



U.S. GOVERNMENT PRINTING OFFICE
OFFICE OF INSPECTOR GENERAL

**AUDIT REPORT
13-01**

**Management Oversight:
Federal Employees' Compensation Act Operations**

January 15, 2013

Date

January 15, 2013

To

Chief Human Capital Officer

From

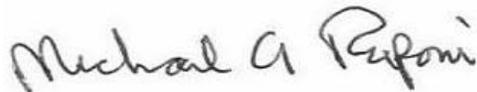
Inspector General

Subject

Audit Report–Management Oversight: Federal Employees’ Compensation Act
Operations
Report Number 13-01

Enclosed please find the subject final report. Please refer to the “Results in Brief” for the overall audit results. 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 comments responsive to all of the recommendations. The recommendations are resolved and will remain open pending our verification of the completion of the agreed upon actions.

We appreciate the courtesies extended to the audit staff. If you have any questions or comments about this report, please do not hesitate to contact me at (202) 512-0039.



MICHAEL A. RAPONI
Inspector General

Enclosure

cc:

Acting Public Printer
Assistant Public Printer, Operations
General Counsel

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Office of Inspector General

Report Number 13-01

January 15, 2013

Management Oversight: Federal Employees' Compensation Act Operations

Introduction

The FECA provides wage loss compensation, medical care, and survivors' benefits to federal workers for employment-related traumatic injuries and occupational diseases¹. Traumatic injuries are wounds or other conditions caused by an external force, stress, or strain within a single day or work shift. An employee spraining their ankle at work would be an example of a traumatic injury. An occupational disease is a physical condition produced by the work environment over a longer period. Developing carpal tunnel syndrome would be an example of an occupational disease. FECA also provides for payment of benefits to dependents if a work-related injury or disease causes an employee's death.

GPO has financial and management responsibilities for its own FECA cases. The costs of FECA benefits are initially paid by the U.S. Department of Labor (DOL) through the Employee Compensation Fund which is administered by the Office of Workers' Compensation Programs (OWCP). At the end of each fiscal year (FY), GPO reimburses the FECA program for their employees' FECA expenses through a process known as chargeback. Within GPO, the Workers' Compensation Services (WCS) is responsible for administering the FECA program. Between July 2011 and March 2012, GPO paid \$4.4M on 201 cases under the DOL's FECA program. This does not include payments made for the first 45 days when a claimant is in a Continuation of Pay status.

The objective of our audit was to assess GPO's monitoring of key aspects of its FECA operations related to returning claimants to work. We also reviewed training of GPO personnel, such as effort to ensure supervisors understand their responsibilities under FECA and the reliance of information technology to administer the program.

To accomplish our objective, we analyzed the DOL chargeback report as of March 2012 and program information as of October 2012, at the GPO Central Office in Washington, D.C. At the time of our review, the March 2012 DOL chargeback report was most current report available. We conducted interviews with employees in the WCS pertaining to monitoring, training, and the use of information technology in

¹ FECA is codified at 5 U.S.C. § 8101 et seq.

support of the administration of the FECA program. We reviewed related laws, regulations, and GPO management directives. We reviewed documents and reports pertaining to monitoring, such as program-wide status related to (1) marital status, (2) eligibility of dependents, (3) modified, limited, and light duty assessments, (4) medical updates, (5) medical second opinions, (6) chargebacks, (7) vocational training, and (8) assisted reemployment. We reviewed training records and information technology used to support the administration of GPO's FECA program. We did not test or verify information contained in individual case files. We plan to perform case file reviews in future audits of GPO's administration of its FECA operations.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. Our objective, scope, methodology, and criteria are detailed in Appendix A

Results in Brief

Since our initial review in 2002, GPO has made significant progress with its FECA program. We found that the personnel specialists we worked with were informed and actively working on numerous cases.

We identified opportunities where additional action could strengthen the monitoring of FECA operations. At a minimum, monitoring FECA should include: (1) updating the current marital status of claimants, (2) evaluation of the continued eligibility of the claimants dependents, (3) seeking opportunities to bring claimants back on a modified, limited, or light duty assignment, (4) receiving medical updates on a regular basis, (5) obtaining second medical opinions where the record indicates the claimant has some potential of eventually returning to work, (6) responding to requests for vocational training, and (7) requesting employees be included in OWCP's Assisted Reemployment program. While GPO may perform many of these duties on an ad hoc basis, it could not demonstrate it monitors FECA on a program-wide basis.

