Audit Report

Workers' Compensation Commission

March 2009

OFFICE OF LEGISLATIVE AUDITS
DEPARTMENT OF LEGISLATIVE SERVICES
MARYLAND GENERAL ASSEMBLY

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DEPARTMENT OF LEGISLATIVE SERVICES
OFFICE OF LEGISLATIVE AUDITS
MARYLAND GENERAL ASSEMBLY

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Executive Director

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Legislative Auditor

March 26, 2009

Delegate Steven J. DeBoy, Sr., Co-Chair, Joint Audit Committee
Senator Verna L. Jones, Co-Chair, Joint Audit Committee
Members of Joint Audit Committee
Annapolis, Maryland

Ladies and Gentlemen:

We have audited the Workers' Compensation Commission (WCC) for the period beginning July 1, 2005 and ending March 11, 2008. WCC adjudicates claims for compensation arising under the Workers' Compensation Law. Its expenditures are recovered from assessments to insurance companies and self-insured employers.

Our audit disclosed that WCC had not established procedures to monitor the sufficiency of securities pledged by self-insured employers to cover workers' compensation claims, and did not verify the accuracy of payroll data used to calculate annual assessments to insurance companies and self-insured employers.

We also noted that WCC did not properly calculate its assessment billings to insurers and self-insured employers and, as a result, the balance in the Workers' Compensation Fund exceeded the balance allowed by State law by more than $2 million. Furthermore, we identified internal control weaknesses and recordkeeping deficiencies in the areas of assessment receipts, accounts receivable, and equipment.

WCC's response to this audit is included as an appendix to this report. We wish to acknowledge the cooperation extended to us during the course of this audit by WCC.

Respectfully submitted,

Bruce A. Myers, CPA
Legislative Auditor

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* **Denotes item repeated in full or part from preceding audit report**

Background Information

Agency Responsibilities

The Workers' Compensation Commission (WCC) administers Title 9 of the Labor and Employment Article of the Annotated Code of Maryland, also known as the Workers' Compensation Law. WCC receives reports of accidents, conducts hearings of contested cases, and adjudicates claims for compensation arising under the law. In accordance with the law, all of WCC's expenditures are recovered from assessments billed to insurance companies that issue workers' compensation insurance policies, including the Injured Workers' Insurance Fund, and to companies that self-insure for workers' compensation coverage. According to the State's records, WCC's total expenditures were approximately $13.3 million during fiscal year 2008.

Verification of Insurance Coverage

In our preceding two audit reports, we noted that WCC's legal responsibility to identify employers who had not obtained workers' compensation insurance was unclear. The WCC and its Assistant Attorney General concluded that WCC was not responsible for ensuring that employers maintained the required insurance coverage. The Joint Audit Committee referred this matter to the Maryland General Assembly Workers' Compensation Benefit and Insurance Oversight Committee for consideration. In response to inquiries from the Oversight Committee, the WCC formed a task force consisting of officials from WCC and other state agencies (such as the Department of Labor, Licensing and Regulation and the Uninsured Employer's Fund) to study employer compliance with workers' compensation requirements.

On November 12, 2008, the task force issued its report to the Oversight Committee. The report included a reference to a draft legislative proposal that would provide WCC with additional authority to verify that employers have obtained workers' compensation insurance. In addition, the task force recommended interagency cooperation between WCC and the Department of Labor, Licensing and Regulation, including the Maryland Occupational Safety and Health Program, for the purpose of identifying employers who have not complied with workers' compensation insurance requirements. As of January 12, 2009, no formal action had been taken on the recommendations of the task force.

Status of Findings From Preceding Audit Report

Our audit included a review to determine the status of the seven findings included in our preceding audit report dated March 27, 2006. We determined that WCC satisfactorily addressed five of these findings. The remaining two findings are repeated in this report.

Findings and Recommendations

Self-Insured Employers

Finding 1
Adequate procedures had not been established by WCC to monitor the sufficiency of securities pledged by self-insured employers.

