

Audit Report

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**Department of Budget and Management  
Office of Personnel Services and Benefits**

May 2015

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**OFFICE OF LEGISLATIVE AUDITS**  
**DEPARTMENT OF LEGISLATIVE SERVICES**  
**MARYLAND GENERAL ASSEMBLY**

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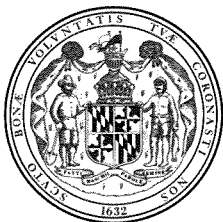
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DEPARTMENT OF LEGISLATIVE SERVICES  
OFFICE OF LEGISLATIVE AUDITS  
MARYLAND GENERAL ASSEMBLY

May 19, 2015

Karl S. Aro  
Executive Director

Thomas J. Barnickel III, CPA  
Legislative Auditor

Senator Guy J. Guzzone, Co-Chair, Joint Audit Committee  
Delegate Craig J. Zucker, Co-Chair, Joint Audit Committee  
Members of Joint Audit Committee  
Annapolis, Maryland

Ladies and Gentlemen:

We have conducted a fiscal compliance audit of the Department of Budget and Management (DBM) – Office of Personnel Services and Benefits (OPSB) for the period beginning November 3, 2010 and ending April 15, 2014. OPSB develops the State's personnel policies, administers the health care benefit programs for State employees and retirees, and has other responsibilities, including salary administration and classification, recruitment and examination, and employee relations.

Our audit disclosed that OPSB had not established sufficient controls to ensure the propriety of the administrative fee payments made to health care and prescription drug program administrators. Also, OPSB had not adequately pursued collection of approximately \$1.5 million identified in an audit report prepared by an independent firm as being owed to the State by its prior prescription drug program administrator. Furthermore, a formal policy had not been established regarding the timely performance of OPSB reviews to ensure that payments for health care claims were only made for eligible participants. Our audit also found that OPSB did not properly secure sensitive personally identifiable information on its automated benefit system and sufficient internal controls were not established to ensure that all collections were deposited.

DBM's response to our findings and recommendations, on behalf of OPSB, is included as an appendix to this report. We wish to acknowledge the cooperation extended to us during the audit by OPSB.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Thomas J. Barnickel III".

Thomas J. Barnickel III, CPA  
Legislative Auditor



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\*   Denotes item repeated in full or part from preceding audit report

## **Background Information**

### **Agency Responsibilities**

The Department of Budget and Management (DBM) – Office of Personnel Services and Benefits (OPSB) directs the development of State personnel policies.<sup>1</sup> OPSB also administers the health care benefit programs for State employees and retirees as well as the flexible spending accounts for State employees. OPSB has a variety of other responsibilities, including salary administration and classification, recruitment and examination, and employee relations.

### **Statewide Personnel System**

OPSB uses various automated systems to provide personnel services to the Maryland State Government. OPSB initiated a Statewide Personnel System (SPS) project, which is intended to provide a comprehensive human resource system through use of a commercial off-the-shelf software system. SPS is a cloud-based application hosted and operated by a service provider, which is used by numerous State agencies to record personnel transactions, such as appointments, promotions, and salary adjustments. SPS replaced the former personnel transaction system in November 2014, and will eventually replace the Benefits Application System (BAS), which is used to support the administration of employee health care benefits, and multiple agencies' timekeeping systems. The State's Department of Information Technology procured the SPS contract on behalf of DBM and OPSB. The contract value totaled approximately \$44 million and the contract received Board of Public Works approval in December 2013.

Implementation of the SPS was divided into two phases. Phase I included all personnel transactions and reporting, and was implemented on November 14, 2014. Phase II will include employee benefits administration, time tracking, and leave administration and is scheduled for implementation in November 2015. As of December 2014, approximately \$13 million had been paid to the vendor.

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<sup>1</sup>OPSB's responsibilities include those policies under the State Personnel Management System, which apply to the employees in most State agencies. Certain agencies, primarily the Maryland Department of Transportation and the University System of Maryland, maintain their own personnel systems and related policies.

## Health Care Benefits Administration

The State obtains health care coverage for its employees and retirees (including their spouses, same-sex domestic partners, and dependents) through three major health care insurance providers, which administer preferred provider organization (PPO) and exclusive provider organization (EPO) plans. Mental health care coverage is currently included in these health care plans, and dental insurance is provided through two plans offered by two separate providers. The current contracts for the health care plans cover the period from August 14, 2014 to December 31, 2020, and the dental plan contracts are in effect from August 14, 2014 to December 31, 2019. The State also provides prescription drug coverage through another administrator. The current contract for prescription drugs became effective May 15, 2012 and, including renewal periods, continues through December 31, 2017.

