

BWC Board of Directors
Audit Committee Agenda

William Green Building
Thursday, April 28, 2011
Level 2, Room 3
8:00 a.m. – 9:30 a.m.

Call to Order

Ken Haffey, Committee Chair

Roll Call

Jill Whitworth, Scribe

Approve Minutes of March 24, 2011 meeting

Ken Haffey, Committee Chair

Approve Agenda

Ken Haffey, Committee Chair

New Business/ Action Items

1. Motions for Board Consideration
 - A. For First Reading
 1. FY 2012 Administrative Budget
Tracy Valentino, Chief of Fiscal and Planning
2. Discussion of External Audit
Tracy Valentino, Chief of Fiscal and Planning
Ken Haffey, Committee Chair

Discussion Items*

1. Open Discussion with Internal Auditor
Keith Elliott, Manager, Internal Audit
2. Committee Calendar
Ken Haffey, Committee Chair
3. Quarterly Litigation Update, Executive Session
Jason Rafeld, General Counsel and Chief Ethics Officer

Adjourn

Ken Haffey, Committee Chair

Next Meeting: Thursday, May 26, 2011

* Not all agenda items have material. ** Agenda subject to change.

BWC Board of Directors

AUDIT COMMITTEE

Fiscal Year 2012 Annual Budget
Executive Summary

Attached is information regarding BWC's proposed Fiscal Year 2012 annual administrative budget. The information reflects proposed funding levels for the Administrative Cost Fund and the Safety & Hygiene Fund. In addition, the information reflects proposed funding levels associated with the Disabled Workers' Relief Fund, the Marine Industry Fund and the Coal Workers' Pneumoconiosis Fund.

BWC is proposing a total budget of \$279.1 million for Fiscal Year 2012. This request is approximately \$5 million (1.7%) less than the amount approved for Fiscal Year 2011 and approximately \$9.9 million (3.4%) less than the appropriation level approved by the Ohio General Assembly.

The budget as proposed reflects the impact of the elimination of cost savings days, reinstatement of step increases, a 32 hour personal leave payout and an extra pay period in FY 2012. Also included are the costs associated with the system modifications expected as a result of the Core System Assessment currently underway. In addition, there is one major capital improvement project to upgrade the fire alarm system within the William Green Building that will begin in Fiscal Year 2012

**BUREAU OF WORKERS' COMPENSATION
PRELIMINARY PROPOSED BUDGET SUMMARY
FISCAL YEAR 2012
In Millions**

Funding Sources:

Administrative Cost Fund	253.8
Safety & Hygiene	24.8
Ancillary Funds	0.5
	<u>279.1</u>

Expense Description	Fiscal Year 2010 Actual Spending	Fiscal Year 2011 Estimated Spending	Fiscal Year 2012 Preliminary Budget	Percentage Variance FY11 to FY12
Payroll	180.8	173.3	184.8	6.6%
Personal Services	11.9	11.8	12.1	2.5%
William Green Rent	19.8	19.0	18.3	-3.7%
Leases and Term Software Licenses	9.7	9.6	9.0	-6.3%
Software and Equipment Maintenance and Repairs	15.2	14.6	15.0	2.7%
Inter Agency Payments	9.7	10.1	10.0	-1.0%
Communications	3.0	2.7	3.8	40.7%
Supplies and Printing	1.2	1.2	1.3	8.3%
Other Maintenance	3.0	2.8	2.9	3.6%
Equipment	1.9	1.0	0.4	-60.0%
Subtotal	256.2	246.1	257.6	4.7%
Safety Grants and Long Term Care Loans	2.8	4.0	4.0	0.0%
Strategic Projects Examples: Core System Upgrades ICD-10 Conversion Software and Hardware Upgrades	7.9	5.8	14.8	155.2%
Capital Improvements Examples: Chiller Replacement Fire Alarm Upgrade	0.7	2.8	2.7	-3.6%
Grand Total	267.6	258.7 25.3 284.0	279.1 9.9 289.0	7.9%

