

SAN FRANCISCO HEALTH SERVICE SYSTEM

San Francisco Health Service System (SFHSS) Audit Policy

Purpose

SFHSS procedures for audits performed by SFHSS Staff and Third-party Consultants. Third-party Consultants include, but are not limited to, the firm contracted to provide actuarial and health benefit consulting services to SFHSS (SFHSS Actuary), and any applicable auditors, actuaries and/or consultants under contract with the City of County of San Francisco (City) through other City Departments.

Background Rationale

Audits ensure (i) Department-wide accountability to SFHSS members, (ii) adherence to and adoption of health benefit administration best practices, (iii) continuation of the Health Service Board's fiduciary duty to Members, (iv) routine evaluation of the valuable services provided to SFHSS Members, and (v) improvement of those services through the actions of SFHSS and the Health Service Board (Board).

Policy

1. The frequencies of audits will be determined by legislative and regulatory requirements as well as any applicable City or SFHSS policies.
2. The SFHSS Executive Director will ensure that appropriate resources and personnel are available to conduct audits in an efficient, comprehensive and timely manner.
3. Audits shall address:
 - Operational
 - Performance
 - Compliance
 - Financial
 - *Ad Hoc*
4. Audits are listed in the appendix as: 1) Required or 2) Interval (Appendix A: List of Required Audits and Frequency) or Internal Audits (Appendix B: List of Internal Audits and Frequency). Appendix A and/or Appendix B may be modified by the Board or Executive Director to comply with legislative and regulatory requirements, City policy, or health benefit administration industry best practice.
5. Budget: The Health Service System's Board approval of the department's two-year budget provides the authority for the department to proceed with an audit.
6. Scope of Work:
 - SFHSS and/or Third-party Consultants shall develop the scope(s) of work for all Required and Internal Audits.
 - Each scope of work shall be consistent with the available funds and approved SFHSS budget.
 - Each scope of work shall be approved by the Executive Director or designee.

7. Annual Audit Schedule:

- The SFHSS Chief Operating Officer (COO) and CFO shall develop an Annual Audit Schedule consistent with Appendix A and Appendix B. The audits may be added or deleted.
- The SFHSS Actuary may review and may provide final recommendations to the Annual Audit Schedule upon the request of the Executive Director or designee.
- The Executive Director shall provide final approval of the Annual Audit Schedule.

8. Audit Support:

- Prior to conducting any audit by a Third-party Consultant, a Letter of Engagement shall be submitted which will include, but is not limited to, the following: a detailed description of the scope and subject matter of the audit, required information, proposed schedule, and audit methodology.
- The Executive Director or designee shall review and approve the Letter of Engagement.

Reporting

- The COO and/or the CFO shall review a draft audit report of all audit results, as well as the evaluation phase of an audit (Fieldwork), questions and concerns, and corrective action plans.
- Upon finalization of the review of the audit report by the COO and/or CFO, the Executive Director shall review the and approve a final audit report (Audit Report).
- The Executive Director and/or a Third-party Consultant may present the Audit Report to the Board.
- As applicable, the Executive Director may distribute the Audit Report to the Board-approved entities and/or post the Audit Report publicly to the SFHSS website or other entities based on compliance with laws, rules and regulations.
- All documentation from the Fieldwork, Draft Audit Report, and the Audit Report itself shall be retained according to the policies and procedures of the City's Office of the Controller.

Review of Audit Recommendations

- A Work Plan and Schedule shall be developed by SFHSS staff and approved by the Executive Director, COO and CFO in accordance with the Audit Report recommendations.
- The Executive Director, COO and CFO shall be responsible for ensuring the recommendations from the Audit Report are implemented.

Policy Review

SFHSS shall annually review the SFHSS Audit Policy, Appendix A (List of Required Audits and Frequency) and Appendix B (List of Internal Audits and Frequency).

Policy History

The SFHSS Audit Policy is effective January 1, 2020.

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San Francisco Health Service System (SFHSS) Audit Plan and Audit Schedule

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SFHSS procedures for audits performed by SFHSS Staff and Third-party Consultants. Third-party Consultants include, but are not limited to, the firm contracted to provide actuarial and health benefit consulting services to SFHSS (SFHSS Actuary), and any applicable auditors, actuaries and/or consultants under contract with the City of County of San Francisco (City) through other City Departments.

SFHSS Audits Conducted by SFHSS Staff:

Description	Frequency	Brief Description
PCDISS risk assessment (Payment Card Ind. Data security standard)	Annually	Done via vendor TTX engages. Unsure if this will continue as an annual but have done it the last 2-3 years
Mailing Address Validation	Annually	Reviewing Mailing Addresses of retirees and actives that moved in the last year and documented the move with the Post Office
Social Security Number	Monthly	Usually for new members
Domestic Partner Imputed Income Certification	Annually	Tax Certification
Flexible Spending Account Forfeitures	Annually	
GASB 75 (OPEB)	Annually	Finance and ESA supports our department as well as the CCD, CRT, and USD with this audit
Financial Statements Audit	Annually	Audit of Financial Statements
Compliance with HIPAA Requirements	Ongoing	
Equipment Inventory	Biennial	Includes data for Fixed Asset Calculations
Nondiscrimination Testing (only on FSA's)	Annually	Tests CCSF plans are in compliance with IRS tax favored plans rules
Case Creation/Inbound Calls	Daily/Weekly	
Dependent Eligibility Verification	Annually beginning 2021	Audit to verify eligibility of dependents who are on member's plans

Contract Not to Exceed Amount	30 days prior to contract end	
Audit of Assigned Software Licenses	Monthly	Review software licenses for validity
Premium Reconciliation	Monthly	
PeopleSoft Security Review	Semiannually	HIPPA audit
Door Access Security Review	Monthly	HIPPA audit
Eligibility Review	As needed	Audits to insure eligibility files are correct when they're transmitted to the carriers
Cybersecurity Risk Assessment	Weekly	The check is assessment is done to review and remedy possible network issues
Continuity of Operations Plan	Annually	Review of plan and annual training

SFHSS Audits Supported by External Support

Audit Title (2020)	Final Price/Cost	Timeline/Schedule	Status	Audit Category
Mental Health Parity (UHC)	\$15,000	6/30/2020	Planning	Operational and Fiduciary
Medical – High Cost Claims (BSC)	# of Claims x \$1250	6/30/2020	Planning	Fiduciary
Medical – Hight Cost Claims (KP)	# of Claims x \$1250	9/30/2020	Planning	Fiduciary
HIPPA Privacy	What is the total cost with all pieces completed?	TBD	Planning	Operational and Fiduciary
HIPPA Security Audit	\$75,000-100,000 (will this change?)	TBD	Planning	Operational and Fiduciary
Rx Fraud, Waste and Abuse Audit	\$40,000-100,000	12/31/2020	Planning	Fiduciary