

**BWC Board of Directors
Audit Committee
Thur, April 24, 2008, 12:00 P.M.
William Green Building
Neil Schultz Conference Center
30 W. Spring St., 2ND Floor (Mezzanine)
Columbus, Ohio 43215**

Members Present: Kenneth Haffey, Chair
Philip Fulton
William Lhota

Members Absent: None

Other Directors Present: Alison Falls, Larry Price, James Hummel, David Caldwell, James Harris, Jim Matesich, Robert Smith, and Charles Bryan (arrived at 1:00 PM).

Call to order

Mr. Haffey called the meeting to order at 12:27 PM and the roll call was taken.

Minutes of March 27, 2008

The minutes were approved on a motion by Mr. Fulton, seconded by Mr. Lhota without further changes.

New business /Action items

1. Rule Review

Notice Provisions

Tom Sico, Assistant Legal Counsel, presented changes to Rule 4123-1-01, amending subpart (A) to reflect that BWC will obtain advice and consent of the Board of Directors for rule amendments. Mr. Sico noted that extensive changes to this rule were instituted in 2002 and BWC developed an on-line notice system for proposed rule changes. Mr. Fulton added that informal notice is provided to other parties. According to Mr. Sico, the constituent distribution list includes the Industrial Commission, the Attorney General, and approximately 80 external customers. The proposed changes comply with the Common Sense Business Regulation checklist.

Mr. Fulton moved to recommend approval of the proposed changes to Rule 4123-1-01 to the Board of Directors, seconded by Mr. Lhota. The motion was approved by unanimous roll call vote.

b. Acupuncture Rules

Mr. Sico and Judy Brabb, Manager of Medical Policy, presented changes prescribed by Senate Bill 33 to two rules involving payment for acupuncture treatment. Rule 4123-6-31 applies to HPP providers, and Rule 4123-7-14 applies to self-insured employers. These changes allow a doctor of chiropractic to be reimbursed for services, if they have a certificate to practice acupuncture from the Ohio State Chiropractic Board. These changes were reviewed and approved by the Chiropractic Board, therefore complying with the Common Sense Business Regulation checklist. Mr. Sico stated three chiropractors are currently certified, with seventy-five others enrolled in the 300-hour certification program.

Mr. Lhota moved to recommend approval of the proposed changes to Rule 4123-6-31 and 4123-7-14 to the Board of Directors, seconded by Mr. Fulton. The motion was approved by unanimous roll call vote.

c. Construction Safety Rules

These proposed amendments were tabled at the March 27, 2008 meeting. Mr. Lhota moved to remove them from the table, seconded by Mr. Fulton.

Mr. Sico, Mark Garver, Employer Management Services Supervisor, and Dan Feeney, Management Analyst Supervisor, Division of Safety and Hygiene, presented proposed amendments to approximately twenty-five (25) Construction Safety rules governing violations of specific safety requirements (VSSR) found in OAC 4123-1-3.

Mr. Garver emphasized that all paragraphs in 4123-1-3 were directly compared to OSHA rules by the review committee, which contained representatives from both labor and management. A standing committee has also been created to perform more frequent comparative reviews of BWC rules with the OSHA rules.

Mr. Price inquired if this meant all bases are now covered. Mr. Lhota, Mr. Fulton and Mr. Caldwell discussed that sufficient due diligence has been done to satisfy that the appropriate parties are involved in this review.

Mr. Feeney reviewed the proposed amendments by categories relevant to “purpose of change”, as follows:

No Changes - 6

Change OAC (if an employer complies with the BWC safety rule but violates OSHA, BWC recommends a change) - 22

Change OAC (if an employer violates the BWC safety rule but complies with OSHA, BWC recommends a change) – 31

Grammar – 29

Format – 28

Clarity – 1

There are a total of 126 changes.

The Committee members each reiterated their comfort level with the rule changes and appropriate due diligence. Mr. Fulton moved to recommend approval of the proposed changes retaining 5 rules and amending 22 rules of Chapter 4123-1-3 to the Board of Directors, seconded by Mr. Lhota. The motion was approved by unanimous roll call vote.

Discussion items

1. Discussion of External Audit

Tracy Valentino, Chief of Fiscal and Planning, and Joe Bell, Chief Internal Auditor, led a discussion of the Schneider Downs external audit. Ms. Valentino met with Schneider Downs on April 17 to inform the auditors of various internal changes at BWC. Interim field work will begin May 19, with the audit report signed off and submitted to the State Auditor by September 30, 2008. New risk assessment and GASB (Government Accounting Standards Board) standards will also be discussed.

Mr. Haffey also met with Joe Patrick of Schneider Downs. Schneider Downs will provide BWC with a preliminary management letter in July. The process is moving more smoothly this year, particularly as BWC Internal Audit is committed to provide 1500 hours of assistance.

2. Office of Budget and Management, Internal Audit Update

Mr. Bell is now also filling the chief auditor role at the Office of Budget and Management in addition to his BWC duties. He will be in charge of presenting the state audit plan provided in House Bill 166 to the Controlling Board. The plan is similar to what BWC already has in place. Mr. Bell is meeting with several entities in the next two weeks, including the State Audit Committee Chair, State Auditor, both legislative branches and the Controlling Board.

(Mr. Bryan joined the meeting at 1:00 PM)

Mr. Bell advised that the internal audit quarterly summary will be presented to the Committee at the May meeting, followed by the internal audit plan in June. Mr. Bell will schedule brief meetings with each of the directors regarding the audit plan.

3. Other Business

James Barnes, Chief Legal Officer, presented a litigation update of two recent Ohio Supreme Court opinions resulting from mandamus actions.

In the Pilkington case, BWC received a favorable decision from the Ohio Supreme Court affirming the “last injurious exposure” rule for claims arising from asbestos exposure. This holds that the employer responsible for the injured worker’s final exposure to asbestos is responsible for the claim. The rule was developed to maintain consistency where an injured worker worked multiple jobs where asbestos exposure occurred.

In the Wise case, the Ohio Supreme Court granted the writ of mandamus to overturn a settlement agreement in a 1997 claim because the parties did not clearly set forth the justification for the settlement. While the settlement agreement form (C-240) contains the space to provide this information, it is typically not completed. RC §4123.65 states that the Industrial Commission has

the obligation to review settlements and determine their fairness. In strictly construing the statute, the court held that the Commission could not make this determination if the information was not provided.

BWC is still ascertaining what exposure could result from the Wise decision, given that BWC has been doing claim settlements since 1993. BWC has pulled all settlement agreements currently in the 30-day "hold" period and provided an amended settlement agreement form (C-241) to complete. Approximately 170,000 settlements could potentially be re-opened. Sixteen or 17% of these cases were unrepresented by legal counsel.

Mr. Fulton advised that he discussed a motion for reconsideration with BWC, the IC and the Attorney General. At this point, the Attorney General is unwilling to pursue such a motion. Mr. Fulton is very concerned about the potential impact of this decision.

Ms. Falls asked whether this could create a material liability in auditing terms. Mr. Barnes responded in the affirmative.

Adjournment

The next Audit Committee meeting is May 29, 2008 at 4:00 PM.

Mr. Haffey moved to adjourn the meeting at 1:28 PM, seconded by Mr. Lhota.

Prepared by Jill Whitworth, BWC Staff Counsel
April 25, 2008

Common Sense Business Regulation (BWC Rules)

(Note: The below criteria apply to existing and newly developed rules)

Rule Mine Safety rule

Rule Review

1. The rule is needed to implement an underlying statute.

Citation: R.C. 4131.03

2. The rule achieves an Ohio specific public policy goal.

What goal(s): The rule funds the Mine Safety Fund to establish a center to provide rapid response to mine incidents in which mine workers' health or safety may be in jeopardy, and, thus save mine workers' lives and reduce the number and severity of mine-related workplace injuries.

3. Existing federal regulation alone does not adequately regulate the subject matter.

4. The rule is effective, consistent and efficient.

5. The rule is not duplicative of rules already in existence.

6. The rule is consistent with other state regulations, flexible, and reasonably balances the regulatory objectives and burden.

7. The rule has been reviewed for unintended negative consequences.

8. Stakeholders, and those affected by the rule were provided opportunity for input as appropriate.

Explain: Governor's Office; Legislators; Department of Natural Resources; mine operators; mine worker unions.

9. The rule was reviewed for clarity and for easy comprehension.

10. The rule promotes transparency and predictability of regulatory activity.

11. The rule is based on the best scientific and technical information, and is designed so it can be applied consistently.

12. The rule is not unnecessarily burdensome or costly to those affected by rule.

If so, how does the need for the rule outweigh burden and cost? _____

13. The Chief Legal Officer, or his designee, has reviewed the rule for clarity and compliance with the Governor's Executive Order.

Considerations for Pneumo Fund Rules

4/25/2008

Stop Trigger: the ratio of net assets to liabilities falling beneath 1.5

Study Triggers:

1. the ratio of net assets to liabilities falls beneath 2.0
2. the total expenses (including mine safety funding) incurred by the fund do not exceed 70% of the interest and dividend income of the fund in the second year and beyond.

First year: The administrator may not transfer more than \$5,528,000 from the fund. (This is the amount requested by ODNR)

The Mine Safety Program was established in 1872 in the Department of Industrial Relations and remained there until 1995 when it was merged into the Department of Natural Resources (ODNR). The program's purpose is to promote safe mining practices through four program areas:

- Regulatory inspections/audits at surface and underground mines
- Mine rescue
- Safety training
- Examination and certification of key mine officials

In 2007 sixty-four miners were killed in our nations mines and 6888 lost time injuries occurred. Though better than the national average, Ohio Miners suffered 163 lost time injuries, two of which were fatal.

At the present time the Mine Safety Program is funded through the State's general revenue fund (GRF). As a result the program has endured many changes as depicted in the following table.

