

LEGISLATIVE AUDIT DIVISION

Angus Maciver, Legislative Auditor
Deborah F. Butler, Legal Counsel



Deputy Legislative Auditors:
Cindy Jorgenson
Joe Murray

December 29, 2017

Senator Fred Thomas
1004 S. Burnt Fork Rd.
Stevensville, MT 59870-6658

Dear Senator Thomas:

You recently asked our office for updated information regarding settlements paid to state employees. Enclosed you will find a memorandum related to your request.

If you would like further assistance, or have questions regarding the information provided, please do not hesitate to contact me at 444-3122.

Sincerely,

Angus Maciver
Legislative Auditor

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Enclosure

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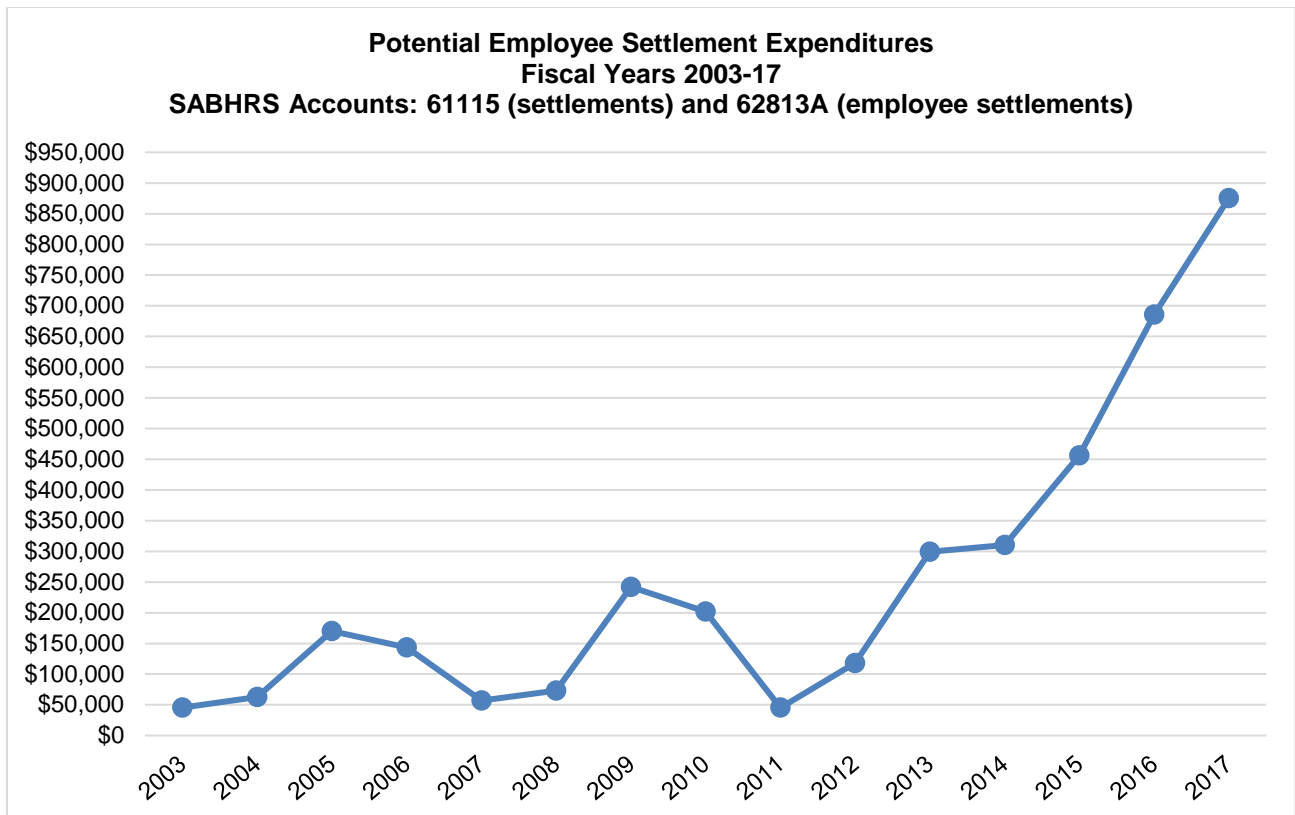
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MEMORANDUM

TO: Angus Maciver, Legislative Auditor
FROM: Diedra Murray, Information Systems Audit Manager
DATE: December 29, 2017
SUBJECT: Settlements paid to state employees, updated with FY17 and FY18 data to date:
Legislative Request 17L-4098(2)

We were asked to provide updated information regarding settlements paid to state employees. To carry out this work, we followed the same methodology as the initial request (17L-4098). We reviewed SABHRS account data and identified two specific accounts that closely correlate to settlements paid to state employees. These were account numbers 61115 (settlements) and 62813A (employee settlements). The data throughout this document are linked to these two SABHRS expenditure accounts. It should be noted that other expense accounts may exist, but were not readily identifiable via SABHRS, where activity related to employee settlement costs may also be recorded.

