

Nueces County - Preliminary Findings

Auditor's Office and Health Insurance Fund



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Overview

Status

Two Separate Reports

Management Responses

Health Insurance Fund Preliminary Findings



Background – Health Insurance Fund

Health Insurance Plans

Fund Deficits

Fund Loans and Transfers

Change in Pay Schedule Deductions

Scope/Procedures – Health Insurance Fund

Conducted Interviews
to Obtain Necessary
Understanding

Analyzed Financial
Records for Health
Insurance Fund for
Completeness and
Accuracy

Identified Sources and
Uses of Funds
Transferred to Offset
Fund's Losses

Analyzed Change in
Calendar Pay Schedule
for Employee & County
Contributions

Analyzed the
Procurement of
Agreements with
Health Insurance Fund
Contractors

Determined Whether
the County's Internal
Controls were
Overridden

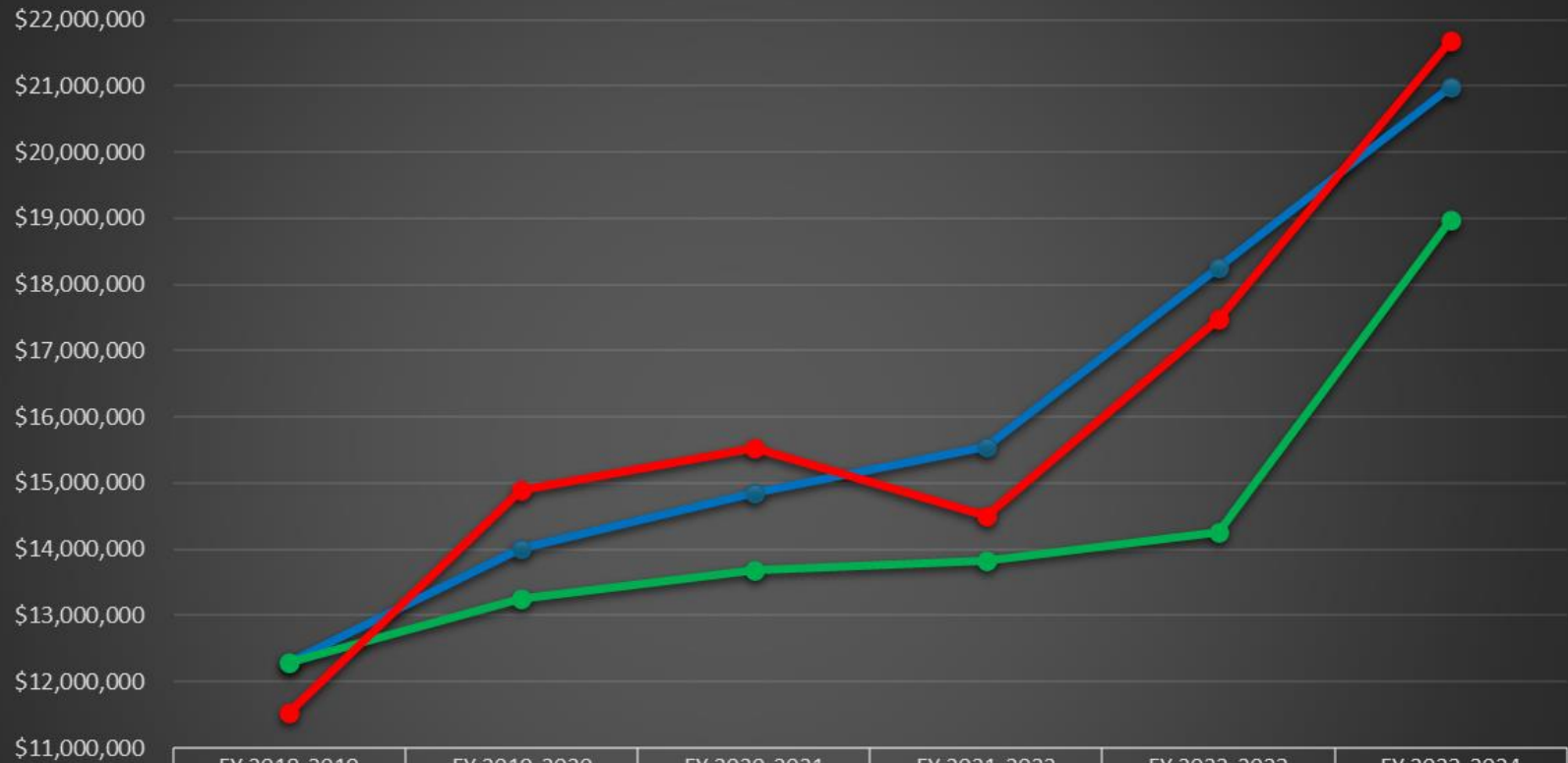
Rev., Exp. and Adj. Changes in Net Position

