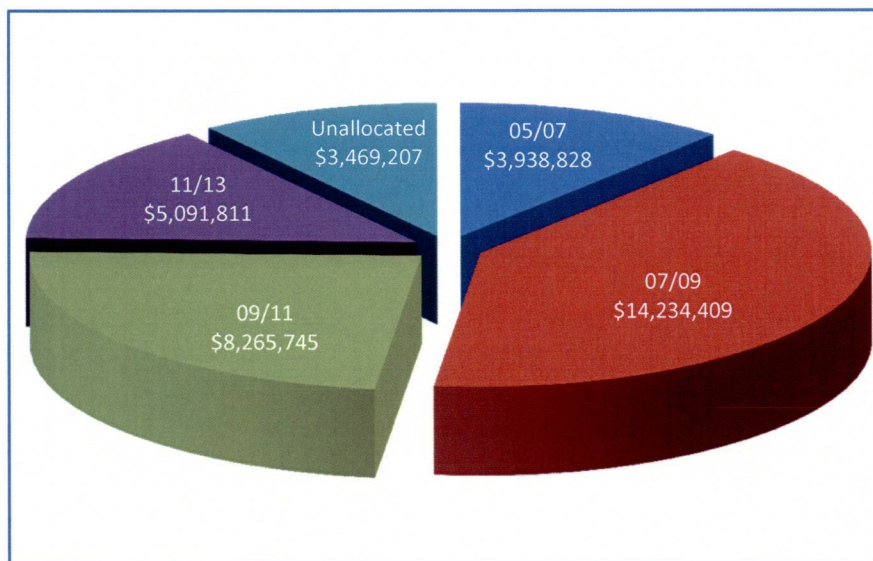


Continuing Appropriation - Safety

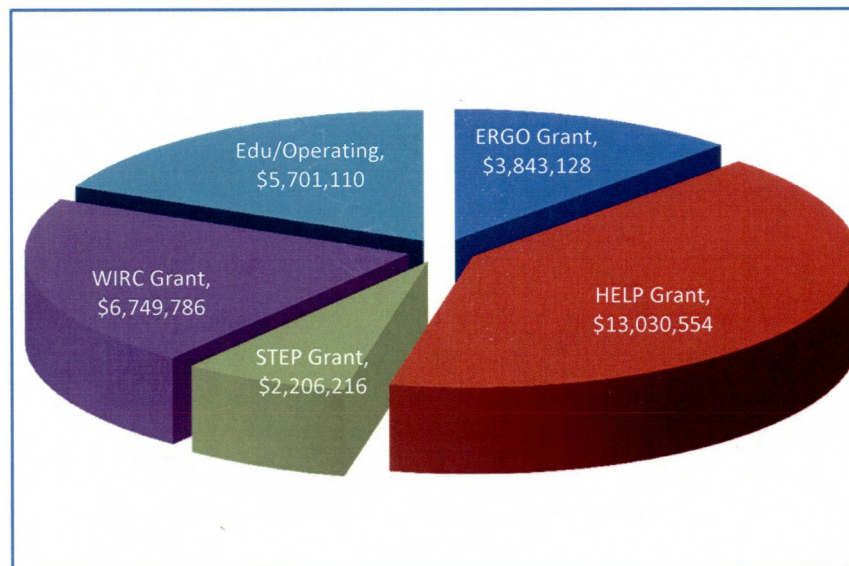
Initiative	05/07 Biennium	07/09 Biennium	09/11 Biennium	11/13 Biennium*	Grand Total
ERGO Grant	-	-	1,607,262	2,235,866	3,843,128
HELP Grant	2,839,957	10,190,597	-	-	13,030,554
STEP Grant	294,188	528,741	999,720	383,568	2,206,216
WIRC Grant	-	2,113,051	4,636,735	-	6,749,786
Education/Operating	804,683	1,402,021	1,022,029	2,472,377	5,701,110
Total	\$3,938,828	\$14,234,409	\$8,265,745	\$5,091,811	\$31,530,793
				Unallocated*	3,469,207
				Total	\$35,000,000

* Estimate based on awards through 4/30/2012

Continuing Safety Appropriation by Biennium



Continuing Safety Appropriation by Initiative



Active Safety Programs

Safety Training and Education Program (STEP I and II)

The purpose of the STEP program is to provide financial assistance to promote safety practices through safety training and education. The program seeks to enlist the resources of North Dakota associations and employee organizations to assist in reducing injuries and accidents. Over \$2 million has been awarded through the STEP program through June 12, 2012.

