

ASSESSMENT REPORT
09-14

GPO WORKERS' COMPENSATION PROGRAM

September 30, 2009

**Date**

September 30, 2009

To

Chief Management Officer
Chief, Office of Workers' Compensation

From

Assistant Inspector General for Audits and Inspections

Subject

**Final Report on Audit of GPO Workers' Compensation Program
Number 09-14**

Enclosed please find the subject final report. Please refer to the Results of Audit section of the report for a summary of the audit. Our evaluation of your response has been incorporated into the body of the report and the response is included in its entirety at Appendix B. We consider management's proposed actions responsive to each of the report's two recommendations. Recommendation 1 will be closed upon issuance of this report. Recommendation 2 will remain open pending completion of the agreed upon actions. Please notify us when those actions are complete. The status of each recommendation upon issuance of this report is included in Appendix C. The final report distribution is in Appendix D.

We appreciate the courtesies extended to the audit staff. If you need additional information or would like to arrange a meeting to discuss this final report, please contact Mr. David Schaub, Supervisory Auditor at (202) 512-0065, or me at (202) 512-2009.

A handwritten signature in cursive script that reads "Kevin J. Carson".

Kevin J. Carson
Assistant Inspector General for Audits and Inspections

Enclosure

cc:
Chief Technology Officer

Introduction

The Office of Inspector General (OIG) has completed an audit of the Government Printing Office's (GPO) Workers' Compensation Program. The overall objective of the audit was to evaluate the adequacy of controls over GPO's Workers' Compensation Program. The specific audit objectives were to determine whether (1) GPO's program was complying with appropriate Federal guidelines, regulations, and directives related to worker's compensation, and (2) GPO employee claims for worker's compensation are supported by required documentation. Appendix A provides further details on the audit's objectives, scope, and methodology.

Background

The Federal Employees' Compensation Act (FECA) provides income and medical cost protection to covered Federal civilian employees injured on the job, employees who have incurred a work-related occupational disease, and beneficiaries of employees whose deaths are attributable to job-related injuries or occupational diseases. The U.S. Department of Labor (DOL) administers the FECA Program, which provides workers' compensation benefits to GPO employees and others through the Special Benefit Fund. GPO annually reimburses DOL for the cost of FECA benefits paid on GPO's behalf.

FECA provides benefits and compensation for total or partial disability; schedule awards for permanent loss or dismemberment of specified parts of the body; related medical costs; and vocational rehabilitation. GPO manages and administers its workers' compensation program in accordance with FECA. As of June 30, 2008¹, the estimated workers' compensation liability for the GPO was approximately \$5.45 million.

Further procedures for Federal employees have been defined in the FECA Procedures Manual. The law is found at Title 5 United States Code (U.S.C.) 8101 *et seq.*, and the regulations are found at 20 Code of Federal Regulations (CFR) Part 10.

Previous OIG audits of GPO's Office of Workers' Compensation (OWC) have identified numerous issues including:

- inadequate monitoring of medical status and long-term workers' compensation cases;
- missed opportunities to return employees to work;
- claimants earning and failing to report non-Federal wages; and
- lack of sufficient and complete internal written policy and procedures.

¹ The Department of Labor's Fiscal Year for the purposes of FECA is July 1 through June 30.

Results of Audit

The OWC should be commended for the improvement in both the organization and management of this program in the time since the previous audit. Since the OIG's previous audit in 2002,² controls over GPO's Workers' Compensation Program have been strengthened and the program has undergone significant changes. OWC's personnel, including its management, have completely turned over.

The change in personnel resulted in the implementation of many of the recommendations from the 2002 audit that had either not been implemented or were partially implemented by previous staff and management of the office. The current Chief of OWC has also implemented many changes related to the use of information technology resources previously recommended. As a result of those changes, improvements to the organization have been made and controls over workers' compensation claims and cases strengthened, including its working relationship with the DOL.

We also note that the overall amount of billings from DOL for the cost of workers' compensation benefits paid on GPO's behalf decreased to under \$6 million during FY 2007. The total number of GPO workers' compensation claimants decreased from 193 in 2002 to 136 in 2008.