Mine Safety Program	1990	2006
Number of miners trained	1,600	7,393
Hours spent on training	1,497	7,380
Number of inspections	4,330	1,155
Hours spent on inspections	54,663	21,740
Number of Inspectors	27	14
Number of Mine Rescue Staff	4	2
Annual budget	\$ 2,264,515	\$ 1,881,021

In 2006 three tragic mining disasters occurred in West Virginia and Kentucky claiming the lives of seventeen miners. In response to these events ODNR formed the Underground Mine Safety Task Force, comprised of mining officials, labor representatives and Division of Mineral Resources Management (DMRM) staff.

The Task Force recommended changes for the coal industry and the division. The recommended changes provide for fire detection equipment in mines, better escape capabilities for miners, improved medical treatment when injuries occur, increased training of miners and an improved mine rescue network capabilities in the state.

The deaths of six miners and three rescuers at the Crandall Canyon Mine in Utah this past August reaffirm the need to implement the recommended changes to improve Ohio's Mine Safety Program. With the current expansion of the coal industry in Ohio it is crucial that the Mine Safety Program increase the valued services it provides to help ensure the safety and health of all miners.

Adequate funding for the Mine Safety Program will allow DMRM to;

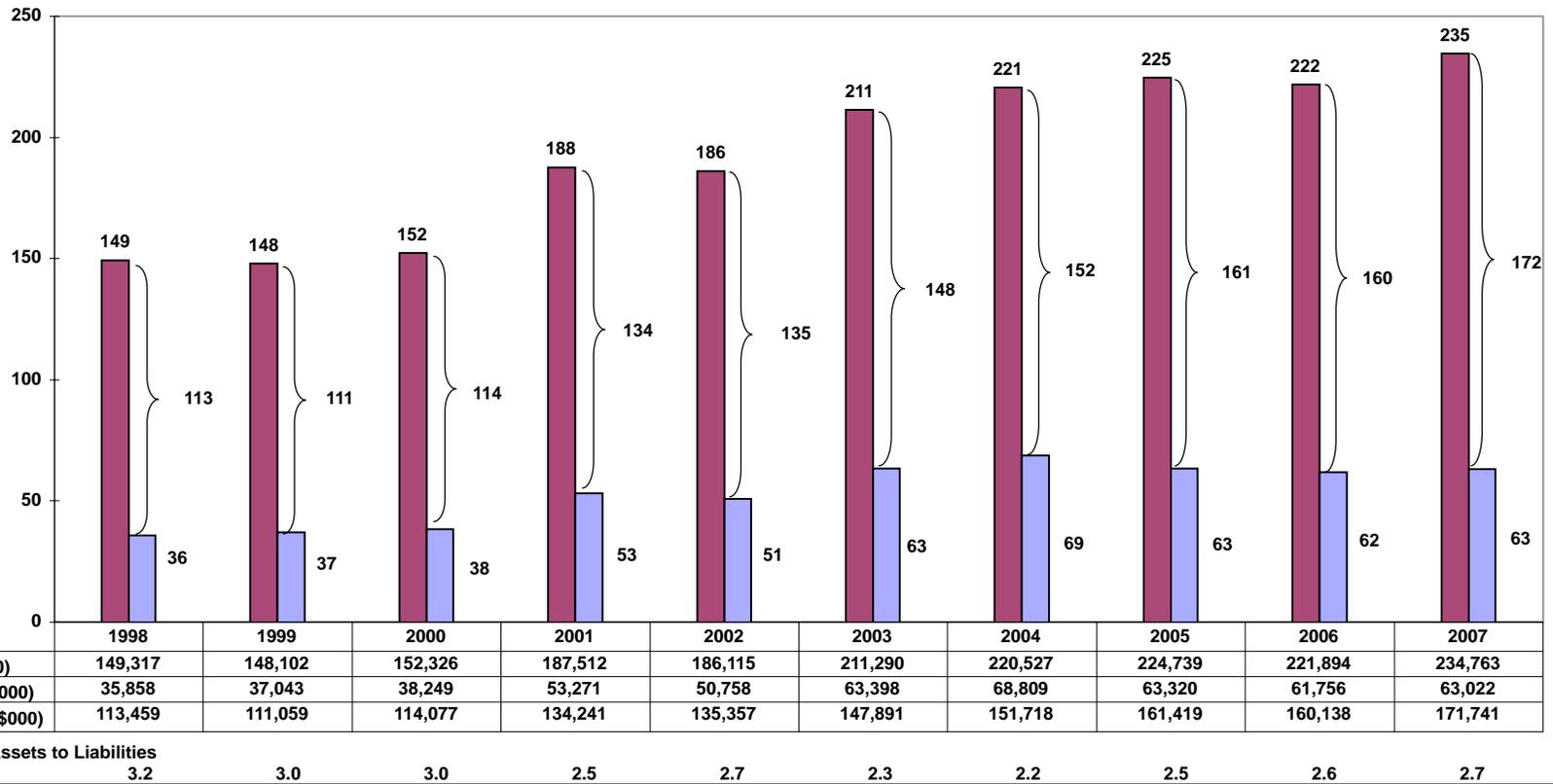
- Provide an additional (fourth) mine rescue station.
- Provide a training facility in which mine rescue teams will be trained in a smoke filled environment simulating the actual conditions present during a mine fire and/or explosion.
- Upgrade antiquated mine rescue equipment, such as rescue breathing apparatus and fire fighting equipment.
- Provide increased training to miners in how to prevent and better respond to emergencies.
- Improve the quality of inspections by incorporating one-on-one training of miners.

- Provide, for the first time, that mining officials must be either retrained or recertified when returning to the industry after an extended absence.
- Certify Mine Medical Responders, which will ensure that those persons are receiving quality training specific to the types of injuries that may be expected in mines.

Funding by program activity				
	Current annual funding FY 2008		Projected annual funding FY 2010 and subsequent years	
Inspections	\$ 630,000	34%	\$ 806,000	28%
Mine Rescue	\$ 455,982	24%	\$ 1,040,111	38%
Training	\$ 721,413	39%	\$ 856,000	30%
Certification	\$ 73,626	3%	\$ 140,884	4%
Total Funding	\$ 1,881,021	100%	\$ 2,843,000	100%

Projected first year budget FY 2009	
Projected annual funding (maintenance)	\$ 2,843,000
Equipment costs	\$ 1, 855,000
Capital costs for training facility and rescue station	\$ 830,000
Total	\$ 5,528,000

Ohio Coal Workers Pneumoconiosis Fund Assets, Liabilities, Net Assets (\$million)



COAL WORKERS' PNEUMOCONIOSIS FUND
 Financial Information and Analysis
 (\$000)

	<u>FY03-07 AVG</u>	<u>FY 2007</u>	<u>FY 2006</u>	<u>FY 2005</u>	<u>FY 2004</u>	<u>FY 2003</u>
Interest + Divd Income = (A)	11,523	12,209	11,582	11,680	10,744	11,401
Operating Expenses = (B)	3,727	2,850	4,910	3,092	4,275	3,506
(A) x 70% = (C)	8,066	8,546	8,107	8,176	7,521	7,981
Available Funding = (C) less (B)	4,339	5,696	3,197	5,084	3,246	4,475

Above figures exclude both securities lending income less expenses and investment management fees which are not material to this analysis

Rule to transfer funds from Pneumoconiosis Fund to Mine Safety Fund (proposed)

(A) Pursuant to section 4131.02(B)(2) of the Revised Code, the administrator of workers' compensation may transfer a portion of the investment earnings credited to the coal-workers pneumoconiosis fund to the mine safety fund created in section 1561.24 of the Revised Code for the purposes specified in that section.

(B) The administrator may transfer a portion of the investment earnings credited to the coal-workers' pneumoconiosis fund to the mine safety fund only if the ratio of net assets to liabilities of the coal-workers' pneumoconiosis fund is greater than or equal to 1.5. If such ratio falls below 1.5, the administrator shall suspend any transfer of investment earnings to the mine safety fund. The administrator may only resume the transfer of funds after the ratio of net assets to liabilities rises above 1.5 and a qualified actuary has determined that this ratio is not likely to fall below 1.5 over an acceptable defined period.

(C) The administrator may not transfer more than \$5,528,000 to fund the mine safety fund created in section 1561.24 of the Revised Code in the first twelve-month period of the program.

(D) The administrator shall include a discussion and analysis by a qualified actuary regarding the actuarial soundness in continuing this program as a portion of the reserve audit conducted under section 4123.47 of the Revised Code if either of the following occurs:

(1) The ratio of net assets to liabilities of the coal-workers' pneumoconiosis fund falls below 2.0.

(2) In the second year of the program or beyond, the total expenses, including this program, incurred by the coal-workers' pneumoconiosis fund exceed seventy per cent of the interest and dividend income of the fund earned over the second twelve-month period from program inception and subsequent twelve-month periods.

Draft language for creation of subcommittees

To be inserted as a bullet point under the Duties and Responsibilities section of all charters:

The Committee by majority vote may create a subcommittee consisting of one or more Directors on the Committee. In consultation with the chair, other board members may be appointed to the subcommittee as appropriate. The subcommittee shall have a specific purpose. Each subcommittee shall keep minutes of its meetings. The subcommittee shall report to the Board of Directors through the Committee. The Committee by majority vote may dissolve the subcommittee at any time.

**BWC Board of Directors
Audit Committee**

FY 08 3rd Quarter Executive Summary Report

Joe Bell, Chief of Internal Audit

May 29, 2008

Joe Bell, Chief of Internal Audit
Caren Murdock, Internal Audit Director
Rich Ridewood, IT Audit Director
Keith Elliott, Senior Manger

Following you will find the Fiscal Year 2008 3rd Quarter Executive Summary report containing:

1. Audit comment status
 - 1a. Comments issued 3rd quarter
 - 1b. Comments outstanding as of March 31, 2008
2. Audit follow-up procedures
3. Audit comment rating criteria
4. Updated FY 08 Audit Plan

BWC Internal Audit Division Comments Issued – 3rd Quarter Activity

Transitional Work Grant Audit – February 2008
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Business area: Customer Services

The focus of the Transitional Work Grant (TWG) audit was on grants issued toward the termination of the program. Since the TWG program ended December 2006, the audit did not focus on internal control testing. We reviewed policies and procedures and selected a sample of 50 grants for testing. In addition, twelve outstanding reimbursement requests were reviewed per management's request.

