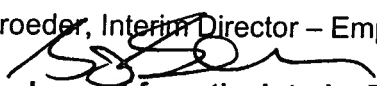


COUNTY OF MILWAUKEE
DAS – Division of Employee Benefits
INTER-OFFICE COMMUNICATION

DATE : March 30, 2011

TO : Supervisor Johnny L. Thomas, Vice Chair, Committee on Finance & Audit
Supervisor Patricia Jursik, Chair, Committee on Personnel

FROM : Gerald Schroeder, 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 Department of Audit and the Employee Benefits Division, working in conjunction with the Director of Audits, have discussed the scope and common practices for an eligibility audit, including the option for allowing an amnesty period prior to the audit to allow employees to self-report covered ineligible dependents without fear of disciplinary action. Further, we have confirmed that there are a number of firms with extensive experience in these types of initiatives, including many of the County's existing benefits vendors, who are able to provide reliable expectations for the return on investment. provided an update on the progress of this RFP in the March cycle, indicating that the pending actions by the State would impact the timing of the RFP release, the completion of the audit, and the potential return on this investment. With the uncertain status of the Bill, the Employee Benefits Division and the Department of Audit intend to return to the committee following certitude on when the State law takes effect to present recommendations for the RFP and seek authorization to proceed.

However, despite progress on this item, the pending budget actions at the State level could have a significant impact on the timing of our efforts to conduct this audit and the potential outcome. As such, the Employee Benefits Division and Department of Audit intend to return to the committee in the April cycle to discuss any changes that arise from the State's action and the next steps for issuing an RFP.

GS:hf

Cc: Jerome Heer, Director of Audits
John Ruggini, Acting Fiscal & Budget Administrator
Mark Grady, Corporation Counsel
Rick Ceschin, Senior Research Analyst, County Board
Steve Cady, Fiscal and Budget Analyst, County Board
Carol Mueller, Chief Committee Clerk
Jodi Mapp, Personnel Committee Clerk