



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report

Board of Industrial Insurance Appeals

For the period July 1, 2016 through June 30, 2019

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**Office of the Washington State Auditor
Pat McCarthy**

December 26, 2019

Linda Williams
Executive Director
Board of Industrial Insurance Appeals
Olympia, Washington

Report on Accountability

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The State Auditor's Office takes seriously our role of providing state and local governments with assurance and accountability as the independent auditor of public accounts. In this way, we strive to help government work better, cost less, deliver higher value and earn greater public trust.

Independent audits provide essential accountability and transparency for Board operations. This information is valuable to management, the governing body and public stakeholders when assessing the government's stewardship of public resources.

The attached comprises our independent audit report on the Board's compliance with applicable requirements and safeguarding of public resources for the areas we examined. We appreciate the opportunity to work with your staff and we value your cooperation during the audit.

Sincerely,

Pat McCarthy
State Auditor
Olympia, WA

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AUDIT RESULTS

This report describes the overall results and conclusions for the areas we examined. In those selected areas, Board operations complied with applicable state laws, regulations, and its own policies, and provided adequate controls over the safeguarding of public resources.

About the audit

This report contains the results of our independent accountability audit of the Board of Industrial Insurance Appeals from July 1, 2016 through June 30, 2019.

Management is responsible for ensuring compliance and adequate safeguarding of public resources from fraud, loss or abuse. This includes the design, implementation and maintenance of internal controls relevant to these objectives.

This audit was conducted under the authority of RCW 43.09.310, which requires the Office of the State Auditor to examine the financial affairs of all state agencies. Our audit involved performing procedures to obtain evidence about the Board's use of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters. In keeping with general auditing practices, we do not examine every transaction, activity or area. Instead, based on our risk assessment for the years ended June 30, 2019, 2018 and 2017, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. The following areas were examined during this audit period:

- Appeal processing – We reviewed the controls in place to ensure legal requirements are met
- Payroll – We tested selected payments to ensure proper approvals and reviews are made
- Disbursements – We tested selected payments to ensure proper approval and classification of expenditures is made
- Travel – We tested a selection of payments to ensure proper approval and appropriate documentation is included and retained

RELATED REPORTS

Financial

We perform an annual audit of the statewide basic financial statements, as required by state law (RCW 43.09.310). Our opinion on these financial statements is included in the Comprehensive Annual Financial Report (CAFR) prepared by and available from the Office of Financial Management.

The CAFR reflects the financial activities of all funds, organizations, institutions, agencies, departments and offices that are part of the state's reporting entity. That report is issued by the Office of Financial Management in December of each year and can be found at www.ofm.wa.gov.

A summary of the audit for the period ending June 30, 2019, can be found at: <https://www.sao.wa.gov/about-audits/about-state-government-audits/>

Federal programs

In accordance with the Single Audit Act, we annually audit major federal programs administered by the state of Washington. Rather than perform a single audit of each agency, we audit the state as a whole. The results of that audit are published in a report issued by the Office of Financial Management in March of each year.

INFORMATION ABOUT THE BOARD

The Board of Industrial Insurance Appeals (BIIA) was created in 1949 to hear appeals from decisions made by the Department of Labor and Industries (L&I). The mission of the Board is to serve the public by resolving appeals in a consistent, impartial, timely and efficient manner. The BIIA was established as a separate and independent Board from L&I to ensure the impartiality and fairness of the dispute resolution process.

As an administrative tribunal, the BIIA provides a faster and less expensive forum than available through the court system. The Board is able to provide a consistent and predictable service through the expertise of the judges and staff who specialize in the subject matter of the dispute.

Most adjudicatory agencies in the state conduct proceedings under the provisions of the Administrative Procedures Act. The BIIA is required by statute to use the Superior Court Rules of civil procedure and evidence.

That makes its proceedings similar to a bench trial in superior court. The BIIA is funded through legislative appropriations. For the 2017-2019 Biennium, the BIIA had an operating budget of \$49 million. The Board has 10 offices located around the state and 165.5 budgeted FTE, with an actual 157-158 employees.

Contact information related to this report	
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Information current as of report publish date.

Audit history

You can find current and past audit reports for the Board of Industrial Insurance Appeals at <http://portal.sao.wa.gov/ReportSearch>.

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

Contact information for the State Auditor's Office	
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