


**COUNTY OF MILWAUKEE**  
**DAS – Division of Employee Benefits**  
INTER-OFFICE COMMUNICATION

DATE : November 22, 2011

TO : Supervisor Johnny L. Thomas, Chair, Finance & Audit Committee  
Supervisor Joe Sanfelippo, Chair, Personnel Committee

FROM : Matthew Hanchek, Interim Director, Employee Benefits Division 

SUBJECT: **Informational Report from the Interim Director, Employee Benefits Division, Regarding Dependent Eligibility Audits. No action required.**

In the 2011 Operating Budget, the Department of Audit and the Employee Benefits Division were tasked with developing the process for an audit of dependent benefits eligibility and releasing an RFP to an external administrator to conduct the audit on the County's behalf.

The Employee Benefits Division published the finalized RFP on Milwaukee County's procurement website on August 26, 2011. Notice of the RFP ran in the August 27<sup>th</sup> – August 28<sup>th</sup> editions of the Journal Sentinel. The RFP follows the procedures outlined in Chapter 56.30 of the Milwaukee County Code of Ordinances, and the successful bidder will be required to comply with the Disadvantaged Business Enterprise (DBE) policy defined in CFR 49 Part 23 and 26 and Chapter 42 of the Milwaukee County Ordinances.

The RFP generated a large number of inquiries, resulting in seven formal bids. A review panel consisting of representatives from the Employee Benefits Division, DAS Fiscal, the Department of Audit, and County Board Staff is in the process of reviewing all bids, with the finalist presentations to be completed in December. Authorization for the contract award and final scope of service will be sought in the January County Board cycle. The audit activities would commence immediately upon approval of the contract.

**Amnesty Period:**

Literature on dependent eligibility audits recommends offering an amnesty period to employees and retirees prior to the initial audit period. This places the focus on cleaning up eligibility records rather than the punitive aspect. Generally, the employer would waive any employment or financial ramifications related to past coverage for people who voluntarily remove ineligible dependents.

While typically recommended, the decision to offer an amnesty period is ultimately at the County's discretion and can be revisited for the initial audit or future audits. The Employee Benefits Division will seek policy direction from the County Board on this issue in the January cycle.

Cc: Jerome Heer, Director of Audits  
Patrick Farley, Director, Dept. of Administrative Services  
Kimberly Walker, Corporation Counsel  
Rick Ceschin, Senior Research Analyst, County Board  
Steve Cady, Fiscal and Budget Analyst, County Board  
Carol Mueller, Chief Committee Clerk  
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