Activity Reviewed:

- Reviewed the accuracy and reasonableness of TWGs processed;
- Determined if appropriate supporting documentation existed for approved grants;
- Assessed the adequacy of quality assurance procedures in place; and
- Verified compliance with BWC policy and procedures regarding the overall TWG process.

Conclusion:

Overall, grants were reasonable, compliant with policies and procedures, and quality assurance processes appeared adequate. One item selected for testing did not have appropriate supporting documentation and another had an immaterial calculation error. Although it was beyond our audit scope and objectives, information maintained in the TWG Access database was found to be unreliable. Also, a TWG employee altered and discarded original grant documentation. The audit identified three minor recommendations for management's consideration.

In the event the TWG program is reinstated, segregation of duties should be implemented to prevent one person from having too much authority and control and the system should not permit information to be altered without leaving an audit trail. Also, policy and procedures should be written prior to program execution, adhered to, and changes updated timely. Lastly, improvements to internal record keeping should be made and payments processed through the Rates and Payments system.

Managed Care Organization (MCO) Audit #3 – March 2008
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Activity Reviewed:

- Evaluated internal control design and whether controls were placed in operation;
- Assessed compliance with contract requirements and policy established by BWC;
- Areas of focus included:
 - Case management;
 - Provider account controls and accuracy;
 - Bill processing;
 - Resolution of prior audit comments (BWC issues, SAS 70 audit findings, external audit issues).

	Recommendation	Disposition
1	Revise bill processing procedures to ensure all bills are date stamped immediately upon receipt. Significance Rating: Significant Weakness	Management will ensure that all bills are date stamped upon arrival. Targeted Resolution Date: April 2008
2	Revise deposit procedures for incoming payments to provide additional assurance that all checks received are properly deposited to the MCO bank accounts. Significance Rating: Significant Weakness	MCO management ensured the check log of all checks received is forwarded daily to the Finance staff accountant. Current resolution status: Implemented

Auditor Opinion:

Overall, internal controls for the MCO appeared adequately designed for the majority of functions and processes examined and key controls were placed into operation. Management displayed a strong emphasis and priority toward maintaining a sound control environment. Specifically, case management plans appeared to be prepared in a timely manner and response requirements for alternative dispute resolution cases were generally met. Resolution of voided checks and segregation of duties for the provider account were also reasonable. In addition, the provider account reconciliations were performed accurately and timely. Some improvements for internal controls were identified, most of which were rated as having “Minor” significance.

Medical Bill Payment Process Audit – March 2008

Business area: Medical Services and Compliance

The Medical Bill Payment Process (MBPP) audit focused primarily on the evaluation of internal controls, compliance with existing BWC policies and procedures, and effectiveness and efficiency of the payment process.

	Recommendation	Disposition
1	Determine the actual administrative costs associated with bill processing and develop strategies for continuous monitoring and reduction of these costs. Significance Rating: Material Weakness	Management disagrees this is a Material Weakness as actual BWC costs and reasonable estimates of vendor costs can be determined. Until a BWC system wide approach to costing business processes is implemented, Medical Services Division will calculate and monitor the total Medical Division bill payment costs through data received from budget reports and departmental administrative cost allocations. Responsible Chief: Chief of Medical Services and Compliance Targeted Resolution Date: July 2008
2	Update or develop internal policies and procedures to enhance compliance with applicable laws and regulations and promote effective and efficient operations. Significance Rating: Significant Weakness	Management will update the Recovery and Overpayment policy and develop the Management Reporting and Distribution policy and procedures. Responsible Chief: Chief of Medical Services and Compliance Targeted Resolution Date: July 2008
3	Evaluate a change to the current Ohio Administrative Code to shorten the statute of limitations for medical bill payments to model other state workers' compensation systems. Significance Rating: Significant Weakness	Management will investigate shortening the statute of limitations for medical bill payments in conjunction with the strategic objective for benefit plan design and coverage. Responsible Chief: Chief of Medical Services and Compliance Targeted Resolution Date: December 2008
4	Complete a review to determine the feasibility of eliminating levels of appeals in the ADR process. Significance Rating: Significant Weakness	Management eliminated the dispute backlog by mid April 2008. ADR process will be reviewed. Responsible Chief: Chief of Medical Services and Compliance Targeted Resolution Date: December 2008
5	Finalize and approve the draft overpayment policy and make the final determination on the outstanding MCO and provider overpayments. Significance Rating: Significant Weakness	Medical Services Division will finalize the Recovery and Overpayment policy by July 2008, review the remaining 40 overpayment disputes, and make a final determination by October 2008. Responsible Chief: Chief of Medical Services and Compliance Targeted Resolution Date: October 2008
6	Monitor and track the certification application process to verify all providers are routinely reapplying for certification and providing the	Medical Services Division requested an interpretation of the Ohio Elections Law and its impact on the provider enrollment and

	Recommendation	Disposition
	Bureau with credentialing information. Significance Rating: Significant Weakness	certification processes and will comply with the Ohio Elections Commission opinion. Responsible Chief: Chief of Medical Services and Compliance Targeted Resolution Date: December 2008
7	Implement a comprehensive bill tracking and reporting process to include MCO timelines to monitor compliance with BWC policies; and consider reimbursing providers directly from BWC. Significance Rating: Significant Weakness	Management will perform a bill payment review of MCOs during the summer/fall of 2008. Responsible Chief: Chief of Medical Services and Compliance Targeted Resolution Date: December 2008

Auditor Opinion:

In general, the internal controls appear to be adequately designed for processing medical bill payments; however, the process is not efficiently and effectively administered. Internal Audit observed two bill payment systems are used for processing medical bills, which results in duplicative methodologies and increased administration costs. In addition, compliance testing identified some non-compliance issues.

Management agrees with the recommendations and has committed to an action plan for implementing the changes.

**BWC Internal Audit Division
Outstanding Comments as of March 31, 2008**

Non-Complying Employer Audit – August 2004

	Recommendation	Disposition
1	BWC currently does not lapse employers that do not pay all premium amounts owed within a designated time period. While the remaining balances are certified to the Attorney General for collection, the employer continues to have active coverage. This is contrary to industry standard practice.	<p>A Request for Change has been submitted and an initial meeting held to discuss needed IT enhancements. No determination of the cost to implement versus the benefit has been completed. Project has been delayed due to other business and IT priorities. Revised target resolution date.</p> <p>Responsible Chief: Chief of Fiscal and Planning Targeted Resolution Date: December 2007 December 2008 (IT related) Current Resolution Status: In-process</p>

MDL and Capital Coin Fund Control Review – June 2005

	Recommendation	Disposition
1	Establish processes to monitor activities of investment managers to ensure compliance with agreements.	<p>Integration of the new Mellon Analytical System (MAS) monitoring, compliance and performance measurement features is a current focus of the Investment Division. These features are being implemented to the new MAS by the investment staff with assistance from both the investment consultant Mercer and the MAS vendor.</p> <p>Responsible Chief: Chief Investment Officer Target Resolution Date: June 2008 Current Resolution Status: In-process</p>

	Recommendation	Disposition
2	Establish controls ensuring that the Board of Directors is informed of and approves significant changes in investment strategy by approved managers or funds.	<p>The Investment Committee and Board discussed and approved at the respective January 2008 meetings revisions to the Investment Policy Statement that requires the Chief Investment Officer to inform and receive approval by the Board of any significant change in investment strategy of approved outside investment managers. Procedures are being developed to provide out-of-compliance notification to the interested internal parties via the MAS. The Chief Investment Officer is required under the IPS to notify the Board of compliance matters on a monthly basis.</p> <p>Responsible Chief: Chief Investment Officer Target Resolution Dates: March 2008(IPS); June 2008 (MAS) Current Resolution Status: In-process</p>

Bankrupt Self-Insured Claims – March 2006
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	Recommendation	Disposition
1	Consider a legislative change to permit BWC to offset PTD compensation for an injured worker receiving Social Security Retirement benefits, potentially saving \$60 million annually; “grandfather-in” current PTD recipients receiving both benefits to avoid financial hardship to those individuals.	<p>Management has recently issued a Request For Proposal (RFP) for a study that will evaluate this issue and provide options for BWC consideration. Management has tabled this issue to include this recommendation on a list of potential legislative changes until after the study is complete.</p> <p>Responsible Chief: Chief of Customer Services Target Resolution Date: December 2008 Current Resolution Status: In-process</p>

Medical Billing and Adjustments (MB&A) – May 2006

	Recommendation	Disposition
1	<p>There is a general lack of controls over the identification and processing of medical bill adjustments which result in the need to adjust the employers' claims experience data.</p> <p>Significance Rating: Significant Weakness</p>	<p>IT developed a report (quarterly) to identify/display the medical transactions processed within the given quarter. Using the 3Q 2007 data, MB&A verified that the report is extracting appropriate transactions that reflect adjustments to an original invoice. Actuarial filters the data to reflect only those transactions that adjust medical cost for claims impacting the experience. Actuarial is working with IT to develop a systematic (upload) process that will adjust the medical experience cost without manual intervention. However it was discovered that this process could only be applied to adjusting private employer policies, not public. Currently, the Rate Adjustment Unit is manually processing approx 363 medical transactions (in the 3Q 2007) for public employer policies. The MB&A dept no longer is required to send an adjustment request to the unit. A request for change will be submitted to create the systematic adjustment process for private employers, approx 2,300 transactions for 3Q 2007. The adjustment process will occur on a quarterly basis but will be dependent on the availability of IT and Rate Adjustment resources.</p> <p>Responsible Chief: Chief of Medical Services and Compliance</p> <p>Target Resolution Date: September 2008 (IT related)</p> <p>Current Resolution Status: In-process</p>
2	<p>To ensure the current interest payment methodology operates in accordance with statutory requirements, obtain clarification regarding the correct interest payment calculation and ensure MIIS and Cambridge Systems calculations are consistent.</p> <p>Significance Rating: Significant Weakness</p>	<p>The changes were implemented into CAM with the December 2007 release as scheduled. However, based on further analysis a new resolution was required. The new resolution requires 1) creation of a new data element, 2) adding a data field to the EDI 837 transaction set to receive new data element, 3) modifying each MCO's billing system for the data element, and 4) modifying BWC's application to store and use the new data element.</p> <p>Responsible Chief: Chief of Medical Services and Compliance</p> <p>Target Resolution Date: September 2008 (IT related)</p> <p>Current Resolution Status: In-process</p>

