

BWC BOARD OF DIRECTORS

AUDIT COMMITTEE

THURSDAY, JANUARY 22, 2009, 4:00 P.M.

WILLIAM GREEN BUILDING

30 WEST SPRING STREET, 2ND FLOOR (MEZZANINE)
COLUMBUS, OHIO 43215

Members Present: Kenneth Haffey, Chair
Robert Smith, Vice Chair
James Harris
William Lhota

Members Absent: James Matesich

Other Directors Present: Alison Falls, Thomas Pitts (arrived 4:20), Charles Bryan (arrived 5:16)

CALL TO ORDER

Mr. Haffey called the meeting to order at 4:05 PM and the roll call was taken.

MINUTES OF DECEMBER 17, 2008

The minutes were approved without further changes by unanimous roll call vote on a motion by Mr. Haffey, seconded by Mr. Lhota.

NEW BUSINESS / ACTION ITEMS

1. Consultant Report on Lump Sum Settlements

Tina Kielmeyer, Chief Customer Service Officer, and Ray Mazzotta, Chief Operating Officer, presented an overview of the report prepared by outside consultants Insurance Perspectives + Solutions regarding BWC lump sum settlement procedures. A settlement enhancement team has been formed and held its first meeting today, January 22, 2009 to review all recommendations, set priorities and develop an action plan. Five major objectives have been identified as follows:

- create a guiding principle that claims be settled for the right value at the right time and circumstance;
- establish settlement eligibility guidelines, become more proactive in identifying claims for settlement;
- establish a more disciplined evaluation and documentation process;
- implement rigorous governance and controls, including regular committee review, training and metrics; and
- utilize resources more effectively.

In the first calendar quarter 2009, emphasis will be placed upon CSS training and Medicare set-asides. The second quarter will focus on determining settlement eligibility developing a proactive approach, and outreach to unrepresented claimants. The third quarter will be directed toward overall claim resolution strategy, including structured settlements. Mr. Mazzotta noted the Legal Division will be very involved in the process, but Ms. Kielmeyer has primary responsibility for the overall project.

Several Board members expressed approval of the report. Per a question from Mr. Pitts, Ms. Kielmeyer noted that research indicates similar entities from other jurisdictions all seem to be struggling with these issues. Mr. Pitts requested to be kept apprised of the process and offered assistance if warranted. It was pointed out that the fast-track settlement process has been suspended while these issues are pending. Stakeholder input will also be solicited at a later date when focus turns to external controls.

DISCUSSION ITEMS

1. Open Discussion with Internal Auditor

Caren Murdock, Chief of Internal Audit, advised that there are presently ten outstanding audits. Two or three will be presented to the Committee in February. Five audits are expected to be completed in January, four in February, and the remaining audit in May.

Ms. Murdock discussed training of new staff and presented an informational handout on the qualifications and experience of the internal audit team members. Michael Overmyer, Investment Compliance Program Manager, was introduced. Discussion was had as to staffing levels in view of budget constraints.

2. Office of Budget and Management, Office of Internal Audit Update

Joe Bell, OBM Chief Audit Executive, gave an overview of HB 166 and a historical perspective on the Office of Internal Audit. A vendor has been hired to review overall enterprise-wide risks, infrastructure and software needs. The present focus is on high-risk processes at eight agencies. BWC Board members will be involved in the process.

A state bipartisan audit committee has been created. The chairman has met with Committee Chairman Haffey. Mr. Haffey stated he is confident the Board will be kept apprised on statewide internal audit matters.

Per a question from Mr. Pitts, one area of review is whether internal audit can perform functions which have traditionally been outsourced. Per a question from Ms. Falls, Mr. Bell explained the Auditor of State will remain ultimately responsible for hiring external auditors.

3. External Audit Management Letter Comments – Status Update

Tracy Valentino, Chief of Fiscal and Planning, presented a continuing update as to thirteen comments in the previous two management letters. Only one of these rose to the level of significant deficiency, concerning MCO SAS-70 Type 2 reports. These reports concern controls which are identified and tested, and provide BWC with significant information impacting the financials. Adequacy of testing is now being reviewed. More than “inquiry and observation” must be done.

This is an ongoing process involving more than twenty MCO's and is being implemented through the MCO contract. Financial penalties have been imposed to require that deficiencies be corrected before the MCO can add further employers. Ms. Valentino is very confident that this comment will not appear in the next management letter, although 100% certainty is not possible at this time.

No items were deemed a material weakness. Twelve other matters were items of consideration for improvement. Eight have been resolved, with two more to be resolved by the end of FY09. The remaining matters are pending. One involves the surplus fund. Proposed legislative language changes are being considered as part of the budget bill. The other cannot be presently addressed as needed resources are allocated to other matters.

4. Committee Calendar

Rule changes have been moved to the Governance Committee. Mr. Haffey discussed reference materials he will be sharing with the directors.

Per request of Mr. Haffey, Barbara Ingram, Director of Accounting, discussed the monthly "Money Talks" articles and videos she presents regarding BWC financial statements. These are developed at a level of understanding for all employees, so there will be less likelihood of miscommunication to constituents.

5. Quarterly Litigation Update (Executive Session)

A motion was made by Mr. Haffey, seconded by Mr. Smith, to enter Executive Session at 5:16 PM for the quarterly litigation update presentation by James Barnes, Chief Legal Officer. The motion was approved by unanimous roll call vote.

A motion was made by Mr. Haffey, seconded by Mr. Lhota, to return from Executive Session at 5:41 PM. The motion was approved by unanimous roll call vote.

ADJOURNMENT

The next Audit Committee meeting is February 19, 2009 at 4:00 PM.

Mr. Lhota moved to adjourn the meeting at 5:42 PM, seconded by Mr. Smith. The motion was approved by unanimous roll call vote.

Prepared by Jill Whitworth, Staff Counsel
January 23, 2009

Selections from Association of Governmental Accountants

“Characteristics of Effective Audit Committees in Federal, State and Local Governments”

In November 2008 the Association of Governmental Accountants (AGA) issued a report titled “Characteristics of Effective Audit Committees in Federal, State and Local Governments”. The purpose of the report was to **“identify the characteristics of effective, mature audit committees at all levels of government – local, state and federal”**. The report highlights the best practices and good ideas that may be applicable to most levels of governments.

Governments are not subject to the provisions of the Sarbanes-Oxley Act (SOX) of 2002. SOX places significant responsibilities on Board of Directors including expansions of audit committee responsibilities.

Several organizations have published guidance that has been referenced here: American Institute of CPA’s, Deloitte & Touche, Government Finance Officers Association (GFOA), and KPMG Peat Merwick.

The research was performed by discussion and interviews with individuals knowledgeable about government audit committees, reviews of documentation of specific government audit committees at all levels and on-site visits to several governments. In all 135 individuals were interviewed, and information was gathered on 35 audit committees (12 federal, 14 state, and nine local).

The report states: “The bottom line appears to be that, even though there are no all-encompassing legal or regulatory requirements for governmental audit committees, many governmental entities have implemented audit committees to support and strengthen their internal and external audit functions. Further, the absence of overall requirements has enabled each government to tailor, shape and structure its audit committee to meet its individual needs.”

In the author’s opinion, the most important best practice is a “well-thought out, complete charter”. The most important elements are a clearly defined mission or objective, committee responsibilities, and committee membership.

Other best practices include:

- 1. Orientation and education**
- 2. Top management support**
- 3. The committee should meet at least three times with the external auditor – at audit planning time, while the audit is being performed, and at the conclusion of the audit. The committee should also review the external auditor’s peer review report.**
- 4. The committee should review the annual audit plan of the internal audit department**
- 5. Some type of review of internal controls – either through the external audit or internal audits.**
- 6. Other areas: committee self-evaluation, a committee annual report, committee letter in the entity’s annual report, fraud and ethics hotlines, enterprise risk management, access to people and data, outside consultants, visibility for the committee and committee meetings.**

The report notes that few audit committees have directly measurable goals, such as to reduce material weaknesses of significant deficiencies, to judge performance. Some of the more frequently mentioned “values added” included:

1. A best management practice,
2. Accountability and transparency
3. Improving credibility to the public and the internal audit function within the entity
4. Adding “clout” to management and internal audit recommendations
5. Serving as an independent forum to look at issues and make a recommendation
6. An extension of the governing body (in our case the Board, but could be a state assembly, county commissioners or city council)
7. Providing quality advice.

More to come, including detailed review of materials from different and varied sources. Some of these organizations and sources are GFOA, IIA, GAO, etc.

**BWC Board of Directors
Audit Committee**
FY 09 2ND Quarter Executive Summary Report

February 19, 2009

Caren Murdock, Chief of Internal Audit
Rich Ridewood, IT Audit Director
Karl Zarins, Internal Audit Director
Keith Elliott, Senior Manager

30 W. Spring St.
Columbus OH 43215-2256

To: Audit Committee Members
From: Caren Murdock, Chief of Internal Audit
Date: February 19, 2009

Fiscal Year 09 2nd Quarter Executive Summary report

Following you will find the Fiscal Year 2009 2nd Quarter Executive Summary report containing:

1. Audit comment status
 - 1a. Comments issued 2nd quarter
 - 1b. Comments outstanding as of November 30, 2008
2. Audit follow-up procedures
3. Audit comment rating criteria
4. Fiscal Year 09 Audit Plan

BWC INTERNAL AUDIT DIVISION COMMENTS ISSUED – 2ND QUARTER ACTIVITY

Investment Fee Payment Process – December 2008

Business areas: Investment Division

The BWC Internal Audit Division conducted an audit of the Investment Fee Payment Process. Our specific objectives for the project were as follows:

- Obtain a thorough understanding of the policies, procedures and controls over the investment fee payment process;
- Determine if current internal controls are adequately designed;
- Assess the accuracy and appropriateness of payments made for calendar year 2007; and
- Provide recommendations to improve controls and reduce risks.

