

AUDIT HIGHLIGHT

JUNE 3, 2010

Critical INTERNAL CONTROL AUDIT: Impact Audit COUNTY EXECUTIVE OFFICE/RISK MANAGEMENT WORKERS' COMPENSATION AND LIABILITY & PROPERTY CLAIM DISBURSEMENTS Audit No. 2921

WHY IS THIS AUDIT CRITICALLY IMPORTANT?

The Risk Management section of the County Executive Office (CEO) along with a contracted third-party claims administrator disburses monies to County employees and program service providers for Workers' Compensation claims, including Temporary and Permanent Disability Benefits. CEO/Risk Management processes all Liability & Property claims filed against the County. For Fiscal Year 2008/2009, CEO/Risk Management disbursed approximately **\$26 million for Workers' Compensation claims**, and approximately **\$8 million for Liability & Property claims**, settlements and expenses.

WHAT THE AUDITORS FOUND?

Successes

Overall, we found controls and processes are in place in CEO/Risk Management for Workers' Compensation and Liability & Property claim disbursements to ensure the payments are valid, supported, allowable and are processed completely, accurately and timely. There are two significant issues noted below that, when implemented, will greatly enhance the County's oversight of its third-party claims administrator. We also evaluated process efficiency and effectiveness in CEO/Risk Management and did not note any backlogs, duplication of work, or manual processes that could benefit from automation.

Audit Findings and Control Recommendations

We identified (two) 2 Significant Issues and (five) 5 Control Findings resulting in seven (7) recommendations to improve and enhance existing controls and processes over disbursements. CEO/Risk Management concurred with the findings and recommendations and has either already implemented corrective actions or is in process of implementing the recommendations.