We did not see any indication that the program was not being operated in accordance with appropriate Federal guidelines, regulations, and directives. Although employee claims for workers' compensation benefits were generally supported with the required documentation, there are several areas where procedural and policy improvements can be made to further enhance and strengthen the GPO's Workers' Compensation Program. A total of two recommendations are made to management, which if implemented, will ensure that the program continues to be operated in an efficient and effective manner. Although the issues identified may not represent a monetary amount, they are indicative of potential control weaknesses that if not addressed could potentially lead to monetary losses.

Observations and Recommendations

A. Updating GPO Guidance for Workers' Compensation

At the time of the audit, OWC was operating under an official GPO policy that was issued in 1979. Specifically, GPO's official written policy regarding the Workers'

² OIG Report Number 02-13, "Audit of the Workers' Compensation Program," issued November 7, 2002. The report contained a total of 10 findings and 29 recommendations intended to improve the operation of GPO's Workers' Compensation Program.

Compensation Program at that time the audit was conducted was GPO Instruction 665.5A, "Occupational Health Services," dated October 3, 1979. In a 2002 audit of the Workers' Compensation Program, the OIG recommended that:

Priority should also be given to completing GPO Draft Instruction 665.5A, and incorporating the suggestions of all GPO departments with involvement in the workers' compensation program, so that a firm basis of duties and functions is clearly established.

Despite making this recommendation as far back as 2002, GPO did not update the instruction to accurately reflect not only changes in management of the Workers' Compensation program but also changes in the duties and responsibilities of all participants in the program.

The Chief of OWC stated that since 2002, the office had been using an internal operating manual. The Chief also stated that in 2006, standard office procedures were provided to his staff and the Medical Unit. Despite having an internal operating manual and office procedures, there was not an updated instruction for the OWC Program. Without a complete and updated GPO Instruction, improvements made to OWC policies for processing of claims, claimants and cases may not be completely accounted for, and could cause problems or confusion for current and future personnel. Further, although the OWC has an effective operation in place, GPO's supervisors and managers need to have accurate and reliable information about OWC policies and procedures. In addition, an updated instruction would assist other GPO offices that directly support the OWC Program by providing offices such as the Medical Unit and Safety Branch with current Agency policy and instructions related to the program.

On September 3, 2008, after we completed our audit field work, the Agency finalized and published GPO Directive 665.5B, "GPO Workers' Compensation Program." The directive outlines authorities, establishes policies, and describes responsibilities for the administering and managing of the GPO's Workers' Compensation Program. The directive also formally outlines the roles and responsibilities of GPO management officials and employees as well as the various Agency commitments related to the program. Because the Agency finalized and issued the directive after we conducted our field work and before this report was issued, we did not make a recommendation with respect to this observation.

B. Communication and Coordination with the DOL's Office of Workers' Compensation Program can be Improved

District Office Number 25 of the DOL's Office of Workers' Compensation Programs (OWCP) is located on North Capitol Street in Washington, D.C., which is across the street from GPO's Central Office. Despite the proximity of their offices, GPO's OWC and DOL's OWCP had only limited communication or coordination at the audit field

work was conducted. This lack of contact between offices has, in limited circumstances, led to several undetected errors in recordkeeping. The errors in recordkeeping resulted in several GPO employees with workers' compensation claims being serviced and paid by the wrong DOL district office. Lack of contact between the two offices at the time of the audit could have potentially resulted in GPO employees filing claims directly with OWCP and bypassing GPO's OWC.

In our 2002 audit, we identified several areas where the program would be improved by having regular contact or communications with the DOL's OWCP. District Office 25, which has geographic responsibility for Washington D.C., Virginia, and most of Maryland is located directly across the street from GPO's Central Office in Washington D.C. The significance of the OWCP's various district offices is that they are where the individual cases for workers' compensation claims are created. Specifically, the claims are created in the district office where an agency of the claimant is located (for example, where the injury occurs). However, once OWCP accepts a case, the individual case file of the claimant, as well as any supporting documentation, is transferred to the district office where the individual claimant resides, which may not always be the same district office that services the geographic area where the claimant's agency is located. Therefore, for GPO's OWC to obtain any supporting documentation related to a GPO claimant, they must contact the district office that services the geographic area where the claimant resides.