The following figure shows the trend line in the two identified accounts for fiscal years 2003-2017. The total potential employee settlement expenditures for fiscal year 2018 to date are \$336,009.



The following table provides the specific dollar amounts by fiscal year linked to the previous figure.

Potential Employee Settlement Expenditures Fiscal Years 2003-2017 SABHRS Accounts: 61115 and 62813A			
Fiscal Year	Total Settlement Expenditures	Fiscal Year	Total Settlement Expenditures
2003	\$45,535	2011	\$45,245
2004	\$62,478	2012	\$117,876
2005	\$170,077	2013	\$299,527
2006	\$143,354	2014	\$310,361
2007	\$56,878	2015	\$456,247
2008	\$73,021	2016	\$685,435
2009	\$241,811	2017	\$875,226
2010	\$202,087		

Source: Data compiled by the Legislative Audit Division using SABHRS data.

As with the original request, we reviewed the overall trend line and analyzed data to attain the number of unique settlements tied to specific individuals (if possible) using SABHRS data from the two accounts. We then broke out total expenditures tied to these unique settlements by business unit (agency) name and fiscal year. For example in fiscal year 2014, we identified what appears to be seven unique settlements recorded by the Department of Justice, the Department of Natural Resources and Conservation, Department of Revenue, and the Department of Corrections. The total expenditures tied to the seven settlements is \$103,661. The information presented in the table below represents an estimate of the number of unique cases across all agencies in the years shown.

Potential Employee Settlements Fiscal Years 2013-2018 (as of December 22, 2017) Source: SABHRS Accounts - 61115 (settlements) and 62813A (employee settlements) Note: Reviewed detailed transaction data to identify unique names that could potentially be tied to employees.								
Business Unit	Business Unit Name	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	Grand Total
Number of Unique Names		7	7	6	11	13	7	51
21100	Judiciary					\$ 20,000		\$ 20,000
34010	State Auditor's Office				\$ 1,000			\$ 1,000
35010	Office of Public Instruction				\$ 25,000			\$ 25,000
41100	Justice		\$ 76,500	\$15,375	\$ 29,501	\$ 23,300	\$ 10,000	\$ 154,676
51130	School for the Deaf and Blind					\$ 17,500		\$ 17,500
52010	Fish, Wildlife & Parks	\$ 20,000		\$37,000	\$ 35,292	\$ 38,905	\$ 55,000	\$ 186,197
53010	Environmental Quality	\$ 50,000						\$ 50,000
54010	Transportation	\$ 4,500						\$ 4,500
57060	Natural Resources and Conservation		\$ 2,000		\$ 20,000			\$ 22,000
58010	Revenue	\$ 20,000	\$ 4,000	\$40,000	\$192,765	\$ 1,000	\$ 6,000	\$ 263,765
61010	Administration					\$ 80,000		\$ 80,000
61080	Public Defender			\$ 500				\$ 500
64010	Corrections	\$ 24,180	\$ 21,161			\$ 40,000		\$ 85,341
66020	Labor and Industry				\$ 5,000			\$ 5,000
69010	Public Health & Human Services	\$ 10,000	\$ -		\$ 45,762	\$106,903	\$ 51,126	\$ 213,791
Grand Total		\$128,680	\$103,661	\$92,875	\$354,320	\$327,608	\$122,126	\$1,129,270

Source: Data compiled by the Legislative Audit Division using SABHRS data.

Following our analysis, we also requested information from the Department of Administration's Risk Management and Tort Defense (RMTD) Division regarding settlements paid to current or former state employees. The legal unit at the division defends the state and its employees in liability claims and lawsuits, provided they are acting within the course and scope of employment. The objective of the legal unit is the effective disposition of cases at the lowest total cost. While we would expect settlement claims to go through RMTD, RMTD for fiscal years 2013-2016 report 15 employment related settlements. The data we collected through SABHRS shows at least 31 potential employee settlements during the same time frame. In order to determine whether we have accurately identified employee settlements via SABHRS data and whether agencies are utilizing RMTD to its fullest extent, we would need to review source records at the agency level, which would require a full performance audit. A performance audit of State Employee Termination Settlements was prioritized by the Legislative Audit Committee in June 2017.