



## Department of Insurance

# Consumer Services Division Audit

---

**Audit Period: July through December 2013**

### Results Summary:

Objective	Conclusion *
Complaint Receipt and Review Process	Improvement Needed
Complaint Resolution Process	Well-Controlled with Improvement Needed

\* Refer to Appendix A for classification of audit conclusions.

**Report number: 2014-ODI-01**

**Issuance date: June 25, 2014**

---



## **Executive Summary**

### **Background**

The Ohio Department of Insurance (ODI) provides consumer protection through education and regulation of the insurance industry while also serving to promote a stable and competitive environment for insurers. The Consumer Services Division at ODI provides direct services to Ohio insurance consumers by answering questions, investigating complaints, organizing and coordinating a statewide counseling service for senior consumers and distributing educational material. It also monitors insurers' compliance with Ohio insurance laws and regulations by examining those companies' business practices, such as underwriting, marketing and claims.

During the audit, OIA identified opportunities for Department of Insurance to strengthen internal controls and improve business operations. This audit conforms to the *International Standards for the Professional Practice of Internal Auditing*. OIA would like to thank Department of Insurance staff and management for their cooperation and time in support of this audit.

This report is solely intended for the information and use of agency management and the State Audit Committee. It is not intended for anyone other than these specified parties.

### **Scope and Objectives**

OIA staff was engaged to perform an assurance audit related to consumer inquiries/complaints as handled by the Consumer Services Division during the period of July through December 2013. The scope of this audit included the following areas:

- Evaluate the design and effectiveness of controls over the inquiry/complaint receipt and review process.
- Evaluate the design and effectiveness of the controls over the inquiry/complaint resolution process.



## **Detailed Observations and Recommendations**

The Observations and Recommendations include only those risks which were deemed high or moderate. Low risk and security record observations were discussed with individual agency management and are not part of this report. However, low risk and security record observations were considered as part of the audit objective conclusions.



## Appendix A – Classification of Conclusions and Observations

### Classification of Audit Objective Conclusions

Conclusion	Description of Factors
<b>Well-Controlled</b>	The processes are appropriately designed and/or are operating effectively to manage risks. Control issues may exist, but are minor.
<b>Well-Controlled with Improvement Needed</b>	The processes have design or operating effectiveness deficiencies but do not compromise achievement of important control objectives.
<b>Improvement Needed</b>	Weaknesses are present that compromise achievement of one or more control objectives but do not prevent the process from achieving its overall purpose. While important weaknesses exist, their impact is not widespread.
<b>Major Improvement Needed</b>	Weaknesses are present that could potentially compromise achievement of its overall purpose. The impact of weaknesses on management of risks is widespread due to the number or nature of the weaknesses.

### Classification of Audit Observations

Rating	Description of Factors	Reporting Level
<b>Low</b>	Observation poses relatively minor exposure to an agency under review. Represents a process improvement opportunity.	Agency Management; State Audit Committee (Not reported)
<b>Moderate</b>	Observation has moderate impact to the agency. Exposure may be significant to unit within an agency, but not to the agency as a whole. Compensating controls may exist but are not operating as designed. Requires near-term agency attention.	Agency Management and State Audit Committee
<b>High</b>	Observation has broad (state or agency wide) impact and possible or existing material exposure requiring immediate agency attention and remediation.	Agency Management and State Audit Committee