The Director for District Office 25 stated, in two separate interviews during the audit, that communication between that office and the GPO OWC had typically been limited to written and e-mail correspondence, and that the two offices were unable to conduct any sort of recurring meetings to review or discuss GPO cases. The Director also stated that the volume of workers' compensation cases at GPO was too low, relative to other Federal agencies, to warrant such meetings. The GPO Chief of OWC noted that because DOL personnel have such high workloads, scheduling regular meetings between the two offices is not feasible. The Chief stated that although his staff had recently met with DOL's OWCP staff, including claims examiners and supervisory examiners to discuss GPO's cases, regular meetings did not occur because of the lack of an assigned DOL liaison at that time to work with GPO on issues and cases.

We believe that the lack of regular contact between the two offices potentially increased the occurrence of undetected recordkeeping errors, such as which DOL district office maintained a particular GPO claimant's case file and associated records. As part of the audit, we selected a sample of 53 GPO workers' compensation cases for review. Of the 53 cases reviewed, we identified that 14 (26.4 percent) were from "Paying District Offices" other than District Office 25. For the entire DOL fiscal year of 2007³, 77 of 390 (19.7 percent) had Paying District

³ The DOL fiscal year for workers' compensation purposes runs from July 1 through June 30.

Offices different than District Office 25. The Director of District Office 25 stated that once a claimant's case is accepted for payment, it is subsequently transferred to the district office with the area of responsibility for the geographic area where the claimant resides.

Our sampling showed that the district office with payment jurisdiction was not always correct for GPO claimants and thus the respective case files and supporting documentation were not in the correct location. For example, both District Office 25 in Washington, D.C., and District Office 3 in Philadelphia cover areas in the state of Maryland. District Office 25 is supposed to be responsible for those cases in Maryland from locations where the claimants live that have postal zip codes other than those starting with 21. Further examination found that cases in Maryland where the claimant lives in a geographic area with the first two numbers of their postal zip code beginning with 21 are reported to District Office 3 in Philadelphia.

Of the 53 sample workers' compensation cases, 2 of the cases were reported to District Office 3. However, our review of cases through the DOL Automated Query System (AQS) identified that two additional cases identified by DOL as being reported to District Office 25 were actually for claimants whose residences were in Maryland in geographic areas with zip codes beginning in 21 that should have been reported to District Office 3. In addition, 2 cases were reported to District Office 25 for claimants who lived in Delaware, which is in the jurisdiction of the Philadelphia office (District Office 3). Thus, there were 4 cases reported erroneously in our sample of 53 cases, amounting to a 7.5 percent error rate

Although these instances did not indicate specific systemic problems, they were subsequently shown to be caused by data entry errors at DOL and not attributable to the GPO OWC. The continued likelihood of future errors and inconsistencies could impact when and where OWC obtains supporting documentation and case files from DOL related to individual GPO workers' compensation claimants. In each of the instances identified, the errors detected actually worked to GPO's advantage because the case files and supporting documentation was erroneously maintained at District Office 25. However, since this was only a sample of GPO's cases, the DOL District Director agreed that there could be numerous cases incorrectly maintained at other district offices and wind up being disadvantageous to GPO.

Since the time of these findings, consistent contact between OWC and the DOL's OWCP has been established, which is likely to have helped alleviate the issues identified with respect to DOL District Office's and the location of records for GPO claimants. The Chief of OWC has noted that they re-established communication with the DOL liaison. At the time of audit field work, the OWC Chief had stated that DOL had several different individuals assigned as a liaison to GPO and was at one point unfamiliar with the individuals identified by DOL as GPO's liaison. The lack of contact between the two Agencies at the time of audit field work and the unfamiliarity with GPO's cases could have led to situations where a GPO workers' compensation claimant could bypass the GPO OWC and make claims directly with

DOL OWCP, and subsequently receive payments without either the input or direct knowledge of GPO OWC. Because of the still-significant volume of GPO claims and the geographically close proximity of their respective offices, efforts should continue to be made to ensure regular contact and communication between the two Agencies.

