

Greater Tompkins County Municipal Health Insurance Consortium  
Audit Committee

**Thursday, January 16, 2014 – 2 p.m.**

**Ithaca Town Hall**

Agenda

1. Call to Order
2. Approve Minutes of December 2, 2013 meeting
3. Update on RFP's for Medical and Claims Auditing Services
4. Continued Review of Code of Ethics and Conflict of Interest Policies
5. Discussion of Eligibility Audits
6. Discuss Plan for Developing a Procurement Policy (RFP process)
7. Other Items
8. Adjournment

**Future Agenda Items:**

Review results of State Audit (Sept.) **\*Results not received as of 11/27/13**

Become familiar with Enterprise Risk Model (Don Barber requested)

**Minutes**  
**Greater Tompkins County Municipal Health Insurance Consortium**  
**Audit Committee - Special Meeting**  
**December 2, 2013 - 9:00 a.m.**  
**Ithaca Town Hall**

Present: Steve Thayer, Judy Drake, Chuck Rankin  
Excused: Laura Shawley  
Guests: Steve Locey, Jerry Mickelson, Mimi Theusen, Rick Snyder

**Call to Order**

Mr. Thayer called the meeting to order at 9:05 p.m.

**Approval of Minutes of October 17, 2013**

It was MOVED by Mr. Rankin, seconded by Mr. Thayer, and unanimously adopted by voice vote, to approve the minutes of October 17, 2013 as submitted. MINUTES APPROVED.

Mr. Mickelson reported the conversion to Quickbooks is moving along well. He asked that he be provided with the September and October financial statements. He reported the Consortium is still building its financial strength. Mr. Locey said the Board of Directors will consider repayment of the initial assessments and this will be declared in December. Mr. Locey will provide Mr. Snyder information on each of the payment amounts including 3% interest. Mr. Mickelson strongly recommended that the reserves be funded by December 31<sup>st</sup>.

Mr. Locey said the State has been informed that the Consortium is planning to repay the full initial assessments to municipalities. Although the State's approval of this action is not needed they have asked for the Consortium's financial projection at fiscal year ending December 31, 2013 before and after payment of the refund and to include a pre forma balance sheet and income statement using the new version of the Article 47 annual statement. He said the State has also requested three years of financial projections after the payment of the refund and to know what the basis is for using 3% per annum as a rate on the initial assessments. Mr. Locey said in order to entice municipalities to pay the initial assessment they had to be offered an interest rate that was better than what they could have otherwise earned.

Mr. Mickelson provided background information for pre-engagement activities by CDLM and said as part of that process they will start reviewing Consortium information at the beginning of the year and will set an audit schedule once the Bonadio Group has the financials done for December. He expects the Actuary to confirm the IBNR figure of 12% that is being used. Mr. Locey said the State has been questioning who approved that and what documentation exists that shows it was approved. He said the two actuarial reports that have been submitted up to this point have shown the true number to be around 10%; therefore, the 12% is a conservative figure and he sees no need to change this. He said there is nothing formal in writing stating the 12% was approved by the State; however, the initial application that was approved by the State and all financials that have been submitted to the State has been based on 12%

Ms. Theusen provided an overview of the audit process. Mr. Mickelson reviewed a required communication letter that the Consortium will receive outlining the Company's responsibility under U.S. generally accepted auditing standards, information in documents containing audited financial statements, and planned scope and timing of the audit. He said in accordance with the past Excellus Administrative Services Contract a security of \$2,387,600 was identified in the previous audit as possibly needing to be segregated. *Mr. Locey said the State has not required this and will update the agreement with language that the requirement is being satisfied through the reserves required by Article 47.*

**Review of Request for Proposal for Auditing Medical and Prescription Drug Claims**

Mr. Locey said items that the County requires in sending out requests for proposals have now been included in the draft documents. He said the documents contain selection criteria; he did not include weights. Following a brief discussion, the Committee agreed to the following weights on the four elements:

- Audit experience – 30%
- Fees – 30%
- Project Services – 20%
- References – 20%

*Mr. Locey said he will develop a scoring sheet for the review committee to score each of the proposals. He will update the documents to reflect the changes made at this meeting and distribute a final draft.*

**Review of Sample Code of Ethics and Conflict of Interest Policy**

Mr. Thayer asked that members review the sample policies that were in the agenda packet and provide comments at the next meeting.

