



State of New Jersey  
OFFICE OF THE STATE COMPTROLLER  
P.O. Box 024  
TRENTON, NJ 08625-0024

CHRIS CHRISTIE  
Governor  
KIM GUADAGNO  
Lt. Governor

MARC LARKINS  
Acting State Comptroller

November 6, 2014

The Honorable Joseph N. DiVincenzo, Jr.  
Essex County Executive  
County of Essex  
465 Dr. Martin Luther King, Jr. Blvd.  
Newark, NJ 07102

The Honorable David Stahl  
Mayor  
Township of East Brunswick  
1 Jean Walling Civic Center Dr.  
East Brunswick, NJ 08816

The Honorable John G. Ducey  
Mayor  
Township of Brick  
401 Chambersbridge Rd.  
Brick Township, NJ 08723

The Honorable Randall W. Teague  
Mayor  
Township of Haddon  
135 Haddon Ave.  
Haddon Township, NJ 08108

Re: Follow-Up Report F-11

Dear County Executive DiVincenzo, and Mayors Ducey, Stahl and Teague:

Pursuant to the State Comptroller's authority as set forth in *N.J.S.A. 52:15C-1 et seq.*, we have followed up on the actions taken by Essex County, Brick Township, East Brunswick Township and Haddon Township to implement the recommendations in our audit report, *Cost Analysis of Selected Local Government Units Joining the State Health Benefits Program* (Report PA-15), issued on February 28, 2012. Our findings and conclusions are set forth below.

**Background, Scope and Objective**

Our initial audit report found that three of the four local government units (LGUs) had not evaluated the costs and benefits associated with joining the State Health Benefit Program (SHBP), and that the one that did had not taken into account all relevant information. Also, the initial audit report found that the LGUs were not procuring their insurance coverage and insurance brokers in accordance with the requirements of the Local Public Contracts Law and the State's "pay to play" law.

The objective of our follow-up engagement was to determine if the LGUs have implemented the five recommendations contained in our initial audit report.

### **Summary Conclusion**

We found that the LGUs have made progress in implementing the recommendations set forth in our initial audit report. Of the five prior audit recommendations applicable to Brick Township, three have been implemented, one has been partially implemented and one has not been implemented. Of the three prior audit recommendations applicable to East Brunswick, all three have been implemented. Of the five prior audit recommendations applicable to Essex County, four have been implemented and one has been partially implemented. Of the five prior audit recommendations applicable to Haddon Township, two have been implemented and three have not been implemented.

### **Status of Initial Audit Recommendations**

#### **Recommendation 1**

*Evaluate annually the costs and benefits of participating in the State Health Benefits Program. Consider enrollment in SHBP based on that evaluation.*

***Status: Implemented – Brick Township, East Brunswick Township, Essex County, Haddon Township***

Brick Township, Essex County and Haddon Township use the services of a broker when deciding upon healthcare coverage each year. As part of their annual evaluations of healthcare coverage options, the brokers included SHBP in the evaluation for 2014. East Brunswick Township does not use the services of a broker, but completed its own evaluation of healthcare coverage options that included SHBP. Our review of the four evaluations determined that the four LGUs considered the costs of switching to SHBP but chose other options based on other plans' lower projected costs and/or differences in healthcare coverage.

#### **Recommendation 2**

*Utilize a pre-set fee structure for payments to brokers to mitigate the risk of brokers recommending more expensive insurance coverage in order to make more in commissions from the LGU.*

***Status: Implemented – Brick Township, Essex County, Haddon Township***

According to its 2014 Administrative Services Agreement, Brick Township pays its broker a pre-set fee of \$20 per enrollee, per month. Haddon Township's 2013-2014 Administrative Services Agreement also specifies how much it will remit to the broker per enrollee, per month. The broker received \$21.93 per enrollee with single coverage and \$39.29 per enrollee with family coverage. According to Essex County's most recent Memorandum of Agreement with its broker, the County will pay the broker a pre-set fee of \$225,000 per year from July 2012 to June 2015. As a result, the County's broker is paid only a flat fee and is no longer compensated based on the premium amounts.

***Status: Not Applicable – East Brunswick***

East Brunswick Township does not use the services of a broker.

