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Senate Bill No. 2038 is a bill repealing the quadrennial performance evaluation of workforce safety and insurance.

Some history regarding the quadrennial performance evaluation.

- In 1997, the North Dakota Legislative Assembly enacted HB 1440 which shifted oversight responsibility for WSI from the Governor to a WSI Board of Directors consisting of WSI stakeholders. Section 6 of the bill established the performance evaluation statute (NDCC 65-02- 30) as an accountability mechanism to accommodate the change in oversight responsibility.
- In November 2008, via an initiated measure, WSI oversight responsibility was shifted back to the Governor, leaving the WSI Board to serve in an advisory capacity. The performance evaluation statute was unaffected.
- In 2009, the Legislative Assembly amended the statute (2009 HB 1037) to include the interim Workers' Compensation Review Committee, in addition to the State Auditor, in the process outlined to select the performance evaluation elements.
- In 2011, the Legislative Assembly amended the statute (2011 HB 1056) to change the frequency of the performance evaluations from every two years to every four years.
- Since 2006, there have been five performance evaluations conducted by an outside firm with expertise in workers' compensation and industry standards.
- The same firm, Sedgwick CMS, has conducted the last three performance evaluations (2010, 2014, and 2018) and four of the last five. The State Auditor only received one bid (Sedgwick CMS) for the most recent 2018 Performance Evaluation.
- For the last five performance evaluations, the average cost of the performance evaluations was approximately $187,200 (ranging between $91,290 to $284,939). These costs are paid from the WSI Fund.

With the repeal of the Quadrennial performance evaluation, you may be asking yourself, will there still be evaluations of WSI? Yes, there will be.

- In addition to the performance evaluation, WSI is currently subject to various audits, thereby providing other accountability mechanisms over the Organization. First, WSI is subject to an annual financial audit in which the auditing firm is selected by the State Auditor through a formal bidding process. These audits are planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatements. In recent history, WSI has consistently received unmodified opinions.
    - WSI has an Internal Audit Department to plan, direct, and complete internal audits and compliance reviews. This department reports administratively to the Director of WSI and functionally to the WSI Board Audit Committee.

- WSI is statutorily subject to review at the purview of the Legislative Audit and Fiscal Review Committee (LAFRC) as well as the State Auditor like other state entities.

I ask the committee for a Do Pass recommendation, and I'll stand for any questions.