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Office of Management and Compliance Audits

**SUBJECT:           AUDIT OF FRINGE BENEFITS ADMINISTRATION**

**COMMITTEE:       INNOVATION, EFFICIENCY & GOVERNMENTAL RELATIONS**

**LINK TO STRATEGIC**

**FRAMEWORK:      FINANCIAL EFFICIENCY/STABILITY**

This audit, which was conducted for the period of January 1, 2007 to December 31, 2009, in accordance with our Audit Plan, concluded that while the RFP process in 2006 was generally adequate and compliant with best practices, there was some apparent confusion that may have limited the number of proposals obtained; only one proposal was received. Commendably, during the course of the contract period audited, the District's Risks and Benefits Office (R&BO) management successfully renegotiated a lower third party administrator (TPA) fee with FBMC, but did not communicate this to the Board.

We recommend the district explore alternative pricing of TPA fees for employees who decline medical benefits and are not enrolled in other flex benefits, improve its monitoring of TPA contract deliverables, and ensure that an effective process for collecting penalty payments for unfulfilled performance standards and guarantees are in place.

The School Board Audit Committee reviewed this report at its June 29, 2010 meeting and recommended transmitting it to the School Board.

Copies of this report have been distributed and placed on file in the Office of the Recording Secretary of the School Board and in the Citizen Information Center. Additional copies will be provided upon request.

**RECOMMENDED:** That The School Board of Miami-Dade County, Florida, receive and file the Audit of Fringe Benefits Administration.