The State directly pays claims for the PPO, EPO, and prescription drug plans. It self-funds these plans and accepts the risk for all medical and prescription costs. Annual health care benefit costs have remained relatively consistent from fiscal years 2011 through 2014 at approximately \$1.2 billion. Health care enrollment and costs paid in fiscal year 2014 for plan participants, which include State employees, retirees, spouses, dependent children, direct pay participants, and satellite agency participants (such as covered employees of local governments) are summarized in the following table:

Number of Plan Participants in the State of Maryland's Health Benefits Program and the Related Costs for Fiscal Year 2014				
Plan Type	Enrollment (as of 6/30/14)	Claims Paid	Administrative Expenses	Total Payments
PPO	49,267	\$ 326,600,148	\$ 20,004,368	\$ 346,604,516
POS	22,166	142,058,344	10,707,064	152,765,408
EPO	45,411	377,315,327	19,014,867	396,330,194
Prescription Drug	110,921	394,465,134	7,595,621	402,060,755
Mental Health	71,433	13,061,074	1,429,648	14,490,722
Totals		\$1,253,500,027	\$ 58,751,568	\$1,312,251,595

Source: OPSB records (unaudited)

Note: As of January 1, 2015, POS plans are no longer offered and mental health coverage is included in the PPO and EPO plans.

## **Status of Findings From Preceding Audit Report**

Our audit included a review to determine the status of the eight findings contained in our preceding audit report on OPSB dated December 14, 2011. We determined that OPSB satisfactorily addressed six of the findings. The remaining two findings are repeated in this report.



## Findings and Recommendations

### Administrative Fees

#### **Finding 1**

**Controls were not adequate over the payment of administrative fees for the health care and prescription drug programs.**

#### **Analysis**

The Office of Personnel Services and Benefits (OPSB) had not established adequate internal controls over the payment of health care and prescription drug program administrative fees, which totaled approximately \$49.7 million and \$7.6 million, respectively in fiscal year 2014. These fees, which were paid to OPSB's health care and prescription drug program administrators, were calculated directly by OPSB for the health care program and were invoiced by the administrator for the prescription drug program.

With regard to the health care program, there was a lack of separation of duties in that the same supervisory employee calculated the administrative fees and approved and released the fees for payment. Specifically, a supervisor in OPSB's Employee Benefits Division calculated the monthly administrative fees based on the rate specified in each administrator's contract and the corresponding number of participants served, and forwarded the calculations, which were not subject to independent review and approval, to a subordinate employee who entered the payments on the State's Financial Management Information System (FMIS). Subsequently, the supervisory employee who performed the calculations reviewed the payments entered into FMIS and released them to the Comptroller of Maryland's General Accounting Division (GAD) for payment.

Furthermore, OPSB paid invoices for administrative fees received from its prescription drug program administrator (based on enrollment counts) without verifying these counts to independent documentation, such as OPSB internal enrollment records.

Under these conditions, erroneous or improper administrative fee payments could be made without detection. The lack of an independent review of fees paid to health care administrators was also commented upon in our preceding audit report.

## **Recommendation 1**

**We recommend that OPSB ensure that**

- a. an independent employee(s) verifies the administrative fee calculation, reviews and approves the payments entered into FMIS, and releases them for payment (repeat); and**
- b. invoices received for prescription drug program administrative fees are verified to independent supporting documentation, such as internal enrollment records, prior to payment.**

**We advised OPSB on accomplishing the necessary separation of duties using existing personnel.**

## **Program Audits**

### **Finding 2**

**OPSB did not adequately pursue and resolve the results of an independent audit of the prescription drug program.**

### **Analysis**

OPSB did not adequately pursue and resolve the results of an audit of the prescription drug program conducted by an independent firm. The audit report received from the firm for fiscal year 2012 activity indicated that OPSB's prescription drug program administrator had not met certain contractual requirements relating to pharmacy discounts and rebate guarantees and, as a result, owed the State approximately \$1.5 million. The administrator disagreed with the findings; however, in a September 2013 letter to the administrator, the Department of Budget and Management (DBM) disputed the administrator's position and requested payment for the stated amounts due. However, as of February 2015, payment had not been received, and there was no documentation that this matter had been pursued by the State beyond the September 2013 letter. We were advised that OPSB is working with the Office of the Attorney General to resolve this dispute and recover the appropriate funds. This prescription drug program administrator was replaced by OPSB with the current administrator, effective May 15, 2012.

