



CITY OF ATLANTA
City Auditor's Office
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October 2022

Performance Audit:

Employee Benefits

What We Found

Errors in benefits payroll deductions led to employees underpaying for their benefits and the city overpaying to cover the difference. Our review of benefits payroll deductions for a random sample of active employees in October 2021 found that all employees in two plan tiers were charged a lower rate than the rate in the enrollment guide, and some employees were paying the 2020 rate for their chosen plan due to a processing error in Oracle.

The city is likely short hundreds of thousands of dollars in unreimbursed retiree insurance costs. The city pays insurers for health insurance benefits and receives reimbursement for retiree contributions through pension payroll deduction for retirees enrolled in the city's defined benefit plan; retirees enrolled in the defined contribution plan are responsible for providing a check or money order to cover outstanding amounts. Employee Benefits Division staff logs payments received but has no list of retirees who must make payments and no process to reconcile retiree payments with what the city is owed. We estimate the shortfall in reimbursements to be \$276,000 in 2021. Lack of tracking has also led to the city continuing coverage for retirees after they've passed away.

The Employee Benefits Division lacks a strategic approach for administering the city's health and wellness programs. Neither the division nor any other city authority is currently responsible for evaluating the effectiveness of the city's wellness programs, and the Employee Benefits Division cannot accurately assess whether these programs have an impact on health outcomes for city employees.

The City of Atlanta's medical plans are affordable under the ACA (Affordable Care Act). The ACA's employer-shared responsibility provisions require applicable large employers to offer minimum essential coverage that is affordable.

Why We Did This Audit

We undertook this audit because previous audits identified employee benefit errors that resulted in inaccurate payroll deductions, inaccurate pension and beneficiary payments, delayed enrollment in benefit plans, and overpayments to healthcare providers.

What We Recommended

To improve accuracy, the Human Resources Commissioner should:

- develop processes to review new plan rate amounts before uploading them into Oracle and ensure that open enrollment selections are processed correctly
- implement a monthly discrepancy report to detect incorrect deductions or anomalies
- develop processes to invoice retirees whose benefits contributions can't be withheld from payroll and to track and reconcile payments received

To more effectively administer benefit programs, the of Human Resources Commissioner should:

- implement best practices for wellness programs, including setting goals, establishing a wellness committee, evaluating participation, and conducting organizational assessments
- use available data to better manage healthcare costs
- assemble a task force to consider alternative ways to provide retiree health benefits

For more information regarding this report, please use the "contact" link on our website at www.atlaudit.org.

Management Responses to Audit Recommendations

Summary of Management Responses		
<p>Recommendation #1:</p> <p>In order to ensure the city collects accurate benefits payments from employees and retirees, we recommend that the Human Resources Commissioner develop a review process for new plan rate amounts before the Oracle plan configuration upload.</p>		
<p>Response: Agree</p>	<p>Status: Started</p>	<p>Estimated Completion Date (M/Y): January 2023</p>
<p>Recommendation #2:</p> <p>In order to ensure the city collects accurate benefits payments from employees and retirees, we recommend that the Human Resources Commissioner implement controls to ensure that selections made during open enrollment are processed correctly.</p>		
<p>Response: Agree</p>	<p>Status: Started</p>	<p>Estimated Completion Date (M/Y): January 2023</p>
<p>Recommendation #3:</p> <p>In order to ensure the city collects accurate benefits payments from employees and retirees, we recommend that the Human Resources Commissioner implement a monthly discrepancy report to detect incorrect deductions or anomalies.</p>		
<p>Response: Agree</p>	<p>Status: Not Started</p>	<p>Estimated Completion Date (M/Y): January 2023</p>
<p>Recommendation #4:</p> <p>In order to ensure the city collects accurate benefits payments from employees and retirees, we recommend that the Human Resources Commissioner create an invoicing process and generate an invoice to be mailed in with retiree benefits payments and consider electronic payments through a billing module in Oracle.</p>		
<p>Response: Agree</p>	<p>Status: Started</p>	<p>Estimated Completion Date (M/Y): January 2023</p>
<p>Recommendation #5:</p> <p>In order to ensure the city collects accurate benefits payments from employees and retirees, we recommend that the Human Resources Commissioner develop a process for reconciling retiree payments to the city.</p>		
<p>Response: Agree</p>	<p>Status: Started</p>	<p>Estimated Completion Date (M/Y): January 2023</p>

<p>Recommendation #6:</p> <p>In order to ensure the city collects accurate benefits payments from employees and retirees, we recommend that the Human Resources Commissioner develop written policies and procedures for correcting common Oracle data entry mistakes and Human Resources discrepancies.</p>		
<p>Response: Agree</p>	<p>Status: Started</p>	<p>Estimated Completion Date (M/Y): December 2022</p>
<p>Recommendation #7:</p> <p>To effectively administer the wellness programs, we recommend that the Human Resources Commissioner establish and post goals and objectives for wellness programs to the Benefits website, consistently collect attendance data, and evaluate participation in wellness programs at least annually.</p>		
<p>Response: Agree</p>	<p>Status: Started</p>	<p>Estimated Completion Date (M/Y): October 2022 (to roll out in January 2023)</p>
<p>Recommendation #8:</p> <p>To effectively administer the wellness programs, we recommend that the Human Resources Commissioner establish a wellness committee to help build organizational support and to improve the effectiveness of wellness programs.</p>		
<p>Response: Agree</p>	<p>Status: Partly Implemented</p>	<p>Estimated Completion Date (M/Y): November 2022</p>
<p>Recommendation #9:</p> <p>To effectively administer the wellness programs, we recommend that the Human Resources Commissioner direct the Employee Benefits Division to use available data, including surveys to measure program success consistent with best practices.</p>		
<p>Response: Agree</p>	<p>Status: Started</p>	<p>Estimated Completion Date (M/Y): April 2023</p>
<p>Recommendation #10:</p> <p>To effectively administer the wellness programs, we recommend that the Human Resources Commissioner develop and implement a system for evaluating health and wellness programs to determine whether initiatives are improving employees' health outcomes.</p>		
<p>Response: Agree</p>	<p>Status: Not Started</p>	<p>Estimated Completion Date (M/Y): April 2023</p>

Recommendation #11:

To effectively administer the wellness programs, we recommend that the Human Resources Commissioner assemble a task force to consider the possibility of offering a retiree stipend instead of health benefits, which could eliminate the need to reconcile retiree contribution payments.

Response:

Agree

Status:

Implemented

Estimated Completion Date (M/Y):

N/A

Recommendation #12:

To effectively administer the wellness programs, we recommend that the Human Resources Commissioner implement best practices for establishing and designing a wellness program by evaluating the City of Atlanta workplace culture, including conducting organizational assessments and environmental audits and evaluating available data to better manage healthcare costs.

Response:

Agree

Status:

Started

Estimated Completion Date (M/Y):

January 2023