GPO could also strengthen business unit supervisors understanding of their responsibilities under FECA and expand its use of information technology to administer the program.

We attribute this to current practices and procedures not fully addressing monitoring, supervisory FECA training, and information technology used to administer FECA program. Taking these actions may provide opportunities to better assess overall risk of improperly paying compensation and medical costs and

may reduce the amount paid or result in the removal of claimants from the periodic roll and to re-employment. For example, while we did not review claim files, we observed four instances where GPO missed opportunities to return claimants to work resulting in \$267,161 worth of FECA compensation paid while each claimant could have returned to work.

RECOMMENDATIONS

We recommend the Chief Human Capital Officer further strengthen FECA operations by:

1. Developing procedures and a standardized program-wide monitoring process to routinely monitor adherence to FECA requirements such as: (1) updating the marital status of claimants, (2) evaluating continued eligibility of the claimants dependents, (3) seeking opportunities to place claimants on a modified, limited, or light duty assignment, (4) receiving medical updates on a regular basis, and (5) obtaining second medical opinions where the record indicates the claimants has some potential of eventually returning to work, (6) responding to requests for vocational training, and (7) requesting employees be included in OWCP's Assisted Reemployment program.
2. Strengthen business unit supervisors understanding of their responsibilities under FECA by developing and implementing a formal training program.
3. Expanding the use of information technology to administer the program such as the use of DOL's Employees' Compensation Operations and Management Portal electronic software.

Management's Response

GPO management concurred with the recommendations.

We consider management's planned action responsive. The recommendations are resolved and will remain open until planned action is complete.

BACKGROUND

FECA provides cash and medical benefits to federal employees who suffer temporary or permanent disabilities resulting from work-related injuries or diseases. DOL adjudicates and approves claims submitted by employees. DOL manages distribution of program benefits in the form of compensation for lost wages, schedule awards and medical benefits. DOL provides these benefits from a compensation fund that federal departments and agencies pay into with appropriations.

One goal of FECA is to return beneficiaries to work as soon as possible. However, because of the requirements of this law, this process can take a significant amount of time. Once personnel specialists in the WCS office are notified by DOL that a claimant is eligible to return to work, the specialist attempts to locate a position. If a suitable position is found, the specialist informs DOL of the details of the position. DOL then has 30 days to verify that the position is appropriate for the beneficiary. After that happens, the specialist makes the offer. The beneficiary then has 30 days to respond. If the beneficiary accepts the position a start date is determined. If the beneficiary does not accept the position, they have another 30 days to appeal the decision and the process continues.

Known Risks Associated with the FECA Program

Federal agencies' Inspectors General and the Government Accountability Office (GAO) have identified long-standing programmatic deficiencies government-wide that may make the FECA program vulnerable to fraud and abuse.

GAO reported² that beginning with its 2004 Performance and Accountability Report and every year since, DOL has indicated that adequately overseeing the FECA program was one of its chief management challenges. Their report found that most agencies under the FECA program reported continuing management challenges, including oversight. The report stated that "the impact of insufficient oversight at the departmental level has been significant". According to GAO, prior Inspector General FECA reports have identified four areas of management challenges.

Oversight—the impact of insufficient oversight at the departmental level has been significant. Oversight could be strengthened with a variety of techniques including active case management practices such as periodically reviewing and updating information on long-term disability cases or intervening early through scheduled interactions when new beneficiaries are placed on the rolls.

² GAO-12-508R, Federal Employees' Compensation Act: Status of Previously Identified Management Challenges, dated March 21, 2012.

Information Technology—information technology was a critical challenge for agencies, with some reporting they did not have an adequate internal system to administer the program.

Legislative Reform—Congress is currently considering several legislative proposals that would reform the FECA program. It was stated that because the program had not been reformed in over three decades, the program did not include market-based characteristics such as maximum time and benefit limits, settlement and buyout options.

Other Factors— the economy, workplace characteristics, and rising medical costs to a lesser extent, are other factors that challenge departments' and agencies' ability to manage program.

Prior GPO OIG Reports on the FECA Program

The OIG completed an audit of the GPO FECA Program in September 2009³. The audit evaluated the adequacy of controls over GPO's FECA Program.

OIG reported no indication that the program was not being operated in accordance with appropriate Federal guidelines, regulations, and directives. Although employee claims for benefits were generally supported with the required documentation, there were several areas where procedural and policy improvements could be made to further enhance and strengthen the GPO's FECA Program. A total of two recommendations were made to management.