OPSB contracted with a health analytics firm to annually conduct pharmacy claims audits, assess the administration of the State's prescription drug benefit plan, and determine the program administrator's compliance with contractual requirements and established performance guarantees. The firm provides reports to OPSB detailing its findings for each fiscal year, including its conclusions as to any amounts owed to the State as a result of those findings.

## **Recommendation 2**

### **We recommend that OPSB**

- a. ensure that audit report findings of the independent firm are pursued and resolved in a timely manner, and that documentation evidencing resolution is maintained; and**
- b. resolve the fiscal year 2012 prescription drug audit results, and in conjunction with the Office of the Attorney General, pursue collection of any amount due.**

## **Reviews of Participant Eligibility for Health Care Claim Payments**

### **Finding 3**

**OPSB had not established a formal policy to ensure the timely initiation and completion of participant eligibility reviews.**

### **Analysis**

OPSB had not established a formal policy to ensure that reviews to identify health care claims paid for ineligible individuals are initiated and completed in a timely manner. Although OPSB advised that such reviews should be initiated at the end of each benefit plan year, OPSB did not retain documentation evidencing when the reviews for benefit years 2010 through 2013 had been started. Furthermore, OPSB had not established the timeframe for completing each review. According to OPSB's records, the combined review for fiscal years 2010 and 2011 was not completed until November 2013, and the review for fiscal year 2012 claim activity was not completed until October 2014. The review for the fiscal year 2013 claim activity was in progress as of October 2014. Delays in initiating and completing reviews could adversely affect the recovery of improper claim payments. According to OPSB, improper payments identified during the fiscal year 2010 to 2012 claim activity reviews totaled approximately \$3.5 million.

OPSB also did not timely refer to the State's Central Collection Unit (CCU) certain delinquent accounts attributable to improper claim payments identified during the 2010 to 2012 reviews. For these reviews, 1,565 delinquent accounts totaling approximately \$790,000 were referred to CCU. Our test of 22 of these accounts found that 21 accounts totaling approximately \$52,000 were not submitted to CCU until 20 to 175 days after the submission dates required by regulation. State regulations generally require that three written demands for payment be made at 30-day intervals. If payment is not received within 75 days of the original demand for payment, outstanding accounts should be transferred to CCU for further collection efforts.

Using its eligibility records and the health care claim payment records of the State's health care administrators, OPSB identifies claims payments made for participants who may be ineligible at the time the health care services were rendered by providers. The claims are then investigated to identify any improper claims and the reason, such as because participants were improperly deemed eligible on the OPSB's records, participants did not pay their premium, or health care administrators paid claims in error. For claims paid due to administrator error, OPSB recovers the actual claim amount paid by the administrator. For other improperly paid claims due to participant ineligibility, OPSB's policy is to attempt to recover from the participant the lesser of the claim paid or the related plan premium amount. Participants who fail to pay the amount due are referred to CCU.

### **Recommendation 3**

#### **We recommend that OPSB**

- a. establish a formal policy regarding the timeframe for initiating and completing eligibility claim reviews, including the related documentation requirements; and**
- b. submit delinquent accounts to CCU in accordance with State regulations.**

## **Information Systems Security and Control**

### **Finding 4**

**OPSB inappropriately stored sensitive personally identifiable information in clear text.**

#### **Analysis**

OPSB inappropriately stored sensitive personally identifiable information (PII) in clear text.

- Full social security numbers of employees, retirees, and their dependents, along with associated full names and dates of birth were stored in unencrypted form in the BAS production database. We determined that 489,177 unique, unencrypted social security numbers were stored in this database.
- Full social security numbers of employees, retirees, and their dependents, along with associated full names, dates of birth, and addresses were stored in unencrypted form in various files on two OPSB servers. For example, we determined that one of these files contained 96,332 unique social security numbers.

- Sixty-four active accounts had unnecessary read access to all BAS database tables including the tables including the aforementioned sensitive PII. As a result, these employees could read and copy the sensitive PII.

