

Workers' Compensation Board

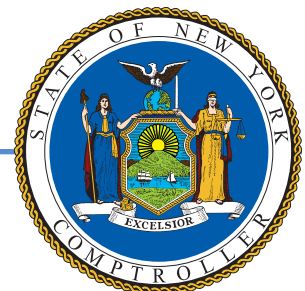
Assessment of Costs to Administer the Workers' Compensation Program for the Three State Fiscal Years Ended March 31, 2023

Report 2024-M-1 | September 2024

OFFICE OF THE NEW YORK STATE COMPTROLLER

Thomas P. DiNapoli, State Comptroller

Division of State Government Accountability



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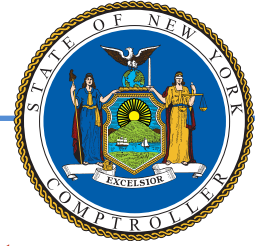
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Independent Practitioner's Report on Applying Agreed-Upon Procedures

September 6, 2024

Clarissa M. Rodriguez
Chair
Workers' Compensation Board
328 State Street
Schenectady, NY 12305

Dear Ms. Rodriguez:

An agreed-upon procedures engagement involves the practitioner performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed. The Office of the New York State Comptroller (OSC) is the practitioner, and the Workers' Compensation Board (Board) is the engaging party. The Board is responsible for the subject matter of this engagement, the purpose of which was to ascertain the expenses to administer the Workers' Compensation Program (Program).

The Board's primary responsibility is to ensure that employees who are unable to work due to injury or illness are compensated under programs covering both occupational and non-occupational disability and sickness. Coverage for these benefits, with limited exception, is to be provided by employers. Costs to administer the Program are recovered via the Board's assessments on participating insurance carriers, self-insurers, the State Insurance Fund, and self-insured political subdivisions of the State. Sections 151 and 50(5) of the Workers' Compensation Law (Law) require that the Board and OSC ascertain the actual total expenses to administer the Program. Section 50(5) addresses administrative expenses that are assessed on self-insurers.

We have performed the procedures enumerated below related to ascertaining the expenses to administer the Program for the 3 State Fiscal Years (SFYs) ended March 31, 2023. The Board has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of ascertaining the total expenses incurred in administering the Program for the 3 SFYs ended March 31, 2023.

This report may not be suitable for any other purpose. The procedures performed may not address all items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures we performed, and the associated findings, are as follows:

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1. Procedure: We inspected the lists of Administrative Assessable Expenses prepared by the Board for the 3 SFYs ended March 31, 2023 (Lists). We determined if any categories of expenses were inappropriately included in or excluded from the Lists.

Finding: We did not identify any exceptions as a result of applying this procedure.

2. Procedure: We compared and totaled the expenses from the reports from which they were derived. We inquired about any expenses that could not be confirmed or that may have been inappropriately included in or excluded from the Lists.

Finding: We did not identify any exceptions as a result of applying this procedure.

3. Procedure: We inspected individual expenses, as we deemed necessary, to assess the appropriateness of their inclusion as an assessable expense for the corresponding assessment (§151 or §50(5) of the Law).

Finding: We did not identify any exceptions as a result of applying this procedure.

4. Procedure: We notified the Board of any issues we identified with respect to the Board's calculation of expenses and any other relevant matters we identified during the engagement and obtained explanations of the issues or other matters identified.

Finding: As a result of applying this procedure, we identified incorrect amounts that resulted in an excess of \$154,464 of §50(5) self-insured total expenses and an understatement of \$154,464 of §151 total expenses for the SFY ended March 31, 2022. We did not identify any exceptions as a result of applying this procedure for the SFYs ended March 31, 2023 and March 31, 2021.

5. Procedure: We confirmed that the written Statements of Administrative Assessable Expenses provided by the Board for the 3 SFYs ended March 31, 2023 correctly reflect resolution of any identified issues. We present these statements as Exhibits A, B, and C of this report.

Finding: We confirmed the resolution of issues identified in the prior procedures and, as a result of applying this procedure, we did not identify any exceptions.