	Recommendation	Disposition
3	<p>There are currently two active systems in place for processing medical payments with limited IT and HPP technical support. Maintenance of the two systems is inefficient and results in increased systems maintenance costs.</p> <p>Significance Rating: Significant Weakness</p>	<p>The Medical Services and IT Divisions are preparing an RFP for an HPP information system. The responses are due late June 2008. Once the vendor is selected a more appropriate timeline for shutting down MIIS can be determined.</p> <p>Responsible Chief: Chief of Medical Services and Compliance Target Resolution Date: June 2008 (IT related) Current Resolution Status: In-process</p>

Risk/Employer Operational Review – June 2006

	Recommendation	Disposition
1	<p>Policy and procedures were not written for most functions and activities.</p> <p>Significance Rating: Significant Weakness</p>	<p>Completed revisions to three of six previously completed core policies and procedures which were needed to improve operational efficiencies and customer service. These modifications are in the process of being rolled-out to all employees. Drafting the remaining four core procedures will resume in April/May timeframe after the activity generated by the peak processing period stabilizes.</p> <p>Responsible Chief: Chief of Customer Services Target Resolution Date: July 2008 Current Resolution Status: In-process</p>
2	<p>BWC does not ensure all employers under jurisdiction of Ohio workers' compensation laws have obtained workers' compensation coverage. Systematic cross checks should exist with other state agencies.</p> <p>Significance Rating: Material Weakness</p>	<p>An employer compliance project team has been established to document all BWC operations and processes related to employer compliance with workers' compensation laws and policies. Final recommendations are to be completed in April 2008.</p> <p>Responsible Chief: Chief of Customer Services Target Resolution Date: April 2008 Current Resolution Status: In-process</p>
3	<p>Minimum premiums may not be adequate. The recently revised Ohio Administrative Code Section 4123-17-26, (administrative charge rule) has been increased to cover the administrative expense of maintaining the policies that report no payroll. However, there is still inherent risk with the policies that have greater exposure due to industry type.</p> <p>Significance Rating: Material Weakness</p>	<p>The HB 100 RFP process has been completed and the consulting actuary was selected and the project has commenced. This item will be completed in December 2008.</p> <p>Designated Chief: Chief Actuarial Officer Target Resolution Date: December 2007 (RFP issuance); December 2008 (consultant report) Current Resolution Status: In-process</p>
4	<p>Current process controls do not adequately</p>	<p>The system enhancement to resolve this</p>

	Recommendation	Disposition
	<p>identify duplicate employer policies. Employers can avoid higher premiums by acquiring a new policy, while having an existing policy for the same business.</p> <p>Significance Rating: Significant Weakness</p>	<p>weakness is scheduled for completion during the 1st quarter 2008. The target resolution date may need to be reevaluated after the first quarter of 2008.</p> <p>Responsible Chief: Chief of Customer Services</p> <p>Target Resolution Date: April 2008 (IT related)</p> <p>Current Resolution Status: In-process</p>
5	<p>When payroll reports are received there is no review to determine if estimated Premium Security Deposits are correct. The lack of review could result in lost revenue due to under reported estimates for premium security deposits.</p> <p>Significance Rating: Significant Weakness</p>	<p>Obtained confirmation to proceed with updating the amount of PSD on individual policies. This project being prioritized by the Employers Services change management team, but is not yet scheduled. The Actuarial Study will also evaluate this and is due to be completed by December 2008.</p> <p>Responsible Chief: Chief of Customer Services</p> <p>Target Resolution Date: June 2008 (IT related)</p> <p>Current Resolution Status: In-process</p>

Time Reporting and Leave Usage – August 2006

	Recommendation	Disposition
1	<p>Management should conduct research to determine the reason for modifications to ending leave balances. Policies and procedures for these modifications should be reviewed to ensure that only properly authorized and valid adjustment entries are posted.</p> <p>Significance Rating: Significant Weakness</p>	<p>Management has completed research on the differences noted during the audit. In addition, management has re-emphasized with account clerks and payroll officers the need to ensure that any payroll adjustments are properly documented. To improve controls, management is working with DAS to determine what controls and/or management reports can be developed to guard against unauthorized payroll adjustments. The implementation of OAKs has impacted the timing for resolving this comment.</p> <p>Responsible Chief: Chief of Fiscal and Planning</p> <p>Target Resolution Date: June 2008</p> <p>Current Resolution Status: In-process</p>
2	<p>Develop controls to validate that payroll report information is entered accurately and completely into the database system and that the amounts in the payroll disbursement journals agree with the information on the payroll reports.</p> <p>Significance Rating: Significant Weakness</p>	<p>Additional errors were found and the payroll staff is working to correct those errors.</p> <p>Responsible Chief: Chief of Fiscal and Planning</p> <p>Target Resolution Date: October 2007 May 2008</p> <p>Current Resolution Status: In-process</p>

Medical Bill Payment Controls – September 2006

	Recommendation	Disposition
1	<p>System edit checks exist yet inappropriate or fraudulent provider billings still occur within the system. Consider the feasibility of implementing clinical editing software and an Explanation of Benefits process as added controls in guarding against inappropriate or fraudulent provider billing.</p> <p>Significance Rating: Significant Weakness</p>	<p>Legal has completed the contract for the clinical editing software, which will be implemented in May 2008. Edits have been implemented to identify unusually high provider billed amounts. HPP Systems Support is monitoring line items identified by these edits and following up with MCOs to confirm accuracy of the data. MCOs are submitting override EOBs indicating they have reviewed unusually high line item charges. Compliance and Performance Monitoring has implemented the review of bills over \$10,000 for accuracy. The second request for bills was sent to MCOs during the 4th quarter of FY08.</p> <p>Responsible Chief: Chief of Medical Services and Compliance Target Resolution Date: January 2007 (MCO contract); April 2008 May 2008 (clinical editing) Current Resolution Status: In-process</p>

Claims Operational Review – September 2006

	Recommendation	Disposition
1	<p>Discontinue performing functions that are the primary responsibility of the MCOs.</p> <p>Significance Rating: Significant Weakness</p>	<p>Customer Services is aiding Medical Services' effort to define the tasks being performed by MCOs and to identify efforts in the service offices. This investigation will be done by June 2008. Based on results, revisions in policies and procedures to eliminate duplication of effort will be scheduled.</p> <p>Responsible Chief: Chief of Customer Services Target Resolution Date: June 2008 Current Resolution Status: In-process</p>
2	<p>Systematically assign new injury claims filed with no return to work date and an ICD-9 code to the lost time service offices.</p> <p>Significance Rating: Significant Weakness</p>	<p>Triage system change has been evaluated as a Tier 2 enterprise initiative. Following planning and implementation of all strategic initiatives, Tier 2 ones will be scheduled based upon available resources.</p> <p>Responsible Chief: Chief of Customer Services Target Resolution Date: June 2008 December 2008 (IT related) Current Resolution Status: In-process</p>
3	<p>Enhance current V3 system to link an injured worker with multiple claims to the same case manager or team.</p> <p>Significance Rating: Significant Weakness</p>	<p>A service delivery and response allocation study is underway.</p> <p>Responsible Chief: Chief of Customer Services Target Resolution Date: June 2008 Current Resolution Status: In-process</p>

Recommendation		Disposition
4	<p>Research, benchmark, and devote the resources necessary to create, train, and implement the use of pertinent, financially focused performance and outcome measurements to support the staffing process.</p> <p>Significance Rating: Significant Weakness</p>	<p>The staffing policy has been revised. The committee on staffing submitted recommendations to management which are on hold pending the results of allocation studies and cost reviews.</p> <p>Responsible Chief: Chief of Customer Services Target Resolution Date: June 2008 Current Resolution Status: In-process</p>

Manual Override – October 2006

Recommendation		Disposition
1	<p>Resolve the current rating inequity between group rated and non-group rated employers. Management should also adopt standard controls to prevent rate manipulation by employer groups. Possible corrective actions could include restoring credibility factors assigned to employer groups to levels consistent with sound actuarial standards and prohibiting groups from utilizing claims experience as an eligibility criterion for group participation.</p> <p>Significance Rating: Material Weakness</p>	<p>Our designated actuarial consultants are working on a split rating plan to replace the current EM rating methodology to be completed in April. The consultant will be presenting split plan information to the Actuarial Committee in the March meeting. The plan is no longer being referred to as NCCI methodology and is now referred to as a split rating plan that is a customized split plan approach based upon Ohio loss, premium and payroll data. The BWC Board of Directors has been apprised of the class action lawsuit at the February Board meeting in a closed executive session.</p> <p>Responsible Chief: Chief Actuarial Officer Target Resolution Date: December 2006 (actuarial study); July 2009 (implementation plan) Current Resolution Status: In-process</p>

Indemnity Claims Overpayment Audit – October 2006

Recommendation		Disposition
1	<p>In order to ensure the required employer experience adjustments are performed, develop a process to ensure all claims that meet the criteria requiring a referral to the Employer Rate Adjustment (ERA) Unit are identified and forwarded to the ERA Unit.</p> <p>Significance Rating: Significant Weakness</p>	<p>Customer Services is working with Actuary to create a referral document. This process was put on hold due to the changes in MIRA and the impact those changes will have on this criteria.</p> <p>Responsible Chief: Chief of Customer Services Target Resolution Date: February 2008 August 2008 Current Resolution Status: In-process</p>
2	<p>Implement procedures requiring supervisory review and approval of requests for the removal or adjustment of overpayment amounts.</p> <p>Significance Rating: Significant Weakness</p>	<p>Overpayment policy currently under review as part of yearly review; IMS review process will be verified and policy updated accordingly.</p> <p>Responsible Chief: Chief of Customer Services Target Resolution Date: February 2008 May</p>