Recommendation 1

The Chief of OWC should contact the DOL liaison and schedule regular periodic meetings with DOL's OWCP to discuss any issues related to GPO workers' compensation cases. In addition, identification of any errors related to GPO claimant's data by OWC should be promptly communicated to OWCP.

Management's Response. Non-Concur. The District Director of District Office 25 provided the OIG auditors with incorrect information when she stated that our communication with her office was typically limited to written and e-mail correspondence. The District Director of District 25 was also incorrect in supplying erroneous names as the liaisons to GPO, thus confusing the Chief, OWC.

We continue to receive numerous phone calls daily from claims examiners contrary to the statement of the Director of District Office 25 and we continue to meet with a DOL employee who assists us in addressing difficult cases from District 25. While these meetings are not regularly scheduled they are scheduled at the request of GPO and we request them specifically to address cases that we deem difficult or that we require guidance or assistance in resolving. This assistance is not necessary on a regular basis and the schedules of the claims examiners prohibit regularly scheduled meetings. Meetings with the DOL employee are used to resolve serious issues with specific cases, long term claimants and getting people back to work that may have gone undetected.

Additionally, the recommendation does not consider that only approximately 51 of the current 121 long-term cases are in District 25. The remaining long-term cases are in other districts and it is impossible to meet with the claims examiners of the remote districts in face-to-face meetings where the bulk of our long-term cases now reside.

We have tried to minimize the potential problems cited in this part of the report by reviewing all long-term claimant records at a minimum every two years and when appropriate we request updated medical examinations from the responsible District Office. Further, we review the OWCP Chargeback listing each year for possible continuation of pay errors and we conduct a yearly review of the medical bills listed on the Agency Query System for errors. If we find errors, we immediately prepare written correspondence and forward it to the appropriate District Office for a response as suggested in your draft report.

Evaluation of Management's Response. We have reviewed management's response and accept their explanation with respect to the conduct of periodic

meetings with DOL representatives from District Office 25. As a result, the recommendation is considered dispositioned, and will be closed upon issuance of this final report.

C. Content and Structure of GPO's OWC Files can be Enhanced

GPO workers' compensation case files that OWC maintains are organized by claimant name and the date of injury. Each individual's file contains a form attached to the left side of the folder with many standard identifiers filled in, such as the claimant's name, Social Security Number, date of injury and the date the CA-1⁴ or CA-2⁵ was first filed. The arrangement of essential information within the OWC case files contains many key data elements. The folder's "FECA Injury Case Summary" form, however, is manually prepared and completed, rather than being computer-generated. We identified that some key information that should be readily accessible or apparent to a reviewer could not be easily located in the files. For example, individual case files did not contain a log of any type in chronological order of important dates such as the date when DOL was contacted or the date when the claimant went to a doctor for a second opinion (when relevant). Also, the date and purpose for review of case files were not clearly or consistently documented.

The Chief of OWC stated that by accessing the DOL AQS system, most of the information in the file can be obtained at any time. He did not believe that electronic case logs should be maintained on a shared computer file, stating that files would be available to personnel such as network administrators who do not have a requirement to review this information, thus making the data vulnerable to possible compromise.

We verified the availability and accuracy of DOL data in our sampling of 53 GPO claimant's case files within OWC. In addition, basic key information was entered correctly for all 53 sampled GPO cases. However, older case files did not always have up-to-date information readily available, even when accessed through AQS. Whereas case compensation payment histories are available from AQS, we found instances of some Injury Case Summary sheets (from the hard-copy files) that were incomplete, and thus did not provide the additional information desired, such as previous injuries, CA forms, or injury recurrences.

With respect to the older cases at GPO (long-term workers' compensation recipients), the OWC officials stated that some of the DOL case examiners either resisted or were not responsive about reviewing older or aging GPO cases. Also, information that could have been entered on Injury Case Summary forms was not

⁴ DOL Form CA-1, "Federal Employee's Notice of Traumatic Injury and Claim for Continuation of Pay/Compensation."

