

**Post-Audit Review 17-04:  
Blue Cross Blue Shield of  
Tennessee Contract**

**August 2018**

**City Auditor**

Stan Sewell, CPA, CGFM, CFE

**Internal Auditor**

Barry Teague, CPA, CFA, CGMA





# OFFICE OF INTERNAL AUDIT

## Stan Sewell, City Auditor

August 24, 2018

To: Mayor Andy Berke  
City Council Members

Subject: Post-Audit Review of Blue Cross Blue Shield of Tennessee Contract

Dear Mayor Berke and City Council Members:

Attached is a summary report on the status of audit recommendations in our 2017 Blue Cross Blue Shield of Tennessee Contract audit report. The purpose of this report is to confirm whether, and to what degree, management has implemented the recommendations made in the original audit.

The original audit concluded:

1. Human Resources (HR) should work with the Department of Information Technology (IT) to facilitate information related to employee terminations being electronically forwarded to Benefits and Human Resources;
2. The Employee Information Guide needed to be revised to include the timeframe required for reporting an impending termination;
3. The Employee Benefits Office Operation Manual should be updated to incorporate current policies and procedures;
4. Human Resources should create a comprehensive policy and procedure manual.

The audit had four recommendations to address internal control deficiencies observed while auditing the contract. At the time of this Post-Audit Review, no recommendations had been implemented. Recommendations not implemented are herein reported to the Audit Committee for follow-up, as appropriate.

This Post-Audit Review consisted principally of inquiries of City personnel and examinations of various supporting documentation. It was substantially less in scope than an audit in accordance with generally accepted government auditing standards. The evidence obtained provided a reasonable basis for our conclusions; however, had an audit been performed, other matters might have come to our attention that would have been reported to you and our conclusions may have been modified.

Sincerely,

Stan Sewell, CPA, CGFM, CFE  
City Auditor

Attachment

cc: Audit Committee Members  
Stacy Richardson, Chief of Staff  
Maura Sullivan, Chief Operating Officer  
Daisy Madison, Chief Financial Officer  
Beverly Moultrie, Human Resources Director  
Jim Arnette, TN Local Government Audit

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## RECOMMENDATIONS NOT IMPLEMENTED (4)

Recommendation	Actions Taken
1 We recommended HR work with IT to facilitate information related to employee terminations being electronically forwarded to Benefits and Human Resources.	IT is aware of the need to electronically notify the proper departments of an impending termination. To-date, IT has not received an HR request to address the issue.
2 We recommended The Employee Information Guide be revised to include the timeframe required for reporting an impending termination.	Portions of the Employee Information Guide have been updated and are in a draft form. The revisions are currently being presented to departmental leaders for their education and input. The revisions are expected to be presented for Council approval during September 2018.
3 We recommended the Employee Benefits Office Operation Manual be updated to incorporate current policies and procedures. This was recommended previously in Audit 11-13, Personnel Department Benefit Payment and Premium Collections.	The Benefits staff is currently working on updating/writing policies and procedures. Their goal is for them to be completed and in place by October 2018.
4 We recommended the Human Resources Department create a comprehensive policy and procedure manual. This was recommended previously in Audit 11-13, Personnel Department Benefit Payment and Premium Collections.	HR Department management is working to develop an up-to-date policy and procedure guide. The goal is to finish the project by December 2018.

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