

**REPORT ON THE FOLLOW-UP AUDIT OF  
THE WORKERS' COMPENSATION PROGRAM**

**SEPTEMBER 2001**

**01-10**



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# memorandum

DATE: September 21, 2001

REPLY TO:

ATTN OF: Inspector General

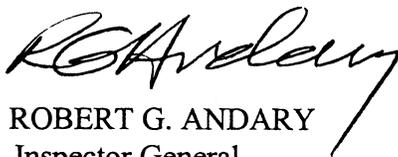
SUBJECT: Report on the Follow-Up Audit of the Workers' Compensation Program

TO: Director, Policy Coordination  
Director, Office of Information Resources Management  
Director, Occupational Health & Environmental Services

An integral part of GPO's working environment is the Workers' Compensation Program (WCP). This program provides compensation to GPO employees who are injured or who incur illness in performance of, or in connection with, their duties. For Fiscal Year 2000, GPO incurred over \$6 million in compensation costs, with an overall workers' compensation liability of over \$32.6 million.

The primary objective of this audit was to perform a follow-up review on the audit recommendations issued by two previous Office of the Inspector General (OIG) audit reports. A total of 28 prior recommendations were reviewed. We noted significant improvement in many areas of OWC; seven recommendations were considered to be fully implemented. However, another 16 prior recommendations were evaluated as partially implemented, whereas 5 others were considered not implemented. OWC management disagreed with our opinions regarding the "not implemented" recommendations, but has agreed to take actions to fully implement the "partially implemented" ones.

Mr. David Schaub, Ms. Allyson Brown, Mr. Kevin Becks, Mr. Brian Buxton, and Ms. Tracie Briggs all contributed to conducting this review. If you have any questions or need additional information, please contact me at x31183 or 2-0039.

  
ROBERT G. ANDARY  
Inspector General

Attachments

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**Report on the Follow-up Audit of the Workers' Compensation Program**

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Office of the Inspector General  
Office of Audits**

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**Report on the Follow-up Audit of the Workers' Compensation Program**

**RESULTS IN BRIEF**

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In August 1995, the GPO Office of the Inspector General (OIG) issued Audit Report No. 95-03 entitled *Report on the Government Printing Office Workers' Compensation Program (Revised)*. This report contained 20 recommendations. In October 1997, the OIG issued another related Audit Report, No. 98-01, entitled *Workers' Compensation Program: Audit of Controls That Monitor Compensation Recipients to Minimize Benefit Costs*. This report had seven more recommendations for the Office of Workers' Compensation (OWC). In its 1999 financial statement audit of GPO, IPAs (independent public accountants) made one recommendation pertaining to the liability computation for workers' compensation.

Our purpose was to determine if GPO had implemented the 27 recommendations made by this office and the one recommendation made by the IPAs (applicable to the Office of Comptroller), a total of 28 prior recommendations. Of these, we found that seven of the recommendations were fully implemented, 16 only partially, and five were not implemented. We made nine recommendations pertaining to these prior issues.

For a variety of reasons GPO was not able to fully implement 21 of the 28 prior recommendations. We noted significant improvements in several areas of administration of the workers' compensation program since our previous audits. However, the lack of documentation, particularly the lack of completed policies and procedures on workers' compensation, is a major factor preventing OWC from implementing many of the 27 recommendations applicable to them. The governing publication, GPO Instruction 665.5B, *Occupational Health Services*, has continued to be under revision for more than five years. A fourth revision to the renamed draft GPO Instruction 665.5B, *GPO Workers' Compensation Program*, was prepared as of October 2000 and has been issued for comment to several departments.

This is the first of two reports addressing the workers' compensation program at GPO. The follow-on report will go into further depth on several control issues encountered during the course of this follow-up audit that could not be addressed adequately within the limitations of scope presented by the format of a follow-up review.

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## BACKGROUND

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“The [Federal Employees Compensation Act] FECA provides compensation benefits to civilian employees of the United States for disability due to personal injury or disease sustained while in the performance of duty,” according to the U.S. Department of Labor (DOL)’s handbook titled “Injury Compensation for Federal Employees,” within “Chapter 1 [Overview].” DOL’s Office of Workers’ Compensation Program (OWCP) administers FECA, which is financed by the Employees’ Compensation Fund, consisting of funds either appropriated by Congress or contributed from operating revenues. This is accomplished via the chargeback system, which is defined in Chapter 9-4 of the Handbook as: “. . .the mechanism by which the costs of compensation for work-related injuries and deaths are assigned to employing agencies annually at the end of the fiscal accounting period, which runs from July to June for chargeback purposes.” It is the policy of GPO to manage and administer its workers’ compensation program in accordance with FECA as amended. In the fiscal year ended June 30, 2000 (used by the Department of Labor), GPO was charged \$6,030,387.60 for compensation paid to GPO employees for work-related injuries and illnesses. In this fiscal period, 460 employees were receiving some amount of workers’ compensation.

When the two audit reports upon which follow-up work was conducted were written, GPO’s Office of Workers’ Compensation (OWC) was part of the Labor and Employee Relations Service (LERS). In 1998, however, the Director, Policy Coordination Staff was assigned overall management responsibility for OWC, so our recommendations in this report are principally directed to that office.

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## OBJECTIVES, SCOPE, AND METHODOLOGY

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The primary objective of this follow-up audit was to evaluate the degree to which OWC and related offices have implemented the 27 recommendations from Audit Reports 95-03, *Report on the Government Printing Office Workers' Compensation Program (Revised)*, and 98-01, *Workers' Compensation Program: Audit of Controls That Monitor Compensation Recipients To Minimize Benefit Costs*. A 28<sup>th</sup> recommendation from GPO's Independent Public Accountants (IPAs) was also evaluated for its degree of implementation.

Our secondary objectives were to determine to what extent GPO complies with appropriate DOL laws and regulations, and to assess current internal controls in GPO's workers' compensation program.

We conducted this audit from May 2000 through December 2000. It was performed in accordance with Generally Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States.

The methodology we used consisted of interviews, on-line queries, observation, and examination of documents, including OWC case file reviews. In the course of our audit, we first reviewed the two prior OIG reports on the workers' compensation program. We also reviewed the IPAs management letter comments dated September 30, 1999 -- performed as part of the 1999 financial statement audit -- to determine whether appropriate corrective action had been taken on one recommendation concerning the computation for the workers' compensation liability.

In the course of our work, we also assessed the susceptibility of various aspects of the workers' compensation program to fraud, waste, and abuse. Where applicable, the audit team would refer individual claim cases of a questionable or suspicious nature to the OIG Office of Investigations for further investigation of potentially abusive and fraudulent practices.

In our efforts to assess the degree to which the recommendations were implemented, we also noted that many of the recommendations themselves were worded in ways that made them appear repetitive or even redundant. This review has taken the wording of each recommendation into account. When it was feasible, we combined the analysis of several recommendations where we noted similar intent and/or similarly worded instructions.