The OIG recommended that GPO contact the DOL liaison and schedule regular periodic meetings with OWCP to discuss any issues related to workers' compensation cases. In addition, identification of any errors related to claimant's data should be promptly communicated to OWCP. The OIG also recommended that GPO revise FECA Injury Case Summary forms for each case file. Both recommendations have been closed.

In a 2002 audit of the FECA Program, the OIG recommended that priority should also be given to completing Draft Instruction 665.5A, and incorporating the suggestions of all departments with involvement in the FECA Program, so that a firm basis of duties and functions is clearly established. It was reported, that on September 3, 2008, GPO finalized and published Directive 665.5B, "GPO Workers' Compensation Program." The directive outlines authorities, establishes policies, and describes responsibilities for the administering and managing of the FECA Program. The directive also formally outlines the roles and responsibilities of management officials and employees as well as the various commitments related to the program.

³ OIG Report Number 09-14, GPO's Workers Compensation Program, dated September 30, 2009.

Overview of the FECA ChargeBack Process

FECA is financed by the Employees' Compensation Fund, which consists of funds appropriated by Congress through a "chargeback" to the various agencies. Each year the Secretary of Labor furnishes GPO a statement of payments from the fund for GPO employees. GPO includes FECA costs in its budget requests and the resulting sums are deposited in the fund. Below is the general chargeback process.

- Injured worker files a FECA claim. OWCP evaluates and makes determination of payment. Payment is made to injured worker.
- OWCP provides quarterly chargeback reports of claim payments to GPO. This provides preliminary indication of costs as well as gives GPO a chance to dispute any costs attributed to GPO.
- By August 15 of each year, OWCP is required to send an Annual Statement (made up of the quarterly reports and any changes) and a bill summarizing the total FECA costs attributable to GPO under the prior chargeback year (July 1 to June 30).
- Upon receipt of the bill, GPO includes the amount shown on the chargeback bill in its budget for the following fiscal year (GPO's fiscal year).
- Congress approves the budget request.
- Agency reimburses OWCP for the charges assessed for the prior chargeback year in October.

Occupational Safety and Health Administration (OSHA) Reported Injury Case Rates

According to statistics from the DOL's OSHA, GPO had an injury and illness case rate of 2.27 per 100 employees as of the 3rd Quarter of FY 2012. OSHA projected a year end injury and illness case rate of 3.03 per 100 employees.

The Total Case numbers are derived from claims submitted to OWCP with "case creates" dates of October 1, 2011 through June 30, 2012. The Total Case Rate is calculated by dividing the number of total time cases by the number of employees. The resulting number is then multiplied by 100, for a rate per 100 employees.

While OSHA estimated an increase in the injury and illness case rate, GPO has reduced the size of its workforce which may mitigate any estimated increase.

DOL Guidelines

DOL Publication CA-8-1, Injury compensation for Federal Employees, revised 2009, recommends "active management of workers' compensation programs by agency personnel" to contain costs. This includes actions such as: reviewing and maintaining documentation, monitoring medical information and staying in touch with injured employees, identifying suitable jobs and returning them to work as soon as possible. The OWCP also provides an overview of FECA to supervisors and

managers that can be tailored to the individual agency and held at the requesting agency's facility.

Policies and Procedures

GPO Directive 665.5B, "GPO Workers' Compensation Program," dated September 3, 2008, outlines authorities, establishes policies, and describes responsibilities for the administering and managing of the GPO's FECA Program. The directive also formally outlines the roles and responsibilities of GPO management officials and employees as well as the various commitments related to the program.

Office of Management and Budget Circular No. A-123, Management's Responsibility for Internal Control, dated December 21, 2004, requires managers to develop and maintain effective internal controls. Effective internal controls provide assurance that significant weaknesses in the design or operation of internal controls that could adversely affect the agency's ability to meet its objectives would be prevented or detected in a timely manner.

GAO Standards for Internal Controls in the Federal Government, November 1999. According to the GAO, ongoing monitoring occurs in the course of normal operations. It is performed continually and is ingrained in the agency's operations. It includes regular management and supervisory activities, comparisons, reconciliations, and other actions people take in performing their duties.

Results and Recommendations

While GPO has made significant progress with its FECA program, we believe additional opportunities exist to strengthen controls over operations. For example, GPO could increase monitoring of FECA at the business unit level by: (1) updating the marital status of claimants, (2) evaluating the continued eligibility of the claimants dependents, (3) seeking opportunities to bring claimants back on a modified, limited, or light duty assignment, (4) receiving medical updates on a regular basis, (5) obtaining second medical opinions where the record indicates the claimant has some potential of eventually returning to work, (6) responding to requests for vocational training, and (7) requesting employees be included in OWCP's Assisted Reemployment program.