Analysis
WCC had not established adequate procedures to monitor the sufficiency of securities pledged by self-insured employers. Specifically, we noted the following conditions:

- WCC did not verify the accuracy of certain financial data (such as actual workers' compensation claim payment data) that are reported annually by self-insured employers. WCC used these data to determine the sufficiency of securities pledged by employers to cover workers' compensation claims. To ensure the accuracy of reported financial data and to assess the adequacy of collateral pledged, State law authorizes WCC to obtain actuarial studies and financial audits of self-insured employers. However, WCC had not established a policy specifying their required frequency. During the audit period, no actuarial studies were received, and audits were obtained for only 8 of 115 self-insured employers. Furthermore, WCC collects $1,500 annually from each self-insured employer to fund these actuarial studies and audits, as allowed by law. A similar condition was commented upon in our preceding audit report.

- WCC did not periodically verify the validity of letters of credit pledged by self-insured employers. Specifically, our review disclosed that letters of credit had been in place for many years and no verifications of their continued existence had been obtained by WCC. Consequently, the risk increases that security deposits maintained by WCC for anticipated injured workers' claims may not be sufficient or valid. While the related banks should notify WCC if the letters of credit are revoked, we do not believe WCC should rely on this notification. Furthermore, periodically verifying the validity of the letters of credit could be accomplished with minimal effort. The amount of security deposits pledged and held by WCC as of January 30, 2009 totaled $212,940,000 including $29,250,000 in letters of credit.

- WCC did not always take appropriate action to address findings from the aforementioned eight audits. For example, an audit of a third party administrator that processed claims for 7 self-insurers disclosed that, in 16 of 23 long-term disability claims cases tested, the employers did not take timely action to establish reserves for these long-term disability claims. The audit firm estimated that reserves totaling approximately $597,000 were not established timely for these cases. However, WCC did not take any action to address this deficiency with these self-insured employers.

Recommendation 1
We recommend that WCC

a. **establish a policy specifying the required frequency of the audits and actuarial studies of self-insured employers (repeat),**
b. **obtain audits and actuarial studies in accordance with its new policy,**
c. **review the results of the audits and actuarial studies obtained to ensure the accuracy of the financial data reported by self-insured employers and the adequacy of the collateral pledged (repeat),**
d. **periodically verify that letters of credit provided by self-insured employers are valid, and**
e. **take appropriate follow-up actions based on audit findings.**

Insurance Company Assessments

Finding 2
WCC did not verify the accuracy of reported employer payroll data used to calculate assessments to insurance companies and self-insured employers.

Analysis
WCC did not verify the accuracy of payroll data reported by insurance companies and self-insured employers that was used by WCC to determine annual assessments. For fiscal year 2008, these assessments totaled approximately $20.7 million according to the State's records. A similar condition was commented upon in our preceding two audit reports.

The payroll data, which must be reported annually by these entities, is compiled by WCC to develop a single assessment rate. State law provides that WCC's operating expenses, as well as the costs of administering the Department of Labor, Licensing and Regulation's Occupational Safety and Health Program, are to be recovered through the annual assessments of entities that provide workers' compensation insurance in the state, including insurance companies and companies that self-insure for workers' compensation coverage. This law further provides that the WCC may examine the records of reporting entities as deemed reasonable and necessary to carry out the law.

In response to the preceding audit report, WCC attempted to compare the payroll data submitted to WCC by insurance companies to the payroll data submitted to the Department of Labor, Licensing and Regulation for unemployment insurance purposes. However, WCC noted differences between the two payroll amounts and discontinued this process. At a minimum, WCC should have contacted employers and insurance companies with significant differences and attempted to resolve them.

Although all applicable costs of WCC and the DLLR Program are recovered through the assessment process regardless of the accuracy of the payroll totals reported, the failure on the part of one entity to accurately report insured payroll creates inaccuracies in assessments billed to all entities.

Recommendation 2
We again recommend that WCC periodically verify, at least on a test basis, that the reported insured payroll data are accurate.

Finding 3
Adequate controls were not established over the processing of insurance company assessments.

Analysis
WCC had not established adequate controls over the processing of maintenance assessments, including the related accounts receivable records. Our review disclosed the following conditions:

- The two employees who initially received assessment payments also had the capability to record assessment payments and adjustments in the accounts receivable records because each employee served as the "back-up" for the other's duties.