BAS, and its underlying database, are used by OPSB to administer health care benefits for the more than 254,000 active, retired, direct pay, and satellite participants, and their dependents. The BAS database contains sensitive PII (that is, full names, addresses, social security numbers, and dates of birth) for employees, retirees, and dependents. This PII, which is commonly sought by criminals for use in identity theft, should be protected by appropriate information system security controls. The State of Maryland Department of Information Technology's *Information Security Policy* states that agencies should protect confidential data using encryption technologies and/or other substantial mitigating controls.

#### **Recommendation 4**

**We recommend that OPSB**

- encrypt all database tables and files containing sensitive PII, and**
- restrict read access to sensitive PII to only personnel who require such access for their job responsibilities.**

## **Cash Receipts**

### **Finding 5**

**Internal controls were not sufficient to ensure that all collections were deposited.**

#### **Analysis**

Controls were not adequate over cash receipts, which totaled approximately \$53.5 million during fiscal year 2014. OPSB's collections consist primarily of prescription drug rebates and premium payments for the State health insurance paid by certain participants, such as local governments for their covered employees.

- Verifications to ensure that all recorded collections were deposited were not adequately performed. Although checks were recorded on a manual log by the employee who first received them, that initial record was not used for verification purposes. Instead, the checks were given to a second employee who prepared an automated master check log which was used for the deposit verification. In addition, verifications were performed only on a monthly

basis. As a result, there was a lack of timely assurance that all checks initially received and recorded were deposited.

- Three employees who handled cash receipts also had the capability to post manual payments to the automated accounts receivable records without independent supervisory review and approval. A similar condition regarding a lack of independent supervisory review and approval for payments posted was commented upon in our preceding audit report.

The Comptroller of Maryland's *Accounting Procedures Manual* states that the reconciliation of cash receipts to deposit be performed using source documentation by an employee independent of the cash receipts functions. Furthermore, the *Manual* also requires segregation of the cash receipts handling duties from the cash receipts and accounts receivable record keeping functions.

#### **Recommendation 5**

**We recommend that OPSB**

- a. use the initial record of checks received for verifying collections to deposit,**
- b. perform deposit verifications on a more frequent basis,**
- c. segregate the duties of processing cash receipts and maintaining accounts receivable records, and**
- d. establish independent supervisory review and approval of manual payment entries to the automated accounts receivable records (repeat).**

**We advised OPSB on accomplishing the necessary separation of duties using existing personnel.**

## **Audit Scope, Objectives, and Methodology**

We have conducted a fiscal compliance audit of the Department of Budget and Management (DBM) – Office of Personnel Services and Benefits (OPSB) for the period beginning November 3, 2010 and ending April 15, 2014. The audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

As prescribed by the State Government Article, Section 2-1221 of the Annotated Code of Maryland, the objectives of this audit were to examine OPSB's financial transactions, records, and internal control, and to evaluate its compliance with applicable State laws, rules, and regulations.

In planning and conducting our audit, we focused on the major financial-related areas of operations based on assessments of significance and risk. The areas addressed by the audit included OPSB's payment of State employees and retirees health insurance and prescription drug benefit claims, monitoring of health care and prescription drug benefit administrators, monitoring prescription drug discounts and rebates, information system security, and cash receipts. We also determined the status of the findings contained in our preceding audit report.

Our audit did not include certain support services provided to OPSB by the DBM – Office of the Secretary. These support services (such as payroll and procurement) are included within the scope of our audit of the Office of the Secretary.

To accomplish our audit objectives, our audit procedures included inquiries of appropriate personnel, inspections of documents and records, observations of OPSB's operations, and tests of transactions. We also performed various data extracts of pertinent information from the State's Financial Management Information System (such as revenue and expenditure data). The extracts are performed as part of ongoing internal processes established by the Office of Legislative Audits and were subject to various tests to determine data reliability. We determined that the data extracted from these various sources were sufficiently reliable for the purposes the data were used during this audit. We also extracted data from OPSB's Benefits Administration System for the purpose of testing certain attributes and functions, such as program participant eligibility and OPSB's monitoring efforts. We performed various tests of the relevant data and

determined that the data were sufficiently reliable for the purposes the data were used during the audit. Finally, we performed other auditing procedures that we considered necessary to achieve our audit objectives. The reliability of data used in this report for background or informational purposes was not assessed.

