



EXECUTIVE SUMMARY

DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT TEMPORARY DISABILITY INSURANCE

July 1, 2017 to October 31, 2019

We found the financial transactions included in our testing were related to the Temporary Disability Insurance (TDI) program, were reasonable, and were recorded properly in the accounting systems. We also determined controls to ensure TDI claims were processed in compliance with program regulations were adequate. In making these determinations, we noted certain internal control weaknesses meriting management's attention and presented an observation on claims processing times.

AUDIT HIGHLIGHTS

- The Division of Temporary Disability and Family Leave Insurance (division) does not independently verify potential TDI cases with Workers' Compensation (WC) court filings. The division relies solely on individuals to disclose the existence of contested WC cases that are related to TDI claims. We reviewed TDI claims of individuals who did not indicate the injury was work related and who had also filed a contested WC case. We determined 273 of the 418 claims, totaling \$2,046,434, were from similar injuries, indicating a potential duplication of benefits.
- The division can improve collection efforts on outstanding lien awards. We performed a review of TDI claims with attached WC liens and found 24 awards for claims totaling \$145,671 that were outstanding for more than 100 days.
- Companies and unions that provide private temporary disability insurance are not submitting required reports and denial documentation. We found only 343 of the 568 reportable entities had submitted the required biannual reports. Those 343 entities may have denied up to an estimated 1,733 claims. However, documentation for only 559 denials had been sent to the division for review. Of those 559 denials, 39 were reversed, resulting in \$189,328 of approved benefits to previously denied claims.
- The division is not depositing checks in a timely manner. We performed a count and found 84 checks totaling \$590,449 had not been deposited the same day as received, as required by a Treasury Circular. Our review of the check deposit log revealed 311 checks had been held by the division for an average of more than 28 days before being submitted for deposit.
- While the division has improved its claims-processing times, it is still not meeting the benchmarks set forth by Public Law 2019, Chapter 37.

AUDITEE RESPONSE

The department generally concurs with our findings and recommendations.

For the complete audit report or to print this Executive Summary, click [here](#).