Our review included performing walkthroughs of the procedures used for each of the various types of investment fee payments, which include the following:

- Investment manager fees;
- Custodial fees; and
- Other operational fees.

Recommendation		Disposition
1	<p>Ensure that all significant aspects of proposed fee structures are communicated to the Investment Committee/Board of Directors for its consideration in the fund manager selection/approval process, including any minimum investment management fees to be charged for smaller accounts with a calculation of the resulting rates that will be charged based on the minimum fees and the projected fund balances.</p> <p>Significance Rating: Significant Weakness</p>	<p>The Investment Division will ensure that all significant aspects of proposed fee structures of recommended prospective outside investment managers are communicated to the Investment Committee/Board of Directors for consideration in the investment manager selection/approval process.</p> <p>Responsible: Chief Investment Officer Target Resolution Date: Immediate</p>

Auditor Opinion:

Controls over the investment fee payment process appear to be reasonably designed to help ensure that payments are processed completely and accurately. The audit also identified two minor recommendations for management's consideration.

Device and Media Control – December 2008

Business areas: Infrastructure and Technology

The BWC Internal Audit Division conducted an audit of Device and Media Controls. The purpose of the audit was to assist management in evaluating controls over the protection of media and devices that are taken outside the BWC building (e.g., backup tapes, laptops, portable storage devices).

The audit included a review of the following:

- Determine if there are appropriate policies and procedures in place;
- Document and test the adequacy of control procedures for data storage, data backup, data transport, and data and device disposal;
- Document and test the incident response plans; and
- Document and test the media sanitization process.

Recommendation		Disposition
1	Create policies and procedures for operational situations regarding device and media controls. Significance Rating: Significant Weakness	Management will establish a team within IT to address the need for policies and procedures. This team will develop and document an implementation plan with deliverables and estimated completion dates. Responsible: Chief Information Officer Target Resolution Date: December 2009
2	Enhance the current Device Loss/Theft Procedure by utilizing the State of Ohio’s IT Policy B.7- Security Incident Response for guidance. Significance Rating: Significant Weakness	Management will develop a plan of action for security incident response by the end of January and implement the plan by the beginning of the second quarter 2009. Responsible: Chief of Medical Services and Compliance Target Resolution Date: April 2009
3	Identify a cost-effective data storage site at a greater distance from BWC’s downtown location in Columbus. Significance Rating: Significant Weakness	Management will evaluate alternative off site storage locations and costs in conjunction with what other State agencies are doing and make recommendations. Responsible: Chief Information Officer Target Resolution Date: June 2009
4	Cross-train employees in the performance of critical functions (especially security functions) to reduce the risk of a single point of failure by having only one individual knowledgeable in how to perform key tasks. Significance Rating: Significant Weakness	Management will identify a backup person for mainframe and Windows tape encryption keyserver administration and configuration architectures; develop training plan for backup resources; and finalize documentation of critical job functions. Responsible: Chief Information Officer Target Resolution Date: April 2009

Auditor Opinion:

The internal controls appear to be adequate to prevent loss of media or portable devices containing sensitive BWC information. However, the audit identified a number of policies and procedures that need to be formalized and/or updated. The audit also identified four minor recommendations for management’s consideration.

Managed Care Organization (MCO) Audit #6 – December 2008

This audit focused primarily on the evaluation of internal controls and compliance with contractually required policies and procedures established by BWC. The audit scope consisted of payment transactions completed between January 1, 2007 and September 30, 2008. The audit included a review of the following:

- 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; bill payments; adjustment processing; contractual compliance; and resolution of prior audit recommendations.

Recommendation		Disposition
1	Take steps to return the company to profitability. The MCO Business Unit and the Compliance and Performance Monitoring Department should work with the MCO to closely monitor the MCO’s financial condition. Significance Rating: Material Weakness	Management has provided interim financial statements to the BWC detailing the current operational strength of the company and will continue to provide interim statements until the 2008 audited financial statements are requested by the BWC. Management anticipates this audited financial statement will be issued with a clean opinion reflecting the strength of the operating entity in 2008. Target Resolution Date: The MCO will send monthly financial statements until BWC determines sufficient improvement.
2	Modify password requirements to include industry best practices length and composition characteristics. In addition, modify the system configurations to impose a lockout period for users after multiple unsuccessful logon attempts. Significance Rating: Significant Weakness	The MCO will change its current Data Management policy and procedure to include the BWC’s recommended requirements. Target Resolution Date: January 2009
3	Take steps to help ensure that actual return to work dates on Medical-Only claims are confirmed with employers and evidence of this confirmation is updated in case notes. Significance Rating: Significant Weakness	The MCO will change its current policy to ensure that actual return to work dates are confirmed with employers and such information is documented in MCO Central. Target Resolution Date: January 2009

Recommendation		Disposition
4	Evaluate system problems preventing the system from populating the return to work field with the actual return to work date for Medical-Only claims. Significance Rating: Significant Weakness	The MCO will continue to record and submit actual return to work dates to BWC as this information is received. Target Resolution Date: January 2009
5	Update the retrospective bill review policy to clearly stipulate that the reviews are required for in-patient hospital bills from states contiguous to Ohio. Significance Rating: Significant Weakness	The retrospective bill review policy will be updated to clearly identify which in-patient bills are required for review. Target Resolution Date: January 2009
6	Enhance the existing zero balancing reconciliation to include a separate document reconciling the bank statement balance to the provider account general ledger balance. Significance Rating: Significant Weakness	The MCO is in the process of changing its current zero balance reconciliation to include a separate document reconciling the bank statement balance to the provider account general ledger balance. Target Resolution Date: January 2009

Auditor Opinion:

Overall, internal controls for the MCO were generally well designed and functioning effectively. However, the audit identified a material weakness related to the financial condition of the MCO, which should receive immediate attention from the MCO management. The audit also identified three minor recommendations for management's consideration.

**COMMENTS ISSUED – 2ND QUARTER ACTIVITY
BWC INTERNAL AUDIT DIVISION
OUTSTANDING COMMENTS AS OF NOVEMBER 30, 2008**

Bankrupt Self-Insured Claims – March 2006

Recommendation		Disposition
1	Consider a legislative change to permit BWC to offset Permanent Total Disability 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. Significance Rating: Not Rated	The Deloitte Study is evaluating rates, reserves, surplus and a wide spectrum of Injured Worker (IW) compensation issues. Management has tabled this issue until conclusion of the Deloitte Study in December 2008. Responsible: Chief of Customer Services Target Resolution Date: December 2008 Study, March 2009 – BWC Action Current Resolution Status: In-process

Medical Billing and Adjustments – May 2006

Recommendation		Disposition
1	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. Significance Rating: Significant Weakness	The Micro Insurance Reserving Analysis (MIRA) II team will meet to discuss the impacts of automating this process. The team is anticipating using the 4 th quarter file to implement in 1 st quarter 2009. Responsible: Chief of Medical Services and Compliance Target Resolution Date: September 2008 December 2008 (IT related) April 2009 Current Resolution Status: In-process
2	To ensure the current interest payment methodology operates in accordance with statutory requirements, obtain clarification regarding the correct interest payment calculation and ensure Medical Invoice Information System (MIIS) and Cambridge Systems calculations are consistent. Significance Rating: Significant Weakness	Application changes are complete, but further interface changes are necessary. This change will be bundled into an early 2009 release. The release requires coordination with MCOs and documentation development by BWC IT. Responsible: Chief of Medical Services and Compliance Target Resolution Date: September 2008 December 2008 March 2009 (IT related) Current Resolution Status: In-process

Recommendation		Disposition
3	<p>There are currently two active systems in place for processing medical payments with limited Infrastructure & Technology and Health Partnership Program (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 HPP Systems Vendor Request for Proposal (RFP) evaluation committee selected a medical bill payment vendor. Since that time, it has been recognized that additional services are required in order to successfully transition to a single medical payment system. MIIS shutdown will be an explicit deliverable in the next contract year RFP. Due to the size of this effort, it is expected that MIIS will not be shut down until at least June 2011.</p> <p>Responsible: Chief of Medical Services and Compliance Target Resolution Date: June 2008 Not Determinable Until December 2008 June 2011 (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>Procedures have been completed for three of the four processes. The remaining process (Elective Coverage) is scheduled to be completed during December 2008.</p> <p>Responsible: Chief of Customer Services Target Resolution Date: July 2008 October 2008 December 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>A 3 phase implementation plan has been developed. Phase I included the development of the Employer Compliance Audit Group, which began operations August 2008. Phase II will begin in the fall of 2008 and the final phase (Phase III) will complete statewide rollout during first quarter 2009.</p> <p>Responsible: Chief of Customer Services Target Resolution Date: August 2008 – Phase I and March 2009 for remaining phases Current Resolution Status: In-process</p>