OPSB's management is responsible for establishing and maintaining effective internal control. Internal control is a process designed to provide reasonable assurance that objectives pertaining to the reliability of financial records, effectiveness and efficiency of operations including safeguarding of assets, and compliance with applicable laws, rules, and regulations are achieved.

Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected. Also, projections of any evaluation of internal control to future periods are subject to the risk that conditions may change or compliance with policies and procedures may deteriorate.

Our reports are designed to assist the Maryland General Assembly in exercising its legislative oversight function and to provide constructive recommendations for improving State operations. As a result, our reports generally do not address activities we reviewed that are functioning properly.

This report includes findings relating to conditions that we consider to be significant deficiencies in the design or operation of internal control that could adversely affect OPSB's ability to maintain reliable financial records, operate effectively and efficiently, and/or comply with applicable laws, rules, and regulations. This report also includes findings regarding significant instances of noncompliance with applicable laws, rules, or regulations. Other less significant findings were communicated to OPSB that did not warrant inclusion in this report.

The response from DBM to our findings and recommendations, on behalf of OPSB, is included as an appendix to this report. As prescribed in the State Government Article, Section 2-1224 of the Annotated Code of Maryland, we will advise DBM regarding the results of our review of its response.





LARRY HOGAN  
Governor

BOYD K. RUTHERFORD  
Lieutenant Governor

DAVID R. BRINKLEY  
Secretary

MARC L. NICOLE  
Deputy Secretary

May 14, 2015

Mr. Thomas J. Barnickel III, CPA  
Legislative Auditor  
State of Maryland  
Office of Legislative Audits  
State Office Building, Room 1202  
301 West Preston Street  
Baltimore, Maryland 21201

Dear Mr. Barnickel:

The Department of Budget and Management (DBM) has reviewed your draft audit report for the Office of Personnel Services and Benefits (OPSB) for the period beginning November 3, 2010 and ending April 15, 2014. As requested, our responses to the findings in the report are attached.

If you have any questions or need additional information, you may contact me at 410-260-7041 or Dick Ihrle, the Department's Compliance Auditor, at 410-260-6058.

Sincerely,

A handwritten signature in black ink, appearing to read "Dick Ihrle".

David R. Brinkley  
Secretary

cc: Marc Nicole, Deputy Secretary, DBM  
Bruce P. Martin, Principal Counsel  
Cindy Kollner, Executive Director, OPSB  
Anne Timmons, Director Employee Benefits Division, OPSB

~Effective Resource Management~

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**Department of Budget and Management**  
**Office of Personnel Services and Benefits (OPSB)**  
**Response to Legislative Audits Findings and Recommendations**  
**Audit Period: beginning November 3, 2010 and ending April 15, 2014**

## **Administrative Fees**

### **Finding 1**

**Controls were not adequate over the payment of administrative fees for the health care and prescription drug programs.**

### **Recommendation 1**

We recommend that OPSB ensure that

- a. an independent employee(s) verifies the administrative fee calculation, reviews and approves the payments entered into FMIS, and releases them for payment (repeat); and
- b. invoices received for prescription drug program administrative fees are verified to independent supporting documentation, such as internal enrollment records, prior to payment.

We advised OPSB on accomplishing the necessary separation of duties using existing personnel.

### **DBM OPSB Response 1:**

We agree with the recommendations as follows:

- a. OPSB has implemented an independent verification of both the health care and prescription drug program administrative fee calculation. The Accounting Manager now forwards a completed administrative fee calculation package to the Fiscal Director for review and approval (release) of the transmittal for payment.
- b. Since the inclusion of the EGWP (Employer Group Waiver Plans) in January 2014, OPSB now prepares two separate prescription drug program administrative fee payments each month in lieu of vendor generated invoices. The payments are calculated based on internal enrollment counts contained in the Benefits Administration System (BAS) and are checked to ensure consistency with the contract rates.

## **Program Audits**

### **Finding 2**

**OPSB did not adequately pursue and resolve the results of an independent audit of the prescription drug program.**

### **Recommendation 2**

We recommend that OPSB

- a. ensure that audit report findings of the independent firm are pursued and resolved in a timely manner, and that documentation evidencing resolution is maintained; and

- b. resolve the fiscal year 2012 prescription drug audit results, and in conjunction with the Office of the Attorney General, pursue collection of any amount due.

