

SEMINOLE COUNTY
SPECIAL REVIEW
OF
SHORT TERM DISABILITY (STD)

REPORT NO. 022814

FEBRUARY 2014

**The Office of the Clerk of the Circuit Court and
Comptroller**

DISTRIBUTION LIST

BOARD OF COUNTY COMMISSIONERS

Ms. Brenda Carey
Mr. Lee Constantine
Mr. Bob Dallari
Mr. Carlton Henley
Mr. John Horan

COUNTY MANAGER'S OFFICE

Mr. Joseph Forte
Mr. James Hartmann

HUMAN RESOURCES DIVISION

Ms. Lee Ricci

**BOARD OF COUNTY COMMISSION
RECORDS**

Ms. Erin Leben

**The Office of the Clerk of the Circuit Court and
Comptroller**

**SEMINOLE COUNTY
OFFICE OF THE CLERK OF THE CIRCUIT COURT AND
COMPTROLLER**

**SPECIAL REVIEW OF
SHORT TERM DISABILITY (STD)**

TABLE OF CONTENTS

Transmittal letter

Background	1
Scope of Work	2
Overall Evaluation	2

Findings and Recommendations

1. Over/Under payments of insurance premiums.

Audit Recommendation	4
Schedule A (Under payments of STD Insurance)	5
Schedule B (Over payments of STD Insurance)	10
Schedule C (Former Employees Under)	12
Schedule D (Amount Due Standard Insurance Company)	13

Prepared by:
The Office of the
Clerk of the Circuit Court and Comptroller

SEMINOLE COUNTY

**SPECIAL REVIEW
OF
SHORT TERM DISABILITY (STD)**

BACKGROUND

As part of the fringe benefit package, employees have the option to purchase various types of insurance during open enrollment. STD insurance provides income protection in the unfortunate event they become disabled or unable to work due to an illness or non-occupational injury.

The county is responsible for administering the plan as well as making sure that the proper premiums have been submitted to the insurance provider (Standard Insurance Company); and, the bi-weekly payroll deductions cover the cost of the insurance.

During Open Enrollment, (generally the last two weeks of October and the first week in November), employees sign an enrollment form to have their premiums automatically deducted from their payroll check.

Premiums are based on employee's age and salary as of January 1st of each year. A new premium schedule is provided to the county each year to be used to update the JD Edwards Enterprise One, Human Capital Management Module.

Internal Audit was asked to review this process when it became known that the JD Edwards Enterprise One system had not been updated and had incorrect rates.

In the report that follows, four schedules illustrate the status of the premiums:

- Schedule A - Underpayments
- Schedule B - Overpayments
- Schedule C - Underpayments/Former employees
- Schedule D - Amount Due Standard Insurance

We also provide our recommendations for possible corrective action plans.

Prepared by:
The Office of the Clerk of Circuit Court and Comptroller

SCOPE OF WORK

All employees enrolled in the STD program for the period from January 1, 2011 through January 1, 2014 were subject to this review. The review included verifying:

- The proper contractual insurance rates;
- The employees birth dates;
- Employees salary at January 1st of each contract year;
- The amount of over or underpayment by each employee;
- The premiums are adequately supported with an auditable trail; and,
- The process used to validate the amount of funds due Standard Insurance Company.

OVERALL EVALUATION

In view of the fact that the JD Edwards Enterprise System had not been updated, the correct premiums had not been collected from the bi-weekly payroll.

Consequently, as noted in this report, some employees had grossly underpaid and others had overpaid. This is not the fault of the employees; it is clearly a management issue. Corrective action plans should take this into account.

The internal management controls for this program were not designed to ensure:

1. Employees are assessed the correct premium;
2. Employee is certified as being covered by the carrier; and
3. The payments to the carrier are correct.

Included in this report are four schedules relating to the employee overpayments, underpayments, other amounts owed by former employees, and a summary of the amount due Standard Insurance Company. Management should: (1) collect the underpayments; (2) refund overpayments; and, (3) send the amount due to Standard Insurance Company.

Finally, management needs to establish the administrative controls. Written procedures need to be formally drafted and submitted to the County Manager's Office for official review and approval. These issues are addressed in more detail in the report that follows.

Prepared by:
The Office of the Clerk of Circuit Court and Comptroller

FINDINGS AND RECOMMENDATIONS

FINDING NO. 1

Over/Under payments of insurance premiums.

There are four schedules attached to this report that itemize the over/under payments of the insurance. Also, a summary of the amount owed the Standard Insurance Company to get the county's billing current.