- Non-cash adjustments were not properly reviewed and approved. Although an employee independent of the accounts receivable process approved non-cash adjustments, the employee did not review supporting documentation to ensure that the adjustments were appropriate. Specifically, our test of 15 non-cash credit adjustments totaling approximately $2.6 million, disclosed that 6 adjustments totaling approximately $860,000 did not have adequate documentation on file to support their propriety. WCC subsequently provided documentation to substantiate the propriety of 4 of these adjustments. However, after research, WCC subsequently reversed 2 of the adjustments totaling $3,000, which were determined to have been made in error. Non-cash adjustments processed by WCC during fiscal year 2008 totaled approximately $9.6 million according to WCC's records.

- Employee access to the systems used to process assessments was not adequately restricted. For example, a database used to calculate employer assessments was not password protected and six employees had unrestricted and unnecessary access to the database.

The lack of controls over the assessment process increases the risk of misappropriation. During fiscal year 2008, assessment collections received by WCC totaled approximately $20.7 million.

Recommendation 3
We recommend

a. that employees who maintain the accounts receivable records not have access to the related collections,
b. that employees review adequate supporting documentation before approving non-cash adjustments,
c. that WCC restrict access to critical data to only those employees whose job responsibilities require such capabilities, and
d. that WCC establish passwords for access to critical files.

We advised WCC how to accomplish the necessary segregation of duties using existing personnel.

Worker's Compensation Fund

Finding 4
WCC fiscal year 2008 assessment billings were not properly calculated and, as a result, the balance of the Workers' Compensation Fund exceeded the balance allowed by State law.

Analysis
WCC did not properly calculate its fiscal year 2008 assessment billings to insurance companies and self-insured employers. State law provides that amounts received for insurance company and self-insured employer assessments are to be deposited to the Workers' Compensation Fund and used to pay WCC's operating costs, as well as the costs of administering the Department of Labor, Licensing and Regulation's Occupational Safety and Health Program. The law further provides that amounts received by WCC in excess of its appropriation during any

given fiscal year, plus an additional one percent for unanticipated expenditures, are to be used to reduce the assessment fee imposed for the following fiscal year.

During fiscal year 2007, the balance of the Fund increased from approximately $770,000 to $2.7 million. We determined, and WCC agreed, that the fiscal year 2008 assessments should have been adjusted to result in a reduction of the fund balance to approximately $250,000. In calculating its fiscal year assessments, WCC made an adjustment for its excess fund balance, but the adjustment was not sufficient. Accordingly, the fund balance did not change significantly during fiscal year 2008 and was $2.7 million as of June 30, 2008.

Recommendation 4
We recommend that WCC adjust insurance assessments so that the Workers' Compensation Fund balance is maintained in accordance with State law.

Equipment

Finding 5
WCC had not conducted a physical inventory of its sensitive equipment.

Analysis
WCC did not conduct a physical inventory of its sensitive equipment as required. According to WCC's records, as of June 30, 2008, the book value of its sensitive equipment totaled approximately $1.6 million. Specifically, we noted that WCC has not conducted a physical inventory of its sensitive equipment since March 24, 2005.

The Department of General Services' *Inventory Control Manual* requires that physical inventories be conducted at least once each year for sensitive equipment items.

Recommendation 5
We recommend that the WCC inventory its sensitive equipment items as required by the Department of General Services' *Inventory Control Manual*.

Audit Scope, Objectives, and Methodology

We have audited the Workers' Compensation Commission (WCC) for the period beginning July 1, 2005 and ending March 11, 2008. The audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

As prescribed by State Government Article, Section 2-1221 of the Annotated Code of Maryland, the objectives of this audit were to examine WCC's financial transactions, records and internal control, and to evaluate its compliance with applicable State laws, rules, and regulations. We also determined the status of the findings included in our preceding audit report.

In planning and conducting our audit, we focused on the major financial-related areas of operations based on assessments of materiality and risk. Our audit procedures included inquiries of appropriate personnel, inspections of documents and records, and observations of WCC's operations. We also tested transactions and performed other auditing procedures that we considered necessary to achieve our objectives. Data provided in this report for background or informational purposes were deemed reasonable, but were not independently verified.

WCC's management is responsible for establishing and maintaining effective internal control. Internal control is a process designed to provide reasonable assurance that objectives pertaining to the reliability of financial records, effectiveness and efficiency of operations including safeguarding of assets, and compliance with applicable laws, rules, and regulations are achieved.

Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected. Also, projections of any evaluation of internal control to future periods are subject to the risk that conditions may change or compliance with policies and procedures may deteriorate.