Effective Date	2007
# of Associations	15
# of Grants	37
\$ of Grants	\$2.2Million

ERGO Grant Initiative and Ergo Grant Program

Approximately 35% of all claims filed can be traced back to poor ergonomics. What typically begins as minor aches or pains, if ignored, has potential to develop into costly claims. This proactive program offers employers resources and financial assistance to help in reducing or eliminating cumulative-type injuries at the workplace.

Effective Date	2009
Ergo Assessments Completed	745
Ergo Grant	
# of Grants	490
\$ of Grants	\$3.8Million

Learning Management System (LMS)

The LMS Solution allows WSI to deliver a value proposition that states "we can deliver safety training that can reach our customers whenever they want it, wherever they live". Our goal is to provide a high-tech/low touch approach to safety training. This service is unique because it is available to WSI customers 24 hours a day, 7 days a week, 365 days a year.

# of Titles	315
# of Employers	201
# of Uploaded Users	18,410
# Active Users	9,545
# Courses Completed	178,709



**North Dakota
Workforce Safety
& Insurance**
Putting Safety to Work

Internal Audit Report

of the

Modified Workers' Compensation Coverage Program

Report Date: July 20, 2012

Report No. 2013-02

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July 20, 2012

Members of the North Dakota Interim Workers' Compensation Review Committee

Members of Workforce Safety and Insurance Board of Directors

Mr. Bryan Klipfel, Director, Workforce Safety & Insurance

Transmitted herewith is the performance review of the modified workers' compensation coverage program and safety inspections of the Roughrider Industries work programs. This report contains the results of our review for the fiscal years 2011 and 2012. The performance review contains a review of Roughrider Industries' evidence of excess or reinsurance coverage, any claims for benefits, and minimum premium and allocated loss adjustment expenses.

This review was conducted as mandated in North Dakota Century Code Chapter 65-06.2. Included in the report are the review objectives, findings, and conclusions.

Sincerely,

Micole Kvas
Internal Audit Director
Workforce Safety & Insurance
1600 East Century Avenue, Suite 1
Bismarck, ND 58506

INTRODUCTION

Purpose of the Review

North Dakota Century Code (NDCC) section 65-06.2-09, requires Workforce Safety & Insurance (WSI) to perform a biennial safety review of the Roughrider Industries work programs covered under NDCC chapter 65-06.2 "Inmates of Penal Institutions" and a biennial performance review of the program of modified workers' compensation coverage. If WSI makes any recommendation for a change in either program as a result of the review, WSI shall submit a report with the recommendation to the legislative council no later than thirty days before the commencement of each regular session of the legislative assembly.

The performance review of the program for modified workers' compensation coverage was conducted by WSI's Internal Audit department while the safety inspections of Roughrider Industries' Prison Industry Enhancement (PIE) Certification work programs were conducted by WSI Safety Consultants.

Background Information

To allow Roughrider Industries to continue receiving federal funding through the PIE Certification Program, the modified workers' compensation coverage program was established to provide coverage for inmates incarcerated in the State Penitentiary system who are working in a prison industry program.

In accordance with NDCC section 65-06.2, WSI, in cooperation with the Department of Corrections and Rehabilitation (DOCR), adopted administrative rules and fee schedules for the modified workers' compensation coverage program effective May 1, 1998. In March 1999, the DOCR, on behalf of Roughrider Industries, applied for participation in the modified workers' compensation coverage program.

Objectives of the Review

Our overall objective was to evaluate the performance of the modified workers' compensation coverage program as mandated in NDCC section 65-06.2. Specifically,

Objective 1: Verify excess coverage or reinsurance has been obtained.

Objective 2: Identify any claims filed for workers compensation benefits.

Objective 3: Verify premiums and other costs being collected.

Scope and Methodology

Audit fieldwork was conducted in June and July 2012. The review period for which information was collected and reviewed was from July 1, 2010 through June 30, 2012. Internal Audit performed this review using criteria contained in North Dakota Century Code (NDCC); North Dakota Administrative Code (NDAC); and employer account files maintained within WSI's Policyholder Services and Safety/Loss Control departments. To achieve the review objective, electronic documents from the employer account files were obtained from Policyholder Services and Safety/Loss Control departments. This documentation was evaluated and compared with requirements established by NDCC and NDAC. Specific methodologies are identified in the respective sections of this report.

