefits Billing Unit Leader |
| SCOPE OF WORK | <p>We reviewed the District’s benefits policies and procedures, as well as the negotiated collective bargaining agreements with applicable central office personnel to obtain an understanding of the processes used by the District.</p> <p>In addition, we performed the following testing procedures for fiscal year 2022-23:</p> <ul style="list-style-type: none"> • Reviewed the March 2023 invoice from Amsure, the Third Party Administrator for the coverages from CDPHP, MVP, and NYSHIP. Verified that each active employee’s healthcare plan identified from the invoice matched the District’s payroll-benefit deduction report. Also verified that each retiree and each COBRA participant was billed and paid for March 2023. • Reviewed the employee withholding from each of the two pay periods in March of 2023 for the 730 employees that had such withholding and verified that the rate corresponded with the appropriate rate from the applicable contract. |
| SCOPE RESTRICTIONS | None noted. |
| AUDIT OBJECTIVES | <ul style="list-style-type: none"> • Evaluate the internal controls established by the District for the employee’s healthcare insurance coverage plan to ensure they are operating effectively and efficiently; and • Ensure records are properly maintained and safeguarded. |
| KEY PROGRAM CONTROLS | <p>The District has created the following key program controls designed to meet business obligations, provide accountability, and promote operational effectiveness and efficiencies:</p> <ul style="list-style-type: none"> • The district has a contract with the Capital Area Schools Health Insurance Consortium (CASHIC) an employee benefit consortium who utilizes Amsure as the Third Party Administrator (TPA). The TPA assists the Human Resource department with the administration of the District’s employee and retiree benefits program. • Human Resources prepares a new employee onboarding checklist which is used to ensure all of the necessary steps have been completed. The form is signed by the employee confirming that the |

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| | <p>required documents have been submitted to Human Resources. If Human Resources has not received the Employee Benefit Enrollment Form, an individual from Human Resources will contact the employee. Once the enrollment form has been completed and returned, it is scanned into the nVision system and is entered into Zywave – Amsure’s benefit portal.</p> <ul style="list-style-type: none"> • Each employee and retiree are required to complete an Employee Benefits Enrollment Form, which provides the district with record of the selected insurance coverage. The records are filed in the Human Resource department. • When an employee is terminated, Human Resources will provide information to Amsure thru Zywave which will initiate the process to terminate or change the related coverages. Human Resources scans the staffing change report and then notifies the payroll department to make the appropriate changes. • Amsure reconciles the insurance carrier bills on a monthly basis against the data in Zywave. Amsure takes the appropriate action with the carriers to resolve and correct discrepancies. • The Human Resource department and payroll department perform an audit of a sample of the insurance providers’ billings once each year. |
| <p>OBSERVATIONS AND RECOMMENDATIONS</p> | <p><u>Observation 1:</u> From the population of 1687 individuals billed the District in March 2023 for health and related benefits we noted the following:</p> <ul style="list-style-type: none"> • Four items billed totaling \$ 17 that were for staff no longer employed by the district but not yet removed from the Amsure roster. • Four items totaling \$ 340 that were billed for the month of March 2023 but there was no longer a reason to bill the district. Subsequent to our fieldwork the district reported that these are being corrected including an amount for a retiree that was deceased in the month prior. • Six items totaling \$ 1,887 that the District believes a billing process should have been initiated by Amsure for a retiree’s contribution but did not for March 2023. • Two employees that the district was billed for the month of March 2023 for health and dental where a payroll deduction should have been occurring, but did not. • One item where the district did not bill for COBRA dental for the month of March 2023 where Amsure billed the district. • One item for \$ 54 where the employee was on an unpaid leave of absence. |

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| | <p>The District has performed an internal review of the Amsure billing in the past; however, there is not currently a timetable for that review.</p> <p><i>Recommendation: The District should ensure that all employees who are receiving benefits are being charged the applicable premiums through payroll deductions. Some method of evaluating the monthly charges from Amsure should take place in order to ensure that the roster is accurate. As of the date of the end of our audit fieldwork, the District was working with Amsure to establish credit for the items listed in Observation 1.</i></p> <p><u>Observation 2:</u> The District is not utilizing the full capability of the financial data system (nVision) to manage healthcare benefits. The District has developed its own methods to track healthcare benefits utilizing Microsoft Excel and database systems; however, the District should consider fully utilizing nVision to manage healthcare benefits. The system provides tables that can be populated with contract benefit rates to better manage both active and retiree benefits. District administration of healthcare benefits is both complicated and time consuming due to the number of contracts and various levels within each contract.</p> <p><i>Recommendation: The District should assess the potential role that the existing system could play in helping to manage the administration of healthcare benefits. The vendor for the nVision system, Finance Manager, should be able to provide assistance in understanding its capabilities.</i></p> |
| SUBMITTED BY: | Mark Beaudette, Internal Auditor |
| DATED: | June 23, 2023 |

NORTH COLONIE CENTRAL SCHOOL DISTRICT

91 Fiddlers Lane
LATHAM, NY 12110

February 16, 2024

NYS Education Department
Office of Audit Services
89 Washington Avenue
Room 524EB
Albany, NY 12234

Office of the NYS Comptroller
Division of Local Government Services
& Economic Development
Data Verification Unit, 12th Floor
110 State Street
Albany, NY 12236

**Re: School District Internal Audit Corrective Action Plan
Healthcare Benefits FYE June 30, 2023**

To Whom it May Concern:

The North Colonie Central School District has received the internal audit management report for the fiscal year ending June 30, 2023. Pursuant to the NYS Commissioner's regulation, the school district is implementing the following corrective measures.

Healthcare Benefits Billing:

Recommendation – The District should ensure that all employees who are receiving benefits are being charged the applicable premiums through payroll deductions. Some method of evaluating the monthly charges from Amsure should take place in order to ensure that the roster is accurate. As of the date of the end of our audit fieldwork, the District was working with Amsure to establish credit for the items listed in Observation 1 of the report.

Corrective Action Plan – The Business Manager has developed a procedure for reconciling all billed items from Amsure on a monthly basis. The reconciliation is completed by the Deputy Treasurer who is not involved with the process of entering employee benefits into the system or establishing payroll deductions. This was implemented after a comprehensive review of payroll deductions compared to Amsure billings. A process has been established for tracking changes to employee benefits on a monthly basis that are verified against the bill.

Persons Responsible for Implementing the CAP – Kathleen Cietek, Business Manager and Jenna Bongermino, Director of Human Resources

System Utilization:

Recommendation – The District should assess the potential role that the existing system could play in helping to manage the administration of healthcare benefits. The vendor for the nVision system, Finance Manager, should be able to provide assistance in understanding its capabilities.

Corrective Action Plan – Beginning July 1, 2024, the District plans to begin fully utilizing nVision to manage employee healthcare benefit plans and deductions. Benefit tables will be built so that data can be entered on a global basis for all employees thus reducing the potential for errors. By entering benefits into the HR module for each employee, annual deduction limits will populate and work as a check and balance against the PR module which pushes deductions through to the payroll utility.

Persons Responsible for Implementing the CAP – Kathleen Cietek, Business Manager and Jenna Bongermino, Director of Human Resources

Please contact me if you are in need of any further information.

Sincerely,

Cybil C. Howard
Assistant Superintendent for Business
North Colonie Central School District
(518) 785-8591
cybil.howard@nccsk12.org