Fiscal Year	Revenues	Revenues Less Transfers	Expenditures	Adj. Change in Net Position
FY 2019-2020	\$ 14,008,706	\$ 13,258,706	\$ 14,895,497	\$ (1,636,791)
FY 2020-2021	14,846,091	13,694,207	15,533,935	(1,839,728)
FY 2021-2022	15,552,929	13,836,784	14,514,518	(677,734)
FY 2022-2023	18,255,993	14,255,993	17,472,987	(3,216,994)
FY 2023-2024	20,986,654	18,986,654	21,680,932	(2,694,278)
Totals	\$ 83,650,373	\$ 74,032,344	\$ 84,097,869	\$ (10,065,525)

*FY 2023-2024 is unaudited. Adjusted revenues exclude ARPA, intergovernmental revenues and transfers from other funds.

Rev. and Exp. Trend – Health Insurance Fund

Group Health Insurance Revenues vs. Expenditures



	FY 2018-2019	FY 2019-2020	FY 2020-2021	FY 2021-2022	FY 2022-2023	FY 2023-2024
Revenues	\$12,291,830	\$14,008,706	\$14,846,091	\$15,552,929	\$18,255,993	\$20,986,654
Revenues Less Transfers	12,291,830	13,258,706	13,694,207	13,836,784	14,255,993	18,986,654
Expenditures	11,527,322	14,895,497	15,533,935	14,514,518	17,472,987	21,680,932

—●— Revenues —●— Revenues Less Transfers —●— Expenditures

Change in Rev., Exp. and Premiums

Fiscal Year	Revenues		Expenditures	% Increase	Premium % Increase
	Less Transfers	% Increase			
FY 2018-2019	\$ 12,291,830	-	\$ 11,527,322	-	-
FY 2019-2020	13,258,706	7.87%	14,895,497	29.22%	0.00%
FY 2020-2021	13,694,207	3.28%	15,533,935	4.29%	0.00%
FY 2021-2022	13,836,784	1.04%	14,514,518	-6.56%	7.53% to 19.16%
FY 2022-2023	14,255,993	3.03%	17,472,987	20.38%	0.00%
FY 2023-2024	18,986,654	33.18%	21,680,932	24.08%	0.00%
Total Increase		54.47%		88.08%	7.53% to 19.16%

*FY 2023-2024 is unaudited. Adjusted revenues exclude ARPA, intergovernmental revenues and transfers from other funds. Premium increase is County only.

Preliminary Findings – Health Insurance Fund



- Lack of Transparency of Financial Status and Fund Performance



- Lack of Appropriate Forecasting



- Employee and Employer Contributions



- Employee Pay Schedule Change



- Unapproved Loans/Transfers



- Contracts

Auditor's Office Preliminary Findings



Background – Auditor's Office

All County Funds

Budgets/Errors

ERP Software Transition

Scope/Procedures – Auditor's Office

Conducted Interviews
to Obtain Necessary
Understanding

Analyzed Internal
Financial Statements
for Completeness and
Accuracy

Analyzed County
Budgets

Analyzed financial
records for accounting
irregularities/non-
compliance

Analyzed year-end
financial processes

Analyzed p-card and
fuel card activities

Analyzed payroll
expenditures

Analyzed invoices,
contracts,
procurements,
purchase orders, etc.

Preliminary Findings – Auditor's Office

Siloed Operations within County

Elevated Fraud Risk

Insufficient Planning and Management of ERP Conversion

Lack of Policies and Procedures / Lack of Reviews

Bank Reconciliations not performed Timely

Manual Bank Reconciliation Process

Lack of P-Card Oversight

Preliminary Findings – Auditor's Office

Lack of Fuel Card Oversight

Lack of Purchase Order Details

Insufficient Supporting Documentation for Gift Card Purchase

Lack of Procurement Training

Non-Compliance with Policies and Procedures

Leave Accruals in Excess of Annual Caps

Fraud Hotline

Preliminary Findings – Auditor's Office

Fraud Awareness Training

Under Utilization of New ERP System

Random Procurement Card Reviews/Audits

Under Utilization of Internal Audit Functions

Insufficient Payment Policies and Procedures

Contracting Non-Compliance

Budgeting

CRI Firm Facts



SERVICES

Advisory
Audit & Attest*
Tax

INDUSTRY EXPERTISE

Captive Insurance
Commercial Real Estate
Construction
Financial Institutions
Government & Public Sector
Hospitals & Health Systems
Insurance
Manufacturing & Distribution
Nonprofits
Physician Groups
Post-Acute Care
Private Foundations
Religious Organizations

CRI FAMILY OF COMPANIES

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