Recommendation		Disposition
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>This topic is part of the fourth installment of Deloitte's study. Management has tabled this issue until conclusion of the Deloitte Study in December 2008.</p> <p>Responsible: 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 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>Data Warehouse (DW) queries are being developed to identify potential duplicates.</p> <p>Responsible: Chief of Customer Services Target Resolution Date: April 2008 September 2008 (IT related) March 2009 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>The Deloitte Study will evaluate this issue and is due to be completed by December 2008.</p> <p>Responsible: Chief of Customer Services Target Resolution Date: June 2008 December 2008 (IT related) Current Resolution Status: In-process</p>

Time Reporting and Leave Usage – August 2006

Recommendation		Disposition
1	<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>Fiscal & Planning staff formally requested Ohio Administrative Knowledge System (OAKs) personnel develop a report of payroll adjustments.</p> <p>Responsible: Chief of Fiscal and Planning Target Resolution Date: October 2007 May 2008 September 2008 February 2009 Current Resolution Status: In-process</p>

Claims Operational Review – September 2006

Recommendation		Disposition
1	<p>Systematically assign new injury claims filed with no return to work date and International Classification of Diseases (ICD-9) codes to the lost time service offices.</p> <p>Significance Rating: Significant Weakness</p>	<p>The triage system change has been evaluated as a Tier 2 enterprise initiative. Following planning and implementation of all strategic initiatives, Tier 2 initiatives will be scheduled based upon available resources.</p> <p>Responsible: Chief of Customer Services Target Resolution Date: June 2008 December 2008 (IT related) Current Resolution Status: In-process</p>
2	<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>New processes are being established to address inefficiencies highlighted in the study.</p> <p>Responsible: Chief of Customer Services Target Resolution Date: June 2008 June 2009 Current Resolution Status: In-process</p>
3	<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>New processes are being established to address inefficiencies highlighted in the study.</p> <p>Responsible: Chief of Customer Services Target Resolution Date: June 2008 June 2009 Current Resolution Status: In-process</p>

Indemnity Claims Overpayment Audit – October 2006

Recommendation		Disposition
1	<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>The policy has been updated and will be published and reviewed with the claims staff in December 2008.</p> <p>Responsible: Chief of Customer Services Target Resolution Date: February 2008 May 2008 September 2008 (policy) December 2008 Current Resolution Status: In-process</p>
2	<p>To effectively collect injured worker (IW) overpayments, determine best practices for IW overpayment collection and request legislative changes allowing the BWC to adopt the best practices identified.</p> <p>Significance Rating: Significant Weakness</p>	<p>Accounts Receivable staff will identify best practices for dealing with IW overpayments by April 2009.</p> <p>Responsible: Chief of Fiscal and Planning Target Resolution Date: January 2008 December 2008 April 2009 Current Resolution Status: In-process</p>

Manual Override – December 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>Several reforms are in place or on target for implementation in July 2009: the private employer credibility table will have a lower maximum, 77%; Experience Modification caps to mitigate the impact of this change have been presented to the Actuarial Committee; a deductible program is on target; group retrospective rating plans are also in development; and group continuity rules are being developed. The overall reform plan is on schedule for its multi-year changes.</p> <p>Responsible: Chief Actuarial Officer Target Resolution Date: December 2006 (actuarial study); July 2009 July 2011 (implementation plan) Current Resolution Status: In-process</p>

Information Technology General and Application Controls Risk Assessment – January 2007

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.

Recommendation		Disposition
1	<p>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.</p> <p>Significance Rating: Material Weakness</p>	<p>IT completed the initial installation of the monitoring/logging software for the targeted servers and the IT team has been validating the logging information. The team is documenting the process and examining the feasibility of expanding to other servers.</p> <p>Responsible: Chief Information Officer Target Resolution Date: March 2008 June 2008 August 2008 December 2008 Current Resolution Status: In-process</p>

Recommendation		Disposition
2	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. Significance Rating: Material Weakness	IT completed the initial installation of the monitoring/logging software for the targeted servers and the IT team has been validating the logging information. The team is documenting the process and examining the feasibility of expanding to other servers. Responsible: Chief Information Officer Target Resolution Date: March 2008 June 2008 August 2008 December 2008 Current Resolution Status: In-process

Compensation Audit Review – March 2007

Recommendation		Disposition
1	Implement controls on Compensation Audits completed by the Injury Management Supervisor (IMS)/Service Office Managers to provide reasonable assurance that audits are completed accurately and consistently. Also, take appropriate steps to ensure IMS are properly utilizing the Claim Audit Tool and apply a consistent audit methodology to each question. Significance Rating: Significant Weakness	Enhancements and revisions to the Claim Audit Tool are in process. Responsible: Chief of Customer Services Target Resolution Date: Field Operations – April 2007;Field Operations (QA Related) – February 2008 June 2008 March 2009 Current Resolution Status: In-process

Salary Continuation Program – March 2007

General Comment Regarding Resolution of Salary Continuation Audit Observations:

Since December 2007, management has taken several steps to mitigate the more critical data integrity and injured worker benefit accountability risks identified in the Salary Continuation audit. Most program changes took effect July 1, 2008. However, Deloitte has recently released their analysis of several BWC premium discount programs, including salary continuation. Based on their analysis, BWC management is now evaluating the effectiveness of those discount programs and their impact on employer premium rates. To that end, management is postponing any additional changes to the salary continuation program until December 2008, at which time product recommendations are targeted for delivery to the BWC Board of Directors.

	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.</p> <p>Significance Rating: Significant Weakness</p>	<p>The Claim Audit Tool enhancements will ensure that initial and ongoing contacts for salary continuation are being made and the existing policy is being followed correctly.</p> <p>Responsible: Chief of Customer Services Target Resolution Date: December 2007; April 2008 (“unknown claim” project clean up) May 2008 July 2008 March 2009 Current Resolution Status: In-process</p>
2	<p>Establish controls for monitoring and reporting wage submissions.</p> <p>Significance Rating: Significant Weakness</p>	<p>The Claim Audit Tool enhancements will ensure that initial and ongoing contacts for salary continuation are being made and the existing policy is being followed correctly.</p> <p>Responsible: Chief of Customer Services Target Resolution Date: December 2007 May 2008 July 2008 March 2009 Current Resolution Status: In-process</p>
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 Claim Audit Tool enhancements will ensure that initial and ongoing contacts for salary continuation are being made and the existing policy is being followed correctly.</p> <p>Responsible: Chief of Customer Services Target Resolution Date: December 2007 May 2008 July 2008 March 2009 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>The Claim Audit Tool enhancements will ensure that initial and ongoing contacts for salary continuation are being made and the existing policy is being followed correctly.</p> <p>Responsible: Chief of Customer Services Target Resolution Date: April 2008 July 2008 March 2009 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>The Claim Audit Tool enhancements will ensure that initial and ongoing contacts for salary continuation are being made and the existing policy is being followed correctly.</p> <p>Responsible: Chief of Customer Services Target Resolution Date: Staffing- February 2007; Procedure Updates- September 2007; Quality Control- Implemented - December 2007; Claim project clean up - April 2008 March 2009 Current Resolution Status: In-process</p>
6	<p>Revise the existing policy to contain clear and concise language for utilization of Independent Medical Exams (IME) 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>The Claim Audit Tool enhancements will ensure that initial and ongoing contacts for salary continuation are being made and the existing policy is being followed correctly.</p> <p>Responsible: Chief of Customer Services Target Resolution Date: December 2007 July 2008 March 2009 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 Field Operations that the Policy Department role is defining the policy, not enforcing the policy. Promulgate a formal rule to support program enforcement.</p> <p>Significance Rating: Material Weakness</p>	<p>Now that Deloitte has issued its report on the Salary Continuation program, we will need to evaluate this recommendation and our approach to resolving it.</p> <p>Responsible: Chief of Customer Services Target Resolution Date: December 2007 May 2008 December 2008 Current Resolution Status: In-process</p>

Pharmacy Benefit Manager Audit – May 2007

	Recommendation	Disposition
1	<p>Develop payment structure that does not reimburse for drugs not dispensed.</p> <p>Significance Rating: Significant Weakness</p>	<p>Validation of these system changes will be performed by Compliance and Performance Monitoring (CPM) Department during the next on-site review during 1st quarter of calendar year (CY) 2009.</p> <p>Responsible: Chief of Medical Services and Compliance Target Resolution Date: July 2008 March 2009 Current Resolution Status: Implemented</p>

	Recommendation	Disposition
2	Require vendor to resume imaging of bills and increase oversight. Significance Rating: Significant Weakness	The vendor has resumed imaging of bills. CPM will validate at the Pharmacy Benefit Management vendor's Henderson, South Carolina office during the first quarter 2009. Responsible: Chief of Medical Services and Compliance Target Resolution Date: April 2008 December 2008 April 2009 Current Resolution Status: In-process
3	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	This is addressed in the new Pharmacy Benefit Manager Request for Proposals under the payment structure. Responsible: Chief of Medical Services and Compliance Target Resolution Date: October 2008 (PBM contract RFP issued); December 2008 (RFP responses received and vendor selected); January 2009 March 2009 (execute contract with new vendor); July 2009 (new contract effective date); October 2009 (complete compliance testing) Current Resolution Status: In-process
4	Develop an action plan to strengthen oversight and improve management of the program. Significance Rating: Significant Weakness	The Medical Services Division created a Pharmacy Program Department and a director level position to oversee and develop BWC's pharmacy program. The CPM Department will monitor program outcomes and contract compliance. Responsible: Chief of Medical Services and Compliance Target Resolution Date: September 2007 December 2009 Current Resolution Status: In Process
5	Periodically test transactions to ensure discounts are passed-through to BWC. Significance Rating: Significant Weakness	BWC is analyzing the pharmacy consultant report to determine the best use of the information and which recommendations to implement. Responsible: Chief of Medical Services and Compliance Target Resolution Date: April 2008 August 2008; October 2008; October 2009 Current Resolution Status: In-process