**Update from the Treasurer**

Mr. Snyder reported they are still running parallel with the old system and will move full-time to the Quickbooks system on January 1, 2014. He spoke of ancillary benefits and asked that consideration be given to the Consortium no longer handling them. Mr. Locey provided the background and said there were a number of municipalities that had Teamsters and were being offered many other types of insurances. The Teamsters would not allow those municipalities to only bring their medical insurance into the Consortium; therefore, those municipalities had to match what their employees were getting from the Teamsters through the Consortium or they would not be able to join the Consortium. If this wasn't done the Consortium would not have reached the required number on contracts to be approved to operate. He said a small committee is looking at this. He said if this is something the Consortium is going to continue to do there should be more time spent on management and oversight of those benefits.

**Report on State Audit**

Mr. Locey said the State is waiting for one final item which should be sent soon. He said it could take several months before a report is prepared.

**Report on Affordable Care Act**

Mr. Locey reported the Department of Health and Human Services has indicated they will only require self-insured entities to pay the Transitional Reinsurance Fee in the first year instead of the first three years. This fee is already built into the Consortium's budget and is valued at approximately \$300,000 for 2014.

**Meeting Schedule for 2014**

For 2014 the Committee set meetings for the first Thursday of each month at 2 p.m. at the Ithaca Town Hall.

Consortium Audit Committee  
December 2, 2013

**Next Meeting**

Mr. Locey distributed information from another consortium they work with on eligibility audits. This topic will be included on the next agenda.

**Adjournment**

The meeting adjourned at 10:31 a.m.



**DRAFT**

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## Greater Tompkins County Municipal Health Insurance Consortium Code of Ethics and Conflict of Interest Policy

Employees and the Board of Directors of the **Greater Tompkins County Municipal Health Insurance Consortium** shall:

1. Be dedicated to the concepts of an effective Consortium and believe that professional general management is essential to the achievement of this objective.
2. Shall affirm the dignity and work of the services rendered by the Consortium and maintain a constructive, creative, and practical attitude toward Consortium affairs and a deep sense of responsibility as a trusted public servant.
3. Be dedicated to the highest ideals of honor and integrity in all public and personal relationships in order that the member may merit the respect and confidence of the elected officials, of other officials and employees, and of the public.
4. Conduct themselves so as to maintain public confidence in their profession, the Consortium, and in their performance of the public trust.
5. Conduct their official and personal affairs in such a manner as to give the clear impression that they cannot be improperly influenced in the performance of their official duties.
6. Recognize that the chief function of the Consortium at all times is to serve the interests of all members.
7. Shall not disclose **Confidential Information** to others or use to further their personal interest, confidential information acquired by them in the course of their official duties.
8. Shall not, except pursuant to such reasonable exceptions as are provided by regulation, solicit or accept any gift or other item of monetary value from any person or entity seeking official action from, doing business with, or conducting activities regulated by the employee's agency, or whose interests may be substantially affected by the performance or nonperformance of the employee's duties.
9. Make no unauthorized commitment or promises of any kind purporting to bind the Consortium.
10. Shall act impartially and not give preferential treatment to any private organization or individual.
11. Shall not engage in outside employment or activities, including seeking or negotiating for employment, that conflict with official Consortium duties and responsibilities.
12. Shall endeavor to avoid any actions creating the appearance that they are violating the law or the ethical standards promulgated pursuant to this order.
13. Shall adhere to all laws and regulations that provide equal opportunity for all Americans regardless of race, color, religion, sex, national origin, age, or disability.