Also, GPO has not developed a formal training program to strengthen its business unit supervisors understanding of their responsibilities under FECA and expand its use of information technology to administer the program.

We attribute this to lack of procedures necessary to provide a framework to comprehensively monitor, provide training to business unit supervisors, and use available information technology to administer the FECA program. Procedures should include the specific methods used to implement policies on a day to day basis. For example, only one of the procedures called Sick Injured Administrative includes a requirement for a written report summarizing the information and work performed. Some of the procedures we reviewed were slide presentations providing information on a given topic.

Taking these actions may provide opportunities to better assess overall risk of improperly paying compensation and medical costs and may reduce the amount paid or result in the removal of claimants from the periodic roll and to re-employment. For example, while we did not review claim files, we observed four instances where GPO missed opportunities to return claimants to work resulting in \$267,161 worth of FECA compensation paid while each claimants could have returned to work.

Enhanced Program-wide Monitoring Needed

Because it is not required, only a limited amount of program-wide or summary of activity information is developed and monitored. Below are several areas within FECA operations where GPO could gain a better understanding of its program through program-wide monitoring.

Program-wide tracking of claimant's marital status and the eligibility of dependent children when claimant's payments are at the 75 percent rate is needed. GPO could not demonstrate it monitored claimant's marital status and the eligibility of dependent children. If claimants are unable to return to their duties as a result of

the injury, they are generally entitled to up to 45 days of continuation of pay, which entails GPO continuing to pay the claimants regular pay. Continuation of pay is authorized for traumatic injury but not for occupational illnesses or other diseases. If claimants are still unable to return to work at the end of the 45 days, they are entitled to begin receiving compensation for lost wages.

Beneficiaries in death cases are required to annually submit a report regarding their marital status and continuing eligibility of dependent children. A beneficiary is required to submit proof of continuing eligibility for children over the age of 18 who are students or who are physically or mentally incapable of self-support.

Monitoring claimant's ability to perform modified, limited, or light duty assignments could reduce program costs. GPO could not demonstrate it monitors on a program-wide basis the effective use of modified, limited, or light duty assignments. While it is difficult to demonstrate that a claimant is ready to return to full duty, it is easier to prove that claimants are capable of returning to modified, limited, or light duty assignments.

In order to return claimants back to work as soon as appropriate, GPO must not only routinely monitor the condition of the injured employees receiving FECA benefits, they must also coordinate with business unit supervisors, the claimant, OWCP's registered nurse, and the claimant's physician in order to create a light or modified duty assignment when applicable. Without this coordination, GPO may miss opportunities to return claimants back to work, thus allowing the FECA benefit expenses to increase while losing employee experience and production.

A modified, limited, or light duty assignment must be detailed in writing and be well-defined, meet the restrictions as prescribed by the physician, and be approved by the OWCP Claims Examiner. When a claimant has partially or fully overcome an injury or disability, GPO should make every effort toward assigning the employee to limited duty consistent with the claimant's medically defined work limitation. The duty assignment can be developed for part-time or full-time work. Once the duty assignment is developed and approved, the claimant has 30 days to accept or reject the assignment and return to work.

GPO management faces a difficult situation in returning claimants back to work since claimants may receive more net income from FECA benefits than from earned wages. This disparity occurs because FECA benefits are not subject to taxes for federal and state income, social security and Medicare. Thus, claimants may be reluctant to return to work and may challenge whether they are physically capable of doing so. Managers, supervisors, injured workers, and Compensation Specialists should work together to develop assignments. There may also be a need to clarify issues related to grade, pay, qualifications and other Federal benefits.

Program-wide monitoring of the medical status of claimants may improve the timeliness of a claimants return to work. GPO could not demonstrate it monitored program-wide claimant's medical status and medical second opinions to ensure claimant's return to work as soon as possible. FECA requires, at a minimum, annual medical documentation to determine if a claimant is still entitled to benefits under this provision. Medical documentation is used to determine if a light duty assignment can be offered to the claimant. In order to make a job offer, the agency must conduct active case file monitoring and obtain medical evidence that would otherwise describe the injured workers' medical restrictions.