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## FINDINGS AND RECOMMENDATIONS

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### 1. FULLY IMPLEMENTED PRIOR RECOMMENDATIONS

Based on a review of the background for forming the original recommendation, comments from the OWC Chief, and corroboration from several GPO departments (including Office of the Comptroller, Policy Coordination and OIRM), it was determined that the Office of Workers' Compensation (OWC) has taken action to fully implement the following seven recommendations from the GPO OIG:

- (1) Recommendation #1, Report #95-03 (*Establish and Maintain a Formal Light Duty/Return to Work Program For Work-Capable Compensation Recipients*).
- (2) Recommendation #9, Report #95-03 (*Designate a Supervisor with Extensive Knowledge of FECA Regulations, Principles, Policies, and Procedures*).
- (3) Recommendation #12, Report #95-03 (*Investigate Overpayments, Notify Recipients and DOL So That Recovery of Overpayments Can Take Place*).
- (4) Recommendation #13, Report #95-03 (*Develop and Establish Comprehensive Procedures to Charge Employee Compensation Costs to the Lowest Organizational Level Practicable In Order to Make Managers More Aware of Increasing Benefit Costs*).
- (5) Recommendation #3, Report #98-01 (*Follow FECA instruction[s] on COP [Continuation Of Pay] and develop a tracking system to monitor claimants*).
- (6) Recommendation #7, Report #98-01 (*Follow FECA Instructions on Second Medical Opinions to Eliminate Duplicate Costs*).
- (7) IPAs Recommendation (*Improve the Accuracy for Computing the Estimated Workers' Compensation [Liability]*).

### 2. PARTIALLY IMPLEMENTED RECOMMENDATIONS

The GPO OWC has partially implemented the following sixteen (16) OIG recommendations. Explanations for these decisions are provided with each recommendation, some of which are combined in the analysis where we consider their intent to be similar.

- (1) **Recommendation #2**, Report #95-03 (*Establish and Maintain a System To Identify Work-Capable Claimants and Alternative Sources For Re-employment*), and
- (2) **Recommendation #4**, Report #95-03 (*Develop and Implement Procedures to Analyze, Evaluate, and Measure The Effectiveness of Individual and Program Performance to Return Work-Capable Compensation Recipients Back to Work*). Some procedures have been developed in this area. OWC has initiated language to describe a type of system to establish part of this process within the most recent version GPO Draft Instruction 665.5B. Also, although there is no chapter or section specifically titled 'return to work,' a new chapter titled

*“Use of Light Duty Positions and/or Training Facilities”* has been added that was not included in recent previous drafts. Additional language has also been added to the chapter titled *“Suitable Position Offer”* describing options that can be taken when employee injuries have caused absences for more than six months and/or more than one year.

However, the procedures as outlined rely heavily on support from departmental supervisors, Personnel Service, OHES (Health and Environmental Services), and also the doctors and DOL (Department of Labor) for it to be effective. The instructions as worded in Chapter 8 (*“Use of Light Duty Positions”*) make only one reference to OWC, and it is indirect:

“If other GPO organizations have a temporary need of an employee for a sedentary position, they can make their needs known to GPO OWC and Personnel Service.”

Many responsibilities are placed outside OWC’s scope, and others, such as the recommended analysis and evaluation, are unaddressed. Also, the language in Chapter 10 (*“Suitable Position Offer”*) makes reference only to the options and duties of supervisors, Personnel Service and DOL’s OWCP. GPO’s OWC is not even mentioned in this chapter.

Yet when we reviewed a much older version of this draft instruction (dated November 27, 1995), we noted that this version contained a separate chapter titled *“Return To Work.”* This chapter outlines several specific responsibilities for the OWC to undertake in regard to coordination with other GPO departments, consideration of factors, and referrals. This language, if re-inserted into the current draft instruction, would help establish the system.

OWC has initiated a process of contacting supervisors to let them know whether an employee can be either returned to work or removed from the rolls. However, discussion with OWC and several major GPO departments reveal that the level of cooperation is still minimal. Each side disagrees regarding the reason for continued difficulties in returning injured or ill employees to work. Current OWC management claims that they have been discouraged from compiling lists of work-capable claimants. Many people are removed from GPO personnel rolls due to a lack of cooperation among GPO entities. Supervisors express a lack of interest in returning sick or injured employees to their workplace, while Personnel Service cannot place them elsewhere due to employee incompatibility with new positions.

The problem of returning injured or ill GPO employees to work is significant; it has been manifested in statistical results. We obtained data from the Occupational Safety and Health Administration (OSHA) for Fiscal Year (FY) 1999, the most recent information available at the time. Injury and illness statistics compiled for this period indicated that out of 130 federal entities reporting, GPO ranked second highest in the government in terms of calculations for the Lost Time Injury/Illness Rate. GPO reported 206 Lost Time Cases (due to) Injury/Illness for a workforce of 3,293 employees, for an *“Injury/Illness Rate”* of 6.26 percent.

Furthermore, we calculated a percentage comparison of lost time (due to) injury/illness cases

to total injury/illness cases reported from these statistics. When these calculations were derived and compared, GPO ranked highest in the federal government by a wide margin. GPO's 206 lost time cases comprised 80.78 percent of the 255 total injury/illness cases they reported for FY 1999. By comparison, the agency with the next-highest proportion (IRS) reported 1,429 lost time cases out of 2,174 total cases, or 65.73 percent. However, their injury/illness rate was only 1.37 percent, compared to 6.26 percent for GPO.

The intent of these two recommendations is to make OWC more aware, in an accountable manner, of the return-to-work capability of employees, and knowing how many of them are in this status at any point in time. However, current internal policy is incomplete, and system maintenance is in need of improvement.

OHES provides some additional insight in their "Comments and Recommendations" on Draft Instruction 665.5B, dated January 23, 2001. Noting that the effect of prolonged delays in returning employees to work is lost time on the job, they state the following need:

- **"A monthly listing to Department/Service/Section heads should identify on-going lost-time cases in GPO.**

***Rationale:*** Our impression is that supervisors and managers may be unaware of the extent of lost-time cases in GPO and the impact they have on the Agency's bottom line. At a minimum, access to this information can facilitate the ability of supervisors and managers to effectively make work assignments. Ideally, it may prompt greater scrutiny and improve accountability."

- (3) **Recommendation #3**, Report #95-03 (*Develop and Implement Comprehensive Procedures/Instructions to Obtain Current Medical Reports*). Implementation has not been timely. Without data support, OWC cannot easily determine the status of medical reports and their currency. The Director of Policy Coordination provided listings of employees on the program, and we note that the last medical report recorded in these spreadsheets is often very dated. In numerous instances, it has been several years since the last recorded medical report, if there was any record at all. We examined the 462 employee billings that included medical payments derived from the DOL Chargeback Billing List for their fiscal period ended June 30, 1999. The OWC's spreadsheet analysis of this period is updated to include dates of latest medical reports through September 2000. When we compared the data, it reveals that 230 of 462 employee name listings (or 49.8 percent) indicate that the latest medical review received for these claims was two or more years ago. For another seven of these name listings, the date of last medical report is either not recorded or "unknown."

OWC management has stated that there can be a difference of opinion regarding what constitutes a medical report. In their opinion, once a CA-17 Duty Status Report has been provided to them, it is sufficient to continue compensation payments and thus carries the

weight of a medical report. However, no parallel recordkeeping to record the date(s) or status of the most recent CA-17 was being maintained by OWC.

