

Audit Reform Brief: Self-Insurance - Update

October 31, 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, 1 Employer was not audited due to becoming inactive at time of audit.

Current Statistics for January 1, 2015 through October 31, 2016

Audit Statistics	
Active Employers as of 1.1.2015	358
Employers Not Audited	61
Audits Pending Completion	59
Audits Completed	238
Total	358
Employer Pass/Not Pass	
Passed (70% threshold)	129
Not Passed	109
Total	238

Tier 1 Audit Details (for 59 Audits Pending Completion) – Estimated Completion November 30, 2016

Audit Statistics Continued	
Planning	0
Fieldwork	4
Finalization	55

Total	59
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***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 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 – **71%** **Overall Average January 2015 through September 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 September 2016*

Opportunities/Resolution

Opportunities	Resolution
Audit Production	All remaining employers for T1 pilot have been initiated. The goal was to have preliminary reports completed on 96 employers. As of 10.31.2016 there were 10 audits that have not met this goal. The plan is to try and get preliminary reports issued to the final 10 by 11.30.2016
Tier 2 Development	Proposed process for Tier 2 was shared with Audit Advisory in October. Feedback was received and evaluated by SI compliance staff. Next update will be at December 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.