Federal employees involved in work-related incidents are entitled to have medical treatment by a licensed physician of their choosing paid for by the FECA program. GPO may contact the attending physician to obtain additional information about the claimant's medical condition or capability to perform work. GPO can use this information to identify claimants who may be able to return to work at full capacity or at an alternative capacity. OWCP has the authority to request a medical examination to obtain a second opinion by a physician it designates to evaluate the original medical prognosis or to determine whether a claimant remains entitled to benefits.

In addition to requesting and reviewing the results of a second opinion medical examination from the agency's designated physicians, we believe GPO also should consistently obtain and review updated medical documentation. Periodic medical updates about the claimant are necessary to evaluate whether the claimant's medical condition has improved enough to return to work.

We were told in general GPO does not initiate second medical opinions. While second medical opinions are not required in all cases, these examinations can be beneficial in evaluating cases where the record indicates the claimant has some potential of eventually returning to work. In our opinion, GPO should not be reluctant to seek second medical examinations in these cases, which could result both in returning experienced and trained personnel to active duty and in reducing long term FECA expenditures.

Monitoring opportunities to initiate proactive Vocational Rehabilitation Services and Assisted Reemployment may return employees to work. GPO could not demonstrate it monitored program-wide claimants in order to proactively identify opportunities to explore the use of Vocational Rehabilitation Services and Assisted Reemployment

FECA provides for vocational rehabilitation services to assist disabled employees in returning to gainful employment consistent with their physical, emotional and educational abilities. An employee with extended disability may be considered for rehabilitation services if requested by the attending physician, the employee or agency personnel. In addition, OWCP will routinely consider a case for rehabilitation services if the agency cannot reemploy the employee.

For Assisted Reemployment, OWCP may reimburse an employer who was not the employer at the time of injury for part of the salary of a reemployed worker. This wage subsidy is intended to assist in reemploying workers who could not be placed with their former employers. It is available to other Federal employers as well as to State and local governments and the private sector.

GPO has a few employees who have gone through vocational rehabilitation services but WCS informed us that they were unaware of anyone in the Assisted Reemployment program.

Select Examples of Missed Opportunities to Bring Claimants Back to Work

While we did not conduct a review of claimant files as part of our audit, we noted four claimants that had been classified as eligible to return work, yet had not. Based on our review of their files, GPO could not demonstrate that business units maintained contact with the four claimants. We noted that WCS attempted to return the four claimants back to work but was unsuccessful. We calculated the amount of compensation paid to the claimants based on the date the claimants could return to work. The total amount paid to these four individuals was \$267,161 through September 30, 2012. See table below.

Table 1: Detailed Calculation of Select Claimants Eligible to Return to Work

	Date Entered FECA Program	Date Eligible to Return to Work	Compensation Paid Since Eligible to Return to Work thru 9/30/2012 ⁴	Total Days on Worker's Compensation Status thru 9/30/2012	Compensation Received to Date
Claimant 1	5/14/2009	3/30/2010	\$67,061.34	1,235	\$99,845.04
Claimant 2	4/2/2003	4/20/2009	97,644.31	3,469	336,449.23
Claimant 3	6/6/2002	7/21/2010	55,964.32	3,773	328,020.51
Claimant 4	6/26/2002	9/20/2010	46,491.80	3,749	230,011.40
Total			\$267,161.77		\$994,326.18

Formal Training Needed to Strengthen Business Units Understanding of FECA

GPO has not developed a formal training program for business unit supervisors who assist with monitor claimants. We believe ensuring personnel, such as supervisors, understand their responsibilities under FECA and GPO's process may strengthen monitoring claimants and return claimant back to work in a timely manner.

⁴ Total excludes medical expenses.

Business unit supervisors should be consistently reviewing chargeback reports and program-wide monitoring reports in order to identify opportunity to return claimant back to work. According to the GPO Directive, supervisors and managers are responsible for maintaining contact with employees, identifying appropriate light duty assignments and generally work to return employees to work as soon as possible. Training for supervisors and managers is available through the OWCP and can be tailored to the Agency's needs. Without formal training, business unit supervisors may not process and manage FECA claimants return to work timely.

Expand Use of Information Technology Could Strengthen Operations

GPO does not take advantage of the Employees' Compensation Operations and Management Portal which is a free on-line software application developed by OWCP to assist with FECA claims processing and tracking. The system permits claimants, representatives, employing agency staff and medical providers to upload documents directly into existing OWCP files through the internet. We were told the software allows agencies to file claim forms electronically, perform monitoring activities such as data mining, and perform trend analysis. The system enables Claims Examiners to view the new information within hours of submission. As a result of an update made in June 2011 to federal regulations, all federal employers are required to offer electronic filing capabilities to their employees by December 31, 2012.