(4) **Recommendation #5**, Report #95-03 (*Develop and Implement Procedures to Allow Extensive Coordination With DOL, Physical Therapists, and Physicians To Ensure Current Medical Status Is Obtained.*) Procedures exist and have been developed, chiefly through coordination and compliance with DOL regulations. The OWC's Draft Instruction 665.5B, in Chapter 5, "Procedures," identifies the Form CA-7, "Claim for Compensation on Account of Traumatic Injury," as the document that an employee must file to obtain benefits once they are in a LWOP (leave without pay) status. Several other forms are also listed as necessary to be completed in order to provide an accurate picture of an employee's current medical status. They include the following:

- Form CA-3, "Report of Termination of Disability"
- Form CA-17, "Duty Status Report"
- Form CA-20, "Attending Physician's Report"
- Form HCFA-1500, "Health Insurance Claim Form," and
- Form CA-20a, "Attending Physician's Supplemental Report."

However, in discussions with several GPO departments, a problem in the use of the Form CA-7 was identified. We were told that OWC tends to rely excessively on information from the CA-7 rather than obtaining a balance of information from various sources. As a result, GPO has more difficulty providing a detailed medical description of the injury. A lack of detailed medical records has also resulted. The CA-7 is currently configured to record a variety of information, but lacks the details on the current medical status of a given employee, available from the other forms described.

Moreover, the role of OHES has been overlooked in securing current medical status. In their comments on Draft Instruction 665.5B, OHES recommends that all employees filing a CA-1 or CA-2 ("Notice of Occupational Disease") must be seen by the OHD (Occupational Health Division) for a medical examination and evaluation prior to their return to work. Their stated rationale is to minimize potential risk to the employee, while giving GPO a chance to review medical progress. This suggestion would help ensure the obtaining of current medical status.

- (5) **Recommendation #6**, Report #95-03 (*Develop and Establish Comprehensive Goals and Objectives to Help Monitor the Activities of Claimants, Reduce Expenditures, and Control The Escalating Costs of the Employee Compensation Benefits Program*);
- (6) **Recommendation #10**, Report #95-03 (*Develop and Establish Comprehensive Procedures to Help Evaluate the Effectiveness and Efficiency of the WCP, Individual and Program Performance*);
- (7) **Recommendation #11**, Report #95-03 (*Develop and Implement Comprehensive Policies and Instructions to Ensure Established Management Controls are Implemented*); and

- (8) **Recommendation #17**, Report #95-03 (*Develop and Establish Procedures and Instructions that Allow Employee Relations Specialists to Adequately Examine, Analyze, and Investigate All Claims Immediately*). The most efficient way to implement these four recommendations would be by incorporating goals, objectives, policies and procedures into GPO Instruction 665.5B, "GPO Workers' Compensation Program." Instruction 665.5B continued to be in draft status throughout this period of review; and as noted previously, various versions of this Instruction have been in draft status for over five years. OWC does deserve credit for drafting several recent revisions of this Instruction in the past year, and for forwarding a draft copy to several GPO departments for commentary during October 2000.

Opinions differ on when and how the instruction will be completed. Management in a large GPO department with a high proportion of injury claims has stated that they cannot be certain of what policy to convey to their supervisors and line staff without a completed final draft of 665.5B for usage. However, OWC management stated that they have received resistance from several GPO departments regarding the language of the current draft instruction because it places more responsibilities on these departments than they are willing to assume. A consensus must be reached.

## NEW RECOMMENDATION

The Director, Policy Coordination, should complete and issue a final version of GPO Draft Instruction 665.5B, incorporating applicable contributions from the Office of Environmental Health Services, Labor and Employee Relations Service, Personnel Service, and the Office of Inspector General, ultimately providing finished copies to the other GPO departments. (328-01)

- (9) **Recommendation #7**, Report #95-03 (*Take The Necessary Actions to Implement A Comprehensive Automated Tracking System To Monitor the Activities of All Claimants*). OWC has established an automated tracking system, known as OWCAMS (Office of Workers' Compensation Automated Management System). The system was discussed in detail with both OWC and the OIRM staff assigned to maintain it.

Discussions indicated that there are a variety of problems with how OWCAMS is functioning and meeting user needs. The system walk-through results confirmed that there are several inadequacies in the operational aspects of the OWCAMS system from the OWC users' perspective, including:

- Unused data analysis capabilities. An Employee Relations Specialist critiqued OWCAMS as a basic log system that does not provide opportunities for data analysis.
- Slow access. Two OWC Specialists stated that it is not even possible to use the system on some days, which is caused by the capability limitations of OWC's computers. The audit

team observed that it could take up to five minutes for a claim file to appear on the computer screen.

- Lack of useable data. A senior OWC Specialist commented that they place more confidence in researching their manual claim files than they would trust the information in OWCAMS. Physical claim file information was more likely to be up to date due to limitations of the system. For example, according to OIRM specialists, OWCAMS was not being automatically updated with DOL data.
- Inadequate training and reference guides on system usage, including its relationship and differences with DOL's Automated Query System (AQS), with which it does not interface. OWC and OIRM acknowledge that AQS is used and relied upon more than OWCAMS. However, OIRM staff point out that AQS does not replace OWCAMS, since there is certain data that only OWCAMS maintains.
- Insufficient documentation of the system, for both OIRM and OWC. During the walk-through, the audit team noted that there is only one "office" copy of the OWCAMS Manual, and that copy is still in draft form.

Determination of implementation centers on whether the system is a *comprehensive* system that monitors activities of *all* claimants. Due to the numerous corollary issues brought up during interviews and the walk-through, the audit team determined that OWCAMS is not comprehensive, hindering its ability to monitor the activities of all claimants.

## NEW RECOMMENDATION

The Director, Policy Coordination, through the Chief, OWC, should consult with OIRM management in order to evaluate the functionality of OWCAMS. A decision should be reached either to improve this system or to eliminate and replace it. (328-02)

- (10) **Recommendation #8**, Report #95-03 (*Implement Procedures That Allow the Analysis of Patterns/Trends of Accidents, Time Periods of Claims, or Employees Filing Claims on a Continuous Basis*). OWC's progress has been hindered by some factors outside their control. The latest available analysis of accident patterns and trends we could obtain was for FY 1997. The current Safety Officer explained that prior to his arrival in 1999, GPO prepared no accident reports for 1998 and 1999. Usage of GPO Form 692, "Report of Accident," to document accident investigations, deteriorated during that time span. For about two years, he claimed, Safety Branch did not perform safety investigations. OWC management disagreed with this timespan estimate, but acknowledged that they were not receiving the paperwork from safety investigations for about five months.

Otherwise, prior factors such as the need to revise and issue Draft Instruction 665.5B, as well as the need to improve OWCAMS for tracking purposes, hinder this implementation and have already been noted. (Refer to commentary re: **Recommendation #6** and **Recommendation #7**, Report 95-03.)

- (11) **Recommendation #14**, Report #95-03 (*Develop and Establish Policies, Procedures, and Instructions to Ensure all Chargeback Billing Lists (Costs) are Reviewed, Analyzed, Verified, and Corrected Before Forwarding FECA Bills to GPO's Finance Office for Payment*). Discussions with management confirmed the regular receipt and review of DOL Chargeback Reports. OWC employees are provided with documented procedures entitled "Review of the Chargeback List." This document explains the Chargeback Billing List, including identification of the individual column titles and codes. It also provides instructions on how to verify that employees listed on the report are GPO employees, describes indicators of possible payment errors, and indicators of continuing disability. A review of this document indicated that it was extracted from a "task book," probably an older one provided by the Department of Labor.