### **DBM OPSB Response 2:**

We agree with the recommendations as follows:

- a. OPSB currently has documented procedures in place to track external audit findings for performance failure remedies. Depending on the contract, we may be limited legally to reimbursement of the remedies and may not be able to collect additional amounts noted in the audit report. However, OPSB agrees to enhance its tracking to include all amounts deemed to be legally collectable and to establish stronger guidelines to ensure that all external audit findings related to remedies and recoveries are pursued, resolved and documented in a timely manner.
- b. OPSB is working with the DBM-Office of the Secretary, the Procurement Division and the Maryland Attorney General's Office to resolve the dispute and outstanding amounts owed to the state as a result of the 2012 prescription drug audit. In June 2013, the independent auditor reported that the prescription drug program administrator failed to meet certain performance guarantees and pricing standards. The administrator agreed to and made payment related to the performance guarantees. However, the administrator disputed the challenge to its pricing standards based on technical arguments associated with the pricing presented in its RFP response. The State considered but disagreed with the administrator's position. Despite multiple rounds of correspondence, the parties have been unable to resolve the dispute. The administrator was subsequently purchased by a current State vendor. OPSB is hopeful that this development will benefit the State favorably. Correspondence was mailed April 30 again requesting payment, and our AAGs will evaluate a contract claim against the administrator based on its response, with particular sensitivity to the filing of a claim if it fails to remit payment due without sufficient explanation.

## **Reviews of Participant Eligibility for Health Care Claim Payments**

### **Finding 3**

**OPSB had not established a formal policy to ensure the timely initiation and completion of participant eligibility reviews.**

### **Recommendation 3**

We recommend that OPSB

- a. establish a formal policy regarding the timeframe for initiating and completing eligibility claim reviews, including the related documentation requirements; and
- b. submit delinquent accounts to CCU in accordance with State regulations.

### **DBM OPSB Response 3:**

We agree with the recommendations as noted below:

- a. OPSB's goal is to ensure the successful completion of all eligibility audits no later than one-year after the close of the plan year. We will complete an updated written policy that

incorporates the current Billing Logic, project schedule and other components of the audit process to ensure timely completion of the audits.

- b. OPSB has received approval from CCU to deviate from CCU's policy to allow us to send two demand notices (45 days each) with subsequent submission of all delinquent accounts to CCU no earlier than 90 days from the date of first notice. This new policy has already been implemented and will be incorporated into the formal written eligibility audit policy.

## **Information Systems Security and Control**

### **Finding 4**

**OPSB inappropriately stored sensitive personally identifiable information in clear text.**

### **Recommendation 4**

We recommend that OPSB

- a. encrypt all database tables and files containing sensitive PII, and
- b. restrict read access to sensitive PII to only personnel who require such access for their job responsibilities.

### **DBM OPSB/DoIT Response 4:**

We agree with the recommendations as follows:

- a. The planned migration of BAS to Workday in Fall 2015 will provide encryption of sensitive PII within its databases along with all data backups. In addition, all files now stored on the BAS file servers or transferred to and from various vendors are encrypted.
- b. Read access to sensitive BAS PII has been modified through a newly established group. Access is now limited to only those individuals who need it to perform their job duties.

## **Cash Receipts**

### **Finding 5**

**Internal controls were not sufficient to ensure that all collections were deposited.**

### **Recommendation 5**

We recommend that OPSB

- a. use the initial record of checks received for verifying collections to deposit,
- b. perform deposit verifications on a more frequent basis,
- c. segregate the duties of processing cash receipts and maintaining accounts receivable records, and
- d. establish independent supervisory review and approval of manual payment entries to the automated accounts receivable records (repeat).

We advised OPSB on accomplishing the necessary separation of duties using existing personnel.

**DBM OPSB Response 5:**

OPSB agrees with and has addressed the recommendations as noted below:

- a. and b. OPSB has consolidated its initial record of receipts to the automated master check log which is used for verification of deposits on a weekly basis. Further, OPSB has again formally contacted the health care and prescription drug carriers to ensure that they use the existing lockbox specifically established for the collection of cash receipts by OPSB. This will significantly reduce the dollar value and volume of checks received.
- c. and d. The three individuals noted above that had access to manual posting in the BAS have had their access removed, thus resolving the segregation of duties and supervisory review recommendations in c. and d.

AUDIT TEAM

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