Our reports are designed to assist the Maryland General Assembly in exercising its legislative oversight function and to provide constructive recommendations for improving State operations. As a result, our reports generally do not address activities we reviewed that are functioning properly.

This report includes findings relating to conditions that we consider to be significant deficiencies in the design or operation of internal control that could adversely affect WCC's ability to maintain reliable financial records, operate effectively and efficiently, and/or comply with applicable laws, rules, and regulations. Our report also includes findings regarding significant instances of noncompliance with applicable laws, rules, or regulations. Other less significant findings were communicated to WCC that did not warrant inclusion in this report.

WCC's response to our findings and recommendations is included as an appendix to this report. As prescribed in the State Government Article, Section 2-1224 of the Annotated Code of Maryland, we will advise WCC regarding the results of our review of its response.

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DIRECTOR OF ADMINISTRATION

March 18, 2009

Mr. Bruce A. Myers, CPA
Office of Legislative Audits
301 W. Preston Street
Room 1202
Baltimore, MD 21201

Dear Mr. Myers:

The Workers' Compensation Commission (WCC) appreciates the opportunity to provide responses to the Draft Audit Report for the period July 1, 2005 to March 11, 2008. The WCC's responses are presented in the attachment in the same sequence as the findings identified in the Draft Audit Report. A brief description of each audit finding is listed immediately before our response in order to facilitate your review of this information.

Please do not hesitate to contact Dave Jones if you or your staff should have any questions or concerns regarding the WCC's proposed strategy for addressing these issues. Dave's telephone number is (410) 864-5255.

Sincerely,

R. Karl Aumann
Chairman

Attachment

cc: Mary K. Ahearn, Executive Director
David E. Jones, Chief Financial Officer

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Finding 1
Adequate Procedures Had Not Been Established to Monitor the Sufficiency of Securities Pledged by Employers

Agency Response
WCC did not verify the accuracy of certain financial data (such as actual workers' compensation claim payment data) that are reported annually by self-insured employers.

The Commission has procured, through a Master Contract, vendors to complete audits and actuarial studies as provided for in State law. The Commission is currently working on the first Task Order Request for Proposals (TORFP) that will be issued under this Master Contract. These audits will be used to verify the information that is reported to the Commission by self-insured employers via the A-01. It is anticipated that each self-insured employer/Third Party Administrator (TPA) will be audited once every five years based on the current number of self-insured employers. It would be premature to establish a frequency for these audits and actuarial studies before we obtain an understanding of the time table required to complete these functions. The Commission would like to clarify that these audits and actuarial studies are distinct from the regulatory requirement that self-insured employers submit independent actuarial studies to the Commission every three years. It is anticipated that the Master Contract will also be used to test the reasonableness of the submitted actuarial valuations.

WCC did not always take appropriate action to address findings from the aforementioned eight audits.

A finding of under-reserving does not, in and of itself, require an increase in security because reserves are not the only factor used in determining a self-insured employer's security requirement. The factor most commonly used is incurred losses.

WCC did not periodically verify the validity of letters of credit pledged by self-insured employers.

The Commission reviews the sufficiency of security on an annual basis. The Commission uses data provided on the Annual Information Report (A-01) to calculate the required security for each self-insured employer. Action is taken to increase the security if the information provided warrants an increase. Security deposits were increased for 11% of self-insured employers based on reporting from the 2007 A-01 data. The auditors did not indicate any self-insured employer for which they deemed the security to be insufficient.

Under Labor and Employment Article § 9-408(c), the Commission may accept as security letters of credit that are irrevocable for a specified term and subject to automatic renewal. Thus, the letters of credit accepted by the Commission do not expire – they are "evergreen." An "evergreen" letter of credit is renewed automatically each year unless written notice of nonrenewal is provided to the Commission (beneficiary) at least 60 days before the date of expiration. The language referenced in the letter of credit -- "[i]t is a condition of this Letter of Credit that it be deemed automatically extended without amendment for one year from the expiration date hereof, or any future expiration date" -- represents a standard "evergreen" clause. *See Molter Corp. v. Amwest Surety Ins. Co.*, 267 Ill.App.3d 718, 719 (1994) (evergreen clause automatically renews letter of credit unless issuer notifies beneficiary of its election not to renew prior to expiration). The audit team could not verify that any letter of credit held by the Commission was insufficient or invalid. Efforts expended to prove a fact that is known to be true are an inefficient use of resources.[1]

Recommendation 1

a. The Commission will establish a policy regarding the timing of audits and actuarial studies.

b. The Commission will obtain audits and actuarial studies in accordance with its policy.

c. & e. The Commission will review the results of and take appropriate action to follow up on the findings received from the audits and actuarial studies of self-insured employers.

d. The Commission will not take any action with regard to the Letters of Credit.