OWC personnel stated that they receive a new Chargeback Billing List every three months. This list is reviewed for trends, including employees with both low medical billings and high compensation costs, or *vice versa*. OWC personnel check the case file of the individual and should be verifying the data with Payroll Section, since it could reflect duplicate payments or billing errors. OWC and Payroll staff both claimed that these procedures are performed. OWC prepares a Weekly Compensation Report that summarizes changes in the total quantity of "claims in processing." However, they did not offer any other documented evidence to indicate analysis and corrections. Also, at the time of this review, none of the requested quarterly lists were either provided by OWC or observed in use. The annual Chargeback Billing List for the period ending June 30, 2000 was not provided until November 2000.

## **NEW RECOMMENDATION**

The Director, Policy Coordination should verify that the Chargeback Billing Lists (both quarterly and annual) are being received in a timely manner, appropriately distributed, reviewed on a consistent basis, and that this process is documented. (328-03)

- (12) **Recommendation #16**, Report #95-03 (*Develop and Implement a Comprehensive Quality Assurance System to Ensure That All Claims Are Examined, Analyzed, Investigated, and Filed in Accordance With Established FECA and 20 CFR 10.123 Regulations*). Within Draft Instruction 665.5B, Chapter 5 ("Procedures") provides a framework for a quality assurance system. However, it remains as yet unapproved. Furthermore, although the instruction states at the outset that these requirements "must be followed" in order to ensure FECA compliance, no mention is made of compliance with CFR Regulations.

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The audit team decided that to develop comprehensive quality assurance, OWC would need to show coordination with the Safety Branch of OHES and an effective automated system. As a result of previously stated findings, we were not provided sufficient evidence to verify that a *comprehensive* quality assurance system is in place. (Refer to commentary re: **Recommendation #8**, Report 95-03.)

- (13) **Recommendation #1**, Report #98-01 (*Research Employee Case Files to Ensure Eligibility for Compensation Benefits*). The original audit report claimed that 23 percent of claim files did not appear on GPO personnel active or separated rolls, impairing benefit eligibility. Management disagreed, stating that employees who were injured and separated prior to 1988 (i.e. with a “DOI” Date Of Injury of 1987 or earlier) had not been included in the analysis.

We did not review all the claim files as was done in the original audit. The prior audit stated that a greater concern was the unavailability of current medical documentation that would justify current payments. Thus a key factor in this recommendation’s implementation would be the availability of current medical reports.

A review of 32 claim files found no missing or unlocated files. However, when we compared the latest medical report dates for all 653 employee name listings recorded on the DOL Chargeback Billing List for FY 1998-99, regardless of whether or not they had received prior compensation, we found that 314 of the 653 name listings, or 48 percent, contain a date of the last medical report in the file that is two or more years old. This analysis includes all 122 employee name listings with a DOI of 1988 or earlier. Of that sub-grouping, 97 of 122 name listings, or 80 percent, contain a two-year-old or older date for their last medical report.

GPO Instruction 825.18A, *Internal Control Program*, Standard 7 requires that:

“Transactions should be promptly recorded, properly classified, and accounted for in order to prepare timely accounts and reliable financial and other reports. The documentation for transactions, management controls, and other significant events must be clear and readily available for examination.”

- (14) **Recommendation #2**, Report #98-01 (*Conduct and Document Periodic Reconciliation of Employee Case Files To Ensure Potential Overpayments, Errors, and Inconsistencies Do Not Go Undetected*). “Procedures for processing Workers’ Compensation claims,” a documented list of OWC procedures, requires Employee Relations Specialists to maintain a weekly status report of assigned claims and track the status of the claims until the claimant returns to work. Draft Instruction 665.5B also notes that OWC employees are responsible for undergoing a monthly review of the claim status for their assigned employee claims with their supervisor(s). However, this review is based upon the most recent medical evidence supplied. As pointed out previously, many claim cases do not contain evidence of recent medical reports. This fact leads us to conclude that the claim status is not being reviewed regularly for many cases as required. Within DOL’s “Injury Compensation for Federal

Employees” Handbook, under Chapter 9, “Agency Management of Compensation Claims,” Part 9-2, “Managing Compensation Programs,” Subpart d., “*Medical*,” it states that the agency should:

“Obtain medical information from OWCP or the injured employees as often as necessary within OWCP and OPM regulations to assess the possibility of return to regular or light duty....This step will also allow the agency to monitor the medical care provided and notify OWCP if it believes action should be taken in this regard.”

OWC conducted a complete reconciliation of case files in 1998. Form 2999, the Case Activity Report, used for recording status reports, was the form used to conduct the inventory in 1998. The audit team noted that there are no standards, either from DOL or established within OWC, defining or explaining how a reconciliation should be done. The audit team also verified that 1998 marked the last time that an inventory (i.e., a reconciliation) of the claim files was performed. There are no procedures found in Draft Instruction 665.5B that establish the need for periodic file reconciliation, nor any stipulation regarding when or how this should occur.

We determined that at present OWC would have difficulty performing effective claim file reconciliation on a regular basis. This is due to inconsistent record-keeping within individual files (see **Recommendation #4**, Report 98-01), and to deficiencies in the Claims Log. The Claims Log contains insufficient control mechanisms. For example, the pages in this manually prepared Log list each claim by date received; no number is assigned. The only numbering system used for claims is based on DOL’s numbering, which is not blocked or sequenced by federal agency and thus contains many gaps. Specialists are more dependent on the employee name for file reference, which could be misspelled or misfiled. We found one instance in our sample where both the Claims Log and the file contain the correct surname, but both DOL’s official postcard form CA-801 and the Chargeback Billing List contain an incorrectly spelled surname.

## **NEW RECOMMENDATION**

The Director, Policy Coordination, through the Chief, OWC, should ensure that regular periodic reconciliation of employee claim files is performed, on at least an annual basis, in order to confirm the adequacy and currency of file documentation. These reconciliations should be documented, and procedures for how to maintain claim files and reconcile them should be incorporated into OWC’s written policies. (328-04)

(15) **Recommendation #4**, Report #98-01 (*Establish and Develop a Record-Keeping System That Ensures Employee Case Files Are Accounted For Properly, and Maintained In An Active File System While Receiving Benefit Payments*). OWC has established a record-keeping system to account for employee claim case files. OWC implemented a Claims Log

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as of August 31, 1998 as a result of the audit, and revised the log January 19, 1999. Comparing the original to the revised log reveals that new information has also been added:

<b>Comparison of Original and Revised Claims Logs</b>		
<b>Categories</b>	<b>Original Log</b>	<b>Revised Log</b>
Date Received	✓	✓
Name of Claimant	✓	✓
CA Form Number	✓	✓
GPO Organization of the Employee	✓	✓
Injury Type	✓	✓
<b>Date of Injury</b>		✓
<b>Evidence of "Closed" Status</b>		✓

However, the established record-keeping system lacks sufficient controls to be an effectively developed system as intended. The Claims Log does not utilize sufficient control mechanisms (refer to **Recommendation #2**, Report 98-01). GPO Form 2999, Case Activity Report, contains a category for GPO Case Number; yet it is not being completed because no GPO Case Number category exists within the Claims Log.