	Recommendation	Disposition
6	<p>Conduct sufficient review and analysis to identify opportunities. Significance Rating: Significant Weakness</p>	<p>Requirements addressing the pharmacy consultant report were included in the current RFP. Responsible: Chief of Medical Services and Compliance Target Resolution Date: April 2008 August 2008 (complete analysis on pharmacy consultant report); October 2008 (PBM contract RFP issued); December 2008 (RFP responses received and vendor selected); January 2009 March 2009 (execute contract with new vendor); July 2009 (new contract effective date); October 2009 (complete compliance testing) Current Resolution Status: In-process</p>

Retrospective Rating Program Audit – June 2007

	Recommendation	Disposition
1	<p>Evaluate additional alternatives to augment, complement, or replace financial statement audit requirements. Significance Rating: Significant Weakness</p>	<p>BWC continues to explore potential products to help BWC determine financial strength and creditworthiness. BWC will begin reviewing the public taxing districts' financials and the audits completed by the Ohio Auditor of State's Office to determine if the employer is able to administer a retrospective rating program. Responsible: Chief of Customer Services Target Resolution Date: December 2007 (Recommendations to senior staff) December 2008 (Deloitte Study); July 2008 (implementation for private employers) and January 2009 (public entities) Current Resolution Status: In-process</p>
2	<p>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</p>	<p>The Deloitte Study includes the Retro Program and BWC management is expecting comments regarding the audited financial requirement which will be considered at that time. Responsible: Chief of Customer Services Target Resolution Date: December 2008 March 2009 Current Resolution Status: In-process</p>

	Recommendation	Disposition
3	<p>Develop ongoing reporting and conduct detailed trending and analysis of pertinent program management data.</p> <p>Significance Rating: Significant Weakness</p>	<p>A detailed analysis of the private and public employer taxing districts' retrospective rating data from the most recent annual evaluation is in process. This detailed analysis will be updated annually.</p> <p>Responsible: Chief of Customer Services Target Resolution Date: April 2008 December 2008 (Deloitte Study) Management Action – March 2009 Current Resolution Status: In-process</p>

Personal Trading Policy Consulting Project – October 2007

	Recommendation	Disposition
1	<p>Establish a Personal Trading Compliance Committee to develop a personal trading policy and ongoing monitoring procedures for BWC.</p> <p>Significance Rating: Significant Weakness</p>	<p>The Chief Ethics Officer has revised the draft policy. The Personal Trading Policy Committee met and reviewed the draft policy. Amendments are in process.</p> <p>Responsible: Chief Ethics Officer (consultation by Chief Investment Officer) Target Resolution Date: Committee formation – Implemented; Policy implementation – To be determined by committee October 2008 November 2008 December 2008 March 2009 Current Resolution Status – In-process</p>

Investment Reconciliation Consulting Project – October 2007

	Recommendation	Disposition
1	<p>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.</p> <p>Significance Rating: Significant Weakness</p>	<p>Procedures have been drafted and are being reviewed by management.</p> <p>Responsible: Chief of Fiscal and Planning Target Resolution Date: April 2008 June 2008 August 2008 December 2008 Current Resolution Status – In-process</p>

Vocational Rehabilitation Audit– October 2007

Recommendation	Disposition
<p>1 Implement processes to review the actual vocational rehabilitation costs billed in claims for reasonableness and appropriateness. Significance Rating: Material Weakness</p>	<p>The query has been created and will be given to the Rehab Policy Unit to run. Policies and procedures will be written to detail expectations of the Disability Management Coordinators (DMCs). Training will be provided to the DMCs in conjunction with other scheduled training. Responsible: Chief of Medical Services and Compliance Target Resolution Date: April 2008 June 2008 December 2008 April 2009 Current Resolution Status: In-process</p>
<p>2 Take steps to eliminate the potential conflict of interest created by MCOs that refer vocational rehabilitation cases to their related companies. Significance Rating: Material Weakness</p>	<p>The assignment of Vocational Field Case managers by BWC DMCs to eliminate potential conflict of interest is slated for Phase IV of the Rehab Redesign. A subgroup is working on Rehab protocols and development of Rehab Case Management performance expectations. Responsible: Chief of Medical Services and Compliance Target Resolution Date: October 2008 January 2010 Current Resolution Status: In-process</p>
<p>3 Formalize policy regarding the authority of the DMCs to challenge MCO feasibility determinations. Significance Rating: Material Weakness</p>	<p>This is Phase IV of the Rehab Redesign. Responsible: Chief of Medical Services and Compliance Target Resolution Date: October 2008 November 2009 Current Resolution Status: In-process</p>
<p>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</p>	<p>Progress has been made and two reports are being developed. Responsible: Chief of Medical Services and Compliance Target Resolution Date: June 2008 October 2008 June 2009 Current Resolution Status: In-process</p>

Recommendation		Disposition
5	<p>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.</p> <p>Significance Rating: Significant Weakness</p>	<p>Performance expectations have been developed and quality assurance tools have been completed. The Redesign team will work with IT to make the appropriate changes to the V3 system. Training courses are scheduled to occur between December 2008 and April 2009.</p> <p>Responsible: Chief of Medical Services and Compliance.</p> <p>Target Resolution Date: June 2008 August 2008 April 2009</p> <p>Current Resolution Status: In-process</p>
6	<p>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.</p> <p>Significance Rating: Significant Weakness</p>	<p>Certification maintenance is an ongoing commitment once a DMC has passed a credentialing examination. BWC's Human Resources Department will establish a process to collect, maintain and monitor DMC certifications.</p> <p>Responsible: Chief of Medical Services and Compliance, Chief Human Resource Officer</p> <p>Target Resolution Date: March 2008 October 2008 July 2009</p> <p>Current Resolution Status: In-process</p>

Permanent Total Disability Claims Audit – January 2008

Recommendation		Disposition
1	<p>Meet with IT management and evaluate the cost benefit of updating the V3 system to better assist in the process of Permanent Total Disability and Disabled Workers' Relief Fund or develop compensating controls.</p> <p>Significance Rating: Significant Weakness</p>	<p>The social security cross match is now conducted monthly to address this weakness. This, coupled with regionalization, will help ameliorate the listed deficiencies.</p> <p>Responsible: Chief of Customer Services</p> <p>Target Resolution Date: December 2008</p> <p>Current Resolution Status: In-process</p>
2	<p>Review other alternatives for processing Permanent Total Disability (PTD) claims to provide more effective and efficient claim maintenance.</p> <p>Significance Rating: Significant Weakness</p>	<p>Management is reviewing and prioritizing recommendations for regionalizing the handling of PTD and Death claims in specialized offices.</p> <p>Responsible: Chief of Customer Services</p> <p>Target Resolution Date: June 2008 December 2008</p> <p>Current Resolution Status: In-process</p>

Recommendation		Disposition
3	Implement controls to ensure that Disabled Workers' Relief Fund (DWRF) overpayments are processed and recouped in accordance with statute and BWC policy. Significance Rating: Significant Weakness	The Adjustment policy is currently in the approval process. Responsible: Chief of Customer Services Target Resolution Date: October 2008 December 2008 Current Resolution Status: In-process
4	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	Phase III of the PTD clean-up review is completed. A policy addressing the remaining claim adjustments is in the review phase. Phase IV is underway. Responsible: Chief of Customer Services Target Resolution Date: June 2008 December 2008 Current Resolution Status: In-process
5	Implement processes and/or controls to monitor claims in which the IW has clearly retired are calculated and paid appropriately. Significance Rating: Significant Weakness	Accelerating the social security number cross match to monthly will help as well as the regionalizing of the PTD program. Responsible: Chief of Customer Services Target Resolution Date: December 2008 Current Resolution Status: In-process
6	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 DWRF overpayments. Significance Rating: Significant Weakness	An ongoing monitoring report of newly created DWRF overpayments is being developed. When accomplished, it will be reviewed for inappropriately declared DWRF overpayments. Responsible: Chief of Customer Services Target Resolution Date: April 2008 (overpayment correction); February 2008 (QA; IT-related) February 2009 (clean-up project) Current Resolution Status: In-process

Medical Bill Payment Process Audit – March 2008

Recommendation		Disposition
1	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	Legal has drafted language and will be forwarding to the Medical Services division to proceed with the statute change. Responsible: Chief of Medical Services and Compliance Target Resolution Date: December 2008 September 2009 Current Resolution Status: In-process

