



DEPARTMENT OF HUMAN RESOURCES (Part-time Employee Benefits)

Biennial Performance
Audit For The Years
Ended December 31,
2021 and 2020
City Auditor, Josh Pasch
December 20, 2022



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Office of the Comptroller

Josh Pasch, City Auditor

100 N. Holliday St., Room 321
Baltimore, Maryland 21202

Honorable Bill Henry, Comptroller
and Other Members
of the Board of Estimates
City of Baltimore

EXECUTIVE SUMMARY

The Department of Audits (DOA) conducted a *Biennial Performance Audit of the Department of Human Resources for the years ended December 31, 2021, and 2020*. The objectives of the performance audit were to determine whether:

- The Department of Human Resources (DHR) vendor who monitors part-time employment contract effectively delivers the agreed services, most notably Affordable Care Act (ACA) compliance; and
- DHR effectively monitors service outcomes.

Our audit concludes that DHR vendor who monitors part-time employment contract effectively delivers the agreed services, most notably ACA compliance; and, DHR effectively monitors service outcomes.

We wish to acknowledge DHR's cooperation extended to us during our audit.

Respectfully,

Josh Pasch, CPA
City Auditor
Baltimore, Maryland
December 20, 2022

BACKGROUND INFORMATION

The Mayor, and the City Council of Baltimore signed a contract with Tango Health Incorporated on August 26, 2015. Tango Health Incorporated is a developer, and administrator of ACA, and benefits administration technology, and services solutions. The main purpose of the contract was to ensure that the City complies with the ACA requirements in delivery of health care insurance coverage to part time, and temporary employees. Tango Health Incorporated has developed an information benefits administration technology system specifically tailored, and configured for the ACA compliance requirements. The City of Baltimore (City) has subscribed to this benefits administration technology system that is fully managed, and supported by Tango Health Incorporated.

The City part time, and temporary employees who work a minimum of 1,560 hours in one year are eligible to enroll for the health benefits. These are cumulative hours, and are measured by Tango Health Incorporated measurement reports. After the employee becomes eligible, they are notified through Workday, which is the City's human capital management and financial system. The employees have 45 days to enroll or decline health benefits.

OBJECTIVES, SCOPE, AND METHODOLOGY

We conducted our performance audit in accordance with *Generally Accepted Government Auditing Standards*. 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. The objectives of the performance audit were to determine whether:

- DHR vendor who monitors part-time employment contract effectively delivers the agreed services, most notably Affordable Care Act compliance; and
- DHR effectively monitors service outcomes

The scope of our audit was for the calendar years ended December 31, 2021 and 2020; however, certain other matters, procedures, and transactions outside that period may have been reviewed to understand and verify information during the audit period. This contract is about review of ACA compliance and reporting. The ACA compliance reporting is done on annual basis to the Internal Revenue Service (IRS). Hence the scope of the audit is for the calendar years ended December 31, 2021 and 2020.

To accomplish our audit objectives, we:

- Researched the ACA, IRS rules, and regulations to identify governing policies, rules and regulations associated with part-time employees, ACA compliance and DHR's monitoring of service outcomes;
- Reviewed the Tango Health Incorporated and Mayor and City Council of Baltimore Software and Services Master Agreement;
- Interviewed DHR key individuals to obtain an understanding of the processes, and procedures associated with part-time employees, ACA compliance, and monitoring of service outcomes;
- Reviewed and evaluated the design of certain: (1) internal controls such as recording, reporting, documenting; (2) processes; and (3) monitoring; and
- Tested random samples of 30 part-time employees

SECTION I: CURRENT FINDING AND RECOMMENDATION

None