



March 26, 1996

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**TO: BOARD OF DIRECTORS**

**FROM: RONNY GOLDSMITH** *(RSK)*

**SUBJECT: STATUS REPORT ON ERNST & YOUNG  
RECOMMENDATIONS ON THE RISK  
MANAGEMENT-CONSTRUCTION PROGRAM**

This status report provides information on the Ernst & Young recommendations in response to a board request at the September 1995 Finance & Budget Committee meeting.

<u>Request #</u>	<u>Request</u>
95-104	Staff to provide status on subsequent phases of the Ernst & Young report on the Owner Controlled Insurance Program.

Please contact me on extension 27417 if you have any questions about the information.

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## ERNST AND YOUNG STATUS REPORT ON RECOMMENDATIONS AS OF 3/1/96

RECOMMENDATION	START DATE	ESTIMATE COMPLETION	STATUS/FOLLOW UP	ASSIGNED TO
#1 Develop Contract Configuration for RFP	9/18/95	COMPLETED	COMPLETED	V. Mendez
#2 Review PPLIP	9/18/95	Pending contract award	Broker will review alternatives under the Master Broker Contract.	V. Mendez
#3 Payment for Float Income (\$304,267) from MTIA	9/18/95	COMPLETED	Completed. Macias & Co. concluded MTIA has fully paid MTA for period in question.	B. Romine
#4 Direct Payment to Carriers for Premiums	9/18/95	COMPLETED	Completed. Direct payment procedure developed.	B. Romine
#5 Request Payment of \$607,336 from MTG for SCRRA	9/18/95	COMPLETED	Completed. Received check on 9/22/95.	V. Mendez
#6 Accounting of Commissions Paid (MTIA)	9/18/95	COMPLETED	MTIA provided excess commission analysis on 12/15/95.	V. Mendez
#7 Revise Safety Incentive Program	9/18/95	Pending contract revisions	Coordinating with Construction Management to revise contract documents.	V. Mendez
#8 Issue RFP for all OCIP Brokerage Services.	9/18/95	COMPLETED	RFP issued ✓	V. Mendez
#9 Issue RFP for OCIP Administration Services.	9/25/95	Pending contract award	Broker/Administrator selection process to be complete by 3/29/96.	V. Mendez
#10 Audit & Analysis Flows & Calculations	9/18/95	COMPLETED	Completed. Summary schedule will be completed on 12/11/95.	B. Romine
#11 Review Argonaut Claims Performance	9/18/95	6/30/96	Included in scope of work for new master broker contract. Due 3-28-96.	V. Mendez
#12 Develop Risk Management Audit Schedule	9/18/95	COMPLETED	Scope of audits and schedule completed.	V. Mendez
#13 Payment for Float Income from MTG	9/18/95	3/31/96	MTG responded on 1/16/96. Response given to Internal Audit for review. Review expected by 3/31/96.	V. Mendez

## ERNST AND YOUNG STATUS REPORT ON RECOMMENDATIONS AS OF 3/1/96

RECOMMENDATION	START DATE	ESTIMATE COMPLETION	STATUS/FOLLOW UP	ASSIGNED TO
#14 Contract Amendment (MR025) for float income from MTG	9/18/95	COMPLETED	Completed. Current contract language is sufficient to eliminate float income.	V. Mendez
#15 Request Payment of \$97,524 from MTIA for Premium Overpayment	9/18/95	COMPLETED	MTIA submitted check for \$68,000 on 11/8/95. Difference has been resolved.	V. Mendez
#16 Request Payment of \$17,373 from MTIA for Commissions Paid	9/18/95	COMPLETED	This commission, per the contract conditions, was allowed. MTA is not entitled to payment.	V. Mendez