	Recommendation	Disposition
2	Complete a review to determine the feasibility of eliminating levels of appeals in the Alternative Dispute Resolution process. Significance Rating: Significant Weakness	The Medical Services division is moving forward with the recommendation to eliminate one level of appeal. A rule change is required to implement this change. Responsible: Chief of Medical Services and Compliance Target Resolution Date: December 2008 March 2009 Current Resolution Status: In-process
3	Finalize and approve the draft overpayment policy and make the final determination on the outstanding MCO and provider overpayments. Significance Rating: Significant Weakness	The revised policy and protocol recommendation is nearly complete. Once approved, MB&A will schedule training with the MCOs on the revised policy. Responsible: Chief of Medical Services and Compliance Target Resolution Date: October 2008 February 2009 Current Resolution Status: In-process
4	Monitor and track the certification application process to verify all providers are routinely reapplying for certification and providing the Bureau with credentialing information. Significance Rating: Significant Weakness	The Ohio Elections Commission has not yet responded to BWC's request for an elections opinion relating to this issue. Responsible: Chief of Medical Services and Compliance Target Resolution Date: December 2008 June 2009 Current Resolution Status: In-process
5	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	An RFP that includes transition to direct provider payment is in development. Responsible: Chief of Medical Services and Compliance Target Resolution Date: December 2008 January 2010 Current Resolution Status: In-process

Subrogation Audit – May 2008

	Recommendation	Disposition
1	Collaborate with all units involved to document an agency-wide workflow of the subrogation process. Significance Rating: Material Weakness	Subrogation has completed process mapping with Field Operations. The department will work with Finance to finalize the mapping of the collection and posting processes. Responsible: Chief Legal Officer Target Resolution Date: December 2008 Current Resolution Status: In-process

	Recommendation	Disposition
2	Reconcile the monies received for accuracy and completeness, and verify the accuracy of the outstanding balance. Significance Rating: Material Weakness	Subrogation is posting collections from Oracle. Responsible: Chief Legal Officer Target Resolution Date: September 2008 March 2009 Current Resolution Status: In-process
3	Define responsibilities, provide additional training, improve communication between the two departments, and utilize the Service Offices' subrogation coordinators to research incomplete referrals. Significance Rating: Significant Weakness	A team of Central Office staff and the Subrogation Unit met and developed a Visio workflow which defines the roles and responsibilities of the Medical Claims Specialist and the Subrogation Unit personnel regarding the subrogation investigation and referral process. Central Office staff were trained on June 17 and 18th, 2008. The process will be rolled out to the field offices in the coming quarter. Responsible: Chief of Customer Services Target Resolution Date: March 2009 Current Resolution Status: In-process
4	Establish proactive controls and monitoring processes to ensure eligible class members receive repayment notices within the court decreed timelines. Significance Rating: Significant Weakness	Subrogation worked with IT to develop an additional report to notify the Class Administrator of address updates. Responsible: Chief Legal Officer Target Resolution Date: August 2008 December 2008 Current Resolution Status: In-process
5	Develop ongoing reporting and conduct detailed trending and analysis of data to assist in monitoring the subrogation processes. Significance Rating: Significant Weakness	Subrogation has hired an Administrative Assistant to assist with the Attorney General portfolio. Management met with IT and documented requests to enhance the current access database, create a new database, and implement Universal Document Service (UDS) work flow access. Responsible: Chief Legal Officer Target Resolution Date: December 2009 Current Resolution Status: In-process
6	Consider collaborating with IT to explore potential system enhancements to better support the subrogation process. Significance Rating: Significant Weakness	Subrogation met with IT and documented a request to develop a more integrated database for subrogation. Responsible: Chief Legal Officer Target Resolution Date: September 2008 (Meet with IT); December 2009 (potential target date for IT) Current Resolution Status: In-process

Forthwith/Miscellaneous Special Payments Audit – July 2008

	Recommendation	Disposition
1	<p>Modify the Rates & Payments (R&P) system to include basic information on all warrants initiated within it. Significance Rating: Significant Weakness</p>	<p>Phase 1 of the Payment System Improvement (formerly Electronic Funds Transfer Mandate) program has implemented a mechanism to allow users to locate warrant information. The warrant information will be integrated into R&P in a later release of the software that will be implemented in April 2009. Responsible: Chief Information Officer Target Resolution Date: November 2008 January 2009 April 2009 Current Resolution Status: In-process</p>

Managed Care Organization Audit # 4 – July 2008

	Recommendation	Disposition
1	<p>Modify the MCO system backup procedures to ensure that backup devices are encrypted. Significance Rating: Significant Weakness</p>	<p>MCO management is in the process of revising backup procedures to include encryption of backup devices. Target Resolution Date: December 2008 Current Resolution Status: In-process</p>
2	<p>Work with BWC adjustment personnel to attempt to resolve provider account reconciling items in a timely manner. Significance Rating: Significant Weakness</p>	<p>Schedules are in place to resolve all outstanding reconciling items by the end of the year. MCO management will work with BWC's CPM to coordinate items requiring deposits to the account or reserve reductions. Target Resolution Date: December 2008 Current Resolution Status: In-process</p>
3	<p>Work with the MCO vendor to ensure the MCO's mail is date stamped with the MCO's stamp immediately upon receipt. Significance Rating: Significant Weakness</p>	<p>MCO management is working with the vendor to modify the date stamp to include the MCO's name and MCO number. Target Resolution Date: August 2008 December 2008 (Establishment of date for new vendor stamp) Current Resolution Status: In-process</p>

Lump Sum Settlement Process Audit – October 2008

Recommendation		Disposition
1	<p>Define the mission of the settlement process and clearly describe measurable agency-wide goals and objectives for the program. Additionally, develop a process to identify claims that should be settled and evaluate the impact on actuarial reserves and investments.</p> <p>Significance Rating: Material Weakness</p>	<p>A private consultant has been retained to assess BWC's settlement program as a claims resolution strategy and to assist BWC with development of a comprehensive administrative claims settlement program.</p> <p>Responsible: Chief of Customer Services Target Resolution Date: February 2009 Current Resolution Status: In-process</p>
2	<p>Develop agency-wide policies and procedures, and process mapping of the settlement process.</p> <p>Significance Rating: Material Weakness</p>	<p>The Lump Sum Settlement (LSS) process has been mapped. A private consultant has been retained to assess BWC's settlement program as a claims resolution strategy and to assist BWC with development of a comprehensive administrative claims settlement program.</p> <p>Responsible: Chief of Customer Services Target Resolution Date: February 2009 Current Resolution Status: In-process</p>
3	<p>Use DW queries to enable settlement claim reviews prior to the expiration of the 30-day waiting period and expand the Claim Audit Tool to verify referral to Industrial Commission (IC).</p> <p>Significance Rating: Material Weakness</p>	<p>Enhancements and revisions to the Claim Audit Tool questions and audit types have been given priority and the updated audit tool should be in place by March 2009.</p> <p>Responsible: Chief of Customer Services Target Resolution Date: June 2009 Current Resolution Status: In-process</p>
4	<p>Implement a process to ensure the Lead Attorney or Lead Attorney Auditor performs audits, consistent with policy.</p> <p>Significance Rating: Material Weakness</p>	<p>Review of audits for timelines is currently taking place. Policy revisions in process but may become unnecessary due to revisions to settlement program.</p> <p>Responsible: Chief Legal Officer Target Resolution Date: October 2009 Current Resolution Status: In-process</p>
5	<p>Conduct trending and analysis of settled claims to identify whether goals and objectives are being met and expand management reporting to address analysis of performance with identified goals and objectives.</p> <p>Significance Rating: Significant Weakness</p>	<p>A private consultant has been retained to assess BWC's settlement program as a claims resolution strategy and to assist BWC with development of a comprehensive administrative claims settlement program.</p> <p>Responsible: Chief of Customer Services Target Resolution Date: June 2009 Current Resolution Status: In-process</p>

Recommendation		Disposition
6	<p>Develop and implement policies and procedures on fast track settlement days and consider limiting the fast track population of qualified claimants to the less complex claims.</p> <p>Significance Rating: Significant Weakness</p>	<p>In January 2009, an external consultant issued a report and recommendation regarding BWC's LSS mission statement and goals. Those recommendations are being reviewed and considered.</p> <p>Responsible: Chief Legal Officer Target Resolution Date: Program Suspension: Immediate. Continuing Status of Fast Track Settlement Program: June 2009 Current Resolution Status: In-process</p>
7	<p>Provide negotiating and settlement training for the service office Injury Management Supervisor (IMS) and LSS staff in order to promote an effective settlement process.</p> <p>Significance Rating: Significant Weakness</p>	<p>Negotiation and settlement training will be provided to IMS and LSS staff.</p> <p>Responsible: Chief of Customer Services Target Resolution Date: June 2009 Current Resolution Status: In-process</p>
8	<p>Establish an evaluation assessment program that ensures a quality and timely assessment that supports their recommendations regarding injured worker (IW) employability.</p> <p>Significance Rating: Significant Weakness</p>	<p>BWC received approval to contract for a vocational rehabilitation provider panel.</p> <p>Responsible: Chief of Customer Services Target Resolution Date: April 2009 Current Resolution Status: In-process</p>
9	<p>Evaluate the Medicare Secondary Payer (MSP) laws for BWC potential liability and risk exposure and develop a Position (White) Paper to document the position of BWC.</p> <p>Significance Rating: Significant Weakness</p>	<p>Research and analysis are continuing.</p> <p>Responsible: Chief Legal Officer Target Resolution Date: June 2009 Current Resolution Status: In-process</p>
10	<p>Develop and implement a process to verify the compensation audits are performed accurately and in accordance with policy.</p> <p>Significance Rating: Significant Weakness</p>	<p>We held a statewide videoconference to reemphasize the audit requirements with staff as well as formed a group to review the IMS audit process to ensure audits are completed timely and with quality.</p> <p>Responsible: Chief of Customer Services Target Resolution Date: June 2009 Current Resolution Status: In-process</p>
11	<p>Require the IMS to verify the e-mail exists that authorizes the final settlement amount.</p> <p>Significance Rating: Significant Weakness</p>	<p>Enhancements and revisions to the Claim Audit Tool questions and audit types have been given priority.</p> <p>Responsible: Chief of Customer Services Target Resolution Date: June 2009 Current Resolution Status: In-process</p>
12	<p>Establish a new timeline to review the LSS/ Customer Service Specialist (CSS) claims and supplement Doc View reports to identify claims in the settlement pending status for testing selection.</p> <p>Significance Rating: Significant Weakness</p>	<p>Enhancements and revisions to the Claim Audit Tool questions and audit types have been given priority.</p> <p>Responsible: Chief of Customer Services Target Resolution Date: June 2009 Current Resolution Status: In-process</p>