Recommendation		Disposition
		2008 (policy) Current Resolution Status: In-process
3	To effectively collect injured worker overpayments, determine best practices for injured worker overpayment collection and request legislative changes allowing the BWC to adopt the best practices identified. Significance Rating: Significant Weakness	Management has begun research into the common practices in other states. Final recommendation, with proposed necessary legislative changes, will be finalized within the next several months. Responsible Chief: Chief of Fiscal and Planning Target Resolution Date: January 2008 Current Resolution Status: In-process

Electronic Funds Transfer and Electronic Benefits Transfer Account Processing – October 2006

Recommendation		Disposition
1	Terminate EFT system access rights for separated individuals or positions no longer requiring such access. Significance Rating: Significant Weakness	Business leads now review and refine access requirements as they change with each individual's assignments. Also, yearly review of access needs for all personnel is being performed. Service offices are the first to be reviewed and nine have been completed to date. In addition, IT is contemplating a process change to terminate an employee's system access completely upon either separation or promotion. For employees transferring between positions within BWC, the hiring supervisor would be required to submit a form requesting all access required by the employee in their new position or role. Responsible Chief: Chief Information Officer Target Resolution Date: April 2008 Current Resolution Status: In-Process

Compensation Audit Review – March 2007

Recommendation		Disposition
1	Implement controls on Compensation Audits completed by the IMSs/SOMs to provide reasonable assurance that audits are completed accurately and consistently. Also, take appropriate steps to ensure IMSs are properly utilizing the Compensation Audit Tool and apply a consistent audit methodology to each question. Significance Rating: Significant Weakness	We are reviewing the Claims Audit Tool (formerly Comp Audit) for potential enhancements. A new target date has been established to complete this comprehensive review. Responsible Chief: Chief of Customer Services Target Resolution Date: Field Operations – April 2007; Field Operations (QA Related) – February 2008 June 2008 Current Resolution Status: In-process
2	Add or update questions for various	Management believes the current questions in the

	Recommendation	Disposition
	<p>compensation types to address policy and statutory requirements. Significance Rating: Significant Weakness</p>	<p>claims audit tool do address all recommended concerns from the original audit findings. In addition, there is a Customer Services Division initiative to reinvigorate the claims management process and within this initiative Field Operations will review the Claim Audit Tool process for additional enhancements. Responsible Chief: Chief of Customer Services Target Resolution Date: Field Operations – February 2008 June 2008 Current Resolution Status: In-process</p>

Salary Continuation Program – March 2007

	Recommendation	Disposition
1	<p>Develop management reporting to ensure initial contacts and all ongoing contacts are being made in Salary Continuation (SC) claims. Enforce existing policy and implement the necessary incentives and penalties as a control to ensure that participating employers are meeting all reporting requirements. Conduct a data and status cleanup project on the SC claims in an “unknown” status. Amend the SC policy to clarify expectations, roles, and responsibilities of BWC as well as MCO staff. Significance Rating: Significant Weakness</p>	<p>Field Operations is creating reports based on current SC policy to ensure claims are being handled in accordance with policy. The policy has been reviewed and changes are pending administrative approval and completion of the external actuarial review. Some of the policy changes include inherent penalties for employers who fail to report as required. Responsible Chief: Chief of Customer Services Target Resolution Date: December 2007; April 2008 (“unknown claim” project clean up) May 2008 Current Resolution Status: In-process</p>
2	<p>Establish controls for monitoring and reporting wage submissions. Significance Rating: Significant Weakness</p>	<p>The policy update will address this recommendation by setting requirements for wage submission by the employer and ongoing submission of salary continuation agreements for verification of payments. Claims policy updates are still pending administrative approval. Responsible Chief: Chief of Customer Services Target Resolution Date: December 2007 May 2008 Current Resolution Status: In-process</p>

	Recommendation	Disposition
3	<p>Enforce existing policy and implement the necessary incentives and penalties as a control to ensure that participating employers are meeting all reporting requirements.</p> <p>Significance Rating: Material Weakness</p>	<p>The policy update will address setting requirements for wage submission by the employer and ongoing submission of salary continuation agreements for verification of payments. Claims policy updates still pending administrative approval.</p> <p>Responsible Chief: Chief of Customer Services Target Resolution Date: December 2007 May 2008 Current Resolution Status: In-process</p>
4	<p>Ensure that injured workers receive sufficient information to make informed decisions concerning salary continuation.</p> <p>Significance Rating: Significant Weakness</p>	<p>Evaluating appropriateness and effectiveness of letter to the injured worker. May delete letter and add information in the automated BWC Order.</p> <p>Responsible Chief: Chief of Customer Services Target Resolution Date: April 2008 Current Resolution Status: In-process</p>
5	<p>Regarding lost time changeovers, BWC should ensure return to work dates, salary continuation, and lost time changeovers are re-assigned to the proper service offices. Reserve these claims properly and apply the corrected dollar impacts to the premiums and to the state fund. Develop management reporting to keep future claims from being overlooked, and to eliminate adverse impacts to the state fund.</p> <p>Significance Rating: Material Weakness</p>	<p>Management has deployed a claims clean-up project for ~ 4,100 claims with RTW < 7 days for those coded as LT lacking a RTW. Reserving for SC claims will be addressed via the MIRA II project. Testing is in process for summer activation.</p> <p>Responsible Chief: Chief of Customer Services Target Resolution Date: Staffing - February 2007; Procedure Updates - September 2007; Quality Control-Implement - December 2007; Unknown claim project clean up - April 2008 Current Resolution Status: In-process</p>
6	<p>Revise the existing policy to contain clear and concise language for utilization of Independent Medical Exams and other claims management tools to avoid confusion and multiple interpretations. Ensure all IMEs are completed correctly and timely in accordance with BWC Policy.</p> <p>Significance Rating: Significant Weakness</p>	<p>Salary continuation policy modified and pending administrative approval. Field Operations created a report that is provided to each field office monthly to audit claims that had a newly created salary continuation plan to ensure that Salary Continuation claims are being handled in accordance with policy. These reports will continue to be run monthly to monitor SC claims until the policy is updated.</p> <p>Responsible Chief: Chief of Customer Services Target Resolution Date: December 2007 Current Resolution Status: In-process</p>
7	<p>Develop a standard referral system to identify, contact, educate, and track all employers who are not in compliance with the Salary Continuation Policy. Communicate to all of Field Operations that the Policy Department role is defining the policy, not enforcing the policy. Promulgate a</p>	<p>The current policy is clear on use of IME's. No updates are needed at this time; however, when upcoming policy updates are implemented, claims policy tech support will review this section of the policy to ensure consistency of application. Field Operations has created a</p>

	Recommendation	Disposition
	formal rule to support program enforcement. Significance Rating: Material Weakness	report that is provided to each field office monthly to audit claims that had a newly created salary continuation plan to ensure that Salary Continuation claims are being handled in accordance with policy today. These reports will continue to be run monthly to monitor SC claims until the policy is updated. Responsible Chief: Chief of Customer Services Target Resolution Date: December 2007 May 2008 Current Resolution Status: In-process

Information Technology General and Application Controls Risk Assessment – January 2007

NOTE: The Internal Audit Division worked together with the IT Division to voluntarily contract with an external auditing firm to perform a baseline review of the internal general and applications controls of BWC's IT Division.

	Finding	Disposition
1	Security violation and monitoring is not in effect for all computer environments or applications. Therefore, trending or advanced analysis for security violations is not performed. Significance Rating: Material Weakness	A monitoring/ logging software application was purchased in December 2007. The required servers for the application were acquired and configured in April 2008. Network is awaiting installation help from the vendor before the software is implemented. Initial logging is planned by the end of May 2008. Responsible Chief: Chief Information Officer Target Resolution Date: March 2008 June 2008 Current Resolution Status: In-process
2	There is no periodic process to evaluate changes in architecture and security impacts to the asset base. In addition, there is no consistent process in place to aid in mitigating vulnerabilities. Significance Rating: Material Weakness	Management has verified that security is properly included in the application development methodology. A self-assessment software application was acquired to identify security vulnerabilities. An initial vulnerability assessment scan was completed in February 2008. An ongoing vulnerability self-assessment process was developed and documented in March 2008 and recurring scans and related meetings have been scheduled. Responsible Chief: Chief Information Officer Target Resolution Date: March 2008 Current Resolution Status: In-process

	Finding	Disposition
3	<p>Individuals within the IT department are sometimes responsible for performing end-user data processing activities via items such as Super Claim and SPUFIs. Many individuals in IT have read-only access to production data.</p> <p>Significance Rating: Material Weakness</p>	<p>Policies and procedures to address access to production data in test has been added to the PSP Governance site. The policies and procedures are expected to be approved by the end of May 2008.</p> <p>Responsible Chief: Chief Information Officer Target Resolution Date: May 2008 Current Resolution Status: In-process</p>
4	<p>All requests for end-user access to LAN/WAN/Application/Database resources are not documented or maintained. Revocation of terminated employees does not consistently occur at the application/application role level. It is possible for terminated user accounts to remain in the system.</p> <p>There is no regular review of user/role definitions at the business process level. Password syntax controls within the Windows environment is not functioning as initially expected (per security policies).</p> <p>Significance Rating: Material Weakness</p>	<p>Management improved the process for controlling end-user access to BWC's LAN/WAN/Application/ Database resources. Service office managers and business owners have a more detailed access report to help ensure their end-users have the appropriate access rights. In addition, a separation report is periodically sent to all business application owners, IT supervisors/managers and IT System owners to help ensure separated users are properly removed from all systems. Windows parameters were adjusted in March 2008 to require users to select complex passwords.</p> <p>Responsible Chief: Chief Information Officer Target Resolution Date: July 2008 March 2008 Current Resolution Status: In-process</p>
5	<p>Powerful IDs are neither logged nor monitored. Therefore, activities performed using a powerful ID (e.g., default database, system, or network administrator account) or powerful utility are neither captured nor reviewed.</p> <p>Significance Rating: Material Weakness</p>	<p>An Administrator Account Policy was completed January 2008 and all users with administrator accounts were requested to be recertified. These were received by 03/01/2008. The approval of administrator accounts is now in process by the Network Director. To monitor activity of these administrator accounts a monitoring/ logging software application was purchased.</p> <p>Responsible Chief: Chief Information Officer Target Resolution Date: March 2008 June 2008 Current Resolution Status: In-process</p>
6	<p>There is an inconsistency in approval of hardware modifications. Formal processes do not exist to determine if system software needs to be modified (e.g. patches/upgrades), including required documentation and approvals required. Asset management is not used pervasively across IT to track critical elements of all relevant IT assets.</p> <p>Significance Rating: Material Weakness</p>	<p>The change management policy was updated and distributed to IT in April 2008. This policy addresses the approval process for hardware and system software modifications. The policy will be discussed within the May IT Divisional meeting as part of the Change Management Awareness session.</p> <p>Responsible Chief: Chief Information Officer Target Resolution Date: March 2008 May 2008 Current Resolution Status: In-process</p>
7	<p>There is no business continuity in the disaster recovery plan (DRP). The DRP has been tested</p>	<p>Disaster recovery requirements for critical mainframe applications and shared drives are</p>