The current record-keeping system also does not ensure the proper maintenance of employee case files that are in the active file system while receiving benefit payments. File documents contained in several of the larger files have little or no organization. None of the files sampled contain a document listing the contents of the file. Some documents appear more than once in the same file. The Claims Log also contains crossed-out rows, which occur throughout the log without any explanations. Dates are entered out of sequence. Entries are crossed out for undisclosed purposes. Pages of the log are not numbered sequentially.

The audit team's sample of current claim files noted further discrepancies. OWC personnel explained that when a file is removed from a file drawer, there should be an "Out Card" denoting its removal. While one drawer contained an "Out Card" identifying a removed file, another file was missing and there was no "Out Card" identifying the office or person who removed the file. Also, we observed that none of the files that the OIG requested were being replaced with an "Out Card."

## **NEW RECOMMENDATION**

The Director, Policy Coordination, through the Chief, OWC, should make revisions to the current format and structure of the Claims Log, including consideration of automating the Log, in order to ensure that sufficient information is being recorded and that it cross-indexes to individual claim files. (328-05)

(328)  
(01-10)

- (16) **Recommendation #6**, Report #98-01 (*Perform and Document Periodic Case File Reviews*). As noted previously (see **Recommendation #2**, Report 98-01), procedures for processing claims require OWC Employee Relations Specialists to maintain a weekly status report of assigned claims and track their status until the claimant returns to work.

According to an Employee Relations Specialist, a review is noted whenever the specialist completes GPO Form 2982 (a form letter containing a checklist of documents being sent to DOL OWCP). However, this review is performed on an “as-needed” basis. Also, Form 2982 is not a review document; it shows only what OWC has sent to OWCP at that time. Many claim files we reviewed contain no form to state the date the file was last reviewed, although documentation is continuously being placed into the files. Of the 32 claim files we reviewed, 13 of them (or 40 percent) contain no form to state the date the file was last reviewed.

The reviews that OWC performs are limited in scope. According to available documents, they are based on whether or not OWC has provided documentation to OWCP and when. That is, claim file reviews simply reflect a history of documents forwarded to OWCP and do not confirm that all required documentation is both accounted for and up-to-date.

OWC prepares weekly status reports. They provide a breakdown of “claims in processing” and how it changes each week. However, these reports contain several inconsistencies and provide insufficient information to confirm regular case file review. The report does not indicate who worked on what cases, or who makes the entries. Cover sheets that report how many cases were closed that week do not agree to the quantity of employee names/claims on the support sheets. Employees are not identified by type of claim. No reasons are provided to explain why the listed employees have their cases open or closed.

## **NEW RECOMMENDATION**

The Director, Policy Coordination, through the Chief, OWC, should ensure that revisions to the current format and structure of the Weekly Compensation Report are made, including reconciliation of listed cases that are open and closed, to provide proof of case file review and improved accountability. (328-06)

## NEW RECOMMENDATION SUMMARY #1

The OWC should take appropriate actions to fully implement the partially implemented recommendations contained in prior GPO OIG Audit Reports #95-03 and 98-01. In order to achieve this goal, the Director, Policy Coordination, through the Chief, OWC, should:

- Complete and issue a final version of GPO Draft Instruction 665.5B, incorporating applicable contributions from the Office of Environmental Health Services, Labor and Employee Relations Service, Personnel Service, and the Office of Inspector General, and ultimately providing finished copies to the other GPO departments. (328-01)
- Consult with OIRM management in order to evaluate the functionality of OWCAMS. A decision should be reached either to improve this system or to eliminate and replace it. (328-02)
- Ensure that the Chargeback Billing Lists (both quarterly and annual) are being received in a timely manner, appropriately distributed, and reviewed on a consistent basis, and that this process is documented. (328-03)
- Ensure that regular periodic reconciliation of employee claim files is performed, on at least an annual basis, in order to confirm the adequacy and currency of file documentation. These reconciliations should be documented, and procedures for how to maintain claim files and reconcile them should be incorporated into OWC's written policies. (328-04)
- Make revisions to the current format and structure of the Claims Log, including consideration of automating the Log in order to ensure that sufficient information is being recorded and that it cross-indexes to individual claim files. (328-05)
- Make revisions to the current format and structure of the Weekly Compensation Report, including reconciliation of listed cases that are open and closed, to provide proof of case file review and improved accountability. (328-06)

### 3. PRIOR RECOMMENDATIONS NOT IMPLEMENTED

OWC has not taken action to implement five recommendations from the GPO OIG. Explanations for these decisions are provided with each individual recommendation as follows.

- (1) **Recommendation #15**, Report #95-03 (*Prepare and Maintain a List of Employees with Injuries of a Doubtful Nature or Suspicious Claims. Immediately, Refer Them to GPO's Medical Officials, Notify the Inspector General's Office of Investigations, and DOL for Evaluation*); and
- (2) **Recommendation #18**, Report #95-03 (*Verify That Employees With Injuries of a Doubtful Nature or Suspicious Claims Are Routinely Referred to GPO's Medical Officials Or the Inspector General's Office of Investigations For Evaluation*). Review of these two original audit findings indicates that the recommendations refer to an interview with Employee Relations staff who claimed that there were no listings or other records of doubtful or suspicious claims being referred to any of the named entities.

In the March 31, 1995 response to the draft, GPO management claimed that they have always referred such cases to either GPO's or DOL's OIG. However, there was no mention of referrals to the Occupational Health Division (OHD). Also, no mention or claim of documented listings of doubtful/suspicious claims was cited.

The Chief of OHD stated that his Medical Section is not involved in controversions, normally the first indication of a doubtful claim. In his opinion, there is a role for OHD in controversions; it includes providing medical advice, assistance, and return to work evaluations.

When the Chief of OWC was asked about this recommendation he minimized the role of the GPO Medical Section, stating that they had essentially no role in this process. However, he also acknowledged that they refer doubtful or suspicious claims "informally" to the GPO OIG while claiming that there are not many of them. He added that OIG investigators might believe that each Employee Relations Specialist maintains their own list, but disagreed that this was being done.

Discussions with GPO Office of Investigations (OI) personnel reveal that to their knowledge, a compilation of a listing has never been done in OWC. In their experience over the last decade, one OWC Specialist has informed the OI verbally about doubtful or suspicious claims "a couple of times." However, according to both interviewees, this information is never in writing.

The Director of Labor and Employee Relations Service (the former official supervising OWC) and his assistant, the Supervisory Employee Relations Specialist, both agree that the OWC Specialists have never come to their office(s) with doubtful or suspicious claims.

An OWC Employee Relations Specialist stated that the Medical Section would not know anything in regard to a claim or the possibility of its being suspicious. It was first asserted that OWC keeps an "internal list" of people with questionable claims. Later in the interview, when asked to provide a copy of any such listing, the specialist clarified his remark by stating that there is no documented list. Instead, the specialists claim to keep a "mental list" of the cases that they know about. Yet they did not quantify how many of these claims exist, stating instead that they seldom occur.

