

HJR 15 INTRODUCED BY WHALEN, ET AL.
REQUESTING AUDITS OF THE SUBMITTED CLAIMS DATA BASE,
AND RELATED COMPUTER APPLICATIONS AND
CONTROLS, OF THE STATE COMPENSATION INSURANCE
FUND OF THE WORKERS' COMPENSATION DIVISION

1/26 INTRODUCED
1/26 REFERRED TO BUSINESS & LABOR
1/27 FISCAL NOTE REQUESTED
1/29 FISCAL NOTE RECEIVED
2/12 HEARING
2/12 TABLED IN COMMITTEE

1 House JOINT RESOLUTION NO. 15
 2 INTRODUCED BY Whalen, Sun, ...
 3 Richard E. Manning
 4 Keenan O'Connell Stuart
 5 A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF
 6 REPRESENTATIVES OF THE STATE OF MONTANA REQUESTING AUDITS OF
 7 THE SUBMITTED CLAIMS DATA BASE, AND RELATED COMPUTER
 8 APPLICATIONS AND CONTROLS, OF THE STATE COMPENSATION
 9 INSURANCE FUND OF THE WORKERS' COMPENSATION DIVISION.

10 WHEREAS, the Workers' Compensation Division of the
 11 Department of Labor and Industry administers the state
 12 compensation insurance fund to pay claims of injured
 13 workers; and

14 WHEREAS, the projected full funding deficiency on June
 15 30, 1986, in the state compensation insurance fund has
 16 increased from approximately \$29 million to over \$81
 17 million, as determined by the Division's actuary; and

18 WHEREAS, the actuarial projections are based upon the
 19 assumption that the records relating to the state
 20 compensation fund are properly established and maintained;
 21 and

22 WHEREAS, while several audits of the Workers'
 23 Compensation Division and the state compensation insurance
 24 fund have been conducted, no audit has been conducted of the
 25 submitted claims data base, and related computer

1 applications and controls, of the state compensation
 2 insurance fund; and

3 WHEREAS, substantial changes in the workers'
 4 compensation laws are being considered based upon, in part,
 5 the reported unfunded reserve for projected liability of the
 6 state fund; and

7 WHEREAS, it is desirable that any decisions made
 8 regarding changes in the present workers' compensation laws
 9 be based upon information that has been determined by a full
 10 audit to be reasonable, reliable, and accurate.

11 NOW, THEREFORE, BE IT RESOLVED BY THE SENATE AND THE HOUSE
 12 OF REPRESENTATIVES OF THE STATE OF MONTANA:

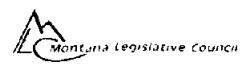
13 (1) That the office of the Legislative Auditor is
 14 requested to conduct:

15 (a) an electronic data processing audit of computer
 16 applications and controls used to ensure the integrity of
 17 the submitted claims data maintained for the Workers'
 18 Compensation Division state compensation insurance fund; and

19 (b) a performance audit to determine:
 20 (i) if award categories established for injury types
 21 are reasonable;

22 (ii) if criteria used to assign claims to specific
 23 award categories are reasonable;

24 (iii) if the process used to assign claims to award
 25



1 categories is reasonable and consistent;

2 (iv) if the state compensation insurance fund data base
3 is valid; and

4 (v) if the Workers' Compensation Division, in
5 administering the state compensation insurance fund, is
6 carrying out only those activities and programs authorized
7 by the Legislature and is conducting them efficiently and
8 effectively.

9 (2) That these audits be completed as soon as
10 practicable.

11 (3) That audit reports be prepared and presented to
12 the Legislative Audit Committee and appropriate standing
13 committees of the Legislature.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HJR015, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

A Senate-House Joint Resolution providing for an EDP application review audit and a Performance audit of the Workers' Compensation Insurance Fund submitted claims data base.

ASSUMPTIONS:

The audits would be conducted during FY88. The systems have adequate controls to permit auditing. The electronic data processing audit would require 280 hours. The Performance audit would require 640 hours. The funding would come from the Workers' Compensation Insurance Fund paid to the Legislative Auditor's special revenue fund.

FISCAL IMPACT:

| | FY88 | | | FY89 | | |
|----------------------|-------------|--------------|------------|-------------|--------------|------------|
| | Current Law | Proposed Law | Difference | Current Law | Proposed Law | Difference |
| <u>Expenditures:</u> | | | | | | |
| Personal Services | \$ 0 | \$ 21,593 | \$ 21,593 | \$ 0 | \$ 0 | \$ 0 |
| Operations | 0 | 5,740 | 5,740 | 0 | 0 | 0 |
| TOTAL | \$ 0 | \$ 27,333 | \$ 27,333 | \$ 0 | \$ 0 | \$ 0 |
| <u>Funding:</u> | | | | | | |
| General Fund | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Special Revenue | 0 | 27,333 | 27,333 | 0 | 0 | 0 |
| TOTAL | \$ 0 | \$ 27,333 | \$ 27,333 | \$ 0 | \$ 0 | \$ 0 |

David L. Hunter DATE 1/29/87
 DAVID L. HUNTER, BUDGET DIRECTOR
 Office of Budget and Program Planning

Timothy J. Whalen DATE 1/30/87
 TIMOTHY J. WHALEN, PRIMARY SPONSOR
 Fiscal Note for HJR015, as introduced.