	Finding	Disposition
	<p>for legacy applications and databases; however, exposure exists for some client/server systems. The current DRP is not sufficient to ensure effective IT support in the event of a significant system outage. IT governance is weak regarding established Key Performance Indicators (KPI)/Metrics. While some formal reporting exists, there is little KPI metric-based reporting or accountability. There is no internal process to continually monitor the adequacy and effectiveness of the IT controls environment. No formal procedures have been established or documented to classify application and underlying data from a privacy perspective, the process is informal and goes unmonitored. Processes and procedures have not been established to ensure adherence to federal, state, and local regulations.</p> <p>Significance Rating: Material Weakness</p>	<p>supported via a vendor contract. A secondary recovery site for all other open systems applications is being established.</p> <p>A specific effort to build the IT Governance capabilities, including performance metrics, was conducted in February 2008 by a vendor. These initiatives are moving forward and will result in further and continuing improvement to monitor KPI's/Metrics within IT. Also, IT plans to establish a roadmap for IT Governance including a control self assessment capability.</p> <p>Encryption of backup data on tapes was fully implemented and software was acquired to encrypt data on BWC portable storage devices and will be implemented in May 2008.</p> <p>Responsible Chief: Chief Information Officer Target Resolution Date: June 2008 Current Resolution Status: In-process</p>
8	<p>For each of the mission critical applications, databases, and operating systems, the functions, transactions, menus, and screens that update mission critical financial data have not been documented.</p> <p>Significance Rating: Material Weakness</p>	<p>IT has identified the list of all mission critical financial applications, gathered access control information for each of these applications, and obtained storage and database information.</p> <p>Responsible Chief: Chief Information Officer Target Resolution Date: July 2008 Current Resolution Status: In-process</p>
9	<p>The definition of unscheduled (emergency) changes is inconsistent across groups or not defined. Not all maintenance/development items are recorded, such as small maintenance items. Reporting metrics are compromised with inconsistent and incomplete categorization and tracking. There are no established metrics to track emergency changes.</p> <p>Significance Rating: Material Weakness</p>	<p>A policy was communicated to staff and added to the IT Governance site to define unscheduled changes and require the changes have a formal approval.</p> <p>Responsible Chief: Chief Information Officer Target Resolution Date: March 2008 Current Resolution Status: In-process</p>
10	<p>Processes used to identify security vulnerabilities for each technology asset are inconsistent. Security design documents are not reviewed, updated, nor approved. Inadequate mechanisms are in place to ensure security policies are being followed by users.</p> <p>Significance Rating: Significant Weakness</p>	<p>A vulnerability self-assessment application was acquired to scan BWC's technology assets for known security vulnerabilities. Security policies were added to the Employee Handbook and distributed in January 2008.</p> <p>Responsible Chief: Chief Information Officer Target Resolution Date: December 2007 April 2008 Current Resolution Status: Implemented</p>
11	<p>Business impact analysis for changes is performed inconsistently prior to initiation of development or acquisition. Although some deliverables in the project life cycle allow for business impact analysis, this activity is</p>	<p>The process has been updated to include a Project Definition form that includes a cost and business impact analysis. IT is in the process of implementing a software application, which will eliminate the manual process of taking requests</p>

	Finding	Disposition
	frequently not performed or, in some cases, is performed without documented results. As a result, many projects or maintenance activities have no business impact analysis, cost benefit analysis, or business benefit assessment upon which to formally base decisions. Significance Rating: Significant Weakness	to a BWC project governance board. This process will be in place by the end of May 2008. Responsible Chief: Chief Information Officer Target Resolution Date: June 2008 Current Resolution Status: In-process
12	No consistent project post evaluation conducted to determine project performance. Lessons learned are infrequently captured and/or used in future projects. User documentation is typically provided for most applications; however, changes to user documentation as a result of system changes are not always reflected. System documentation is not present for most applications and is not consistent. Significance Rating: Significant Weakness	Under the new project management methodology, a lessons learned document will be required to be completed. Responsible Chief: Chief Information Officer Target Resolution Date: June 2008 Current Resolution Status: In-process
13	The DRP is not updated as part of the overall change management process. There are pockets of asset management, but there is no universal or consistent asset management tool or process currently being utilized. Significance Rating: Significant Weakness	The change management process was modified to require disaster recovery impact analysis with Director level approval of the change. BWC's current asset management policies were reviewed and found to comply with DAS policies. A meeting was held with all of the areas that move assets to review the policies. A communication plan is being prepared to communicate policy requirements by May 2008. Responsible Chief: Chief Information Officer Target Resolution Date: June 2008 Current Resolution Status: In-process
14	Security testing is not consistently or always performed for emergency changes. Significance Rating: Significant Weakness	The approval process for emergency changes will be revised. IT managers will be required to verify the change has not had an adverse affect and any temporary security changes are reset to normal. Responsible Chief: Chief Information Officer Target Resolution Date: March 2008 Current Resolution Status: In-process
15	Security testing is not consistently or always performed after system software modifications and/or version upgrade/patch to ensure key security functions have not been adversely impacted at the operating system layer, at the application security layer, and at the application functionality layer. Significance Rating: Significant Weakness	Network management reviewed the existing security testing processes for system software and identified the necessary process improvements. These improved processes were implemented in April 2008. Responsible Chief: Chief Information Officer Target Resolution Date: March 2008 Current Resolution Status: Implemented
16	There is inconsistency in testing standards for hardware. There is inconsistency in security procedures for the testing of new hardware. Significance Rating: Significant Weakness	Network management has reviewed the existing security testing processes for hardware and identified the necessary process improvements. These improved processes were implemented in April 2008.

	Finding	Disposition
		Responsible Chief: Chief Information Officer Target Resolution Date: March 2008 Current Resolution Status: Implemented
17	The organization does not have consistent, documented policies and procedures concerning data transmission to external sources. Significance Rating: Significant Weakness	A Transmission of Sensitive Data policy was completed in March 2008. Training regarding the handling and transmission of sensitive data was completed in April 2008. Distribution of the policy is expected to be completed in May 2008. Responsible Chief: Chief Information Officer Target Resolution Date: December 2007 May 2008 Current Resolution Status: In-process
18	No monitoring or periodic review of outsourced services to ensure that contractual expectations/ obligations are met. Contract service agreements for the Network Group are inconsistent compared to other groups regarding scope, reporting responsibilities, restrictions, and compliance to policies and standards. Significance Rating: Significant Weakness	All supervisors were sent an email reminding them of their responsibility to ensure that all contractors were meeting the expectations and deliverables as spelled out in the SOW. A statement will be added to the policy stating that when the supervisor signs the weekly time sheets of their consultant they are validating that all work was done per the expectations and obligations of the contractor. This will be added in May 2008. Responsible Chief: Chief Information Officer Target Resolution Date: March 2008 June 2008 Current Resolution Status: In-process
19	There is a concern over existing data retention requirements and how this impacts the data backup policies. Significance Rating: Significant Weakness	As part of the statewide RIM (Records & Information Management) project, retention schedules for backups have been submitted for approval. All backups in place currently conform to schedules that have been submitted for approval. Responsible Chief: Chief Information Officer Target Resolution Date: December 2007 June 2008 Current Resolution Status: In-process

Pharmacy Benefit Manager Audit – May 2007

	Recommendation	Disposition
1	Reconcile the bank balance to the financial records monthly and submit to BWC. Significance Rating: Material Weakness	Compliance Performance Monitoring unit is preparing a draft report of findings from the April 2008 on-site review which addresses this recommendation. Responsible Chief: Chief of Medical Services and Compliance Target Resolution Date: March 2008 Current Resolution Status: In-process
2	Develop payment structure that does not	BWC has identified defects in the test results

	Recommendation	Disposition
	reimburse for drugs not dispensed. Significance Rating: Significant Weakness	requiring further development and testing by the vendor to address this issue. Communication to pharmacies will need to take place before implementation. Responsible Chief: Chief of Medical Services and Compliance Target Resolution Date: July 2008 Current Resolution Status: In-process
3	Require vendor to resume imaging of bills and increase oversight. Significance Rating: Significant Weakness	Compliance and Performance Monitoring unit is preparing a draft report of findings from the April 2008 on-site review which addresses this recommendation. Responsible Chief: Chief of Medical Services and Compliance Target Resolution Date: April 2008 Current Resolution Status: In-process
4	Develop retrospective Drug Utilization Review (DUR) criteria to enhance utilization of the services of the vendor. Significance Rating: Significant Weakness	This plan will be developed once vendor's audit of their DUR process is complete to ensure that appropriate criteria are developed that make the best use of the DUR process. Responsible Chief: Chief of Medical Services and Compliance Target Resolution Date: July 2008 Current Resolution Status: In-process
5	Evaluate program resources, review contract, and require the vendor to submit an attestation letter stating that rebates and discounts have not been received. Significance Rating: Significant Weakness	Attestation letter was received from vendor in May 2007. Rebate process will be analyzed by the pharmacy consultant who will be selected through the competitive bid process. Responsible Chief: Chief of Medical Services and Compliance Target Resolution Date: April 2008 (Consultant report); August 2008 (PBM contract RFP development) Current Resolution Status: In-process
6	Consider utilizing vendor's technology. Significance Rating: Significant Weakness	Changes to the preferred drug list were implemented in January 2008. The revised target date for additional therapeutic drug classes is June 2008. Responsible Chief: Chief of Medical Services and Compliance Target Resolution Date: March 2008 June 2008 Current Resolution Status: In-process
7	Develop action plan to strengthen oversight and improve management of the program. Significance Rating: Significant Weakness	A comprehensive plan was developed. The components of this plan will be prioritized to determine what can be implemented given staffing constraints. This plan is being reviewed to identify dates for implementation. In addition, a PBM group has been formed which is responsible to ensure that PBM issues are