Recommendation		Disposition
13	<p>Establish controls to ensure the LSS payments are reviewed in accordance with policy.</p> <p>Significance Rating: Significant Weakness</p>	<p>Policy will be amended to require Service Office Managers to monitor and sample IMS Claims Audits for compliance with policy. Communication will be issued to IMSs regarding the importance of completing claims audits timely.</p> <p>Responsible: Chief of Customer Services Target Resolution Date: June 2009 Current Resolution Status: In-process</p>
14	<p>Collaborate with applicable units to determine the best process for terminating/suspending pharmaceutical benefits and update policy to reflect current practice.</p> <p>Significance Rating: Significant Weakness</p>	<p>In a statewide videoconference and a follow-up email, LSS staff were informed of the new process to follow to ensure that medical and pharmaceutical benefits are terminated timely upon receipt of the AG settlement notification. The update to the settlement policy will follow.</p> <p>Responsible: Chief of Customer Services Target Resolution Date: June 2009 Current Resolution Status: In-process</p>
15	<p>Consider reviewing other state statutes for compensation of IW attorneys to determine best practices that promote an alignment of incentives with IW interests.</p> <p>Significance Rating: Significant Weakness</p>	<p>Research and analysis are continuing.</p> <p>Responsible: Chief Legal Officer Target Resolution Date: June 2009 Current Resolution Status: In-process</p>

Permanent Partial Awards Audit – October 2008

Recommendation		Disposition
1	<p>Perform DW searches to identify potential Permanent Partial (PP) awards not processed timely; consider updating Version 3 (V3) to provide prompts notifying the CSS when an amputation condition is added to the claim; and correct the errors noted during testing.</p> <p>Significance Rating: Significant Weakness</p>	<p>Training is scheduled to take place by January 2009. The data warehouse report is on track to be released with the enhancements to the Claim Audit Tool.</p> <p>Responsible: Chief of Customer Services Target Resolution Date: January 2009 Current Resolution Status: In-process</p>
2	<p>Conduct periodic refresher training for CSSs and BWC Nurses on PP Policies & Procedures; revise the claim audit tool to require IMS review medical documentation; and conduct periodic refresher training for the IMS on best practices.</p> <p>Significance Rating: Significant Weakness</p>	<p>Training is scheduled to take place by January 2009. The Claim Audit Tool will be enhanced to incorporate these changes and in the meantime IMSs have been instructed to review medical documentation.</p> <p>Responsible: Chief of Customer Services Target Resolution Date: Review of Medical Documentation October 2008; Policy Review with Staff January 2009; Audit Tool Modifications June 2009 Current Resolution Status: In-process</p>

Managed Care Organization (MCO) Audit #5 – October 2008

Recommendation		Disposition
1	Take steps to ensure that the required bank account and zero balancing reconciliations of the provider account are performed as required by the contract. Significance Rating: Material Weakness	MCO management has developed a tool to assist in the reconciliation process with identifying and netting outstanding items. Target Resolution Date: January 2009 Current Resolution Status: In-process
2	Revise backup procedures to require encryption of all devices prior to delivery to external vendors. Significance Rating: Significant Weakness	MCO management is working with corporate entities to determine the most appropriate solutions. Several options are being explored including a tapeless backup solution that will allow on-site backups. Target Resolution Date: March 2009 Current Resolution Status: In-process

IT Physical and Environmental Security – October 2008

Recommendation		Disposition
1	Develop, publish, disseminate, maintain, and regularly provide training for IT physical and environmental protection policies and procedures. Significance Rating: Material Weakness	Management is developing a comprehensive physical and environmental security policy and procedures. Responsible: Chief Information Officer Target Resolution Date: March 2009 Current Resolution Status: In-process
2	Include in the security policy a statement regarding the regular review by IT and user departments of the list of people with access to secure IT sites, and execute as stated. Significance Rating: Significant Weakness	The Security Team is incorporating language in policies and procedures to address periodic reviews of access lists and maintenance of a central repository of associated authorizations. Responsible: Chief Information Officer Target Resolution Date: March 2009 Current Resolution Status: In-process
3	Include in the security policy a statement regarding the regular review by IT and user department of the access logs to secure IT sites, and execute as stated. Significance Rating: Significant Weakness	Policies and procedures are being updated and management will complete a review of secure IT sites access logs. Responsible: Chief Information Officer Target Resolution Date: March 2009 Current Resolution Status: In-process
4	Establish a policy for the frequency of penetration testing. Significance Rating: Significant Weakness	The draft policy is in final review process and is expected to be implemented in January 2009. Responsible: Chief Information Officer Target Resolution Date: December 2008 January 2009 Current Resolution Status: In-process

Recommendation		Disposition
5	Develop policies and procedures around key management to help control and account for keys for all locked areas. Significance Rating: Significant Weakness	Management has developed the draft policy and procedures for key management, and will have the control system and review process implemented by the end of March 2009. Responsible: Chief Information Officer Target Resolution Date: December 2008 March 2009 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 09 Annual Audit Plan**

Focus Area	1st Qtr.			2nd Qtr.			3rd Qtr.			4th Qtr.			Audit Effort
	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	
Employer Compliance (Consulting)													1
Coal Mine Safety Program (Consulting)													2
Permanent Partial Benefits													4
Settlements Process													5
External Audit Assistance													5
Mainframe Security													5
Physical and Environmental Security													3
Investment Certification Control Testing													5
Self Insured Bankrupt Securitization Process													4
Device and Media Controls Audit													3
Employer Policy Application Process													4
Auto Adjudication													4
Fleet Management													3
OBM Transition													5
OBM Enterprise Wide Audit Assistance													4
Collections Process													3
Change Management Process													5
Ethics Review													1
Adjudicating Committee													4
Premium Audit													5
FY 2010 Audit Plan													3
Employer Refunds													3
Coal Mine Safety Program													2
Audit Validation Testing													5
MCO Audits													5

Audit Effort Explanations

Number	Level of Audit Effort	Hours
1	Extra Small	< 100 hours
2	Small	100 – 300 hours
3	Medium	301 – 500 hours
4	Large	501 – 800 hours
5	Extra Large	801 – 1200 hours