We conducted this agreed-upon procedures engagement in accordance with generally accepted government auditing standards, which incorporate attestation standards established by the American Institute of Certified Public Accountants. We applied sampling techniques in this engagement. We judgmentally selected \$1,638,736 of \$15,892,643 for personal service expenses and \$9,581,359 of \$346,034,363 for non-personal service expenses to determine if these expenses were appropriately assessed and correctly included with the corresponding assessment (§151 versus §50(5) of the Law). We used judgmental sample selection; as such, the results of our samples cannot be projected to the

related population. We also recalculated the amounts of payroll allocated to each selected employee's respective area of work (§151 or §50(5)) to determine if the amount allocated was correct. For reporting purposes, we excluded variations between the Board's and our calculations that were less than the agreed-upon threshold of \$500.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the total assessed expenses of the Board to administer the Program for the 3 SFYs ended March 31, 2023. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that we would have reported.

We are required to be independent of the Board and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

Office of the New York State Comptroller
Division of State Government Accountability
Albany, New York
September 6, 2024

Exhibit A

**Workers' Compensation Board
Statement of Administrative Assessable Expenses
SFY Ended March 31, 2023**

	Total Expenses	Section 151 Workers' Compensation	Section 50(5) Self-Insured
Personal Services	\$85,547,249	\$83,567,047	\$1,980,202
Maintenance and Operations			
Contractual Services	\$58,210,244	\$57,634,926	\$575,318
Supplies and Materials	3,095,163	3,094,850	313
Travel	183,255	182,050	1,205
Equipment	70,976	70,976	–
Total Maintenance and Operations	\$61,559,638	\$60,982,802	\$576,836
Direct and Indirect Charges			
Fringe Benefit Charges	\$54,716,254	\$53,450,887	\$1,265,367
Indirect Expenses	2,629,127	2,567,590	61,537
Total Direct and Indirect Charges	\$57,345,381	\$56,018,477	\$1,326,904
Office of Information Technology Services Charges	\$12,563,000	\$12,563,000	–
Total Expenses	\$217,015,268	\$213,131,326	\$3,883,942

Exhibit B

Workers' Compensation Board
Statement of Administrative Assessable Expenses
SFY Ended March 31, 2022

	Total Expenses	Section 151 Workers' Compensation	Section 50(5) Self-Insured
Personal Services	\$88,219,011	\$85,755,956	\$2,463,055
Maintenance and Operations			
Contractual Services	\$50,632,102	\$50,073,736	\$558,366
Supplies and Materials	2,361,252	2,361,252	–
Travel	115,782	115,517	265
Equipment	431,826	431,826	–
Total Maintenance and Operations	\$53,540,962	\$52,982,331	\$558,631
Direct and Indirect Charges			
Fringe Benefit Charges	\$55,128,228	\$53,621,619	\$1,506,609
Indirect Expenses	2,471,496	2,403,715	67,781
Total Direct and Indirect Charges	\$57,599,724	\$56,025,334	\$1,574,390
Office of Information Technology Services Charges	\$11,195,000	\$11,195,000	–
Total Expenses	\$210,554,697	\$205,958,621	\$4,596,076

Exhibit C

Workers' Compensation Board
Statement of Administrative Assessable Expenses
SFY Ended March 31, 2021

	Total Expenses	Section 151 Workers' Compensation	Section 50(5) Self-Insured
Personal Services	\$85,016,652	\$82,530,889	\$2,485,763
Maintenance and Operations			
Contractual Services	\$56,998,240	\$55,983,333	\$1,014,907
Supplies and Materials	3,064,321	3,064,321	–
Travel	64,826	64,575	251
Equipment	370,997	370,997	–
Total Maintenance and Operations	\$60,498,384	\$59,483,226	\$1,015,158
Direct and Indirect Charges			
Fringe Benefit Charges	\$53,106,638	\$51,560,132	\$1,546,506
Indirect Expenses	2,383,636	2,313,746	69,890
Total Direct and Indirect Charges	\$55,490,274	\$53,873,878	\$1,616,396
Office of Information Technology Services Charges	\$13,690,000	\$13,690,000	–
Total Expenses	\$214,695,310	\$209,577,993	\$5,117,317

Contributors to Report

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