	Recommendation	Disposition
		resolved in a timely fashion. This group meets on a weekly basis. Responsible Chief: Chief of Medical Services and Compliance Current Resolution Status: Implemented
8	Periodically test transactions to ensure discounts are passed-through to BWC. Significance Rating: Significant Weakness	The RFP for the Pharmacy Consultant included this topic in the scope of the review. The Consultant's final report is expected by the end of May, at which time management will evaluate the best alternative for addressing the audit recommendation. Responsible Chief: Chief of Medical Services and Compliance Target Resolution Date: April 2008 August 2008 Current Resolution Status: In-process
9	Conduct sufficient review and analysis to identify opportunities. Significance Rating: Significant Weakness	The RFP for the Pharmacy Consultant included this topic in the scope of the review. The Consultant's final report is expected by the end of May, at which time management will evaluate the best alternative for addressing the audit recommendation. Responsible Chief: Chief of Medical Services and Compliance Target Resolution Date: April 2008 August 2008 Current Resolution Status: In-process

Retrospective Rating Program Audit – June 2007

	Recommendation	Disposition
1	Evaluate additional alternatives to augment, compliment, or replace financial statement audit requirements. Significance Rating: Significant Weakness	After review, no additional program changes regarding financial requirements are currently being contemplated. However, final outcome is pending results of the comprehensive actuarial study of employer programs. Responsible Chief: Chief of Customer Services Target Resolution Date: December 2007 (Recommendations to senior staff); July 2008 (implementation for private employers) and January 2009 (public entities) Current Resolution Status: In-process
2	Enforce provisions set forth in Ohio Administrative Code Section 4123-17-42 by establishing and implementing an effective procedure for the management review process. Significance Rating: Material Weakness	A draft of the EM Policy was created by the target date of 12/31/2007, but due to retirements in the EM Policy Unit the policy could not be finalized. Steps are taking place to finalize the policy.

	Recommendation	Disposition
		Responsible Chief: Chief of Customer Services Target Resolution Date: December 2007 June 2008 Current Resolution Status: In-process
3	Evaluate requirements and objectives of the program to ensure support exists for all goals and outcomes. Consider eliminating the allowance of any employer who is financially unstable, including employers who are in a part pay status from the program. Significance Rating: Material Weakness	After review, the ability for employers in part pay plans that meet the stated financial requirements to participate in the Retrospective Rating Program has been determined to be appropriate and in support of program financial objectives and safety goals. Results of the comprehensive actuarial study of employer programs being conducted in 2008 could cause this to be reconsidered at a later date. Responsible Chief: Chief of Customer Services Target Resolution Date: December 2008 Current Resolution Status: In-process
4	Develop ongoing reporting and conduct detailed trending and analysis of pertinent program management data. Significance Rating: Significant Weakness	A bankruptcy measurement to gauge effectiveness has been implemented. Per HB100, an actuarial review of the Retro Program including the cost effectiveness of the program will be completed by 10/1/2008 and results from that study are expected to identify additional reporting measurements. Responsible Chief: Chief of Customer Services Target Resolution Date: April 2008 December 2008 Current Resolution Status: In-process

Medical Bill Payment Controls Memorandum – June 2007

	Recommendation	Disposition
1	The BWC Medical Services Division should implement preventive and detective controls to include caps or limits on the amounts reimbursable for hospital bill charges. Preventive controls, coupled with monitoring by management, will help guard against intentional or unintentional keying errors of billed amounts by either the hospitals or Managed Care Organizations (MCO). Significance Rating: Significant Weakness	External vendor has been selected and the software will be implemented in May 2008. Edits have been developed to identify unusually high provider billed amounts. Line items identified are reviewed with MCOs to confirm accuracy of the data. MCOs are submitting override EOBs indicating they have reviewed unusually high line item charges. Compliance and Performance Monitoring has implemented the review of bills over \$10,000 for accuracy. The second request for bills was sent to MCOs during the 4th quarter of FY08. Responsible Chief: Chief of Medical Services and Compliance Target Resolution Date: August 2007

	Recommendation	Disposition
		(Cambridge solutions, RFP results, budget decision); April 2008 May 2008 (implement and train on clinical editing software) Current Resolution Status: In-process

Personal Trading Policy Consulting Project – October 2007

	Recommendation	Disposition
1	Establish a Personal Trading Compliance Committee to develop a personal trading policy and ongoing monitoring procedures for BWC. Significance Rating: Significant Weakness	Personal Trading Policy Committee met 2-06-08 and received legal advice from Legal Division. Copies of internal trading policies from other entities were obtained. The Chief Ethics Officer and the Legal Division have met and Legal has developed a preliminary draft of the policy. The committee will review and comment on the initial draft by end of June. Responsible Chief: Chief Ethics Officer (consultation by Chief Investment Officer) Target Resolution Date: Committee formation – Implemented; Policy implementation – To be determined by committee Current Resolution Status – In-process

Investment Reconciliation Consulting Project – October 2007

	Recommendation	Disposition
1	Enhance month-end reporting standards placed on external investment managers and require them to report detailed holdings data. Reconcile returns calculated by the BWC's performance provider to those calculated by the external investment managers on a monthly basis. Significance Rating: Significant Weakness	BNY Mellon is performing detailed holdings and performance reconciliations between BWC's book of record and each external investment manager on a monthly basis. Procedures for review of these reconciliations by BWC staff need to be formalized to ensure effectiveness of this control. Responsible Chief: Chief of Fiscal and Planning Target Resolution Date: April 2008 June 2008 Current Resolution Status – In-process

Vocational Rehabilitation Audit– October 2007

	Recommendation	Disposition
1	Implement processes to review the actual vocational rehabilitation costs billed in claims for reasonableness and appropriateness. Significance Rating: Material Weakness	Management will establish controls to monitor the appropriateness of costs billed for vocational rehabilitation services. Responsible Chief: Chief of Medical Services and Compliance Target Resolution Date: April 2008 June 2008

	Recommendation	Disposition
		Current Resolution Status: In-process
2	Take steps to eliminate the potential conflict of interest created by Managed Care Organizations (MCOs) that refer vocational rehabilitation cases to their related companies. Significance Rating: Material Weakness	Labor/Management/Government Workgroup has concluded and the final report is in development. BWC Redesign Project Team has begun work with representation from field operations and central office. Steering Committee of senior and mid-level management has been identified. Responsible Chief: Chief of Medical Services and Compliance Target Resolution Date: October 2008 Current Resolution Status: In-process
3	Formalize policy regarding the authority of the Disability Management Coordinators (DMCs) to challenge MCO feasibility determinations. Significance Rating: Material Weakness	Management is implementing a process requiring written authorization by the DMC of the feasibility and service provider recommendations. When the rehab redesign project is fully adopted this rule and policy will be written and formalized. Responsible Chief: Chief of Medical Services and Compliance Target Resolution Date: October 2008 Current Resolution Status: In-process
4	Implement controls over the coordination agreement with the Rehabilitation Services Commission (RSC) to ensure costs expended under that program are only incurred for eligible injured workers and are reasonable and appropriate. Significance Rating: Material Weakness	After meetings with RSC a new process for securing eligibility has been agreed upon but due to IT restraints at RSC the rollout of the eligibility request process has been pushed to August 15, 2008. A draft of the enhanced detailed data reporting by RSC has been received and implementation is in process. Target date moved to October 2008. Responsible Chief: Chief of Medical Services and Compliance Target Resolution Date: June-2008 October 2008 Current Resolution Status: In-process
5	Establish effective quality assurance review procedures to ensure various controls and activities performed by DMCs are proper, timely, and in accordance with policies and statutes. Significance Rating: Significant Weakness	DMCs are evaluating individual performance measures that will actually reflect the highest level of professional service they offered in a day's time. these ideas are being discussed by a Rehab Redesign workgroup. Responsible Chief: Chief of Medical Services and Compliance Target Resolution Date: June-2008 August 2008 Current Resolution Status: In-process
6	Implement written procedures for establishing reimbursement rates for vocational rehabilitation services and for periodically reviewing and updating such rates. Significance Rating: Significant Weakness	The procedure has been written and is under review. Responsible Chief: Chief of Medical Services and Compliance Target Resolution Date: March 2008 Current Resolution Status: In-process

	Recommendation	Disposition
7	Review credentialing and position requirements for DMC positions and ensure individuals possess the qualifications to manage the vocational rehabilitation process. Establish a process to monitor DMC certifications to ensure the required credentials are maintained. Significance Rating: Significant Weakness	DMC credentialing recommendations have been approved by the LMG workgroup and will be incorporated into the position description for submission to upper management. Responsible Chief: Chief of Medical Services and Compliance Target Resolution Date: March 2008 Current Resolution Status: In-process

