



10.17.2011 Audit Committee Meeting Minutes

To: Kristi Campos, Audit Committee Chairman

A handwritten signature in black ink, appearing to be 'KAC', written over the name Kristi Campos.

From: Chris Compton, Secretary

CC: Sterling Cheatham
Debra Mack
Allison Collins
Stephanie Jacobs
Bryon Dorey

Date: October 17, 2011

Call to order:

Kristi Campos, Audit Committee Chairman, brought the meeting to order at 9:30 am on October 17, 2011 in the City Manager's Conference Room.

Members Present:

Kristi Campos
Charlie Rivenbark
Earl Sheridan

Staff Present:

Sterling Cheatham
Bryon Dorey
Debra Mack

Allison Collins
Chris Compton

Summary of Action Items:

1. Review for Approval – Medical Claims/Pharmaceutical Audit Report – Completed May 1, 2011

- Allison Collins reviewed the recommendations of the consultant engaged to conduct the medical claims review for the city.
- The primary item concerns Medicare-eligible staff and retirees that are not enrolling in Medicare when they become Medicare eligible, and Blue Cross Blue Shield North Carolina (BCBS NC) is still paying the claims for these individuals. The City BCBS NC Profile states that when an employee becomes eligible for Medicare, that they should enroll and notify the city and be removed from the City's Policy. The main concern is for participants on the City's Policy that become Medicare eligible prior to the age of 65, the City has no way of knowing when and if this occurs. BCBS NC is notified if they

are eligible for Medicare prior to the age of 65 and should be notifying the City.

- Allison Collins will be working with Human Resources and Blue Cross Blue Shield to determine ways to better identify and communicate to the city when an employee has become Medicare eligible. Blue Cross Blue Shield also needs to better enforce the City Profile and not pay for claims that should be sent to Medicare. She noted that the Blue Cross Blue Shield's recovery period, as identified in the City's contract with BCBS NC is currently 18-24 months. Any claim errors found beyond this time, will not be available for recovery.
- Sterling Cheatham noted that it may be a good time to interview other insurance program administrators to see if we might get better results.
- Debra Mack reported that going forward, Medicare-eligible wording will be added to all appropriate documents to make sure employees and retirees are aware of their obligations.
- A motion to approve the Medical/Pharmaceutical Claims Audit Report was made by Earl Sheridan and seconded by Charlie Rivenbark. Approval of the motion was unanimous.

2. Discussion Item – Fiscal Year End June 30, 2011 Annual Independent Audit Report Status Update

- Debra Mack reported that due to the implementation of GASB 54 and other changes and challenges in the Finance Department, the city will miss the October 1, 2011 LGC audit deadline. This report should be available for the first City Council Meeting in January 2012.
- This delay does not affect our status with LGC. Debra Mack noted that other large North Carolina cities are also being delayed this year.
- The full Finance Department Report will be available in the next few weeks and will be presented to City Council.
- Debra Mack also noted that the first six E-payables vendors have been enrolled and the process is progressing smoothly.
- Charlie Rivenbark asked about the Cross-City Trail and General Contractors who are not paying their sub-contractors for work completed. Debra Mack reported that only at the end of a job are sub contractors asked to sign off that they have been fully paid by the General Contractor. Debra Mack will review the statutes to make sure that there have not been any changes.

3. Status Report and Discussion – City Council Travel Update for the Quarter End September 30, 2011 (1st Quarter of the 2011-2012 Fiscal Year)

- Allison Collins reviewed the report and noted that the correct City Council Member travel allotment is \$2,750.
- The next travel report should include a new column that shows the Balance Remaining for each Council Member.

Adjournment:

The meeting was adjourned at 10:05 a.m.

Next Meeting Date: Tuesday, January 17, 2012, in the City Manager's Conference Room, 9:00 am, or following the Agenda Briefing meeting. *Monday, January 16, 2012 is Martin Luther King Jr. Holiday and is the reason for the Tuesday meeting.*