

Audit Reform Brief: Self-Insurance - Update

September 01, 2016

Where are we at?

As of 09/01/2016 the statistics below are current since Tier 1 began January 1, 2015. This represents all active employers, audits pending, audits completed, and employers not audited as part of T1 Pilot.

Those not included within the Tier 1 audit process are either New Certifications or Employers that did not have audit eligible claims that met the selection criteria for Tier 1 Pilot. In addition, 2 Employers were not audited due to becoming inactive at time of audit.

Current Statistics for January 1, 2015 through September 1, 2016

Audit Statistics	
Active Employers as of 1.1.2015	358
Employers Not Audited	61
Audits Pending Completion	96
Audits Completed	201
Total	358
Employer Pass/Not Pass	
Passed (70% threshold)	109
Not Passed	92
Total	201

Tier 1 Audit Details (for 96 Audits Pending Completion) – Estimated Completion October 31, 2016

Audit Statistics Continued	
Planning	0
Fieldwork	63
Finalization	33
Total	96

*Fieldwork Phase includes: base wage calculation, audit documentation preparation, and 1st and 2nd level quality assurance review.

*Finalization Phase includes: preliminary report drafting, walkthroughs, and final report distribution, and 1st and 2nd level quality assurance review.

Key Performance Indicator's (KPI's) for 2016

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

2016 Goal – **68%** Actual – **70%** **Overall Average January 2015 through August 2016*

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

2016 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.

2016 Goal – **75%** Actual – **89%** **Overall Average January 2015 through August 2016*

Opportunities/Resolution

Opportunities	Resolution
Audit Production	All remaining employers for T1 pilot have been initiated. The goal is to complete the 96 pending completion between now and end of October.
Tier 2 Development	Proposed process for Tier 2 was shared with Audit Advisory in August. Feedback was received and evaluated by SI compliance staff. Next update will be at September Advisory meeting.

Staff contact

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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.