**Recommendation 3**

*Require the amount of broker commissions to be clearly identified in billing statements sent to the LGU.*

***Status: Implemented – Essex County***

As mentioned above concerning Recommendation 2, Essex County now pays its broker a flat fee of \$225,000 per year. The quarterly billing statements sent from the broker to the County clearly state the amount due.

***Status: Not Implemented – Brick Township, Haddon Township***

For both Brick and Haddon townships, we compared a billing statement from the initial audit to a billing statement received this year. For both townships, we found that the billing statement format received in 2014 from its healthcare provider has not changed since the initial audit and that the fees paid to the broker are still not clearly identified.

***Status: Not Applicable – East Brunswick***

East Brunswick Township does not use the services of a broker.

**Recommendation 4**

*Comply with all applicable legal requirements, including those set forth in the Local Public Contracts Law and the State’s pay-to-play law, when procuring insurance coverage and other insurance-related services.*

***Status: Implemented – East Brunswick***

Our follow-up engagement found that East Brunswick’s procurement of its third party administrator (TPA) was conducted in accordance with the Local Public Contracts Law. We also found that the contract awarding its TPA services complied with all of the requirements of a fair and open process set forth in the State’s pay-to-play law.

***Status: Partially Implemented – Brick Township, Essex County***

Our follow-up engagement found that Brick Township’s procurement of insurance was conducted in accordance with most of the requirements of the Local Public Contracts Law. However, the resolution authorizing the contract does not state supporting reasons for the award and neither the resolution nor any of the other procurement documents indicate that the contract award was based on price and other factors. Our follow-up of Brick’s procurement of its broker generally found that it

was conducted in accordance with the Local Public Contracts law except that the notice of contract award and the certification of funds were missing. We also found Brick's procurement of its broker was in compliance with the fair and open requirements of the State's pay-to-play law.

For Essex County, our follow-up engagement found that the procurement of insurance was conducted in accordance with most of the requirements of the Local Public Contracts Law. However, the resolution authorizing the contract award does not state supporting reasons and neither the resolution nor any of the other procurement documents indicate that the contract award was based on price and other factors. Our follow-up of Essex County's procurement of its broker generally found it was conducted in accordance with the Local Public Contracts Law except that the resolution authorizing the contract does not state supporting reasons for the award. We also found it was in compliance with the fair and open requirements of the State's pay-to-play law.

***Status: Not Implemented –Haddon Township***

Although we did find that the procurement of its TPA services complied with the State's pay-to-play law, neither the procurement of the TPA nor of the broker complied with the Local Public Contracts Law. Haddon did not pass a resolution authorizing the contract award to its TPA and none of the procurement documents indicate that the contract award was based on price and other factors. In addition, the notice of contract award and the certification of funds were missing. Our follow-up of Haddon's procurement of its broker found that Haddon initiated a competitive process for the selection of a broker, but decided not to appoint one. Instead, in violation of the Local Public Contracts Law, it improperly extended the incumbent broker of record for 2014 under the terms of the previous contract.

**Recommendation 5**

*Present to the municipal or county governing body any resolutions required to authorize the award of insurance-related contracts.*

***Status: Implemented – Brick Township, East Brunswick Township, Essex County***

Brick Township, East Brunswick Township and Essex County presented resolutions pertaining to the award of contracts for healthcare coverage for the 2014 period to their governing bodies. All three governing bodies approved the resolutions.

***Status: Not Implemented – Haddon Township***

Haddon Township did not prepare and present a resolution to its governing body for health care coverage for the 2013-2014 health benefit year as required. The Township provided us with a resolution for the annual appointment of various professionals for calendar year 2014, but stated the appointment of its health insurance broker was "on hold pending further investigation." Upon further inquiry, the Township informed us that despite initiating a competitive process, it did not appoint a health insurance broker for 2014. Rather than appoint a broker through the competitive process in 2014, the Township allowed the incumbent broker to continue providing services in 2014 under the terms of the prior year's contract.

## Reporting Requirements

We provided a draft copy of this report to the officials of each LGU for their review and comment. Their comments were considered in preparing our final report and are attached as Appendix A.

The responses from Brick Township and Haddon Township both indicated steps they were taking to address those recommendations that our follow-up found were either partially implemented or not implemented. Concerning Essex County, our draft report stated that the procurement of its insurance broker, was generally “conducted in accordance with the Local Public Contracts Law except that the resolution authorizing the contract does not state supporting reasons for the award.” In its response, Essex County resubmitted for consideration a memo that describes the evaluation and scoring of the brokers’ proposals. The supporting reasons set forth in the memo should have been included in the resolution itself as required by the Local Public Contracts Law *N.J.S.A. 40A:11-5*. East Brunswick Township did not respond to the draft report because all of the recommendations that were applicable to East Brunswick were implemented.