Schedule A	Under Payments	\$6,587.33
Schedule B	Over Payments	\$3,069.05
Schedule C	Under Payments by Former Emp	\$57.03
Schedule D	Funds due Standard Insurance	\$3,461.25

Based on interviews with staff and a review of the records, our conclusion is:

1. The JD Edwards Enterprise One Human Capital Management Module was not updated by HR with new premiums and current salary data;
2. Management controls, to ensure that the updates were completed and properly accounted for by staff were not complied with; and
3. Standard Insurance is not submitting a detailed billing each month with the employees covered and the premium due.

To improve the accuracy of the process there is a need for written policies, procedures, checklists and management controls.

By not having these in place, there is opportunity for incorrect premiums being assessed.

Prepared by:
The Office of the Clerk of Circuit Court and Comptroller

Recommendation

1. Refund employees who over paid. Refer to Schedule B for the total overpayment of \$3,069.15.
2. For those employees who underpaid (Schedule A - Total owed \$6,587.33), the following repayment schedule will be implemented and collected through payroll deductions. If less than \$100, deducted from next payroll; and, if equal to or over \$100, the amount shall be deducted from next two payroll periods.
3. HR should prepare written policies and procedures. The procedures should be reviewed for adequacy with the County Finance Director; then, submitted to the County Manager's Office for formal approval.
4. HR should be required to submit all supporting documentation to County Finance for a pre-audit of insurance company billing.
5. A representative from the Clerk's Office should validate annually that the proper insurance premiums have been added to the JD Edwards Enterprise One Human Capital Management Module. Also, the payroll vouchers generated from the payroll system should be validated to HR records of enrollees and balanced to the billings.
6. Standard Insurance Company should furnish a more complete bill each month that includes: the employee names; numbers; period of coverage; and, premium due each month. HR should not be required to exclusively administer the plan.
7. Write off the balances owed by former employees \$57.03 – Refer to Schedule C
8. Send check to Standard Insurance Company for the amount due of \$3,461.25.

Prepared by:
The Office of the Clerk of Circuit Court and Comptroller

**SCHEDULE A
UNDER PAYMENTS OF STD INSURANCE
SEMINOLE COUNTY BCC/SOE EMPLOYEES**

102680	\$	7.39
102603	\$	10.01
102657	\$	7.39
102807	\$	68.52
101722	\$	7.06
102683	\$	10.01
101806	\$	28.77
102751	\$	21.02
102099	\$	28.04
102304	\$	24.16
102648	\$	7.39
102295	\$	12.02
100293	\$	28.28
102685	\$	10.01
102537	\$	42.37
102826	\$	27.95
101982	\$	28.59
102268	\$	66.54
102532	\$	77.97
102519	\$	117.30
101891	\$	8.06
102900	\$	11.38
101581	\$	65.16
102642	\$	104.08
100914	\$	16.56
102062	\$	47.29
101658	\$	21.09
102584	\$	6.39
101986	\$	4.73

Prepared by:
The Office of the Clerk of Circuit Court and Comptroller

SCHEDULE A **Page 2 of 5**

101801	\$	7.02
101392	\$	8.05
100212	\$	6.63
102225	\$	11.26
102541	\$	16.25
100865	\$	11.14
102709	\$	6.79
101212	\$	6.57
102060	\$	5.50
100526	\$	7.19
102450	\$	27.54
101358	\$	6.82
101000	\$	12.46
100898	\$	16.59
102700	\$	49.81
100280	\$	6.37
102368	\$	11.53
100855	\$	13.81
102675	\$	6.60
101652	\$	8.40
102014	\$	5.93
101389	\$	6.84
101913	\$	11.60
102809	\$	17.71
100819	\$	7.31
100888	\$	17.50
101761	\$	7.89
102023	\$	4.46
101576	\$	5.97
101751	\$	11.20
102350	\$	8.61
100087	\$	10.72
101375	\$	5.84
102767	\$	60.77

Prepared by:
The Office of the Clerk of Circuit Court and Comptroller

SCHEDULE A **Page 3 of 5**

103015	\$	66.10
101153	\$	56.72
102705	\$	73.69
101567	\$	45.46
102846	\$	64.90
170179	\$	132.95
102744	\$	15.96
102263	\$	6.68
100805	\$	13.64
101997	\$	6.63
100747	\$	6.73
100817	\$	15.79
101728	\$	6.45
101441	\$	10.35
101442	\$	9.07
102729	\$	3.87
100410	\$	13.50
100276	\$	8.71
101383	\$	5.68
102421	\$	12.00
130015	\$	5.61
101176	\$	98.90
102746	\$	71.24
101349	\$	47.43
100514	\$	56.24
102733	\$	52.22
100229	\$	40.22
101259	\$	97.26
101735	\$	35.83
103110	\$	2.13
101256	\$	54.49
100263	\$	51.75
100923	\$	40.49
101335	\$	99.26