Finding 2
Payroll Data Used for Assessments Was Not Verified

Agency Response

In the three-year period since the last audit, the Commission spent hundreds of staff hours designing, implementing, and testing two separate methods for verifying the reasonableness of payroll data submitted by insurers.

The first approach assumed that there was a reasonable correlation between the insured payroll submitted by insurers and the premium dollars reported to the Maryland Insurance Administration. Initially, the Commission believed a relationship between reported payroll and reported premiums could be extrapolated from this data, *e.g.*, for every payroll dollar an insurer receives $0.25 in premiums, and based on that relationship the reported payroll could be validated. After spending considerable time trying to identify any correlation in this data, the Commission concluded that no cognizable relationship exists between reported payroll dollars and premium dollars.

The second approach compared the payroll data submitted by insurers to payroll amounts submitted by employers to the Department of Labor, Licensing, and Regulation (Unemployment Insurance Division). Unfortunately, this approach likewise failed to produce meaningful results -- the payroll dollars submitted to DLLR cover a different time period than the payroll dollars reported to the Commission. For example, the payroll dollars reported to DLLR are reported on a calendar year or quarterly basis. The payroll dollars reported to the Commission are reported based on policy year, which varies from employer to employer and insurance company to

[1] **Auditor's Comment**: In its response, WCC stated that "Efforts expended to prove a fact that is known to be true are an inefficient use of resources." It should be noted that, without receiving periodic confirmations from the issuing banks, WCC lacks assurance that the letters of credit are still valid. Since self-insured employers' letters of credit total almost $30 million, it is essential to verify these letters of credit to protect the State. Furthermore, since there are a limited number of banks responsible for the majority of issuances, these verifications can be accomplished with minimal effort.

insurance company. It was impossible, therefore, to validate the payroll dollars reported to the Commission on a policy-year basis by comparing them to different payroll dollars reported to the DLLR on a quarterly basis.

The objective of both analyses was to determine if the payroll data submitted by insurers was materially over or under stated. Even if an insurer understated (either inadvertently or intentionally) their FY 2008 payroll by $5,000,000, the insurer would realize a reduction of only $1,045.62 in its maintenance assessment invoice.

Recommendation 2
Beginning with the payroll data reported to the WCC for the July 1, 2008-June 30, 2009 period, the WCC will perform the following procedures to verify that the reported insured payroll data is accurate:

- Identify the 20 insurance companies with the largest reported payroll dollars reported to the WCC for the fiscal year being tested.
- Select two insurances companies from that list and obtain a detailed listing of the employers and payroll dollars from each insurance company.
- Select ten payroll records from both lists (total of 20 records).
- Verify that the amounts reported are accurate within a reasonable threshold by comparing the reported payroll to the amount the employer reported to the Department of Labor, Licensing, and Regulation (Unemployment Insurance Division).
- Obtain an explanation of any significant differences from the insurance company and/or employer.

This procedure will then be evaluated to determine its efficacy.

Finding 3
Internal Controls Over Assessments Were Inadequate

Agency Response
Two employees who initially received assessment payments also had the capability to record assessment payments and adjustments in the accounts receivable records

Because of the limited staff resources in the accounting division, the person responsible for making the bank deposit is the back up for the person responsible for making adjustments to the accounts receivable records and vice-versa. Although there are other controls in place to prevent misappropriation of cash receipts and accounts receivable, such as an independent recordation of all checks received by someone other than these two individuals, the Commission understands the importance of segregating these functions. The Commission has reassigned the back up functions of these two individuals so that the appropriate segregation of duties is maintained.

Non-cash adjustments were not properly reviewed and approved.

