

Audit Reform Brief: Self-Insurance - Update

January 13, 2016

Background

In 2015, the Self-Insurance Audit Program and Self-Insurance community took part in a Tier 1 Audit Pilot where the area of focus was the calculation of an injured workers base monthly wage which is the basis for providing Workers Compensation Benefits to the worker.

We learned a lot in 2015 about the new T1 audit model, specifically; what worked, what did not work, and areas overall that we would like to continue to develop and focus on moving forward. There are approximately 180+ employers left to finish the Tier 1 Pilot. In the early part of 2016 the focus is to complete the remaining employers and continue development of Tiers 2, 3 audit processes and SIRAS development efforts.

Current Statistics as of December 31, 2015

Audit Statistics End of Year Summary	
	2015
Total Audits Initiated	169
Phase of Audit	
Planning	0
Fieldwork	12
Finalization	157
Total	169
Walkthrough of Audit Results	
Total Walk-Throughs Declined	0
Total Walk-Throughs Pending	22
Total Walk-Throughs Completed	129
Total	151
Employer Pass/Not Pass	
Passed (70% threshold)	91
Not Passed	66
Total	157
Claims Reviewed/Reported	
Total Claims Reviewed	986
Total Claims Reported	883
Audits Completed	
Total Audits (No Audit Eligible Claims)	9
Total Final Reports Issued	128

Key Performance Indicator's (KPI's) for 2015

Direct Hours – Measures the percentage of gross hours used in providing client services (i.e. actual audit work).

2015 Goal – **68%** Actual – **73%**

Red Book Standards¹ – Measures the percentage of services satisfying Red Book requirements using a two-level quality assurance review process.

2015 Goal – **99%** Actual – **100%**

Client Satisfaction – Measures the percentage of clients who, based on their experience during the audit, report being satisfied with the service they received.

2015 Goal – **75%** Actual – **85%**

Opportunities/Resolution

Opportunities	Resolution
Audit Vacancies	Currently actively recruiting to replace 2 auditor vacancies.
Audit Production	Audit team is working diligently on completing T1 audits for remaining employers. Once program is fully staffed we should see the gap begin to close.
Tier 2, 3 and SIRAS Development	Audit Staff and Program resources are being re-directed to other critical development efforts and will continue to be a constraint through 2017. Compliance program is adjusting as needed.

Staff contact

Brian Schmidkofer, Self-Insurance Compliance Operations Manager (360) 902-6839

¹ The International Professional Practices Framework (IPPF) aka *Redbook* is the conceptual framework that organizes Authoritative Guidance published by the Institute of Internal Audit for auditors.