Approved by BWC
Board of Directors

Appropriation

**BUREAU OF WORKERS' COMPENSATION
 BUDGET TO ACTUAL COMPARISON
 FISCAL YEAR 2011
 In Millions**

Expense Description	Fiscal Year 2011 Approved Budget	Fiscal Year 2011 Estimated Spending	Variance	Percentage Variance
Payroll	187.4	173.3	-\$14.1	-7.5%
Personal Services	12.5	11.8	-\$0.7	-5.6%
William Green Rent	19.0	19.0	\$0.0	0.0%
Leases and Term Software Licenses	10.1	9.6	-\$0.5	-5.0%
Software and Equipment Maintenance and Repairs	14.7	14.6	-\$0.1	-0.7%
Inter Agency Payments	9.6	10.1	\$0.5	5.2%
Communications	3.2	2.7	-\$0.5	-15.6%
Supplies and Printing	1.3	1.2	-\$0.1	-7.7%
Other Maintenance Equipment	3.4 1.4	2.8 1.0	-\$0.6 -\$0.4	-17.6% -28.6%
Subtotal	262.6	\$246.1	-\$16.5	-6.3%
Safety Grants and Long Term Care Loans	4.0	4.0	\$0.0	0.0%
Strategic Projects Examples: Rate Reform HPP Bill Payment Software and Hardware Upgrades	14.5	5.8	-\$8.7	-60.0%
Capital Improvements Examples: Chillier Replacement Rooftop Repairs	2.9	2.8	-\$0.1	-3.4%
Grand Total	\$284.0 \$44.1 \$328.1	\$258.7	-\$25.3	-8.9%



April Internal Audit Open Discussion

Audit Plan

Fieldwork Phase:

- Investment Performance Reporting
- Large Deductible Program
- New Claims Audit
- Sysco Reimbursements

Final Phase:

- Claims Quality Assurance Engagement
- MCO Audit #3
- MCO Audit #4
- Percentage Permanent Partial Disability

Completed Projects for June Quarterly Executive Summary (QES):

- Compliance and Performance Monitoring Audit
- Employer Refunds Audit
- Investment New Account Set Up and Asset Transition Review
- MCO # 2

Other

- Audit Validation for June QES

12-Month Audit Committee Calendar

Date	April 2011
4/28/2011	1. Discussion of External Audit
	2. FY 2012 Administrative Budget (1 st Reading)
	3. Financial Metrics
	4. Quarterly Litigation Update
	May 2011
5/26/2011	1. FY 2012 Administrative Budget (2 nd Reading)
	2. Internal Audit Charter
	June 2011
6/15/2011	1. FY 2012 Internal Audit Plan
	2. External Audit Update
	July 2011
7/28/2011	1. Internal Audit QES Review
	2. FY 2012 Financial Projections
	3. Quarterly Litigation Update (Executive Session)
8/25/2011	August 2011
	1. BWC Code of Ethics Review
	2. External Audit Update
	September 2011
9/29/2011	1. Internal Audit QES Review
	2. Inspector General Semi-Annual Report (Executive Session)
	October 2011
10/27/11	1. Audit Committee Charter Review (1 st Reading)
	2. Internal Audit Annual Accomplishments Report
	3. Quarterly Litigation Update (Executive Session)
	4. Semi-annual meeting with Inspector General
	November 2011
11/17/2011	1. Audit Committee Charter Review (2 nd Reading)
	2. External Audit Update
	3. Finance Education Session
	December 2011
12/14/2011	1. FY 2013 – 2014 Budget Process Education Session
	2. Annual Disaster Recovery/Business Continuity Plan
	3. Internal Audit QES Review
	4. FY 2010 Comprehensive Annual Report
	January 2012
Date TBD	1. Overview of the Annual Internal Audit Risk Assessment Process
	2. Quarterly Litigation Update (Executive Session)

12-Month Audit Committee Calendar

Date	February 2012
Date TBD	1. Inspector General Annual Report (Executive Session)
	2. Education Session prior to QES (if necessary)
	March 2012
Date TBD	1. Internal Audit QES Review
	2. Discount Rate and Financial Metrics (1st Reading)