These claims are contrasted with the comments of two major GPO departments with high rates of WCP claims; both Production Department and the Superintendent of Documents' managers indicated that there are numerous questionable claims that go unchallenged. In a later interview, the Chief of OWC clarified that the way in which OWC deals with suspicious claims is to controvert them. He said that employee supervisors and not OWC should make the appraisal of a claim as "suspicious." OWC analyzes claims to see if they appear to be legitimate; the Chief added that it is not their responsibility to make a subjective assessment on the claim.

We reviewed the Weekly Workers' Compensation Report summaries of claims for Calendar Year 1999 compiled by OWC (the most recent available information provided to us at the time). When we reviewed these records in detail for the number of controversions that were reported, we noted that a total of only 4 (four) employee claims were newly controverted, and four were closed. Therefore, the audit team disagrees that oral referrals and maintenance of a "mental list" satisfy the intent of these recommendations.

## **NEW RECOMMENDATION**

The Director, Policy Coordination, through the Chief, OWC, should establish written guidelines, to be included in Instruction 665.5B, regarding actions to be taken when they encounter claims of a doubtful or suspicious nature. Individual listings of employees with doubtful or suspicious claims should be documented and maintained by each specialist/assistant and referred where applicable on a regular basis. (328-07)

- (3) **Recommendation #19**, Report #95-03 (*Develop and Implement a Policy That Questions Unnecessary Medical Consultation Costs and Ensures When Claimants Seek More Than Two Medical Opinions [That] They Are Referred to the Department of Labor*). The recommendation was based on a finding that GPO employees were at times obtaining several medical opinions until they obtained one to support their claimed condition. This recommendation sought to challenge that practice. Discussions with the Chief of OWC and others within this office give no indication that such a policy is being implemented. The most recent version of Draft Instruction 665.5B, Chapter 9, "Medical Determinations," is only a single paragraph that restates in simpler form the details from DOL's "Injury

Compensation” Handbook. In Chapter 6-4 of the DOL handbook, Subsection b.(3), there is acknowledgement of the need for a “Referee Medical Specialist” in certain circumstances:

“A conflict of medical opinion may be created when differing opinions of approximately equal weight appear in the file.”

It adds that DOL’s OWCP will arrange appointments and advise the employee. However, the subject of assessment of whether or not prior medical consultation costs are necessary, and how differing but equal medical opinions are established, has not been addressed by either DOL or in OWC policy. Furthermore, there is no indication of who would take the role (and when) to contact OWCP and inform them of the conflicting medical opinions.

## NEW RECOMMENDATION

The Director, Policy Coordination, through the Chief, OWC, should establish documented policy, also to be included in Instruction 665.5B, that questions medical consultation costs when they are considered unnecessary, and refers claimants to the Department of Labor when they seek more than two medical opinions. (328-08)

- (4) **Recommendation #20**, Report #95-03 (*Develop and Establish a Comprehensive System That Allows Patterns/Trends To Be Examined and Analyzed To Help Determine The Nature of Accidents and Illnesses*). Although this subject is mentioned in several parts of Chapter 5, “Procedures,” within Draft Instruction 665.5B, the policy is not yet officially established. OWC and OHES personnel indicate that both OWC and Safety Branch share the burden of implementation here, with acceptance by supervisors and their management. However, to the extent that OWC is expected to support Safety Branch by helping to notify employees and supervisors about GPO requirements for reporting accidents (and in a timely manner), no evidence has been provided to confirm that this is being done. For example, the Safety Officer indicated that basic accident data was not compiled in several years prior to his arrival. Also, although injured employees are supposed to see the GPO Medical Section, they often do not do so. Instead, they go to their own doctor and bypass the Safety Branch.

In a follow-up conference with OHES in November 2000, they noted that when employees are not located or do not report their injuries until a month afterwards, the cause cannot be tracked. This problem is compounded by the fact that the vast majority of accidents are unwitnessed. Some of the problem is inherent in the way the Workers Compensation Program is set up to depend on DOL approvals; however, we determined it is also possible that the employee does not always know that they are required to go to GPO’s Medical Section. Responsibility for informing them is shared by OHES, OWC, and the employee’s supervisors. GPO Instruction 670.8C, “Accident Reporting System,” issued August 4, 1998, under Item No. 6, “**Responsibilities**,” Subpart “g.,” states the following:

GPO employees will:

- (1) Immediately report workplace accidents to their supervisors; and
- (2) Seek immediate medical attention for all injuries:
  - (a) Central Office employees must report to the Occupational Health Division, Room C-509, for treatment and examination.
- (3) Cooperate in workplace accident investigations; and
- (4) Help in completing accident reports.”

Discussions with Production and Labor and Employee Relations management indicate that parts (1) and (2) of this instruction item are not being followed.

#### **NEW RECOMMENDATION**

The Director, Policy Coordination, through the Chief, OWC, should improve and enhance coordination of activities with the Safety Branch of OHES in order to comply with applicable portions of GPO Instruction 670.8C and ensure that employees are providing timely and accurate information related to accidents. Training for GPO supervisors and employees regarding the necessity of accident reporting should be strongly enhanced and encouraged. (328-09)

- (5) **Recommendation #5**, Report #98-01 (*Research Employee Case Files Not Located to Determine Their Eligibility to Receive Compensation Benefits*). Report 98-01 cited OWC for having 23 unlocated files at the time of the last review. Management noted that the “official file of record” is maintained by DOL, adding that all case files were later located or duplicated from DOL records. Moreover, OWC management claimed to have improved their procedures to account for all files by using a sign-out procedure and limiting file accessibility.

The audit team successfully located all 32 claim case files in our limited sample. One employee claim file was initially missing, with neither an “Out Card” file card in the cabinet nor other explanation for its whereabouts. It was later found by OWC after an extensive search. (See **Recommendation #4**, Report 98-01).

However, several other conditions continue to exist, indicating that this recommendation has not been implemented:

- 1) OWC has not documented a reconciliation (an inventory) of employee claim files since 1998 (refer to **Recommendation #2**, Report 98-01);

- 2) OWC maintains insufficient controls within their filing system to ensure a complete and accurate accounting of employee claim files (see **Recommendation #4**, Report 98-01);
- 3) OWC lacks adequate controls with regard to the maintenance of the Claims Log (see **Recommendation #4**, Report 98-01); and
- 4) Written procedures addressing the specific subject of claim file preparation or claim file maintenance are limited to two steps on a single page of procedures and are insufficient.

In addition, the original audit noted 21 employee names listed on the Chargeback Billing List with benefits totaling \$526,215 for claimants with "unknown" departments at that time (the fiscal year ending 6/30/94). This group decreased as a whole, but it still contains 11 names with benefits totaling \$409,665 as of the Chargeback Billing List for the fiscal year ending June 30, 2000.

**NEW RECOMMENDATION (COMMENTS):**

Implementation of New Recommendation #(328-04), which recommends regular periodic reconciliation of claim files, will automatically include research of unlocated claim/case files and determination of eligibility, thereby satisfying the intent of original Recommendation #5, Report #98-01.

