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Correspondence Memorandum

Date: January 25, 2018
To: Group Insurance Board
From: Jessica Rossner, Program Manager
Office of Strategic Health Policy
Subject: Third Party Audits of Total Administrative Services Corporation Update

This memo is for informational purposes only. No Board action is required.

Total Administrative Services Corporation (TASC) is the third-party administrator of the Employee Reimbursement Accounts (ERA), Commuter Benefit, Limited Purpose Flexible Spending Account (LPFSA), and Health Savings Account (HSA) programs.

The Department of Employee Trust Funds (ETF) and the ETF Board retained Wipfli LLP to evaluate the effectiveness of controls for several key areas, including billing and claim substantiation.

ETF Office of Internal Audit (OIA) performed a complementary audit of TASC's contribution reporting and billing for administrative fees for the same time frame.

The results of the audits were presented to the Board on November 15, 2017, in memo [Third Party Audits of Total Administrative Services Corporation \(TASC\)](#) (Ref. GIB | 11.15.17 | 4B).

The Office of Strategic Health Policy (OSHP) is responsible for monitoring and reporting the progress of the audit recommendations. A progress report on the audit recommendations can be found in Attachment A: Follow-up Report on Audit Recommendations of Third Party Administrator-TASC.

TASC continues to remain engaged with ETF and the Payroll Centers to remedy the matters identified in the audit. OSHP staff will continue to provide quarterly progress updates to the Board.

Staff will be available at the Board meeting to answer any questions.

Attachment A: Follow-up Report on Audit Recommendations of Third Party Administrator-TASC

Reviewed and approved by John Voelker, Deputy Secretary

Electronically Signed 2/6/18

Board	Mtg Date	Item #
GIB	2.21.18	6A

**FOLLOW-UP REPORT ON AUDIT RECOMMENDATIONS
OF THIRD PARTY ADMINISTRATOR
TOTAL ADMINISTRATIVE SERVICES CORPORATION (TASC)**

Audit	Report Date	Recommendation	Recommendation Detail	Responsible	Estimated Completion Date	Status
Wipfli	August 15, 2017	1. Segregation of duties	Segregate duties related to Premium Service Specialist and restrict system access to one function	TASC	Completed	Completed
		2. Secondary review of billing for claims and adjustments	1. Establish a secondary review process and sign-off by TASC employee other than employee that is performing the procedures.	TASC	Completed	Completed
			2. Refine the weekly invoice report structure in order to provide the proper level of detail necessary to validate the claims.	TASC	May 1, 2018	In progress
		3. Claims substantiation documentation	Ensure all substantiated claims have proper documentation as required by federal regulations	TASC	May 1, 2018	In progress
		4. Manual Adjustments	1. Create a periodic report that captures all manual adjustments for a given period.	TASC	Completed	Completed
2. Implement a process to two or more levels of review of the manual adjustment report.	TASC		Completed	Completed		
5. Integrity of the EV1 (WEX) system data			1. Work with the eight payroll centers to standardize and cleanse the employee data with EV1 (WEX) to ensure that Social Security numbers are consistently being utilized for employee identification and other data fields are updated and current.	TASC & Payroll Centers	March 31, 2018	In progress
			2. Ensure employees' carryover amounts are properly accounted for and transferred from one plan year to the next, throughout the runout period, and into the next benefit year.	TASC & ETF	May 1, 2018	In progress

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Audit	Report Date	Recommendation	Recommendation Detail	Responsible	Estimated Completion Date	Status
ETF Office of Internal Audit-Recommendations	September 7, 2017	1. Accuracy of contributions posted to participant accounts	1. Implement controls to ensure that FSA and HSA contribution amounts from payroll center files are uploaded and posted to accounts completely and accurately.	TASC	June 1, 2018	In progress
			2. Implement controls to ensure that manual adjustments are made accurately.	TASC	April 1, 2018	In progress
		2. Reconciliation between contributions withheld, reported, and paid	1. Implement a control to ensure deductions taken from participants' payroll, contribution data reported to TASC, and the payroll centers' payment made to ETF and TASC for contributions all agree.	Payroll Center	Open	
			2. All necessary adjustments affecting the dollar value of contributions be processed through the contribution file during the upcoming pay period, rather than through a manual adjustment process.	Payroll Center	Open	
		3. Compliance with program contribution limits	1. Implement system controls to limit contributions by the annual program limits for FSAs.	TASC	November 1, 2018	In progress
			2. Review employer contributions for HSA programs prior to each year end to ensure they are compliant with program rules and that necessary corrections can be made.	Payroll Center	March 31, 2018	In progress
			3. Review total FSA contributions by participant when reviewing the annual Plan Finalization Report to ensure they are compliant with program rules.	ETF	May 30, 2018	In progress
		4. ETF's review of the annual plan finalization report	Conduct a thorough review of the Plan Finalization Report annually to ensure activity is consistent with program rules, and work with the third party administrator and payroll centers to resolve any issues identified, and that ETF defines who is responsible for the review.	ETF	Open	
		5. Administrative billing for terminated participants	1. Develop procedures to ensure terminated HSA participants are directly billed for administrative fees and that ETF is not billed for those accounts.	TASC	March 31, 2018	In progress
			2. Review its procedures to bill ETF for administrative fees to ensure billing for terminated FSA accounts is appropriate based on program termination rules.	TASC	March 31, 2018	In progress
			3. Include employment status and termination date columns in the administrative billing detail provided to ETF.	TASC	Completed	Completed
			4. Work with payroll centers to ensure termination information is reported consistently.	TASC	March 31, 2018	In progress

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Audit	Report Date	Recommendation	Recommendation Detail	Responsible	Estimated Completion Date	Status
ETF Office of Internal Audit-Observations	September 7, 2017	1. Consistency of Data from Payroll Centers	1. Use same file specifications and include same data elements to ensure consistency of the format by which contribution data is reported.	Payroll Center	March 31, 2018	In progress
			2. Provide actual contribution data to TASC each payroll cycle, including Beyond Vision, which does not currently report contributions each pay period.	Payroll Center	March 31, 2018	In progress
			3. Deduct contributions from the same number of pay periods for all FSA and HSA programs.	Payroll Center	Completed	Completed
			4. Provide full eligibility files to TASC each pay period.	Payroll Center	March 31, 2018	In progress
		2. Process to transfer participants between Payroll Centers	1. Transfer form be clarified to include the last payroll deduction date, contributions to date, and the contributions expected through the last payroll date.	TASC	July 31, 2018	In progress
			2. Payroll Centers complete the forms, when necessary, and provide them to TASC and the new payroll center in a timely matter	Payroll Center	July 31, 2018	Open
	3. Future administrative guidance and training provided to payroll centers emphasize the importance of completing transfer forms and the process by which they should be completed.	TASC	July 31, 2018	Open		