

Audit Highlights



Highlights of performance audit report on the Office of the Nevada Attorney for Injured Workers issued on January 14, 2021.

Legislative Auditor report # LA22-01.

Background

The Office of the Nevada Attorney for Injured Workers (NAIW) was established in 1977 within the Department of Business and Industry. NAIW represents injured workers in litigation for workers' compensation benefits by providing free legal representation and access to workers' compensation information to help ensure an injured worker has an equal opportunity to a fair judgment.

In the event an injured worker has their workers' compensation claim denied by an insurer or employer, they can appeal the denial to a Hearing Officer of the Department of Administration. If the Hearing Officer upholds the denial, the injured worker can further appeal to an Appeals Officer and request representation from NAIW. The Appeals Officer will appoint the case to NAIW who can represent the worker in front of an Appeals Officer, District Court Judge, or Supreme Court Judge.

For fiscal year 2020, NAIW had 32 authorized full-time positions with office locations in Carson City and Las Vegas.

Purpose of Audit

The purpose of this audit was to determine whether NAIW had adequate controls over information systems, performance measures, sensitive information, and case management timeliness. The scope of the audit focused on NAIW's activities for the 18-month period, July 2018 to December 2019.

Audit Recommendations

This audit report contains seven recommendations to improve administrative controls over information systems, performance measures, and safeguarding of sensitive information.

NAIW accepted the seven recommendations.

Recommendation Status

NAIW's 60-day plan for corrective action is due on April 9, 2021. In addition, the 6-month report on the status of audit recommendations is due on October 9, 2021.

Office of the Nevada Attorney for Injured Workers

Department of Business and Industry

Summary

The Office of the Nevada Attorney for Injured Workers (NAIW) can improve its oversight of certain activities. Specifically, information systems administration needs additional monitoring to ensure the continuation of critical services. Additionally, NAIW reported unreliable performance measures to decision makers and could improve by emphasizing outcome based performance measures. Finally, the security of personally identifiable information was not adequate.

Case management administration was adequate in ensuring the timeliness of cases although NAIW experienced delays in receiving crucial evidence and information from third parties. Specifically, case processes were generally timely including NAIW sending and requesting necessary documents in a prompt manner. However, the need for evidence from third parties delayed some hearings. Injured workers can experience financial and mental stress while fighting for workers' compensation benefits so timely resolution of cases is important.

Key Findings

Controls over information systems administration were deficient. Specifically:

- NAIW was not timely in renewing its service level agreement for information technology (IT) services which resulted in NAIW having no guarantee that their data was being properly backed up. The most recent agreement with NAIW's IT vendor expired in June 2019 and had not been renewed until April 2020. (page 4)
- User accounts that provide access to critical systems have not been periodically reviewed, which increases the risk of unauthorized access to sensitive data. In addition, unnecessary user accounts were not always disabled or removed in a timely manner. (page 5)
- Continuation of critical services was not ensured. Specifically, NAIW does not verify the adequacy of server backups and has not requested backup testing results from their IT vendor in the past. In addition, NAIW does not have a written IT contingency plan. Furthermore, background checks were not conducted on NAIW's IT service vendor's employees which helps lower the risk of harm or disruption to a system. (page 6)
- NAIW was not aware of its responsibility to ensure the IT vendor's employees completed required annual security awareness training. Without completing such training, NAIW has less assurance that data and systems are adequately protected. (page 7)

The accuracy of performance measures reported in the Governor's Executive Budget could not be substantiated. NAIW did not retain appropriate supporting documentation on four fiscal year 2018 measures. Our review of supporting documentation regarding the remaining four measures found: supporting documents did not show how NAIW calculated three of the measures; supporting documents did not always agree to amounts reported; there was no evidence of review by management for any measure tested; and extensive manual work was required by staff to calculate two reported measures. Additionally, NAIW does not have comprehensive policies or procedures for performance measures. (page 7)

Measures used in the State's budgeting process can be revised to incorporate outcome based performance measures. The fiscal year 2018 measures NAIW reported provide workload and timeliness statistics. Outcome based measures were not emphasized but are recommended as they better demonstrate an agency's impact on citizens of Nevada. (page 9)

NAIW does not adequately secure personally identifiable information during nonbusiness hours. Individuals who are authorized to enter NAIW's offices, such as the non-state employed janitorial crews, have access to clients' personal information including Social Security numbers and medical records in unsecured file cabinets. (page 10)

NAIW was timely in sending and requesting necessary case management documents. These documents include welcome packages to commence work on a case, claim files that contain facts of each case prior to NAIW's appointment, and case closure letters which notify clients of their right to appeal further to the District Court. (page 13)

The need for evidence and information from third-party sources delayed some cases. NAIW does not have control over the timeliness of receiving claim files, medical records, doctors' opinions, and independent medical evaluations. We found that waiting for this evidence and information contributed to delayed hearings. (page 14)