## NEW RECOMMENDATION SUMMARY #2

The OWC should take appropriate actions to implement the unimplemented recommendations contained in prior GPO OIG Audit Reports #95-03 and 98-01. In order to achieve this goal, the Director, Policy Coordination, through the Chief, OWC, should take the necessary steps to:

- Establish written guidelines, to be included in Instruction 665.5B, regarding actions to be taken when they encounter claims of a doubtful or suspicious nature. Individual listings of employees with doubtful or suspicious claims should be documented and maintained by each specialist/assistant and referred where applicable on a regular basis. (328-07)
- Establish documented policy, also to be included in Instruction 665.5B, that questions medical consultation costs when they are considered unnecessary, and refers claimants to the Department of Labor when they seek more than two medical opinions. (328-08)
- Improve and enhance coordination of activities with the Safety Branch of OHES in order to comply with applicable portions of GPO Instruction 670.8C and ensure that employees are providing timely and accurate information related to accidents. Training for GPO supervisors and employees regarding the necessity of accident reporting should be strongly enhanced and encouraged. (328-09)

Indexed List of Prior Recommendations

Recommendation	Fully Implemented	Partially Implemented	Not Implemented	Page Reference
#1, Report 95-03: <i>Establish and Maintain a Formal Light Duty/Return to Work Program For Work-Capable Compensation Recipients.</i>	X			4
#2, Report 95-03: <i>Establish and Maintain a System to Identify Work-Capable Claimants and Alternative Sources for Re-employment.</i>		X		4
#3, Report 95-03: <i>Develop and Implement Comprehensive Procedures/Instructions to Obtain Current Medical Reports.</i>		X		6
#4, Report 95-03: <i>Develop and Implement Procedures to Analyze, Evaluate, and Measure the Effectiveness of Individual and Program Performance to Return Work-Capable Compensation Recipients Back to Work.</i>		X		4
#5, Report 95-03: <i>Develop and Implement Procedures to Allow Extensive Coordination With DOL, Physical Therapists, and Physicians to Ensure Current Medical Status Is Obtained.</i>		X		7
#6, Report 95-03: <i>Develop and Establish Comprehensive Goals and Objectives to Help Monitor the Activities of Claimants, Reduce Expenditures, and Control the Escalating Costs of the Employee Compensation Benefits Program.</i>		X		7
#7, Report 95-03: <i>Take the Necessary Actions to Implement A Comprehensive Automated Tracking System To Monitor the Activities of All Claimants.</i>		X		8
#8, Report 95-03: <i>Implement Procedures That Allow the Analysis of Patterns/Trends of Accidents, Time Periods of Claims, or Employees Filing Claims on a Continuous Basis.</i>		X		9
#9, Report 95-03: <i>Designate a Supervisor With Extensive Knowledge of FECA Regulations, Principles, Policies, and Procedures.</i>	X			4
#10, Report 95-03: <i>Develop and Establish Comprehensive Procedures to Help Evaluate the Effectiveness and Efficiency of the WCP, Individual and Program Performance.</i>		X		7

**Indexed List of Prior Recommendations**

<b>Recommendation</b>	<b>Fully Implemented</b>	<b>Partially Implemented</b>	<b>Not Implemented</b>	<b>Page Reference</b>
<i>#11, Report 95-03: Develop and Implement Comprehensive Policies and Instructions to Ensure Established Management Controls are Implemented.</i>		X		7
<i>#12, Report 95-03: Investigate Overpayments, Notify Recipients and DOL So That Recovery of Overpayments Can Take Place.</i>	X			4
<i>#13, Report 95-03: Develop and Establish Comprehensive Procedures to Charge Employee Compensation Costs to the Lowest Organizational Level Practicable In Order to Make Managers More Aware of Increasing Benefit Costs.</i>	X			4
<i>#14, Report 95-03: Develop and Establish Policies, Procedures, and Instructions to Ensure all Chargeback Billing Lists (Costs) are Reviewed, Analyzed, Verified, and Corrected Before Forwarding FECA Bills to GPO's Finance Office for Payment.</i>		X		10
<i>#15, Report 95-03: Prepare and Maintain a List of Employees with Injuries of a Doubtful Nature or Suspicious Claims. Immediately, Refer Them to GPO's Medical Officials, Notify the Inspector General's Office of Investigations, and DOL for Evaluation.</i>			X	16
<i>#16, Report 95-03: Develop and Implement a Comprehensive Quality Assurance System to Ensure That All Claims Are Examined, Analyzed, Investigated, and Filed in Accordance With Established FECA and 20 CFR 10.123 Regulations.</i>		X		10
<i>#17, Report 95-03: Develop and Establish Procedures and Instructions That Allow Employee Relations Specialists to Adequately Examine, Analyze, and Investigate All Claims Immediately.</i>		X		8
<i>#18, Report 95-03: Verify That Employees With Injuries of a Doubtful Nature or Suspicious Claims Are Routinely Referred to GPO's Medical Officials Or the Inspector General's Office of Investigations For Evaluation.</i>			X	16

**Indexed List of Prior Recommendations**

<b>Recommendation</b>	<b>Fully Implemented</b>	<b>Partially Implemented</b>	<b>Not Implemented</b>	<b>Page Reference</b>
<i>#19, Report 95-03: Develop and Implement a Policy That Questions Unnecessary Medical Consultation Costs and Ensures When Claimants Seek More Than Two Medical Opinions [That] They Are Referred to the DOL.</i>			X	17
<i>#20, Report 95-03: Develop and Establish a Comprehensive System That Allows Patterns/Trends To Be Examined and Analyzed To Help Determine The Nature of Accidents and Illnesses.</i>			X	18
<i>IPAs: Improve the Accuracy for Computing the Estimated Workers' Compensation [Liability].</i>	X			4
<i>#1, Report 98-01: Research Employee Case Files to Ensure Eligibility for Compensation Benefits.</i>		X		11
<i>#2, Report 98-01: Conduct and Document Periodic Reconciliation of Employee Case Files To Ensure Potential Overpayments, Errors, and Inconsistencies Do Not Go Undetected.</i>		X		11
<i>#3, Report 98-01: Follow FECA Instruction[s] on COP [Continuation Of Pay]and Develop a Tracking System to Monitor Claimants.</i>	X			4
<i>#4, Report 98-01: Establish and Develop a Record-Keeping System That Ensures Employee Case Files Are Accounted For Properly, and Maintained In An Active File System While Receiving Benefit Payments.</i>		X		12
<i>#5, Report 98-01: Research Employee Case Files Not Located to Determine Their Eligibility to Receive Compensation Benefits.</i>			X	19
<i>#6, Report 98-01: Perform and Document Periodic Case File Reviews.</i>		X		14
<i>#7, Report 98-01: Follow FECA Instructions on Second Medical Opinions to Eliminate Duplicate Costs.</i>	X			4
<b>Total # of Recommendations Fully Implemented</b>	<b>7</b>			
<b>Total # of Recommendations Partially Implemented</b>		<b>16</b>		
<b>Total # of Recommendations Not Implemented</b>			<b>5</b>	
<b>GRAND TOTAL # OF RECOMMENDATIONS REVIEWED</b>				<b>28</b>

POLICY COORDINATION STAFF  
OFFICE OF WORKERS' COMPENSATION

**Memo**

**To:** OFFICE OF INSPECTOR GENERAL (OIG)

**From:** MANAGER, GPO OFFICE OF WORKERS' COMPENSATION  
THROUGH THE DIRECTOR, POLICY COORDINATION STAFF

**Date:** 6/22/01

*zfy 6/22/01*

**Re:** COMMENTS ON FOLLOW-UP AUDIT OF THE WORKERS' COMPENSATION PROGRAM

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The following comments are made to address the findings in the Inspector General's 2001 Draft Follow-up Report regarding recommendations made in Audit Report No. 95-03, and audit Report No. 98-011. The recommendations contained in the aforementioned reports were suggested to improve the efficiency of the agency's workers' compensation program.