The Office of the State Comptroller is required by statute to monitor the implementation of our recommendations. To meet this requirement, officials of each LGU shall report periodically to this Office advising what additional steps it has taken to address the unresolved issues discussed in this report. This Office will continue to monitor those steps.

We thank the management and staff of each LGU for the courtesies and cooperation extended to our auditors during this engagement.

Very truly yours,



William P. Challice, CIA, CFE, CGFM  
Director, Audit Division

- c. Susan Lydecker, Council President, Brick Township
- Scott M. Pezarras, Chief Financial Officer, Brick Township
- Joanne Bergin, Business Administrator, Brick Township
- James White, Township Administrator, East Brunswick Township
- L. Mason Neely, Chief Financial Officer, East Brunswick Township
- Ralph J. Ciallella, County Administrator, Essex County
- Blonnie R. Watson, Freeholder President/At-Large, Essex County Board of Chosen Freeholders
- Paul J. Hopkins II, Treasurer, Essex County
- Alan Abramowitz, Director, Office of Human Resources, Essex County
- Paul Dougherty, Commissioner and Director of Revenue and Finance, Haddon Township
- John Foley, Commissioner and Director of Public Safety and Public Affairs, Haddon Township
- Jack A. Bruno, Chief Finance Officer, Haddon Township

**2014 HEALTH BENEFITS COMPLIANCE  
CORRECTIVE ACTION PLAN  
TOWNSHIP OF BRICK  
401 CHAMBERS BRIDGE ROAD  
BRICK, NJ 08723**

**Prepared by: Scott M. Pezarras, CMFO, CTC, CTA  
Chief Financial Officer**

# TOWNSHIP OF BRICK CORRECTIVE ACTION PLAN

## FINANCIAL ADMINISTRATION

Finding #3

**1. Description:**

- The Township did not implement recommendation that the broker commissions be clearly identified on the monthly billing statements.

**2. Analysis:**

- In contacting the third party administration agent (Horizon BC/BS) the Township determined that in order for the vendor to comply with this request they would have to re-write their billing software. The vendor was not willing to reconfigure their monthly bills.

**3. Corrective Action:**

- In lieu of the amount paid to the broker being displayed on the monthly bill, the broker is going inform the Township of the amount of compensation paid to them by its third party administrator on a monthly basis and the Township will verify that proper amount is being paid in accordance with the agreement signed by its third party contract provider.

**4. Implementation Date:** immediately starting with September's payment.

## PURCHASING AND CONTRACTING

Finding #4

**1. Description:**

- The Township partially has complied with the recommendation to comply with all applicable legal requirements of the Local Public Contracts Law.

**2. Analysis:**

- Although the Township stated in the body of the resolution awarding the third party administrator's and broker's contracts that the contracts were being awarded in compliance with the State's "Pay to Play" Laws under a fair and open process, it did not incorporate reasons why the vendor was being selected in the resolution. In addition, the Township had no certification of funds for the contract due to the fact that the contracts were for the subsequent year and no budget had been formulated for that year. Language stating that the contract to be awarded was pending an appropriation of funds in the subsequent year's budget was incorporated into the third party administrator's resolution of

award, but not the broker's resolution of award because the Township does not directly pay the broker.

**3. Corrective Action:**

- The Township will incorporate language outlining the reasons why the vendor who was awarded the contract was selected. The Township will also incorporate language stating the award of both contracts will be predicated on the appropriation of funds in the subsequent year's budget. The corresponding monthly purchase orders will serve as the certification of funds prior to the Council approving payment to third party administrator. In addition, the Township will include language in its bid specification that the contract will be based on price and other factors considered.