Non-cash credit adjustments are reviewed by someone other than the person preparing the adjustment. The Commission acknowledges that through an apparent oversight two adjustments (totaling $3,000) were approved without appropriate review of the supporting documentation. Upon subsequent review of the supporting documentation, it was determined that the adjustments did not need to be made and were reversed.

A third adjustment was made for $198,637.80. This adjustment was a routine part of the required processing of the second billing for the bi-annual maintenance assessment. The first billing is an estimated billing based on the prior year's payroll figures and constitutes half of the estimated assessment for the year. The second billing is based on actual payroll figures and constitutes the actual assessment for the whole year. When the second billing occurs, the accounts receivable from the first billing are reversed (credited) and the full amount of the second billing is charged (debited) to the accounts receivable. This $198,637.80 adjustment was one of many routine adjustments made as part of the second billing and represents the amount of one insurance company's invoice for the first maintenance assessment billing. The Commission acknowledges that supporting documentation was not reviewed at the time the adjustment was made. However, supporting documentation was subsequently reviewed for this adjustment and it was determined that the adjustment was necessary and accurate. Going forward a copy of the supporting documentation will be reviewed by the individual approving the adjustment and will be attached to the journal entry as evidence of its review.

A fourth adjustment was made for $653,994.27 for the refund of a payment for the maintenance assessment from the first billing in FY08. A significant decrease in actual payroll reported by this insurance company caused their second billing to result in a refund to the company. The Commission acknowledges that supporting documentation was not reviewed at the time the adjustment was made. However, supporting documentation was subsequently reviewed for this adjustment and it was determined that the adjustment was necessary and accurate. Going forward a copy of the supporting documentation will be reviewed by the individual approving the adjustment and will be attached to the journal entry as evidence of its review.

The remaining two adjustments totaling $1,750 were minor in nature and related to (1) a penalty fee charged to an insurer for failing to file an actuarial report and (2) an application fee for subsidiaries of a self-insured employer. In order to post the payment for the fee, an accounts receivable needed to be established for these amounts. The Commission acknowledges that supporting documentation was not reviewed at the time the adjustments were made. However, supporting documentation was subsequently reviewed for these adjustments and it was determined that the adjustments were necessary and accurate. Going forward a copy of the supporting documentation will be reviewed by the individual approving the adjustment and will be attached to the journal entry as evidence of its review.

Employee access to the systems used to process assessments was not adequately restricted.

The Commission acknowledges that six employees in the Fiscal Division had access to the Access database that is used to calculate employer assessments. However, only those employees who need access to the database used it and the other employees did not know they had access to the database or how to use the database. To ensure that control is maintained, access to the database has now been restricted by the use of passwords. Only those employees whose job responsibilities require use of the database now have access to the database.

Recommendation 3

a. The Commission has changed the access to the accounts receivable system so the person making the bank deposit does not have the capability to record assessment payments and make adjustments in the accounts receivable records.

b. Supporting documentation is and will continue to be reviewed before approving all non-cash adjustments.

c. & d. The Commission has restricted access by the use of passwords to the database used to calculate employer assessments to only those employees whose job responsibilities require the access.

Finding 4
WCC fiscal year 2008 assessment billings were not properly calculated and, as a result, the balance of the Workers' Compensation Fund exceeded the balance allowed by State law.

Agency Response

The Commission acknowledges that the balance in the Workers' Compensation Fund was excessive as of June 30, 2008. The maintenance assessment calculation did not account for a refund of the money collected for 1% of unanticipated expenditures, which accounts for the majority of the increase in the Fund balance. The maintenance assessment formula has now been adjusted to account for a refund of the 1% of money collected for unanticipated expenditures.

Recommendation 4

The insurance company assessments were adjusted for the excessive balance as part of the billing that occurred in December 2008 and the Fund balance is now in accordance with State law. The Commission will ensure that going forward the Fund balance is maintained in accordance with State law.

Finding 5
WCC had not conducted a physical inventory of its sensitive equipment.

Agency Response
In accordance with the Department of General Services' *Inventory Control Manual*, the Commission conducted a physical inventory of both sensitive and non-sensitive assets in June, 2008.

Recommendation 5
To ensure proper accountability and control over its equipment, the Commission will conduct a complete physical inventory of its sensitive assets at least once a year and will conduct a complete physical inventory of its non-sensitive assets at least once every three years, in accordance with the *Inventory Control Manual*.

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