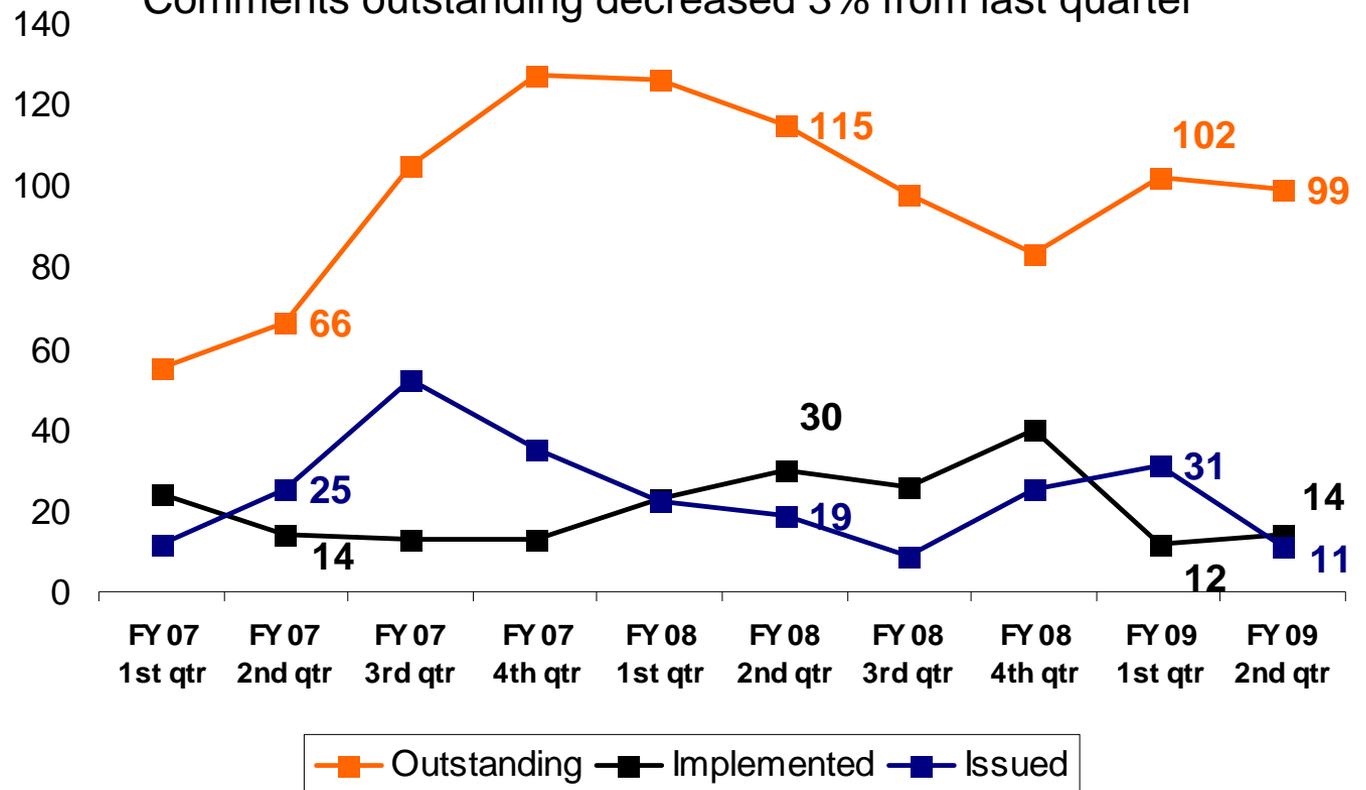
BWC Internal Audit Division

	FY08 3rd Qtr	FY08 4th Qtr	FY09 1st Qtr	FY09 1st Qtr
Prior Total: Comments Outstanding	115	98	83	102
Plus: New Comments Issued	+9	+25	+31	+11
Minus: Comments Removed	-26	-40	-12	-14
New Total: Comments Outstanding	98	83	102	99
Not Rated	4	3	2	1
Material Weakness	24	20	22	21
Significant Weakness	70	60	78	77
New Total: Comments Outstanding	98	83	102	99



BWC Internal Audit Division

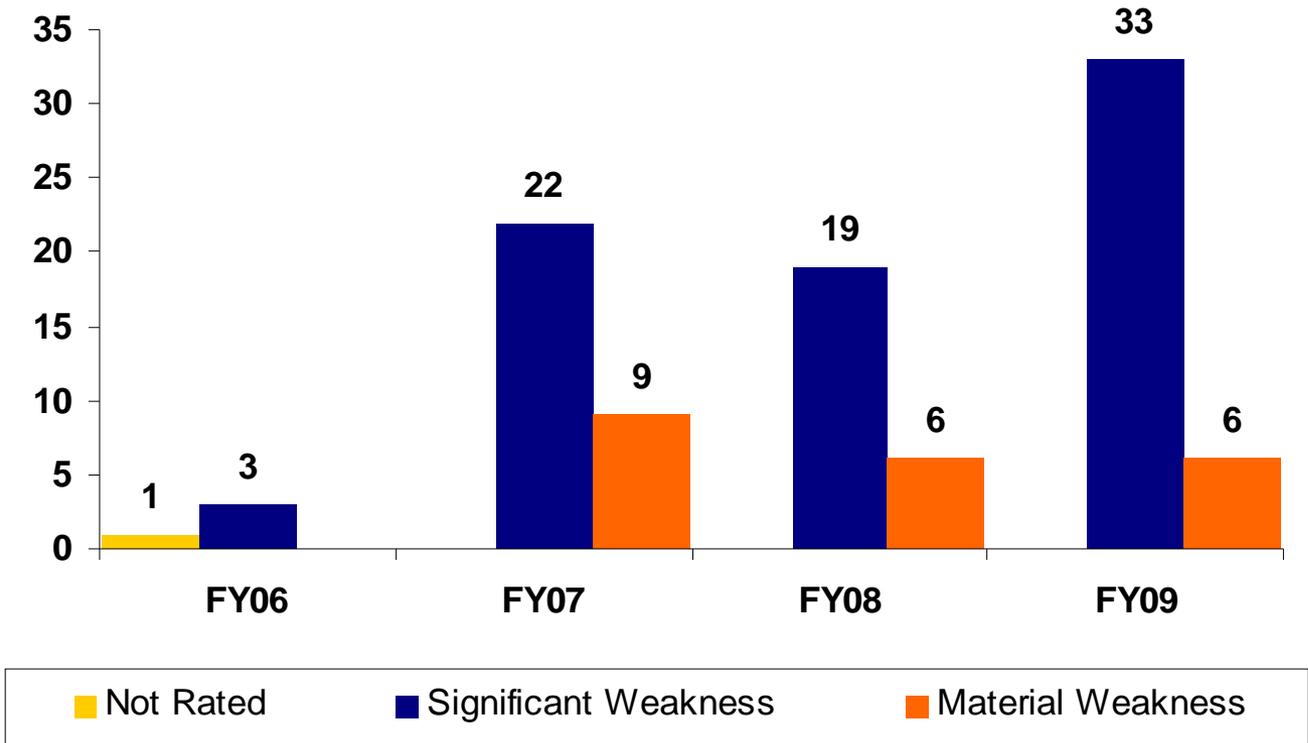
Comments outstanding decreased 3% from last quarter





BWC Internal Audit Division

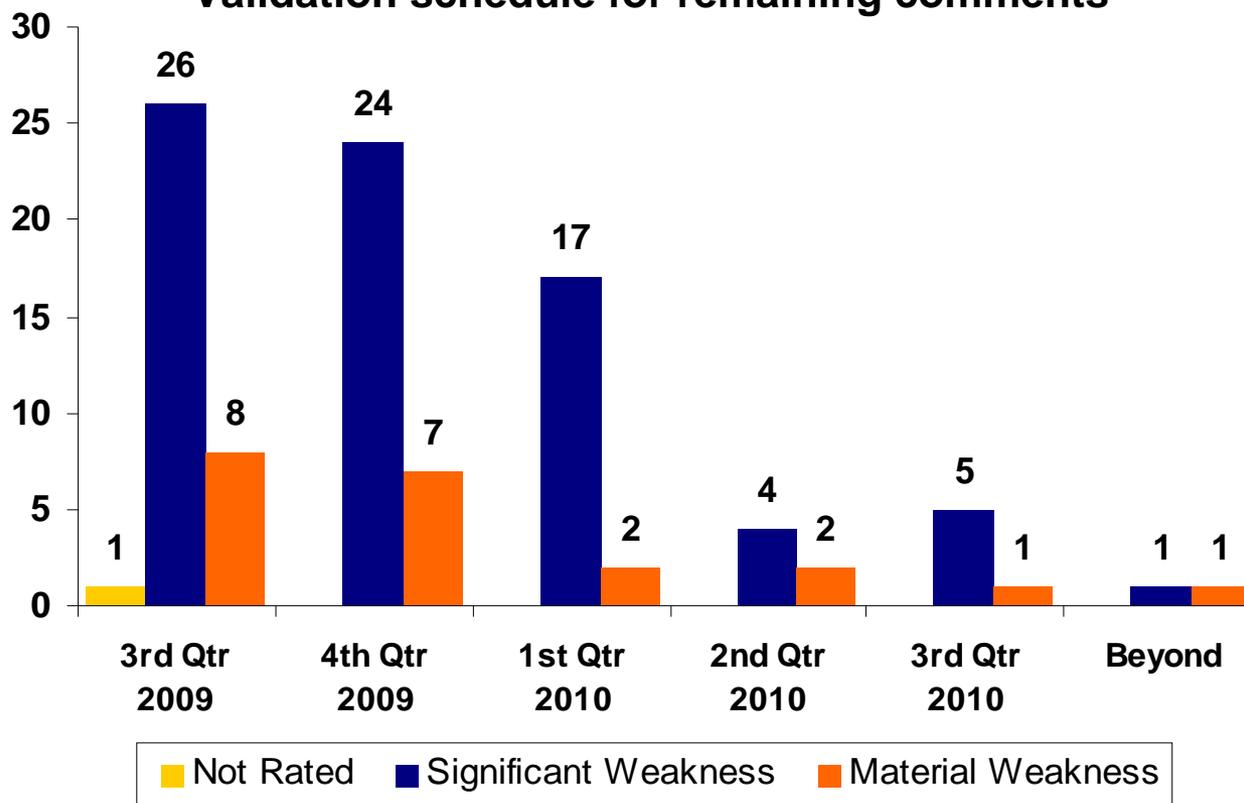
Outstanding Comments by Date Issued





BWC Internal Audit Division

Validation schedule for remaining comments



In the next 6 months, 67% of all comments outstanding (including 71% of all material comments outstanding) are due to be implemented.

OBWC Board of Directors Audit Committee Charter

Purpose

The Audit Committee has been established to assist the Board of Directors of the Ohio Bureau of Workers' Compensation in fulfilling its fiduciary oversight responsibilities through:

- providing oversight of the integrity of financial reporting process;
- ensuring compliance with legal and regulatory requirements;
- monitoring the design and effectiveness of the system of internal control;
- confirming external auditors' qualifications and independence; and
- reviewing performance of the internal audit function and independent auditors.

In order to constitute the will of the Board of Directors, Committee actions must be ratified or adopted by the Board of Directors to become effective.

