



# City of San Antonio

## Agenda Memorandum

**File Number:**  
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**Agenda Item Number:** 2

**Agenda Date:** January 31, 2023

**In Control:** Audit and Accountability Committee Meeting

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**DEPARTMENT:** Office of the City Auditor

**DEPARTMENT HEAD:** Kevin Barthold

**COUNCIL DISTRICTS IMPACTED:** Citywide

**SUBJECT:**

Acceptance of the Office of the City Auditor Report AU22-022 Audit of HR - Health Benefits Third-Party Administration

**SUMMARY:**

Determine if HR is properly managing and monitoring its third-party health insurance providers.

**BACKGROUND INFORMATION:**

Background

The City of San Antonio (COSA) seeks to attract and retain a qualified and capable workforce. To achieve this, COSA provides a competitive benefits package. Among all the benefits provided, a significant part is health benefits. Full-time civilian employees and their eligible dependents can participate in the Civilian Benefits Program which include health benefits such as medical, dental,

and vision.

The HR Benefits Division has over 20 employees that oversee the Health Benefits for more than 11,000 City employees. They manage Third Party Administrator (TPA) contracts with monthly costs totaling approximately \$1.1 million. Additionally, the HR Benefits Division manages contracted service level agreements (SLA) and performance guarantees (PG) for each TPA.

#### Scope and Methodology

The audit scope included FY 2021 through FY 2022. We reviewed a sample of invoices and payments for accuracy. We reviewed access controls related to confidential information. We reviewed TPA contracts for compliance to key contractual requirements. We also reviewed contracted service levels and/or performance guarantees for compliance.

#### Conclusions

Overall, HR is properly managing and monitoring its third-party health insurance providers. The HR Benefits Division has effective procedures that ensure the accurate processing of payments to TPAs. They also manage relinquished FSA funds accordingly. In addition, the HR Benefits Division ensures employees, and their dependents are appropriately enrolled. Finally, the HR Benefits Division has effective controls that ensure the security of personal information.

However, we observed administrative opportunities for improvement related to the contract monitoring process, specifically contract administrative plans, performance guarantees, and insurance requirements.

We made recommendations to improve these opportunities. Management agreed with the recommendations and developed positive corrective action plans.

#### **ISSUE:**

This item is presented for acceptance by the Audit and Accountability Committee.

#### **FISCAL IMPACT:**

None

#### **ALTERNATIVES:**

N/A

#### **RECOMMENDATION:**

Staff recommends acceptance of this audit report.