**4. Implementation Date:** Upon the next bidding process



## OFFICE OF THE COUNTY ADMINISTRATOR

Hall of Records, Room 510, Newark, New Jersey 07102

973.621.4432 --- 973.621.6650 (Fax)

www.essexcountynj.org

**Joseph N. DiVincenzo, Jr.**  
Essex County Executive

**Ralph J. Ciallella**  
County Administrator

September 18, 2014

William P. Challice  
Director, Audit Division  
Office of the State Comptroller  
P.O. Box 024  
Trenton, NJ 08625

Re: Response to Follow-Up Report

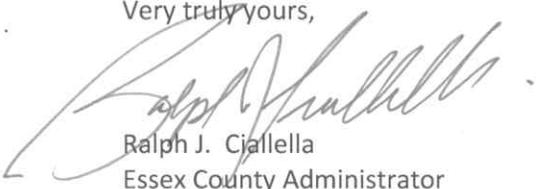
Dear Director Challice:

The County of Essex has reviewed your follow up report concerning compliance with recommendations set forth in your audit report, "Cost Analysis of Selected Local Government Units Joining the State Health Benefits Plan". Your findings were that the County of Essex fully implemented four of the recommendations applicable, and partially implemented the fifth applicable recommendation. I would like to provide copies of the information initially requested during the audit process that we believe shows we fully complied with the recommendation.

Enclosed is the Decision Memorandum dated June 11, 2012 that was attached to the Resolution authorizing the Broker of Record. The Decision Memorandum from Alan Abramowitz, Director of Human Resources, contains the supporting reasons the Broker of Record was selected, including pricing, experience, and plan for service, proposed staffing levels and account management. This document clearly shows the County of Essex complied with all of the recommendations set forth during the Request for Proposal process.

It is my belief that the County of Essex should be in full compliance with all five recommendations, and that final report should reflect the same. Please contact me if you have any questions.

Very truly yours,

  
Ralph J. Ciallella  
Essex County Administrator

Enclosure

*Putting Essex County First*

ESSEX COUNTY IS AN EQUAL OPPORTUNITY EMPLOYER

Office of Human Resources

DEPARTMENT: \_\_\_\_\_

DIVISION: \_\_\_\_\_

TO: Ralph J. Ciallella  
County Administrator

FROM: Alan C. Abramowitz <sup>AA</sup>  
Director – Office of Human Resources

DATE: June 11, 2012

RE: DEPARTMENT OF ADMINISTRATION AND FINANCE, OFFICE OF HUMAN RESOURCES - APPROVAL OF CONNER STRONG & BUCKELEW, INC. TO PERFORM INSURANCE BROKER SERVICES RELATIVE TO THE COUNTY'S EMPLOYEE/RETIREE HEALTH BENEFITS AND VOLUNTARY BENEFITS PROGRAMS

### INTRODUCTION

It is the intent of the County to have its employee/retiree health benefits accounts serviced by a brokerage firm specializing in complex health benefits programs involving New Jersey municipal and governmental risks. The agency should be staffed by experienced, professional, career-orientated health benefits individuals so as to maximize the continuity of service levels and reduce staff turnover. A high degree of client contact and strong working relationships is desired for broker services consisting of fully-insured HMO (POS) plans, fully-insured prescription drug plans, self-insured traditional and point of service plans including administrative fee risk arrangement programs, Medicare risk plan, dental plan, flexible spending program, life insurance benefits, short term disability benefits and other voluntary benefit programs.

### BACKGROUND

The County prepared and issued a Request for Proposals on April 24, 2012 for health benefits insurance broker services. The purpose of the Request for Proposals is to select a brokerage firm to obtain competitive program alternatives for Health Insurance Broker Services and Voluntary Benefits Broker Services for the County of Essex.

Based on the proposals received, the County intends to select a firm(s) to serve as its Broker of Record for solicitation and placement of health insurance programs for employees, retirees, and dependants. The County will consider proposals for these services for a period of three years beginning on or about July 1, 2012.

Appointment(s) for the services of Broker of Record on the County's Employee/Retiree Health Benefits Programs and Voluntary Benefits Programs shall only be in force and effect upon the execution of an agreement approved by the Board of Chosen Freeholders.

