



# A Legislative Summary Document Regarding Workers' Compensation Commission

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## State Auditor's Observations

The original project completion date for the Workers' Compensation Commission's (Commission) Business Process Reengineering/Architecture Development project was moved from December 2002 to August 2007, and the total cost estimate for this project increased from \$7.3 million to \$21.4 million. The Quality Assurance Team worked with the Commission to develop discrete project deliverables and components that can be deployed within each biennium.

The Legislature and other oversight bodies can rely on the Commission's financial information. The Commission spends appropriated funds in accordance with the General Appropriations Act and other applicable state laws and regulations.

Prepared for the 78th Legislature  
by the State Auditor's Office

January 2003

SAO No. 03-378

*This is not an audit report and, with the exception of any audit report summaries, the material in this document has not been subjected to all of the tests and confirmations performed in an audit.*

# Workers' Compensation Commission

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## Key Findings from Previous Audits and Reviews

January 1, 2001–December 31, 2002

### *A Financial Review of the Workers' Compensation Commission*

(Report No. 02-027, March 2002)

The Legislature and other oversight bodies can rely on the Workers' Compensation Commission's (Commission) financial information. The Commission spends appropriated funds in accordance with the General Appropriations Act and other applicable state laws and regulations. Furthermore, expenditures and outcomes are in alignment with Commission goals related to safe and healthy workplaces and dispute resolution. There is no direct relationship between strategy expenditures and all outcomes for the Commission's goal related to benefits and delivery. This is reasonable because strategy expenditures do not directly affect all of the outcomes for this goal.

Status of Audit Recommendations as of November 30, 2002 (unaudited)	
The Commission has reported the following:	
Implemented	2
<b>Total recommendations</b>	<b>2</b>

We also noted some issues the Commission should address (even though these issues do not affect the reliability of its financial information or the appropriateness of its expenditures). The Commission is not referring past-due accounts to the Office of the Attorney General as often as statute requires. In addition, provisions for two business process improvement plan contracts were not sufficient.

## Most Recent Performance Measure Certification

Fiscal Year 1998–Fiscal Year 2003

The results included in *An Audit Report on Fiscal Year 2001 Performance Measures at 14 Entities* (Report No. 03-008, November 2002) for this entity are summarized below.

Period	Goal/Strategy	Measure	Certification Results	
2001	A.1.1	Health and Safety Services	Average Cost Per Consultation/Inspection/Investigation	Inaccurate
2001	B	Benefits and Delivery	Average Number of Days for the Required Initial Benefit Payment to Be Issued to Injured Workers	Certified with Qualification
2001	B.1.1	Investigations/Compliance	Number of Fraud Investigations Completed	Inaccurate
2001	C	Dispute Resolution	Percentage of Compensation Benefit Dispute Cases Resolved by the Commission's Informal Dispute Resolution System	Certified with Qualification
2001	C.1.1	Informal Resolution	Number of Compensation Benefit Dispute Cases Considered in Benefit Review Conference	Certified with Qualification
<b>Total Measures Certified Without Qualification<sup>a</sup></b>			<b>0/5 (0%)</b>	
<b>Data Reliability Percentage (Certified and Certified with Qualification)</b>			<b>3/5 (60%)</b>	

<sup>a</sup> The percentage of unqualified certifications is presented because it is used in determining an entity's eligibility for performance rewards as established in the General Appropriations Act [77th Legislature, Article IX, Sec. 6.31(d)(2)].

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Category	Definition
Certified	Reported performance is accurate within +/-5 percent, and controls appear adequate to ensure accurate collection and reporting of performance data.
Certified with Qualification	Reported performance is within +/-5 percent, but the controls over data collection and reporting are not adequate to ensure the continued accuracy of performance data.
Factors Prevent Certification	Actual performance cannot be determined because of inadequate controls and insufficient documentation.
Inaccurate	Reported performance is not within +/-5 percent of actual performance, or there is an error rate of at least 5 percent in the supporting documentation.
Not Applicable	A justifiable reason exists for not reporting performance.

## Quality Assurance Team Reviews

Conducted by the Legislative Budget Board and State Auditor's Office

### Ongoing Projects

Quality Assurance Team Annual Report – January 2003

*Business Process Reengineering/Architecture Development (BPR/AD)* — In December 1999, the Workers' Compensation Commission (Commission) began re-engineering its business processes to identify and streamline them. The Quality Assurance Team (QAT) has previously worked with the Commission to develop discrete project deliverables and components that can be deployed within each biennium. Since the last QAT report, the project end has been extended one year for the restructuring of the COMPASS portion of the project. Current expenditures for this project are \$1,733,564.

Project	Function	Initial Budget	Current Budget	Budget Change	Initial End Date	Current End Date	Time Change
BPR/AD	Streamline processes	\$7,310,540	\$21,390,000	\$14,079,460	12/31/02	08/31/07	56 months

## Information System Vulnerability Assessments

The State Auditor's Office (SAO) and/or the Department of Information Resources performed one or more information system vulnerability assessments at the Workers' Compensation Commission between January 2000 and November 2002. Detailed results of this work are confidential under Texas Government Code, Section 2054.077(c). The SAO's Legislative Summary Document titled "Information System Vulnerability Assessments" provides general information about the results of information system vulnerability assessments.

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## Travel Expenditures

Travel Expenditures by Appropriation Year (unaudited)			
	2000	2001	2002
In-State Travel	\$ 768,743	\$ 853,102	\$ 665,827
Out-of-State Travel	51,146	116,193	58,259
Foreign Travel	0	0	0
Other Travel Costs	(3,277)	0	542
<b>Total Travel Expenditures</b>	<b>\$ 816,611</b>	<b>\$ 969,295</b>	<b>\$ 724,628</b>
Limit on Travel Expenditures (Cap)	1,145,752	1,145,752	102,571 <sup>a</sup>
<b>Expenditures in Excess of Cap</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

<sup>a</sup> Caps apply to total travel in appropriation years 2000 and 2001, but caps apply only to out-of-state travel and foreign travel in appropriation year 2002. Caps, calculated by the Comptroller of Public Accounts, have been adjusted for any increases requested by the Commission and approved by the Legislative Budget Board in accordance with the General Appropriations Act.

Source: Uniform Statewide Accounting System (USAS) as of November 30, 2002. Amounts are subject to change as agencies continue to record additional expenditures or adjustments.