14. Shall not invest or hold any investment, directly or indirectly, in any financial business, commercial, or other private transaction that creates a conflict with their official duties.
15. **Reporting of Ethics Violations.** When becoming aware of a possible violation of the Consortium's Code of Ethics, employees, Board of Directors, employees of members, and the public may report the matter to the Consortium Board of Directors. In reporting the matter, members may choose to go on record as the complainant or report the matter on a confidential basis.
16. Employees and the Board of Directors should not discuss or divulge information with anyone about pending or completed ethics cases except as authorized by the Board of Directors.

# ICMA Code of Ethics With Guidelines

**The ICMA Code of Ethics was adopted by the ICMA membership in 1924, and most recently amended by the membership in May 1998. The Guidelines for the Code were adopted by the ICMA Executive Board in 1972, and most recently revised in July 2004.**

The mission of ICMA is to create excellence in local governance by developing and fostering professional local government management worldwide. To further this mission, certain principles, as enforced by the Rules of Procedure, shall govern the conduct of every member of ICMA, who shall:

1. Be dedicated to the concepts of effective and democratic local government by responsible elected officials and believe that professional general management is essential to the achievement of this objective.
2. Affirm the dignity and worth of the services rendered by government and maintain a constructive, creative, and practical attitude toward local government affairs and a deep sense of social responsibility as a trusted public servant.

#### *Guideline*

**Advice to Officials of Other Local Governments.** When members advise and respond to inquiries from elected or appointed officials of other local governments, they should inform the administrators of those communities.

3. Be dedicated to the highest ideals of honor and integrity in all public and personal relationships in order that the member may merit the respect and confidence of the elected officials, of other officials and employees, and of the public.

#### *Guidelines*

**Public Confidence.** Members should conduct themselves so as to maintain public confidence in their profession, their local government, and in their performance of the public trust.

**Impression of Influence.** Members should conduct their official and personal affairs in such a manner as to give the clear impression that they cannot be improperly influenced in the performance of their official duties.

**Appointment Commitment.** Members who accept an appointment to a position should not fail to report for that position. This does not preclude the possibility of a member considering several offers or seeking several positions at the same time, but once a *bona fide* offer of a position has been accepted, that commitment should be honored. Oral acceptance of an employment offer is considered binding unless the employer makes fundamental changes in terms of employment.

**Credentials.** An application for employment or for ICMA's Voluntary Credentialing Program should be complete and accurate as to all pertinent details of education, experience, and personal history. Members should recognize that both omissions and inaccuracies must be avoided.

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**Professional Respect.** Members seeking a management position should show professional respect for persons formerly holding the position or for others who might be applying for the same position. Professional respect does not preclude honest differences of opinion; it does preclude attacking a person's motives or integrity in order to be appointed to a position.

**Reporting Ethics Violations.** When becoming aware of a possible violation of the ICMA Code of Ethics, members are encouraged to report the matter to ICMA. In reporting the matter, members may choose to go on record as the complainant or report the matter on a confidential basis.

**Confidentiality.** Members should not discuss or divulge information with anyone about pending or completed ethics cases, except as specifically authorized by the Rules of Procedure for Enforcement of the Code of Ethics.

**Seeking Employment.** Members should not seek employment for a position having an incumbent administrator who has not resigned or been officially informed that his or her services are to be terminated.

4. Recognize that the chief function of local government at all times is to serve the best interests of all of the people.

#### *Guideline*

**Length of Service.** A minimum of two years generally is considered necessary in order to render a professional service to the local government. A short tenure should be the exception rather than a recurring experience. However, under special circumstances, it may be in the best interests of the local government and the member to separate in a shorter time. Examples of such circumstances would include refusal of the appointing authority to honor commitments concerning conditions of employment, a vote of no confidence in the member, or severe personal problems. It is the responsibility of an applicant for a position to ascertain conditions of employment. Inadequately determining terms of employment prior to arrival does not justify premature termination.