**RECOMMENDATION**

The County received a total of eight (8) proposals in response to the RFP for Employee/Retiree Health Insurance Programs & Voluntary Benefits Programs. Each proposal was reviewed and evaluated by a selection committee with representation from Human Resources and Administration & Finance and the results are listed below:

<b><u>BROKERAGE FIRM</u></b>	<b><u>TOTAL SCORE</u></b>	<b><u>PROPOSED FEES</u></b>
Conner Strong & Buckelew	261	\$225,000
BGIA	233	\$225,000
MetLife	226	Voluntary Only/Commission Based
Wells Fargo Insurance Services	224	Voluntary Only/Commission Based
UHY	219	\$135,000
Alamo Insurance Group	212	Not to Exceed \$500,000
Gallagher Benefit Services, Inc.	191	\$350,000 - \$375,000
Integrated Benefits Resources	165	Voluntary & Wellness - \$573,500+Commissions

The evaluation committee conducted the evaluation process on factors such as Plan for Provision of Services, Complete and Responsive Account Management Plan, Industry & Market Experience, Record of Reliability and Cost Savings, Key Professional Staff Qualifications and Staffing Levels, Marketing Strategy, and Cost and Other Factors.

It is recommended that the Board of Chosen Freeholders approve an appointment contract with Conner Strong & Buckelew, Inc. for the County's fully-insured HMO (POS) plans, fully-insured prescription drug plans, Medicare risk plan, dental plan, flexible spending program, life insurance benefits and other voluntary insurance products beginning July 1, 2012 through June 30, 2015 at an annual fixed cost of \$225,000. The cost associated with the provision of services will be paid by the health benefits insurance carriers through a revised commission rate that will be set by the County. Standard commission rates will not apply. The costs for the proposed voluntary benefit services are paid by the insurance carriers in the form of a standard commission payment structure. Voluntary benefits include group whole life insurance, short term disability, long term disability, homeowners and automobile affinity type programs, and long term care insurance.

**REASON FOR RECOMMENDATION**

Following completion of the evaluation process, the selection committee determined that Conner Strong & Buckelew, Inc. can provide the most comprehensive service strategy with many additional broker consulting service programs on behalf of the County of Essex.

**FISCAL IMPACT**

If Conner Strong & Buckelew's proposal is accepted, the fixed service fee would be paid by the insurance providers from premiums collected from the County through the fully insured health and prescription insurance plans on a revised commission rate basis determined by the county. The commission rate will be determined after the total of the costs for the benefit plans are determined. Payment of the \$225,000 annual service fee will be made as part of the Health Insurance budget line for 2013 - 2015.

## **ALTERNATIVES.**

The alternative is to conduct the health benefit brokerage services with in-house staff. This is not recommended due to the lack of access to insurance carriers and products and the staffing expertise and demand from employees and retirees is too great for the County to assume.

## **CONCLUSION**

It is recommended that the Board of Freeholders approve a three year broker appointment to Conner Strong & Buckelew, Inc. for the period July 1, 2012 through June 30, 2015 at an annual service fee of \$225,000.00.

RESOLUTION OF THE BOARD OF FREEHOLDERS  
COUNTY OF ESSEX

# 1

RESOLUTION NO R-2012-00581 AUTHORITY FOR RESOLUTION: N.J.S.A. 40:41A-38(n)

PROPOSED BY: COUNTY EXECUTIVE AUTHORITY FOR ACTION: N.J.S.A. 40:41A-36(i)

SUBJECT: DEPARTMENT OF ADMINISTRATION AND FINANCE, OFFICE OF HUMAN RESOURCES – APPROVAL OF CONNER STRONG & BUCKELEW, INC., TO PERFORM INSURANCE BROKER SERVICES RELATIVE TO THE COUNTY'S EMPLOYEE/RETIREE HEALTH BENEFITS AND VOLUNTARY BENEFITS PROGRAMS

WHEREAS, the County of Essex, through the Office of Human Resources, has a need for a firm to provide insurance broker services relative to the County's employee/retiree health benefits and voluntary benefits programs (the "Services"); and

WHEREAS, the Office of Human Resources, through the Office of Purchasing, publicly advertised for the Services on April 24, 2012; and

WHEREAS, the County has received, from eight (8) vendors, written responses to RFP; and

WHEREAS, the Office of Human Resource in conjunction with the Department of Administration and Finance and the Office of the County Administrator recommends the Board of Chosen Freeholders approve the appointment for the Services to Conner Strong & Buckelew, Inc.; and

WHEREAS, the County pursuant to responses to the RFP proposes to enter into a Broker of Record Appointment with Conner Strong & Buckelew, Inc., for the provision of such services of Employee/Retiree Health Benefits and Voluntary Benefits Programs Insurance Broker; and

