

NLPES Fall Training Conference

Montana Legislative Audit Division

Insure Montana Audit Assessment



INSURE MONTANA

- **Assists Small Businesses with the Cost of Health Insurance**
- **Purchasing Pool Program**
 - Offers group health insurance to small businesses
 - Small business pay premiums
 - Insure Montana provides
 - Employer – premium incentive payments
 - Employee – premium assistance payments
- **Tax Credit Program**
 - Offers refundable tax credits

INSURE MONTANA ELIGIBILITY

- **Eligibility Criteria for Both Programs**
 - The business must have 2-9 employees
 - 30 hours or more per week
 - \$75,000 in gross wages per year
 - No delinquent state income tax liability owing

- **Additional Eligibility Criteria**
 - Purchasing Pool Program
 - Health Insurance not currently offered
 - Tax Credit Program
 - Health Insurance currently offered

INSURE MONTANA PARTICIPANTS

■ Insure Montana

- Started in 2005
- Full Capacity July 1, 2007

■ Purchasing Pool Program

- 756 - Participating
- 700 - Waiting List

■ Tax Credit Program

- 692 - Participating
- 50 - Waiting List

AUDIT ASSESSMENT PROCESS

■ Audit Assessment

- Determine if an audit is warranted and feasible
- Assists management
 - Timing of Audit
 - Resources Available

■ Audit Selection Criterion

- Assess Risk in Various Areas
- Based on Auditor's Evaluation
- 12 Selection Criterion

INSURE MONTANA

AUDIT ASSESSMENT CRITERION

- **Statutory, legal, or professional mandates**
 - Statute and Rules
 - Financial-Compliance Audit (2008)

- **Legislative interest**
 - Performance Audit Request

- **Overall agency/program objectives**
 - New Program
 - No mission statement, comprehensive goals, or objectives
 - No performance measures

- **Results of previous audits or other studies**
 - Financial-Compliance Audit (2006)

INSURE MONTANA

AUDIT ASSESSMENT CRITERION

- **Degree of automation/Production of Management Information**
 - No online applications
 - Database
 - Contract
 - Separate Spreadsheets
 - Limited Management Information
 - LAD's Information System's potential audit list

- **Impact of operations on the public**
 - \$4.3 million in incentive and assistance payments to purchasing pool
 - \$4.1 million paid to tax credit participants
 - Directly assisting 1,448 small businesses in Montana
 - RFP for an insurance carrier

INSURE MONTANA

AUDIT ASSESSMENT CRITERION

- **Financial impact on state government**
 - Health and Medicaid Initiatives Account
 - Generated from the taxation of tobacco products
 - \$12.8 million – 2007 biennium
 - \$21.9 million – 2009 biennium

- **Input from public or public interest groups**
 - Board of Directors
 - Choosing Health plans All Together (CHAT)
 - Received consumer input

- **Availability of criteria**
 - Statute and Rules
 - Limited historic data

INSURE MONTANA

AUDIT ASSESSMENT CRITERION

- **Organizational control environment**
 - Turnover
 - Limited Internal and Management Controls
 - Comprehensive Goals and Objectives
 - Performance Measures
 - Performance Appraisals
 - Information Processing Controls
 - Segregation of Duties
 - Assurance of Accurate and Timely Recording of Transactions
 - Access Restrictions to and Accountability for Resources and Records
 - Appropriate Documentation of Transactions
 - Management Information and Analysis

INSURE MONTANA AUDIT ASSESSMENT CRITERION

- **Overall risk of potential fraud and/or illegal acts**
 - Organizational control environment

- **Other factors unique to the agency/program**
 - Receiving assistance through Insure Montana
 - Medicaid
 - Children's Health Insurance Program (CHIP)
 - Higher insurance costs/premiums

AUDIT ASSESSMENT DECISION

- **Reasons exist that warranted an audit**
 - Legislative interest
 - Limited guidelines to direct/monitor agency activities
 - Limited management/internal controls
 - Financial impact on state government

- **Reasons not to conduct an audit**
 - Program relatively new
 - Program manager hired December 2007
 - Financial-Compliance 2008 audit
 - Addresses internal controls
 - Limited criteria

- **Audit Assessment Decision**
 - Complete audit in one to two years

Contact Information

■ Montana Legislative Audit Division

- <http://leg.mt.gov/css/audit/default.asp>
- Diedra Murray – Senior Performance Auditor
- Phone: (406) 444-3122
- Email: diedramurray@mt.gov

■ Insure Montana Program

- <http://sao.mt.gov/InsureMontana/index.asp>
- Jill Sark – Program Manager
- Phone – (406) 444-2040
- Email: jsark@mt.gov

NLPES Fall Training Conference

Montana Legislative Audit Division

Insure Montana Audit Assessment



MONTANA