5. Submit policy proposals to elected officials; provide them with facts and advice on matters of policy as a basis for making decisions and setting community goals; and uphold and implement local government policies adopted by elected officials.

*Guideline*

**Conflicting Roles.** Members who serve multiple roles--working as both city attorney and city manager for the same community, for example--should avoid participating in matters that create the appearance of a conflict of interest. They should disclose the potential conflict to the governing body so that other opinions may be solicited.

6. Recognize that elected representatives of the people are entitled to the credit for the establishment of local government policies; responsibility for policy execution rests with the members.
7. Refrain from all political activities which undermine public confidence in professional administrators. Refrain from participation in the election of the members of the employing legislative body.

*Guidelines*

**Elections of the Governing Body.** Members should maintain a reputation for serving equally and impartially all members of the governing body of the local government they serve, regardless of party. To this end, they should not engage in active participation in the election campaign on behalf of or in opposition to candidates for the governing body.

**Elections of Elected Executives.** Members should not engage in the election campaign of any candidate for mayor or elected county executive.

**Running for Office.** Members shall not run for elected office or become involved in political activities related to running for elected office. They shall not seek political endorsements, financial contributions or engage in other campaign activities.

**Elections.** Members share with their fellow citizens the right and responsibility to vote and to voice their opinion on public issues. However, in order not to impair their effectiveness on behalf of the local governments they serve, they shall not participate in political activities to support the candidacy of individuals running for any city, county, special district, school, state or federal offices. Specifically, they shall not endorse candidates, make financial contributions, sign or circulate petitions, or participate in fund-raising activities for individuals seeking or holding elected office.

**Elections in the Council-Manager Plan.** Members may assist in preparing and presenting materials that explain the council-manager form of government to the public prior to an election on the use of the plan. If assistance is required by another community, members may respond. All activities regarding ballot issues should be conducted within local regulations and in a professional manner.

**Presentation of Issues.** Members may assist the governing body in presenting issues involved in referenda such as bond issues, annexations, and similar matters.

8. Make it a duty continually to improve the member's professional ability and to develop the competence of associates in the use of management techniques.

*Guidelines*

**Self-Assessment.** Each member should assess his or her professional skills and abilities on a periodic basis.

**Professional Development.** Each member should commit at least 40 hours per year to professional development activities that are based on the practices identified by the members of ICMA.

9. Keep the community informed on local government affairs; encourage communication between the citizens and all local government officers; emphasize friendly and courteous service to the public; and seek to improve the quality and image of public service.
10. Resist any encroachment on professional responsibilities, believing the member should be free to carry out official policies without interference, and handle each problem without discrimination on the basis of principle and justice.

*Guideline*

**Information Sharing.** The member should openly share information with the governing body while diligently carrying out the member's responsibilities as set forth in the charter or enabling legislation.

11. Handle all matters of personnel on the basis of merit so that fairness and impartiality govern a member's decisions, pertaining to appointments, pay adjustments, promotions, and discipline.

*Guideline*

**Equal Opportunity.** All decisions pertaining to appointments, pay adjustments, promotions, and discipline should prohibit discrimination because of race, color, religion, sex, national origin, sexual orientation, political affiliation, disability, age, or marital status.

It should be the members' personal and professional responsibility to actively recruit and hire a diverse staff throughout their organizations.

12. Seek no favor; believe that personal aggrandizement or profit secured by confidential information or by misuse of public time is dishonest.

*Guidelines*

**Gifts.** Members should not directly or indirectly solicit any gift or accept or receive any gift--whether it be money, services, loan, travel, entertainment, hospitality, promise, or



any other form--under the following circumstances: (1) it could be reasonably inferred or expected that the gift was intended to influence them in the performance of their official duties; or (2) the gift was intended to serve as a reward for any official action on their part.