**WHEREAS**, the Board of Chosen Freeholder is empowered by N.J.S.A. 40A:41-38(n) to approve, by resolution, contracts/appointments presented by the County Executive;

**NOW, THEREFORE, BE IT RESOLVED**, by the Essex County Board of Chosen Freeholders of the County of Essex as follows:

1. That the Broker of Record Appointment of Conner Strong & Buckelew, Inc. for the period July 1, 2012 to June 30, 2015 for the County's employee/retiree health benefits and voluntary benefits programs is hereby approved.
2. That the appointment is awarded without competitive bid as "insurance" in accordance with N.J.S.A. 40A:11-5(l)(m) of Local Public Contracts Law;
3. That notice of this appointment be published by the Clerk of the Board of Chosen Freeholders in accordance with the provisions of N.J.S.A. 40A:11-5(l)(a)(i).
4. That the Clerk of the Board forward copies of this resolution and agreement to Joseph M. DiBella, Executive Vice President Conner Strong & Buckelew, Inc., 40 Lake Center Executive Park - 401 Rt. 73 North Suite 300 Marlton, NJ 08053 and Alan Abramowitz, Director, Office of Human Resources.

Approved as to form and legality



Date 7/2/12

ESSEX COUNTY COUNSEL

RECORD OF VOTE (X=Vote N.V.=Abstention ABS=Absent)

Moved By Freeholder

Sebold

Second by Freeholder

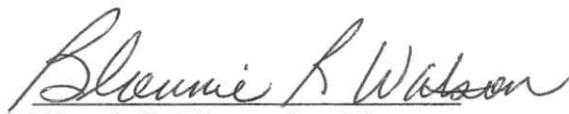
Beasley

Freeholder	Yes	No	N.V.	ABS	Freeholder	Yes	No	N.V.	ABS
Beasley	✓				Luciano				✓
Bobadilla	✓				Payne, Jr.				✓
Clark	✓				Sebold, V.P.	✓			
Gill	✓				Watson, Pres.	✓			
Johnson	✓								

It is hereby certified that the foregoing Resolution was  adopted ( ) defeated ( ) tabled by roll call vote at a Regular meeting of the Board of Chosen Freeholders of the County of Essex, New Jersey held on July 19, 2012.

Is Publication Required ( ) Yes ( ) No

Date Published \_\_\_\_\_

  
Blonnie R. Watson, President

Connor Strong & Buckelew, Inc.

jf 06/28/12

**MEMORANDUM OF AGREEMENT**  
**BETWEEN**

	<b><u>VENDOR</u></b>	<b><u>COUNTY</u></b>
NAME:	Comner, Strong & Buckelew Companies, Inc.	County of Essex
ADDRESS:	401 Route 73 North, Suite 300 Marlton, NJ 08053	Hall of Records 465 Dr. Martin Luther King Blvd. Newark, New Jersey 07102

RFP FILE #: 12-089  
 DATE ADVERTISED: April 24, 2012  
 DATE RECEIVED: May 4, 2012  
 CONTRACT PERIOD: July 1, 2012 – June 30, 2015  
 BASIS OF AWARD: Insurance EUS Consultant Exemption under "Fair and Open" Process  
 COMMODITY: Employee/Retiree Health Benefits Program, Employee Voluntary  
 DESCRIPTION: Benefits Program Insurance Broker Service

**CONDITIONS:**

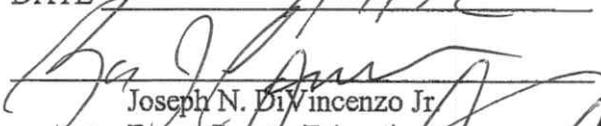
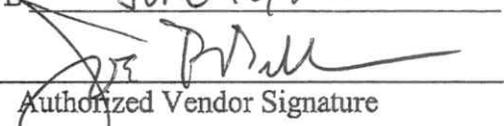
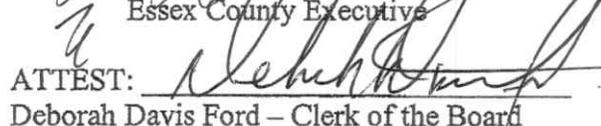
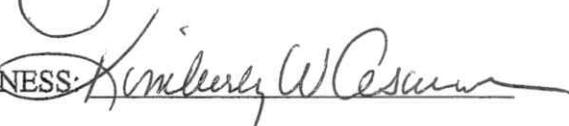
The Essex County Chief Financial Officer has certified that funds are available for this expenditure (N.J.S.A. 5:30-5.1 et seq.).