MCO Audit #2 – January 2008

	Recommendation	Disposition
1	Take steps to improve the MCO’s financial condition to ensure quality service is not interrupted to injured workers, employers, providers and BWC. Significance Rating: Material Weakness	MCO management has taken steps to resolve the financial difficulties experienced. Target Resolution Date: June 2008 Current Resolution Status: In-process
2	Establish processes to facilitate an annual review and testing of the entire disaster recovery plan and perform any necessary updates each year. Significance Rating: Significant Weakness	MCO management updated the disaster recovery plan and will work with their IT consultant to develop a process to periodically test the plan. Target Resolution Date: June 2008 Current Resolution Status: In-process
3	Obtain additional insurance coverage to comply with MCO contract requirements. Significance Rating: Significant Weakness	Insurance coverage limits were increased to the required levels immediately upon notification by the BWC auditors. Current Resolution Status: Implemented
4	Establish processes and controls to help ensure audit findings are resolved within the contract timeframes. Take steps to refund the provider overpayments to BWC. Significance Rating: Significant Weakness	Management is in the process of recovering the provider overpayments and performing the required adjustments. Target Resolution Date: March 2008 Current Resolution Status: In-process

Permanent Total Disability Claims Audit – January 2008

	Recommendation	Disposition
1	Formalize policies, procedures, and training materials to ensure consistent, efficient, and effective processing of PTD claims. Additionally, create systematic processing procedures and/or training materials for Disabled Workers’ Relief Fund (DWRF) claim functions. Significance Rating: Significant Weakness	Management is on track to ensure that all policies and procedures are updated and consistent. Responsible Chief: Chief of Customer Services Targeted Resolution Date: May 2008 Current Resolution Status: In-process
2	Meet with IT management and evaluate the cost benefit of updating the Version 3 (V3) system to better assist in the process of PTD and DWRF or develop compensating controls.	Management is working with IT to evaluate and prioritize the system changes. Responsible Chief: Chief of Customer Services

	Recommendation	Disposition
	Significance Rating: Significant Weakness	Targeted Resolution Date: December 2008 Current Resolution Status: In-process
3	Review other alternatives for processing PTD claims to provide more effective and efficient claim maintenance. Significance Rating: Significant Weakness	A team was created and has met to evaluate the best practice for assigning and managing PTD claims. Responsible Chief: Chief of Customer Services Targeted Resolution Date: June 2008 Current Resolution Status: In-process
4	Conduct the cross match each month and monitor reports to ensure appropriate actions have been taken based on the diary type. Significance Rating: Significant Weakness	The importance of this system change has been emphasized and the system change will be scheduled this summer. Depending on available resources, the target date may need to be extended by a quarter. Responsible Chief: Chief of Customer Services Targeted Resolution Date: June 2008 Current Resolution Status: In-process
5	Implement controls to ensure that DWRF overpayments are processed and recouped in accordance with statute and BWC policy. Significance Rating: Significant Weakness	Claims policy will utilize the Law Department to ensure policy is in accordance with statute. Furthermore, the field will develop/update procedures to make sure over payments are processed and recouped. Responsible Chief: Chief of Customer Services Targeted Resolution Date: October 2008 Current Resolution Status: In-process
6	Establish the essential resources needed to complete the previous clean up project by identifying and reviewing claims that have never been reviewed and correcting those claims with outstanding errors. Significance Rating: Significant Weakness	Management has strengthened the training program for the PTD CSS and resumed the prior clean-up project. Management plans to have the clean-up project completed by June 2008. Responsible Chief: Chief of Customer Services Targeted Resolution Date: June 2008 Current Resolution Status: In-process
7	Create proactive controls and monitoring processes to ensure benefit payments due to injured workers are not inappropriately interrupted. Significance Rating: Significant Weakness	Management has requested a system change control to create diaries for suspended PTD claims and for non-suspended plans due to a date of death (DOD) not entered. Resources and timeframes have not been identified at this time. Data warehouse queries will be developed as an interim control measure. Responsible Chief: Chief of Customer Services Targeted Resolution Date: December 2008 Current Resolution Status: In-process
8	Implement procedures to provide reasonable assurance that V3 notes are entered and all required documents exist in the PTD claim file. Significance Rating: Significant Weakness	A PTD Checklist has been created and is in process of approval. Once approved, the checklist will be provided to the CSSs to be utilized.

	Recommendation	Disposition
		Responsible Chief: Chief of Customer Services Targeted Resolution Date: March 2008 Current Resolution Status: In-process
9	Implement processes and/or controls to monitor claims in which the injured worker has clearly retired (or is eligible for retirement) are calculated and paid appropriately. Significance Rating: Significant Weakness	Management has requested a system change control so the diary will post to the assigned and DWRP CSS when an IW reaches the age 62 and there is no retirement date in V3. Resources and timeframes have not been identified at this time. Responsible Chief: Chief of Customer Services Targeted Resolution Date: December 2008 Current Resolution Status: In-process
10	Determine the overall impact and best course of action regarding the incorrect overpayments to ensure the accounts receivable balance and BWC financial statements are accurate, and identify and correct the erroneous DWRP overpayments. Significance Rating: Significant Weakness	Management will work with Finance and Customer Service Divisions to determine the best solution for incorrect DWRP payments and inappropriate PTD offsets. A system change control was submitted to prevent incorrect DWRP overpayments. Resources and timeframes have not been identified at this time. Responsible Chief: Chief of Customer Services Targeted Resolution Date: April 2008 (overpayment correction); February 2009 (clean-up project); February 2008 (QA; IT related) Current Resolution Status: In-process

Note: Comments designated as “Implemented” are based on managements’ assertions and have not yet been validated by Internal Audit.

BWC Internal Audit Division Audit Report Follow-up Procedures

The *International Standards for the Professional Practice of Internal Auditing* specifically addresses follow-up in Standard 2500. One of our primary responsibilities as professional auditors is determining that the audit customer takes corrective action on recommendations. This applies in all cases except where "senior management has accepted the risk of not taking action." When senior management accepts the risk of not taking action the comment will be forwarded to the Administrator for review, the Chief of Internal Audit will report the comment with management's response to the Audit Committee for consideration.

Being an integral part of the internal audit process, follow-up should be scheduled along with the other steps necessary to perform the audit. However, specific follow-up activity depends on the results of the audit and can be carried out at the time the report draft is reviewed with management personnel or after the issuance of the report. Typically, audit follow up should occur within 90 days of the issuance of the final report.

Follow-up activities may generally be broken down into three areas:

- Casual - This is the most basic form of follow-up and may be satisfied by review of the audit customer's procedures or an informal phone call. Memo correspondence may also be used. This is usually applicable to the less critical findings.
- Limited - Limited follow-up typically involves more audit customer interaction. This may include actually verifying procedures or transactions and, in most cases, is not accomplished through memos or phone calls with the audit customer.
- Detailed - Detailed follow-up is usually more time-consuming and can include substantial audit customer involvement. Verifying procedures and audit trails, as well as substantiating account balances and computerized records, are examples. The more critical audit findings usually require detailed follow-up.

Follow-up scheduling can begin when corrective action is confirmed by acceptance of an audit recommendation or when management elects to accept the risk of not implementing the recommendation. Based on the risk and exposure involved, as well as the degree of difficulty in achieving the recommended action, follow-up activity should be scheduled to monitor the situation or confirm completion of the changes that were planned. These same factors establish whether a simple phone call would suffice or whether further audit procedures would be required.

At the end of each quarter, a summary follow-up report is prepared. This report reflects all current period findings with appropriate comments to reflect end-of-quarter status.

Additionally, this report highlights all outstanding findings from prior periods and their status. The intent of this summary report is to track all findings so that they are appropriately resolved.

BWC Internal Audit Division Audit Comment Rating Criteria

Comment Rating	Description of Factors	Reporting Level
Material Weakness	<ul style="list-style-type: none"> Overall control environment does not provide reasonable assurance regarding the safeguarding of assets, reliability of financial records, and compliance with Bureau policies and/or laws and regulations. A significant business risk or exposure to the Bureau that requires immediate attention and remediation efforts. A significant deficiency, or combination of significant deficiencies, that results in <u>more than a remote likelihood</u> that a material misstatement of the annual or interim financial statements will not be prevented or detected by employees in the normal course of their work, or that a major operational or compliance objective would not be achieved. 	Audit Committee, Senior Management, Department Management
Significant Weakness	<ul style="list-style-type: none"> Issue represents a control weakness, which could have or is having some adverse affect on the ability to achieve process objectives. The controls in place need improvement and if not improved could lead to an overall unsatisfactory or unacceptable state of control. Requires near-term management attention. A control deficiency, or combination of control deficiencies, that results in a <u>remote likelihood</u> that a misstatement of the Bureau’s annual or interim financial statements is more than inconsequential will not be prevented or detected by employees in the normal course of their work, or that a major operational or compliance objective would not be achieved. 	Senior Management, Department Management, Audit Committee (optional)
Minor Weakness	<ul style="list-style-type: none"> Issue represents a process improvement opportunity or a minor control weakness with minimal impact. Observations with this rating should be addressed by line level management. A control deficiency that would result in <u>less than a remote likelihood</u> that the deficiency could reasonably result in a material misstatement of the financial statements or materially affect the ability to achieve key operational or compliance objectives. 	Department Management, Senior Management (optional)

NOTE: When management’s action plans for Significant Weakness comments are materially delayed from the intended implementation date the comment will elevate to a Material Weakness (pending circumstances).

Internal Audit Division

FY 08 Annual Audit Plan – 3rd Quarter Update

Focus Area	1st Qtr.			2nd Qtr.			3rd Qtr.			4th Qtr.		
	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
External Audit Assistance												
Long Term Care Program												
Employer Payroll Reporting Process												
Medical Bill Payments Process												
PTD Claims												
Investment Accounting System												
Investment Manager Selection and Funding Process												
Transitional Work Grants												
Subrogation Process												
Forthwith/Miscellaneous Special Payments												
MCO Administrative and Incentive Payments												
Investment Fee Payment Process												
FY 2009 Annual Audit Plan												
Settlements Process												
Employer Compliance and Premium Audit												
Investment Manager Continuance Program												
Audit Validation Testing												
MCO Audits												

The following changes have been made to the FY 08 Annual Audit Plan:

1. Adjudication Committee – Delayed until FY 09 due to management workgroup study.
2. Safety Grants, Stakeholder Relations and SOX Investment Certification Control Testing – These audits will be reevaluated as part of the FY 09 Annual Audit Plan (lower risk/resource constraints).