Prepared by:
The Office of the Clerk of Circuit Court and Comptroller

SCHEDULE A **Page 4 of 5**

101338	\$	9.40
101221	\$	12.94
100367	\$	11.83
101268	\$	67.76
101201	\$	9.28
102333	\$	9.61
101296	\$	13.31
100131	\$	12.37
102669	\$	33.87
101087	\$	9.99
100801	\$	14.59
100220	\$	7.58
102627	\$	6.71
101198	\$	12.57
101893	\$	6.60
101927	\$	8.05
102615	\$	11.90
101899	\$	20.75
102559	\$	8.64
100491	\$	104.32
100329	\$	241.65
101472	\$	109.78
101103	\$	125.50
170042	\$	182.54
102576	\$	122.11
102276	\$	205.73
100182	\$	90.82
102373	\$	188.84
102768	\$	124.50
100000	\$	121.42
102753	\$	171.60
102245	\$	166.23
101242	\$	172.40
100317	\$	87.56

Prepared by:
The Office of the Clerk of Circuit Court and Comptroller

SCHEDULE A **Page 5 of 5**

101110	\$	13.71
100205	\$	12.12
102240	\$	13.38
101167	\$	18.00
101293	\$	10.52
102349	\$	16.44
102063	\$	50.89
100492	\$	11.25
100799	\$	15.53
101354	\$	9.94
101403	\$	12.04
102058	\$	7.99
101180	\$	16.32
101674	\$	9.24
100006	\$	109.79
102441	\$	186.23
101713	\$	98.68
100139	\$	331.65
100461	\$	164.63
101433	\$	136.82
101348	\$	13.92
100186	\$	29.43
102458	\$	12.96
101417	\$	19.02
100424	\$	17.00
100084	\$	18.52
100183	\$	12.70
100575	\$	18.23
102124	\$	14.44
198038	\$	11.03
	\$	<u>6,587.33</u>

Prepared by:
The Office of the Clerk of Circuit Court and Comptroller

SCHEDULE B
Schedule of Over Payments
Short Term Disability (STD)

<u>EMPLOYEE NUMBER</u>	<u>OVER COLLECTED</u>
102677	\$ 1.04
102824	\$ 93.73
102531	\$ 14.49
102844	\$ 69.38
101575	\$ 15.77
100109	\$143.59
102570	\$167.03
102303	\$ 74.92
102483	\$110.31
102179	\$ 59.70
100414	\$153.09
101415	\$ 218.92
102392	\$ 187.69
102183	\$ 159.26
102239	\$ 8.06
102387	\$ 159.98
102487	\$ 22.08
102224	\$ 13.18
101036	\$ 43.62
102427	\$ 30.42
101361	\$ 26.45
102417	\$ 59.51
100383	\$ 39.79
102459	\$ 75.49
100916	\$ 40.75
100821	\$ 77.35
100921	\$ 51.78
101816	\$ 11.11
103016	\$ 35.38
170358	\$ 1.37
101910	\$ 3.69
100862	\$ 0.05
101196	\$ 1.71
130041	\$ 0.13
103022	\$ 1.70
101908	\$ 51.60

Prepared by:
The Office of the Clerk of Circuit Court and Comptroller

**Page 2
Schedule
B**

102722	\$ 707.52
101152	\$ 20.56
101329	\$ 31.13
100146	<u>\$ 85.82</u>
	\$3,069.15

Prepared by:
The Office of the Clerk of Circuit Court and Comptroller

**Schedule C
Former Employees - Terminated in 2013
Under-Payment**

<u>Employee No.</u>	<u>Amount Owed</u>
102756	\$ 5.14
102645	\$ 7.66
102760	\$ 7.39
101866	\$ 5.92
102185	\$ 12.14
101236	\$ 18.65
130041	<u>\$ 0.13</u>
	\$ 57.03

**Prepared by:
The Office of the Clerk of Circuit Court and Comptroller**

**Schedule D
Amount Due Standard Insurance Company
For STD Insurance Coverage**

Schedule A - Under Paid	\$6,587.33
Schedule B - Over Paid	\$3,069.05
Schedule C - Under Paid Ex- Emp	<u>\$57.03</u>
Total Due - Standard Insurance	\$3,461.25

**Prepared by:
The Office of the Clerk of Circuit Court and Comptroller**