



City of Denton

City Hall
215 E. McKinney Street
Denton, Texas
www.cityofdenton.com

AGENDA INFORMATION SHEET

DEPARTMENT: City Auditor's Office

CITY AUDITOR: Madison Rorschach

DATE: April 29, 2024

SUBJECT

Receive a report, hold a discussion, and take necessary action regarding the completion and closure of Audit Project 018 – Health Insurance Operations.

BACKGROUND

In accordance with the City of Denton Ordinance 21-2035, the Internal Audit Advisory Committee is responsible for providing oversight of the internal audit function, including monitoring follow-up on reported findings to assure corrective action is taken by management.

DISCUSSION

An audit project of the City's health insurance operations was originally conducted and reported to the City Council in November 2020. This audit identified a few risks including potential improvements to dependent monitoring and additional monitoring of the City's health insurance third-party administrator.

Since the issuance of this audit, several improvements have been made to the City's procurement process including:

- Completion of a health care claims audit by a third-party vendor;
- Development of a process to regularly receive and review the Third-Party Administrator's service organization controls report and performance guarantee report; and
- Implementation of a process to periodically require employees to attest to their dependent's eligibility.

Internal Audit generally evaluated these process improvements as part of the June 2022 and July 2023 follow-up reviews and believes that these improvements adequately address the recommendations issued as part of the original Audit of Health Insurance Operations.

RECOMMENDATION

Staff recommends approval of the attached Audit Project Completion Form and final closure of Audit Project 018 – Health Insurance Operations. These processes will continue to be considered for review annually as part of the Annual Internal Audit Plan development process.

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

Nov. 10, 2020: Audit of Health Insurance Operations presented, and Project 018 closed till follow-up by Council

Jun. 7, 2022: Audit of Health Insurance Operations: Follow-Up Review presented; Council directed Project 018 be closed till the performance of an informal follow-up review

Jul. 21, 2023: Fiscal Year 2022-23 Informal Follow-Up Review distributed to City Council via the Friday Report – included information on Project 018

EXHIBITS

1. Agenda Information Sheet
2. Audit Project Completion Form – 018 Health Insurance Operations
3. Audit of Health Insurance Operations
4. Audit of Health Insurance Operations: Follow-Up Review

Respectfully submitted:
Madison Rorschach, 940-349-7228
City Auditor