Membership

The Committee shall be composed of a minimum of five (5) members. One member shall be the appointed certified public accountant member of the board. The Board, by majority vote, shall appoint four additional members to serve on the Audit Committee and may appoint additional members, who may or may not be Board members, as the Board determines necessary. Members of the Audit Committee serve at the pleasure of the board and the board, by majority vote, may remove any member except the member of the committee who is the certified public accountant member of the board.

Each committee member will be independent from management. The Chair and Vice Chair is designated by the Board, based on the recommendation of the Board Chair. The Board Chair if not a member is an ex-officio member, shall not vote if his/her vote will create a tie vote when serving as ex-officio.

The Committee Chair will be responsible for scheduling all meetings of the Committee and providing the Committee with a written agenda for each meeting. The Committee will have a staff liaison designated to assist it in carrying out its duties.

Meetings

The Audit Committee shall meet at least nine (9) times annually, or as frequently as needed and will provide activity reports to the Board of Directors. The Committee will invite members of management, external auditors, internal auditors and/or others to attend meetings and provide pertinent information, as necessary. A quorum shall consist of a majority of the Committee members. Committee meetings will be conducted according to Robert's Rules of Order. The Committee will have a staff liaison designated to help it carry out its duties.

Duties and responsibilities

The Audit Committee shall have responsibility for the following:

1. Oversight of the integrity of the financial information reporting process:
 - a. Review with management and the external auditor significant financial reporting issues and judgments made in connection with the preparation of the financial statements.
 - b. Review with management and the external auditor the results of the audit.
2. Review all internal audit reports on regular basis.
3. Review results of each annual audit and management review; if problems exist, assess appropriate course of action to correct, and develop action plan. Monitor implementation of any action plans created to correct problems noted in annual audit.
4. Serve as the primary liaison for Bureau of Workers' Compensation Board of Directors and providing a forum for handling all matters related to audits, examinations, investigations or inquiries of the Auditor of State and other appropriate State or Federal agencies
5. Develop an oversight process to assess the adequacy and effectiveness of internal controls and provide the mechanisms for periodic assessment of system of internal controls on an ongoing basis.
6. Oversee the assessment of internal administrative and accounting controls by both the external independent financial statement auditor and internal auditor.
7. Consult on the appointment and/or removal of the Chief of Internal Audit and have oversight on the work of the Internal Audit Division.
8. Ensure the independence of the external auditor and approve all auditing, other attestations services and pre-approve non-audit services performed by the external auditor.
9. Review the internal financial statements upon the request of a committee member or BWC staff.
10. Review management's biennial appropriation requests and recommend approval to the Board.
11. Receive and review reports from management regarding the status of appropriations bills.
12. Review and recommend to the Board the proposed annual fiscal year Administrative Cost budget prepared by management. Also, advise the Board of any adjustments made to the proposed budget.
13. At least once every 10 years, have an independent auditor conduct a fiduciary performance audit of BWC's investment program, policies and procedures. Provide a copy of audit to the Auditor of State. (RC 4121.125(D), effective 2007)
14. After every meeting, report to the Board of Directors of the Bureau of Workers' Compensation on all activities, findings and recommendations of the Committee.
15. Establish policies and procedures to function effectively.
16. Recommend to the Board an accounting firm to perform the annual audit required under RC 4123.47. Recommend an auditing firm for the Board to use when conducting audits under RC 4121.125.
17. Retain and oversee consultants, experts, independent counsel, and accountants to advise the Committee on any of its responsibilities or assist in the conduct of an investigation.

18. Seek any information it requires from employees—all of whom are directed to cooperate with the Committee's requests, or the requests of internal or external parties working for the Committee. These parties include, but are not limited to internal auditors, all external auditors, consultants, investigators and any other specialists working for the Committee.
19. Coordinate with the other Board Committees on items of common interest, especially discussions and decisions concerning the net asset policy.
20. At least annually, this charter must be reviewed by the Audit Committee and any proposed changes submitted to the Governance Committee and to the Board for approval.
21. At least annually, meet with General Counsel and Chief of Internal Audit to review BWC Code of Ethics to ensure that it is adequate and up-to-date. Report on review and recommended changes, if necessary, to the Board.
22. 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.

Audit Committee Charter.doc
Draft 092607
Review & Approved 112107, Ken Haffey, Chair
Revised 012408
Revised 012508
Revised 092408
Annual Review and Revision 112108

Proper planning

How strategic planning leads to success **Interviewed by Arthur G. Sharp**

Strong business skills alone are not enough for business owners who want to reach their full potential. They must implement strategic plans to help them meet that goal. But, some owners get so focused on day-to-day operations that they let the future take a back seat to the present — and what lies in between.

As hard as it may be to find the time to plan, they should develop measurable short-, mid- and long-term goals, link short-term goals with long-term outcomes, develop realistic budgets and financial forecasts, tie objectives to measurable actions, and establish road maps for their strategic growth. That is strategic planning, the process of developing a methodology and making it the company's way of life. How do they do that?

Smart Business spoke with Kenneth M. Haffey, CPA, CVA, a partner with Skoda Minotti, about strategic planning and how it can enhance a business's chances of success and durability.

Why is strategic planning important?

It gives business owners an idea of what they want the company to look like in the future and how they are going to get there in the most efficient, effective way. If they don't engage in the process, they might find themselves losing ground to their competitors who do. They may not be nimble enough or quick enough to make changes within the organization or to match their competitors' strategies as the market changes around them. They are left on the outside looking in as opportunities arise — and pass them by.

Is it an ongoing process?

Yes. One of the key things to remember about strategic planning is that it is a very fluid process. It provides a sanity check for owners to make sure that things are moving forward, rather than stagnating. Business conditions change; owners have to change with them. If they don't have a plan in place that can be executed quickly to help them adapt to changes, they will be ill prepared to function in a competitive market, let alone survive. Owners have to



Kenneth M. Haffey, CPA, CVA

Partner
Skoda Minotti

establish regular touch points in their strategic plans to make sure that things happen in a timely fashion and that change can follow.

Does strategic planning involve both long- and short-term goals?

Definitely. Plans should go out for at least 24 to 36 months to address the fluidity in business cycles. They should also contain components that address the next 6 to 12 months. In any case, they should reduce the impact surprises can have on businesses when changes occur. After all, eliminating the adverse impact of surprises is one of the purposes of strategic planning.

Does it follow specific formats?

Not at all. It can be as simple as writing notes on a napkin or as formal as sitting with partners, managers and other key people to brainstorm, write down ideas and feed them to a software package designed specifically to create a strategic plan. The important thing is not how strategic planning is done; rather, it is that the process is performed on an ongoing basis with the company's future in mind.

KENNETH M. HAFFEY, CPA, CVA, is a partner with Skoda Minotti. Reach him at kenhaffey@skodaminotti.com or (440) 449-6800.

How do companies benefit from it?

It results in improved operations, expanded market share and increased company value and it enhances the ability to take advantage of opportunities as they come along. A match between being strategic and opportunistic is the best place for business owners to be when running a company. The same holds true for managers of divisions, departments and other units within the company. And, it is important to note that strategic and opportunistic must complement each other. Some people get caught up in the opportunistic part but don't have strategies in place to take advantage of opportunities when they arise.

Opportunists without plans find themselves reacting rather than 'proacting.' That is not where they want to be. Strategic planning also enhances a company's competitive position. The organizations with the best strategic plans tend to be those that react most quickly and most efficiently to market changes. They also tend to be the ones with leaders who focus on everyday operations and future opportunities simultaneously. Strategic planning allows them to do both.

Who should be involved in it?

The primary person is whoever is responsible for the operation of the business. Depending on the type of organization, others who should be involved include financial, operations, marketing and sales. Some companies might benefit from working with consultants to gain an external view of market forces and how they fit in to the overall competitive picture. In short, the process should include the business leaders of the different departments and areas throughout the organization. The inclusion of these leaders enhances the chances that the result will be the organization's plan, not the boss's plan. In fact, that should be one of the goals of strategic planning. <<

Insights Accounting & Consulting is brought to you by Skoda Minotti

12-Month Audit Committee Calendar

Date	February	Notes
2/19/2009	1. Internal Audit QES Review	
	2. Review of balance sheet	
Date	March	
3/19/2009	1. Inspector General Annual Report	
	2. Review of Cash Flow Statement	
Date	April	
4/29/2009	1. Discussion of external audit	
	2. Quarterly Litigation Update	
Date	May	
5/28/2009	1. Internal Audit QES Review	
	2. FY10 Administrative Budget -(1st reading)	
Date	June	
6/18/2009	1. FY2010 Audit Plan	
	2. FY2010 Financial Projections - (1st reading)	
	3. FY2010 Admin Budget (2 nd reading)	
Date	July	
7/30/2009	1. External audit update	
	2. FY2010 Financial projections (2nd reading)	
	3. Quarterly Litigation Update	
Date	August	
8/27/2009	1. Internal Audit QES Review	
Date	September	
9/24/2009	1. External Audit Update	
	2. IG Semi-Annual Update	

12-Month Audit Committee Calendar

Date	October	Notes
10/29/2009	1. Operation Review Report	
	2. Charter Review	
	3. Quarterly Litigation Update	
Date	November	
11/19/2009	1. External Auditor Retention Letter	
	2. Annual Financials MD&A Review	
	3. Internal Audit QES Review	
	4. Comprehensive Report	
	5. Approve Committee Charter Changes	
Date	December	
Date	January 2010	
		2/20/2009 12:40:46 PM