MODIFIED WORKERS' COMPENSATION COVERAGE PROGRAM

Excess Coverage or Reinsurance

NDCC sections 65-06.2-06 and 65-06.2-07 require Roughrider Industries to secure a means of reinsuring excess costs and expenses to minimize exposure of loss to the state general fund. In addition, Roughrider Industries must secure excess coverage or reinsurance to qualify for the modified workers' compensation coverage program. NDAC section 92-01-04-02 requires the DOCR to provide annual documentation of excess or reinsurance coverage to WSI. Documented verification of excess coverage was provided to WSI on June 21, 2010, and again on July 6, 2011, for the premium periods July 1, 2010 through June 30, 2012.

Claims for Workers Compensation Benefits

All claims for workers' compensation coverage benefits must be filed according to NDCC section 65-05-01. Between the period of July 1, 2010, and June 30, 2012, there were no inmate injury claims filed.

Minimum Premium

NDAC section 92-01-04-03 requires Roughrider Industries be billed an annual amount equal to WSI's minimum premium charge to cover the expense of issuing coverage. WSI billed and Roughrider Industries has paid the minimum annual premium of \$250 for the premium periods of July 1, 2010 through June 30, 2012.

REVIEW RESULTS

No significant deficiencies were identified regarding the intent, effectiveness and legal requirements applicable to this program. It was concluded that the desired results and effectiveness of the program are being achieved.




**SAFETY INSPECTION
REPORT**
EMPLOYER SERVICES /
LOSS CONTROL DIVISION
SFN 10740 (09/2011)

1600 EAST CENTURY AVENUE, SUITE 1
PO BOX 5585
BISMARCK ND 58506-5585
TELEPHONE 1-800-777-5033
Toll Free Fax 1-888-786-8695
TTY (hearing impaired) 1-800-366-6888
Fraud and Safety Hotline 1-800-243-3331
www.WorkforceSafety.com

Company Name Roughrider Industries PIE		Name of Company Representative Melissia Kleven	Telephone Number 701-253-3628
Inspection Location Address James River Correctional Center		Account Number	Inspection Date 6/14/12
Item #	Hazard(s) Identified		
Scope	Roughrider Industries PIE Audit I met with one Correctional Center staff representatives at the Jamestown location regarding the PIE safety audit. They have one inmate employee working part time within the PIE project. The inmate employee has a small work station where he operates his sewing machine and cutting board.		
1	The employee was using chemicals without proper personal protective equipment (PPE). He knew where the Material Safety Data Sheet (MSDS) was located which was right next to the chemical storage cabinet. No training had been provided on reading MSDSs to establish PPE and first aid needed when using these chemicals.		
Recommendation	The employer should evaluate the chemical usage and determine personal protective equipment then train employees on how to read and understand the MSDS on chemicals they handle. Ensure they use the proper PPE listed on the MSDS.		
2	The employee was never trained on how to use the eyewash station if chemicals ever splashed in his eyes.		
Recommendation	Train employees on how the eye wash station works and proper way to flush eyes.		
3	A broken needle creates a flying object hazard.		
Recommendation	Assess the operation for hazards that can be eliminated or minimized with personal protective equipment. Industrial sewing operations usually require safety glasses at a minimum.		
4	The eye wash station was blocked.		
Recommendation	Always keep the eyewash station clear and educate others to help monitor.		

Abatement Procedure(s)

Customer Representative Melissia Kleven	Date	WSI Representative Jeff Mooridian	Date 6/14/12
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Company Name Roughrider Industries- Prison Industries Enhancement Program (PIE)		Name of Company Representative Rick Gardner, Director	Telephone Number 701 328 6161
Inspection Location Address 3303 East Main Avenue Bismarck, ND 58501		Account Number N/A	Inspection Date June 18th, 2012
Item #	Hazard(s) Identified		
1	 <p>Observation:</p> <p>The bench grinder is missing tongue guards and the work rest appears to need adjustment to within 1/8 inch to the grinding wheel.</p> <p>Recommendation:</p> <p>Tag the bench grinder out of services until it is returned to a safe operating condition. Use the checklist of safety standards found at http://www.osha.gov/SLTC/machineguarding/new-grinder-checklist.html to ensure the grinder is in safe operating condition.</p>		

2



Observation:

During the inspection, the crane was being used to move the aluminum coil stock pictured above. Workers involved in the process were not protected from the crushing hazard of the stock by safety footwear.

