



April 2013



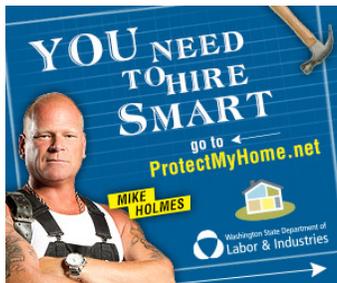
Combating the Underground Economy in Construction

Our compliance inspectors continued their focus on jobsite visits and on-site checks of contractors by visiting over seven thousand active jobsites, almost twice the number compared to the same period last year. Visits to active jobsites uncover non-compliant contractors who require an audit or other corrective action from L&I.

We are only half way through our fiscal year (July through June) and so far the compliance team accomplished:

- **708** referrals to the audit team,
- **434** audits completed,
- **273** of the firms were unregistered (businesses with no active workers compensation account),
- **\$2.5 Million** identified premiums due from unregistered employers.

We recently released our semi-annual progress report, "[Combating the Underground Economy in Construction](#)". The report provides details on our specific efforts in compliance and education with the construction industry.



ProtectMyHome partners with Holmes on Homes

On February 14th, L&I launched [ProtectMyHome.net](#), a consumer focused cable, radio and web campaign. The campaign educates homeowners on hiring a contractor and includes how-to advice, checklists and other tools. The advertisements feature HGTV's Mike Holmes as a spokesperson. Holmes donated his time for the advertisements.

The campaign is yielding a high level of interest with over 8,500 visitors viewing the website. Visitors to the website stay on the site longer and view more pages than the industry average. Educating consumers on the importance of hiring reputable registered contractors will have an impact on fighting the Underground Economy.



Debarred Contractor and Violations Update

The Prevailing Wage program updated the [debarred contractors list](#). Contractors on this list are not allowed to bid on public works projects as a prime contractor or a sub-contractor.

We've also updated the list of [contractors who have one or more violations of prevailing wage law, contractor registration law or industrial insurance law](#). If a company is on the Violations list but not on the debarred contractors list, they are still allowed to bid on public works contracts.



The Rap Sheet – Betsaida Sosa

Overcharging for translation services recently landed an interpreter with her own hefty bill, 90 days in jail and \$34,208 in restitution. In March, Betsaida “Betsy” Sosa pleaded guilty to first degree theft charges for fraudulently billing L&I for language interpretive services she never provided.

Sosa contracted with L&I to interpret for injured workers needing medical care, billing the agency for both her services and the mileage to her L&I appointments.

L&I auditor Tara Brink discovered that Sosa billed for amounts far in excess of the services and travel that actually occurred. Further investigation determined that she used false addresses and billed for appointments that never took place. When providers overcharge or charge for nonexistent services, it ends up increasing costs for everyone.

DELIVERING VALUE
IT'S OUR BOTTOM LINE

Improving Customer Value - Standard Work for Auditors

L&I's Field Audit program recently adopted new core processes based on Lean principles. The Field Audit program reviews the payroll and financial records of business for compliance with workers' compensation taxes.

Lean is a process improvement system that looks for and eliminates waste. Lean focuses organizations on squeezing waste from their processes. Waste is defined as any activity that does not produce value for the customer. People often comment that Lean improvements just “make sense” as a way of doing business.

With Lean, the people who do the work design the process. Auditors from across the state designed a process that “makes sense” to them, in addition to delivering a quality product to our customers. The team designed their new process by reviewing best practices from each field office.

At a statewide audit conference in November, all field auditors attended basic training in Lean principles. The new process improvements include:

- **Standard work completed by each auditor.** By having a standard process we are able to see problems sooner. We can then develop improvements, test their effectiveness and change processes to remove barriers.
- **A ‘pull’ system for audit assignments.** By assigning audits only when the auditor has capacity, we ensure our highest priority audits are completed faster. This is a fundamental shift in how work assignments are delivered.
- **Reduce the time it takes to complete an audit.** The goal is to complete every compliance audit within 120 days from the date it was referred to the auditor. Through a consistent approach to the audit process and changes to how we assign work, we have eliminated waste, speeding the process.

Auditors began applying the new process immediately.