

Workforce Safety and Insurance**Testimony before the interim Legislative Industry, Business, and Labor
Committee****on the****Performance Audit of Modified Workers' Compensation Coverage Program
and
Safety Audit of Roughrider Industries Work Programs****August 3, 2010****CHAIRMAN KEISER AND MEMBERS OF THE COMMITTEE:**

My name is Barry Schumacher, Chief of Employer Services, at Workforce Safety and Insurance (WSI). I am here today to provide an update on the status of the modified workers' compensation program performance audit and Roughrider Industries safety audit as required by North Dakota Century Code (NDCC) section 65-06.2-09.

To allow Roughrider Industries to continue receiving federal funding through the Prison Industry Enhancement (PIE) Certification Program, the modified workers' compensation coverage program was established to provide coverage for inmates incarcerated at the State Penitentiary who are working in a prison industry program. NDCC Chapter 65-06.2 established specific requirements for the modified workers' compensation coverage program including reinsurance for all excess risks through the Risk Management Division and any claims for workers' compensation benefits which are subject to NDCC section 65-05-01.

In June and July 2010, members of our Loss Control staff conducted a safety audit of the work program at Roughrider Industries. Limited recommendations have been made regarding workplace hazards and accident investigations.

In July 2010, members of Internal Audit completed the performance audit of the modified workers' compensation coverage program. Internal Audit concluded the desired results and effectiveness of the program are being achieved.

Copies of the performance audit and safety audit have been provided for your review.

Throughout the program's history, the program has operated as intended with no significant events. The statute requires WSI to submit a report to legislative council each biennium. Whether future reports are deemed necessary, we would defer that discussion to the committee.

This concludes our report and I would be happy to answer any questions at this time.