The vendor identified above hereby agrees to comply with the terms and conditions of the request for proposal specifications, advertisement, and vendor's proposal, as submitted by the vendor listed above, under the RFP number stated above, which are incorporated herein and made part hereof, and to faithfully perform the obligations therein to furnish and deliver the good or service listed above.

**The award of this contract is subject to the approval of the Essex County Board of Chosen Freeholders by resolution** and such resolution will be prepared and presented to the Board at its regularly scheduled meeting. This contract becomes effective and binding upon adoption by resolution by the Essex County Board of Chosen Freeholders, signature of the County Executive and attested to by the Clerk of the Board

**PAYMENT TERMS:**

CONTRACT PERIOD: July 1, 2012 – June 30, 2015  
 AWARDED ITEMS: N/A  
 AMOUNT NOT TO EXCEED: \$225,000.00 per year  
 MONTHLY PAYMENT: N/A  
 ANNUAL PAYMENT: N/A  
 TOTAL AWARD TO ALL VENDORS UNDER THIS BID: \$775,000.00

<b><u>ESSEX COUNTY</u></b>	<b><u>VENDOR</u></b>
DATE: <u>7/9/12</u>	DATE: <u>June 18, 2012</u>
 Joseph N. DiVincenzo Jr. Essex County Executive	 Authorized Vendor Signature
ATTEST:  Deborah Davis Ford – Clerk of the Board	WITNESS: 

Randall W. Teague, Mayor  
*Director of the Department of  
Public Works, Parks, and Public Property*

John C. Foley, Commissioner  
*Director of the Department  
of Public Safety & Public  
Affairs*

Paul Dougherty, Commissioner  
*Director of the Department of  
Revenue & Finance*



Dawn Pennock  
*Township Clerk*

Andrea Penny Tax  
*Collector*

Jack Bruno *Municipal CFC*

Tele: (856) 854-1176  
Fax: (856) 858-8335  
Web: [www.haddontwp.co](http://www.haddontwp.co)

September 23, 2014

William P. Challice, CIA  
Director, Audit Division  
Office of the State Comptroller  
P.O. Box 024  
Trenton, NJ 08625-0024

RE: Haddon Township's Response to Audit Report on *Cost analysis of Selected Local Government Units  
Joining the State Health Benefits Program*

Dear Mr. Challice:

Please see Haddon Township's (Haddon) responses to those audit findings where we were found to be non-compliant with the State's recommendation in the above referenced audit.

**Recommendation 3**

*Require the amount of broker commissions to be clearly identified in billing statements sent to the LGU.*

Haddon will be appointing an insurance broker at their next meeting to be held on September 23, 2014. The resolution appointing the broker will clearly indicate the requirement to identify the amount of broker commissions on each invoice sent to Haddon Township.

**Recommendation 4**

*Comply with all legal requirements including those set forth in the Local Public Contracts Law and the State's pay-to-play law, when procuring insurance coverage and other insurance related services.*

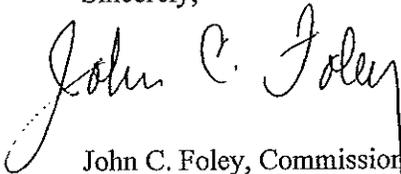
Haddon issued a Request for Proposal on July 23, 2014 which generated three responses. Haddon will be appointing an insurance broker at their next meeting on September 23, 2014. The procurement of insurance coverage and other insurance related services will be complicit with all legal requirements set forth in the Local Public Contracts Law and the State's pay-to-play law.

**Recommendation 5**

*Present to the municipal or county governing body any resolutions required to authorize the award of insurance related contracts.*

Haddon will be appointing an insurance broker at their next meeting to be held on September 23, 2014. The appointment of the insurance broker and the subsequent adoption of a health insurance plan for 2015 will be memorialized with a resolution approved by by the Board of Commissioners.

Sincerely,

A handwritten signature in cursive script that reads "John C. Foley". The signature is written in black ink and is positioned to the left of the printed name.

John C. Foley, Commissioner  
Director of Public Safety &  
Department of Community Affairs

cc: Randall W. Teague, Mayor  
Paul Dougherty, Commissioner  
Stuart Platt, Esq.