
Department of Labor and Industries (L&I)

Agency: 235

Audit Report: 1000740

Finding Number: 001

Finding: The Department of Labor and Industries' Pension Payment System's internal controls are inadequate to ensure public resources are safeguarded.

Resolution: Automation of Pension Benefits: The Department has taken steps to automate the manual calculation of the pension benefits and implemented the following system and procedural changes to address this finding:

- Phase 1, implemented January 2008, automated the process for calculating the permanent reduction factor of the monthly benefit for pensioners that receive pension advances or had received a previously paid permanent partial disability award.
- Phase 2, implemented December 2008, automated the process for calculating the monthly pension entitlement amounts for new pensioners.
- Phase 3 involves automating the calculation of the monthly benefits for a pension recipient who is also entitled to social security disability or retirement payments. In accordance with state law, the Department is entitled to adjust the recipient's monthly benefit amount when they are simultaneously entitled to these federal benefits. This phase is divided into two stages. The first stage, implemented in March 2009, calculates the entitlements for recipients receiving social security benefits for the first time. Stage 2 is currently being programmed and tested. It will calculate the entitlements for future offsets and tracks recipients going in and out of offset. Implementation is scheduled for December 2009.
- Phase 4 will involve creating a new computer screen linking all the prior phases together. New incoming pension claims will be processed through this screen to start the monthly benefit process. Phase 4 is planned to be completed in June 2010.

One-Time Pension Payments: In response to this finding, the Department restructured job duties within the pension unit and created a new position to review all one-time pension payments. Once the automation of the manual calculation of pension benefits is completed, the Department will conduct an analysis to determine the programming needs and costs to automate the one-time pension payments.

System Security: Due to the complexity of the mainframe security issues identified, the Department submitted a series of service requests to have three Information Services core teams assigned to evaluate and resolve the issues. The cleanup project for security issues was restructured in July 2009. To date, security issues have been resolved in approximately 25% of the Department's business areas. The cleanup effort is scheduled to be completed by June 2011.

Agency Contact: Cheri Ward
Department of Labor and Industries
PO Box 44208
Olympia WA 98504-4208
(360) 902-9160
cwar235@lni.wa.gov