⁵ DOL Form CA-2, "Notice of Occupational Disease and Claim for Compensation."

provided in the AQS Injured Worker Case Query screens, such as contact information for other district offices, and had to be written in a margin on the FECA Injury Case Summary form rather than having a separate data entry area. Having relevant and up-to-date information more readily available, particularly for the older cases, would facilitate reviews.

Recommendation 2

The Chief, OWC, should revise FECA Injury Case Summary forms for each GPO case file.

Management's Response. Partial-Concurrence. The case summary sheet is used internally by GPO OWC staff and is not required by DOL. Documents are filed chronologically in the claimants' file. The information is easily accessible and the majority of the time if there is a list of important dates we must review the actual documentation to get a clear understanding of the claimants' overall case. Even with the current list of important dates that are listed on the Case Summary sheet we will review the documentation to resolve an issue.

However, we will review the FECA Injury Case Summary form and determine if it continues to meet our current needs. If the assessment does not provide opportunities for improvement for this office, we will not revise the form. If we revise the form, we will use the updated form moving forward and will not update existing case files with the new form as we have limited resources available for such a labor intensive task. We will finish this assessment by the end of 2009.

Evaluation of Management's Response. Management's proposed actions are responsive to the recommendation. The recommendation is resolved but undispositioned, and will remain open for reporting purposes until corrective actions are completed.

Appendix A. Objectives, Scope, and Methodology

Objectives

The objective of the audit was to evaluate the adequacy of controls over the GPO Workers' Compensation Program. The specific audit objectives were to determine whether (1) the GPO program complied with appropriate Federal guidelines, regulations, and directives related to worker's compensation, and (2) GPO employee claims for worker's compensation are supported by required documentation.

Scope and Methodology

The scope of the audit included reviewing management responses and management actions, including changes to the GPO organizational structure, since issuance of the last OIG audit report on OWC, issued November 7, 2002.

The methodology we used consisted of interviews, conferences, departmental data review, Internet data retrieval, and observation. In addition, we reviewed the following publications and instructions that contained policy and procedures followed by GPO personnel:

- GPO Instruction 665.5A, *Occupational Health Services*, to identify the established guidelines and procedures for the Workers' Compensation program
- GPO Instruction 670.67, *Fire Prevention Plan*, to identify and assign fire prevention duties governing the GPO Safety Branch;
- GPO Instruction 670.8C, *Accident Reporting System*, to identify the other established guidelines governing the GPO Safety Office;
- GPO Instruction 825.18A, *Internal Control Program*, to identify policies, standards, and responsibilities for conducting internal control reviews of GPO programs; and
- GPO Publication 1215, *Program to Eliminate Fraud, Waste and Abuse in Government Printing Office Programs and Operations*, to advise GPO employees of this program and assign responsibilities for implementing it.

Audit Field Work

We performed field work from October 2007 through February 2008 at the GPO Central Office in Washington, D.C. We performed the audit in accordance with generally accepted government auditing standards.

Appendix B. Management's Response



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MEMORANDUM

Draft Report on Audit of GPO Workers' Compensation Program

08/12/09

SUBJECT

DATE

Supervisor Workers' Compensation Program

REPLY TO ATTENTION OF

Assistant Inspector General for Audits and Inspections

TO

The Office of Workers' Compensation completed its review of the draft report that addresses the adequacy of controls over the GPO Workers Compensation Program and offers the following comments to the observations and recommendations within the report.

B. Communication and Coordination with DOL's Office of Workers' Compensation Programs Can Be Improved - (Non-concurrence)

Earlier in the report it was offered that... "As a result of those changes, improvements to the organization have been made and controls over workers' compensation claims and cases strengthened, including its working relationship with the DOL." However, this recommendation appears to contradict that assessment and does not consider the improved working relationship between GPO and DOL. The District Director of District Office 25 provided the OIG auditors with incorrect information when she stated that our communication with her office was typically limited to written and e-mail correspondence. The District Director of District 25 was also incorrect in supplying erroneous names as the liaisons to GPO, thus confusing the Chief, OWC.