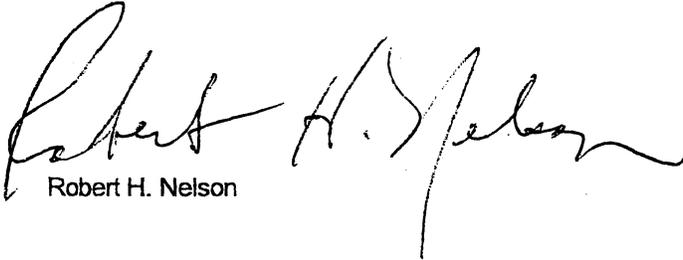
According to the 2001 Draft Follow-up Report, 21 of the 27 prior, recommendations, pertaining exclusively to the GPO Office of Workers' Compensation (GPO-OWC) were either fully or partially implemented. The one recommendation "pertaining to the liability computation for workers' compensation", has been resolved by the Comptroller's office.

Of the five recommendations **not** implemented, # 15, and #18, **Audit Report 95-03**, are essentially the same recommendation, and are viewed from the GPO-OWC perspective as having been partially implemented. The GPO-OWC record reflects that questionable cases, and cases of a suspicious nature have been referred to the office of Inspector General (OIG) and the Department of Labor (DOL). The record is also clear that when required, the appropriate interface with the GPO Medical Section has been established. Recommendation # 19, **Audit Report 95-03** has been fully implemented because it is a routine function of the Compensation Specialist's case analysis. Recommendation number 20, **Audit Report 95-03**, has been fully implemented via a database maintained by the Director, Policy Coordination Staff. Department and Service Heads have been briefed in the Public Printer's staff meetings on the results of the analysis of information in this database. The Director, Policy Coordination Staff has identified troublesome trends affecting the agency's compensation program. The appropriate Managers have been notified to institute corrective actions. Accident trend analysis is also a function of, and interface point with the agency's Safety Branch. Recommendation #5, **Audit Report 98-01**, has been fully implemented (Draft Follow-up Report, Pg. 16). All case files were located and researched via internal office file audit in 1998-99. Currently, all files are on hand.

Additionally, The GPO-OWC will continue its implementation of these recommendations by upgrading its data collection and analysis system. Future installation of state-of-the-art software on GPO's agency-wide network will address the issues identified in the OIG audit and draft reports concerning internal control, case tracking, documentation, and auditing.

Finally, the current GPO-OWC was established in response to many of the recommendations contained in OIG Audit Report 95-03. The evolution of the GPO-OWC has clearly progressed and has to a great extent implemented many of the recommendations contained in audit reports 95-03 and 98-01. The GPO-OWC will continue its evolution by implementing the recommendations contained in the 2001 Follow-up Audit. The 2001 Follow-up Audit recommendations refer to unimplemented recommendations from previous audits, continued work on GPO Instruction 665.5B, work on policy

guidelines regarding unnecessary compensation costs, improved intra-agency coordination and interface activities, and periodic review, examination, reconciliation, and documentation of compensation files. Hopefully, the second follow on audit report will address the key critical OWC Program policies and issues that must be addressed GPO wide before resolution can be reached concerning the unfinished procedures and audit recommendations.



Robert H. Nelson

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**RESPONSE TO MANAGEMENT COMMENTS**

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We reviewed the “Comments on Follow-Up Audit of the Workers’ Compensation Program” provided by the Manager of GPO OWC through the Director, Policy Coordination on June 22, 2001. Our response to the specific points raised in regard to the five prior audit recommendations we considered to be “not implemented” are as follows:

- (1) **Recommendations #15 and #18, Report #95-03** [re: documenting lists of employees with doubtful/suspicious claims and referring them to OHES, OIG, and/or DOL]: We agree that these two recommendations should be considered together; they are parallel but slightly different. Recommendation #18 focuses on routine referral of doubtful injuries (or suspicious claims) to either OHES or OIG. Recommendation #15 prescribes preparation of a list of these claims and immediate referral of them to both OHES and OIG, as well as to DOL. In regard to #18, our position continues to be that the low number of referrals cited by OIG investigators, coupled with the lack of referrals to OHES Medical Section, does not constitute “routine referral” as prescribed. Similarly, although OWC employees claim to be making oral referrals to OIG or DOL, we cannot verify these referrals without evidence of documented lists, which is a purpose of Recommendation #15.
  
- (2) **Recommendation #19, Report #95-03** [re: developing and implementing policy questioning unnecessary medical consultation costs and ensuring DOL referral when more than two medical opinions are sought]: We do not agree that this has been fully implemented yet. Even if this procedure is considered part of the specialist’s routine case analysis, as claimed in OWC’s response, the audit team was not provided with any evidence that this policy is being carried out. In order to verify its development and implementation, there needs to be some documented evidence that this process is routine or at least has been undertaken. Also, until additions or amendments are made to GPO Instruction 665.5, and there is some other written evidence of implementation (such as notations in individual claim files where applicable), #19 cannot be considered implemented.
  
- (3) **Recommendation #20, Report #95-03** [re: establishing a system for analyzing patterns and trends to determine the nature of accidents and illnesses]: We do not agree that this system has been thoroughly established. Although the Director of Policy Coordination’s database represents some progress in development, the establishment of a *comprehensive system* would require that the identified trends and briefings about those trends be effectively documented.

Also, while we agree that accident trend analysis is the purview of Safety Branch in OHES, it is equally important that the “interface point” as described by the OWC manager be currently active and reliable. In a discussion with the Director of OHES in April 2001, he noted that there used to be weekly case meetings between OWC and

OHES' Medical Section to discuss the nature of accidents and related injuries, but these were discontinued years ago. Sharing of data between GPO departments also would be an indicator of a comprehensive system. For example, patterns and trends of leave usage, when compared to sick injured annual (SIA) leave usage, can show patterns of SIA use at certain times of year. According to OHES, these comparisons have not been done recently. Communication needs improvement among OHES, GPO's OWC, and DOL's OWCP. Thus further implementation is still needed here.

- (4) **Recommendation #5, Report #98-01** [re: researching unlocated claim/case files to determine their compensation receipt eligibility]: During the review, we took note of OWC's "internal office file audit" (or case file inventory) of 1998-99. However, it has now been at least two years since a complete claim/case file inventory was performed. Since there has been no comparable review since that time, we cannot be assured that the internal controls over these files are in place. OWC has to ensure that all files on each claimant are accounted for on a regular basis. Without any knowledge of what claim files may or may not be located at the present time, there is no assurance that there has been proper determination of their eligibility for receipt of compensation. Hence this recommendation remains "not implemented" in our opinion.