



Safe Schools Agenda

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A monthly service provided to help you with your efforts to make your school safe for students, staff and the public

Trends and Controlling Costs of Workers' Compensation

A newly released report from the National Academy of Social Insurance (NASI) finds that nationally, benefits paid to workers and employers' costs rose slightly faster than wages in 1992. The trend is attributed to the economic recession that began in March 2001 and its slow growth in wages as well as rising medical care costs. Nationally, there were also fewer claims for workers' compensation because workplace accidents resulting in lost work days declined from 3.0 to 1.7 per 100 full-time workers.

In New York State, payments increased 5.5%. Medical care payments rose 6% and indemnity payments to workers rose 5.3%. Both payment level increases were less than the national average increase of 7.4 %.

As the costs of medical care continue to increase, members need to heed the results of the latest research by the Hartford Financial Services Group. Their research finds a direct link between quick reporting of on-the-job injuries and cost savings. **The earlier injuries are reported, the lower claims costs are likely to be.** "Even a week's delay can increase claims costs by 10 per cent."

The study found that claims filed a month or more after an injury cost an average of 48% more to settle than those reported the first week. Reporting back sprain and back strain during the first week can save an average of 25% of medical and lost-time costs.

Delays in reporting clearly increase the cost of medical care and wage replacement. Cost-conscious members will be wise to make sure that employees and office staff know the importance of reporting and how to do it.

Reminder: Reporting Accidents

The law requires that every employer report accidents

promptly. Failure to do so within 10 days after the employer learns of the occurrence constitutes a misdemeanor, punishable by a fine of up to \$1,000 and a penalty of up to \$2500.

Accidents must be reported to NYSIF and to the Workers' Compensation Board (WCB) if there is an injury causing:

- Loss of time from regular duties of one day beyond the workday or shift in which the accident occurred, or
- Medical treatment beyond ordinary first aid, or
- More than two first aid treatments.
- In addition, fatal accidents and those which may cause a permanent loss or loss of use of a finger, toe or limb, or a loss of hearing or eyesight, or leave a permanent visible facial, head or neck scar should be reported.

If an accident is not "reportable", the employer may pay for the medical treatment or NYSIF will pay, in which case the employer need not file a C-2. The employer should, however, file an incident report at www.nysif.com. In this case the provider should bill NYSIF directly.

Note that a record of ALL accidents/injuries should be kept on file for 18 years. We recommend that the employee/volunteer fill out an internal injury report to be kept on file, regardless of the incident. This "internal report" should be completed as soon as possible after the incident occurs.

Injury report forms prescribed by the WCB (C-2) should be completed and signed by the employer, not the employee, for reportable injuries. Once the report is completed and signed it should be mailed directly to the nearest NYSIF and WCB offices for processing. The forms should be carefully prepared with all questions answered fully.

Visit our Website at www.nysgroup491.com

Email: info@nysgroup491.com

Program Administrator: Professional Underwriters, 1-800-833-8822



Electronic claim reporting is available statewide to NYSIF policyholders with internet access. Log on to www.nysif.com and click on the "Report an Injury" tab to electronically submit an injury report to NYSIF.

Statements in these reports have been held to be admissions binding on the employer. Therefore, caution must be exercised in reporting doubtful/questionable claims. In such cases, the history of the incident should be prefaced with the phrase, "It is alleged that," or "The employee claims that."

For questions concerning claims, please call Richard Danzig at 800-833-8822 ext. 119.

What is Forensic Auditing?

As a young school business official, I was pretty nervous when our CPA completed his first mandated independent audit of my district's financial records. In reply to my question, "How did we do?" he responded, "pretty well ...for a school district".

Why the qualifier? He didn't see as many internal controls as he was accustomed to seeing in the private sector. I didn't tell him about the bags of coins I had stumbled across in the open bed of the unattended district messenger's pick-up truck.

Recent scandals revealing the misappropriation of very large sums of money from school districts raise the question whether we have learned our lessons about internal controls over the years. How did such large sums of money disappear when the districts were subject to annual independent audits?

The answer is two-fold, according to forensic accountants Howard Fine and Stuart Kertzner: 1. lack of internal controls, and 2. financial statement auditors aren't necessarily trained to be financial detectives. They look at transactions on a sample basis and look for material misstatements to the financial statement. "We look at warning signals and develop specific procedures without regard to materiality."

Fine and Kertzner's firm, Gettry Marcus Stern and Lehrer, CPA, P.C. (GMSL) has seen an increase in requests for forensic accounting from school districts for investigations of possible fraud, and in some cases just because school business officials want to be able to assure their communities that district internal controls are up to snuff.

It is the responsibility of the district, not the auditor, to establish and maintain adequate records and internal controls. GMSL recommends the following:

Top Ten Tips for Preventing Fraud

By Howard Fine, CPA, CVA
Gettry Marcus Stern & Lehrer, CPA, P.C.

1. Have a forensic accountant check your books and records and then develop a system of internal controls. *Future fraud can be detected at an early stage after an internal control system has been implemented.*
2. Segregate financial duties amongst employees. *Don't have just one employee responsible for all steps in a transaction. Spreading responsibility makes collusion among several employees more difficult.*
3. Create a system of independent checks and balances. *Supervise and monitor all employees, and review their work on a regular basis.*
4. Screen new employees prior to hiring them. *Consider performing background checks to determine if the job applicant has a questionable background.*
5. Make employees take vacations. *Be alert to employees who never take time off and do not let other employees perform their duties. They may have something to hide.*
6. Make sure accounting records are kept current and key reconciliations are performed monthly. *Often, if employees are committing fraud, books and records are not up to date.*
7. Set up proper authorization levels. *For instance, checks over a certain dollar limit should require dual signatures.*
8. Review your financial statements regularly. *Look for warning signs like budget variances or unusual disbursements.*
9. Encourage employees to report unusual activities. *By setting up a secure process, other employees are more willing to report fraud.*
10. Observe any unusual lifestyle changes in employees. *Understand the outside pressures that might drive an employee to commit fraud.*