Recommendation:

When using the overhead crane, workers should be required to wear steel toed footwear.

3



Observation:

Material racking pictured above is not secured to the floor. It appears that it is designed to be secured because there is a hole at the base for a fastener.

Recommendation:

Seek out safe use procedures from the racking manufacture to determine if it can safely free stand. Follow the safe use procedures provided by the manufacturing company.



4

Observation:

Crane inspections should be completed and documented periodically to ensure it is in safe operating condition. Currently, there is no crane inspection policy developed and implemented.

Supplemental safety standard:

OSHA [1910.179\(j\)\(3\)](#)

Periodic inspection. Complete inspections of the crane shall be performed at intervals as generally defined in paragraph (j)(1)(ii)(b) of this section, depending upon its activity, severity of service, and environment, or as specifically indicated below. These inspections shall include the requirements of paragraph (j)(2) of this section and in addition, the following items. Any deficiencies such as listed shall be carefully examined and determination made as to whether they constitute a safety hazard:

Recommendation:

The owner's manual typically contains an inspection guideline and can be a useful resource for developing a policy. Develop a policy for crane inspections and implement the policy.

Employer Roughrider Industries- Prison Industries Enhancement Program (PIE)	Account Number N/A
5	<p>Observation:</p> <p>Industrial Hygiene: Welding Fumes</p> <p>Several welding operations were in progress during the time of the visit. The welding stations were equipped with localized exhaust systems which were adjustable. The system requires the welder to position the hood close to the operation to fully capture welding fumes. During the time of the walk through, the hoods were a significant distance away from the welding arch and therefore were likely not effectively capturing the welding fumes.</p> <p>Supplemental Information can be viewed at: http://www.osha.gov/doc/outreachtraining/htmlfiles/weldhlth.html</p> <p>Recommendation:</p> <p>Enforce the use of the local exhaust systems to ensure the welding fumes are being captured at the source.</p>

Employer Roughrider Industries- Prison Industries Enhancement Program (PIE)	Account Number N/A
6	<p>Observation:</p> <p>Industrial Hygiene: Ultra Violate Radiation from Welding</p> <p>Welding curtains are available in the shop; however bystanders were not protected from harmful UV radiation because the curtains were not always being used properly by the welders.</p> <p>Supplemental Information on hazards created by welding can be viewed at: http://www.osha.gov/doc/outreachtraining/htmlfiles/weldhlth.html</p> <p>Recommendation:</p> <p>Conduct training on the proper procedure and use for welding curtains. Enforce the use of welding curtains.</p>

Employer Roughrider Industries- Prison Industries Enhancement Program (PIE)	Account Number N/A
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7	<p>Positive Observations:</p> <ul style="list-style-type: none"> • When asked, the supervisor indicated a lock out tag out program was developed and utilized for maintenance activities involving machines in the shop which includes a punch press in the license plate manufacturing line. • Employees were using hearing protection in areas of the shop perceived to be "loud." • The paint booth workers used a full face respirator with passive air flow. • MSDS's were maintained and chemical containers were noted to be labeled properly. • Housekeeping was outstanding; walk ways were defined and free of tripping hazards and the floor was free of liquids. • Lighting was adequate for safe passage through the facility. • Compressed Gas Cylinders were properly secured while being stored to prevent an accidental displacement. • Fire extinguishers were noted to be marked, accessible, and inspected. • Fire proof cabinets were within the facility and being used to secure flammable chemicals. • Eye wash stations were installed in strategic locations. • The crane was equipped with fail safe rigging; safety latches were in place on all of the lifting hooks.
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Abatement Procedure(s)

No corrective action or abatement time limit is being set at this time. Information from assessment will be processed and shared with responsible authority (agency) who will review hazard information listed and will develop course of corrective action.

Customer Representative Rick Gardner, Director	Date 6/25/2012	WSI Representative Benjamin Sand, WSI Safety Consultant	Date 6/25/2012
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