It is important that the prohibition of unsolicited gifts be limited to circumstances related to improper influence. In *de minimus* situations, such as meal checks, some modest maximum dollar value should be determined by the member as a guideline. The guideline is not intended to isolate members from normal social practices where gifts among friends, associates, and relatives are appropriate for certain occasions.

**Investments in Conflict with Official Duties.** Member should not invest or hold any investment, directly or indirectly, in any financial business, commercial, or other private transaction that creates a conflict with their official duties.

In the case of real estate, the potential use of confidential information and knowledge to further a member's personal interest requires special consideration. This guideline recognizes that members' official actions and decisions can be influenced if there is a conflict with personal investments. Purchases and sales which might be interpreted as speculation for quick profit ought to be avoided (see the guideline on "Confidential Information").

Because personal investments may prejudice or may appear to influence official actions and decisions, members may, in concert with their governing body, provide for disclosure of such investments prior to accepting their position as local government administrator or prior to any official action by the governing body that may affect such investments.

**Personal Relationships.** Member should disclose any personal relationship to the governing body in any instance where there could be the appearance of a conflict of interest. For example, if the manager's spouse works for a developer doing business with the local government, that fact should be disclosed.

**Confidential Information.** Members should not disclose to others, or use to further their personal interest, confidential information acquired by them in the course of their official duties.

**Private Employment.** Members should not engage in, solicit, negotiate for, or promise to accept private employment, nor should they render services for private interests or conduct a private business when such employment, service, or business creates a conflict with or impairs the proper discharge of their official duties.

Teaching, lecturing, writing, or consulting are typical activities that may not involve conflict of interest, or impair the proper discharge of their official duties. Prior

notification of the appointing authority is appropriate in all cases of outside employment.

**Representation.** Members should not represent any outside interest before any agency, whether public or private, except with the authorization of or at the direction of the appointing authority they serve.

**Endorsements.** Members should not endorse commercial products or services by agreeing to use their photograph, endorsement, or quotation in paid or other commercial advertisements, whether or not for compensation. Members may, however, agree to endorse the following, provided they do not receive any compensation: (1) books or other publications; (2) professional development or educational services provided by nonprofit membership organizations or recognized educational institutions; (3) products and/or services in which the local government has a direct economic interest.

Members' observations, opinions, and analyses of commercial products used or tested by their local governments are appropriate and useful to the profession when included as part of professional articles and reports.



# CODE OF ETHICS

## Principles of Ethical Conduct for Government Officers and Employees

1. Public service is a public trust, requiring employees to place loyalty to the Constitution, the laws, and ethical principles above private gain.
2. Employees shall not hold financial interests that conflict with the conscientious performance of duty.
3. Employees shall not engage in financial transactions using nonpublic Government information or allow the improper use of such information to further any private interest.
4. An employee shall not, except pursuant to such reasonable exceptions as are provided by regulation, solicit or accept any gift or other item of monetary value from any person or entity seeking official action from, doing business with, or conducting activities regulated by the employee's agency, or whose interests may be substantially affected by the
5. Employees shall put forth honest effort in the performance of their duties.
6. Employees shall make no unauthorized commitments or promises of any kind purporting to bind the Government.
7. Employees shall not use public office for private gain.
8. Employees shall act impartially and not give preferential treatment to any private organization or individual.
9. Employees shall protect and conserve Federal property and shall not use it for other than authorized activities.
10. Employees shall not engage in outside employment or activities, including seeking or negotiating for employment, that conflict with official Government duties and responsibilities.
11. Employees shall disclose waste, fraud, abuse, and corruption to appropriate authorities.
12. Employees shall satisfy in good faith their obligations as citizens, including all just financial obligations, especially those—such as Federal, State, or local taxes—that are imposed by law.
13. Employees shall adhere to all laws and regulations that provide equal opportunity for all Americans regardless of race, color, religion, sex, national origin, age, or handicap.
14. Employees shall endeavor to avoid any actions creating the appearance that they are violating the law or the ethical standards promulgated pursuant to this order.