



**Human Resources –
Employee Insurance Benefit
Review Follow-Up Audit
No. A2024-06**

Issued by the
Internal Audit Department
March 19, 2024

City of El Paso
Internal Audit Department
Human Resources – Employee Insurance Benefit Review Follow-Up Audit A2024-06

EXECUTIVE SUMMARY

The Internal Audit Department conducted a Follow-Up Audit of the Human Resources – Employee Insurance Benefit Review Audit Report dated December 21, 2022. The original Audit Report contained two (2) findings. Only Finding #2 required a Follow-Up Audit. Upon completion of the audit fieldwork, we have determined the status of the recommendation for Finding #2 as outlined in the table below:

Finding No.	Description of Original Findings	Status
1	The Human Resources Department has processes in place to ensure that employees and dependents enrolled for City Health Benefits are eligible and accurately charged for their elected coverage.	Follow-Up Not Required
2	<p>A process has not been established to dispose of digital Health Benefits Records for former employees as required by the Texas State Library and Archives Commission and City Ordinance No. 018176. The digital Health Benefit Records are stored in ApplicationXtender Document Manager.</p> <p>The current records retention period established by the Texas State Library and Archives Commission, Government Record Numbers 1050-08a and 1050-08b for employee Health Benefit Records, ranges from one (1) year to four (4) years after termination of coverage.</p>	In Progress – Management will Assume the Risk

For a detailed explanation of the current observation for Finding #2, please refer to the body of this Audit Report.

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BACKGROUND

The *Generally Accepted Government Auditing Standards* (Standard 8.30) states that auditors should evaluate whether the audited entity has taken appropriate corrective action to address findings and recommendations from previous engagements. The *International Standards for the Professional Practice of Internal Auditing* (Performance Standard 2500.A1) require that the Chief Audit Executive establish a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action.

AUDIT OBJECTIVES

The audit objective was to ensure that corrective action was taken by management to address the recommendation for Finding #2 identified in the original Audit Report dated December 21, 2022.

AUDIT SCOPE

The audit period covered the Human Resources – Digital Health Benefit Records for Fiscal Year 2024.

AUDIT METHODOLOGY

To achieve our audit objectives, we:

- Interviewed the Human Resources management team regarding the implementation of destruction process for digital Health Benefit Records of former employees.
- Reviewed implementation timeline provided by the Managing Director of Internal Services.
- Summarized the results of testing.

We conducted this audit in accordance with *Generally Accepted Government Auditing Standards* and the *International Standards for the Professional Practice of Internal Auditing*. 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.

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CURRENT OBSERVATION AND STATUS

Based on the follow-up audit results, the original finding recommendation will be designated with one of the following four status categories:

<i>Implemented</i>	The finding has been addressed by implementing the original corrective action or an alternative corrective action.
<i>In Progress</i>	The corrective action has been initiated but is not complete.
<i>Not Applicable</i>	The recommendation is no longer applicable due to changes in procedures or changes in technology.
<i>Not Implemented</i>	The recommendation was ignored, there were changes in staffing levels, or management has decided to assume the risk.

Finding 1 (Positive Finding)

Administration of the City of El Paso Health Benefits Program

City of El Paso Strategic Plan:

- Goal 6.2 *Implement employee benefits and services that promote financial security.*
- Goal 6.12 *Maintain systems integrity, compliance and business continuity.*

Based on the results of our review of Employee Insurance Benefits, we identified that Human Resources – Benefit Services:

- Has established procedures documenting the enrollment process and defining the documentation requirements for enrolling employees and dependents for benefits.
- Posts and distributes consistent communication to employees regarding benefits and documentation requirements for enrolling dependents.
- Implemented a process to notify third party administrators of terminated employees and their dependents.
- Implemented a process for approving and coding disabled dependents.
- Obtains required documentation for dependents enrolled for benefits.
- Updates Benefit Records stored in ApplicationXtender to reflect up-to-date benefit coverage information.

We can provide reasonable assurance that the Human Resources Department has processes in place to ensure that employees enrolled for City Health Benefits are eligible and accurately charged for their elected coverage.

Status

No Follow-Up necessary.

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Finding 2

Current Observation

The Human Resources Department (HR) is in the process of implementing a destruction process for digital Health Benefit Records of former employees as required by the Texas State Library and Archives Commission. The digital Health Benefits Records are stored in ApplicationXtender Document Manager.

HR has been working with the Department of Information Technology Services, the City Archives and Records Manager, and the ApplicationXtender vendor to establish a destruction process. The project was placed on hold due to an upgrade to the City's PeopleSoft software system.

Status

In Progress - The HR Department should continue the implementation of the destruction process for digital Health Benefit Records of former employees once the PeopleSoft upgrade is completed at the end of March 2024. Vendor outreach is expected to resume in April 2024.

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INHERENT LIMITATIONS

Because of the inherent limitations of internal controls, errors or irregularities may occur and not be detected. Also, projections of any evaluation of the internal control structure to future periods beyond the Audit Report date are subject to the risk that procedures may become inadequate due to changes in conditions, management override of internal controls, or that the degree of compliance with the procedures may deteriorate. This was a limited scope audit which only reviewed the areas stated in the Audit Objectives during the Audit Scope period. No representations of assurance are made to other areas or periods not covered by this audit.

CONCLUSION

We have concluded our audit work on the objectives of the Human Resources Department – Employee Insurance Benefit Review Follow-Up Audit. The audit evidence used in the analysis is sufficient and appropriate for addressing the objectives and supporting the observations and conclusion. In accordance with *Generally Accepted Government Auditing Standards*, we are required to conclude whether the Human Resources Department met the objectives of this Follow-Up Audit.

Based on our audit work, no Follow-Up was necessary for Finding #1. The Human Resources Department has processes in place to ensure that employees enrolled for City Health Benefits are eligible and accurately charged for their elected coverage. For Finding #2, the Human Resources Department is in progress of establishing a process to dispose of digital Health Benefit Records for former employees as required by the Texas State Library and Archives Commission.

A 2nd Follow-Up Audit will not be necessary. We are confident that the Human Resources Department will complete the process to dispose of digital Health Benefit Records of former employees. The Human Resources Department will assume the risk associated with failing to complete the process. We wish to thank the Human Resources Department management and staff for their assistance and courtesies extended during the completion of this Follow-Up Audit.

Signature on File

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Chief Internal Auditor

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