We continue to receive numerous phone calls daily from claims examiners contrary to the statement of the Director of District Office 25 and we continue to meet with Ms. Anita Carter of DOL who assists us in addressing difficult cases from District 25. While these meetings are not regularly scheduled they are scheduled at the request of GPO and we request them specifically to address cases that we deem difficult or that we require guidance or assistance in resolving. This assistance is not necessary on a regular basis and the schedules of the claims examiners prohibit regularly scheduled meetings. Meetings with Ms. Anita Carter of DOL are used to resolve serious issues with specific cases, long term claimants and getting people back to work that may have gone undetected.

Additionally, the recommendation does not consider that only approximately 51 of the current 121 long-term cases are in District 25. The remaining long-term cases are in other districts and it is impossible to meet with the claims examiners of the remote districts in face-to-face meetings where the bulk of our long-term cases now reside.

We have tried to minimize the potential problems cited in this part of the report by reviewing all long-term claimant records at a minimum every two years and when appropriate we request updated medical or medical examinations from the responsible District Office. Further, we review the OWCP Chargeback listing each year for possible continuation of pay errors and we conduct a yearly review of the medical bills listed on the Agency Query System for errors. If we find errors, we immediately prepare written correspondence and forward it to the appropriate District Office for a response as suggested in your draft report.



C. Content and Structure of GPO's OWC Files can be Enhanced – (Partial Concurrence)

The case summary sheet is used internally by GPO OWC staff and is not required by DOL. Documents are filed chronologically in the claimants' file. The information is easily accessible and the majority of the time if there is a list of important dates we must review the actual documentation to get a clear understanding of the claimants' overall case. Even with the current list of important dates that are listed on the Case Summary sheet we will review the documentation to resolve an issue.

However, we will review the FECA Injury Case Summary form and determine if it continues to meet our current needs. If the assessment does not provide opportunities for improvement for this Office, we will not revise the form. If we revise the form, we will use the updated form moving forward and will not update existing case files with the new form as we have limited resources available for such a labor intensive task. We will finish this assessment by the end of 2009.

Additional Comments

Attached is a PowerPoint presentation that provides additional information that we feel may be relevant to this draft report. Specifically, the charts and graphs detail the following, which further highlights the improvements in the management of the OWCP program based upon OIG past recommendations:

- OWCP FY 2008 Chargeback cost of \$5,452,001 (our lowest charge since 2000)
- OWCP FECA Future Liabilities cost of \$67,067,000 (a reduction of \$30,000,000 since 2001)
- A reduction of 68 claimants from the OWCP long-term listing since 2002
- A continual yearly reduction in Sick Injured Administrative (SIA) costs that are at least 50% less than the 2003 costs of \$402,290
- Continual reductions in SIA time used by employees and reductions in the number of employees using SIA
- A continual reduction of our OWCP Chargeback costs since 2003 when viewed in today's dollars using the CPI inflation factor from \$7,376,579 to \$5,415,360.
- A continual reduction of our injury rate from 8.23 injuries/illnesses per 100 employees in FY 2003 to 3.39 injuries/illnesses per 100 employees in FY 2008

We appreciate the opportunity to review this report and provide comments before completion of the final report. If you require additional information, or would like to arrange a meeting to discuss these comments, please contact Albert L. Troupe at (202) 512-1267.

ALBERT L. TROUPE
Supervisor, Workers' Compensation Program

Appendix C. Status of Recommendations

Recommendation No.	Resolved	Unresolved	Open/ECD*	Closed
1	X			09/30/09
2	X		12/31/09	

*Estimated Completion Date

Appendix D. Report Distribution

Government Printing Office

Public Printer
Deputy Public Printer
Chief Acquisition Officer
Chief Financial Officer
Chief Human Capital Officer
Chief Information Officer
Chief Technology Officer
Director, Congressional Relations
Director, Equal Employment Opportunity
Acting General Counsel
Managing Director, Agency Accounts and Marketing
Managing Director, Library Services and Content Management
Managing Director, Official Journals of Government
Managing Director, Operations Support
Managing Director, Plant Operations
Managing Director, Print Procurement
Managing Director, Publication and Information Sales
Managing Director, Security and Intelligent Documents