RECOMMENDATIONS

We recommend the Chief Human Capital Officer further strengthen FECA operations by:

1. Developing procedures and a standardized program-wide monitoring process to routinely monitor adherence to FECA requirements such as: (1) updating the marital status of claimants, (2) evaluating continued eligibility of the claimants dependents, (3) seeking opportunities to place claimants on a modified, limited, or light duty assignment, (4) receiving medical updates on a regular basis, (5) obtaining second medical opinions where the record indicates the claimant has some potential of eventually returning to work (6) responding to requests for vocational training, and (7) requesting employees be included in OWCP's Assisted Reemployment program.

Management's Response

GPO's management concurred with the recommendation. The GPO OWCP staff will develop a data base using excel to track and/or monitor claimants marital status, dependents and medical status. The data base will be completed by March 1, 2013. Major updates will be performed on a quarterly basis in coordination with the receipt of the Chargeback report.

A second database will be developed to track opportunities to return employees to work including vocational training. They will look into the use of the Assisted Reemployment Program.

2. Strengthen business unit supervisors understanding of their responsibilities under FECA by developing and implementing a formal training program.

Management's Response

GPO's management concurred with the recommendation. They will conduct quarterly briefings and/or Q&A sessions for all managers. They will also work on developing formal training. A schedule of briefings and Q&A sessions will be complete by April 5, 2013.

3. Expanding the use of information technology to administer the program such as the use of DOL's Employees' Compensation Operations and Management Portal electronic software.

Management's Response

GPO's management concurred with the recommendation. DOL presented a briefing on January 7, 2013. The Memorandum of Understanding between GPO and DOL will be signed and the necessary steps for obtaining the system performed. They expect the system to be operational by April 5, 2013.

Evaluation of Managements Response

Management's planned actions are responsive to the recommendations. The recommendations are resolved and will remain open until planned action is complete.

Appendix A - Objectives, Scope, and Methodology

We performed fieldwork from May 2012 through October 2012 at the GPO Central Office in Washington, D.C. We conducted the audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence that will provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Objectives

The objective of our audit was to assess GPO's monitoring of key aspects of its operations related to returning claimants to work. We also reviewed training of personnel, such as effort to ensure supervisors understand their responsibilities under FECA and the reliance of information technology to administer the program.

Scope and Methodology

To accomplish our objective, we analyzed the DOL chargeback report as of March 2012 and program information as of September 2012, at the GPO Central Office in Washington, D.C. At the time of our review, the March 2012 DOL chargeback report was most current report available. We conducted interviews with employees in the WCS pertaining to monitoring, training, and the use of information technology in support of the administration of the FECA program. We reviewed related laws, regulations, and GPO management directives. We reviewed documents and reports pertaining to monitoring, such as program-wide status related to (1) marital status, (2) eligibility of dependents, (3) modified, limited, and light duty assessments, (4) medical updates, (5) medical second opinions, (6) chargebacks, (7) vocational training, and (8) assisted reemployment. We reviewed training records and information technology used to support the administration of GPO's FECA program. We did not test or verify information contained in individual case files. We plan to perform case file reviews in future audits of GPO's administration of its FECA operations.

Management Controls Reviewed

We determined that the following internal controls were relevant to our audit objective:

Program Operations – Policies and procedures the GPO management implemented to reasonably ensure that processes met GPO's objectives.

Appendix A - Objectives, Scope, and Methodology

Validity and Reliability of Data – Policies and procedures that management has implemented to reasonably ensure that valid and reliable data are obtained, maintained, and fairly disclosed in reports.

Compliance with Laws and Regulations – Policies and procedures that management has implemented to reasonably ensure that resource use is consistent with laws and regulations.

The details of our examination of management controls, the results of our examination, and noted management control deficiencies are contained in the report narrative. Implementing the recommendations in this report should improve those management control deficiencies.

Computer-generated data

We did not rely on any computer-processed data from any GPO computer system.

Appendix B – Management’s Response



Memorandum

January 10, 2013

From: Chief Human Capital Officer
To: Michael Raponi, Inspector General, Office of the Inspector General
Subject: **Management’s Response to the Draft IG Audit Report #13-01 - dated October 24, 2012 titled - Management Oversight: Federal Employees’ Compensation Act Operations**

Thank you for the opportunity to respond to the draft IG Audit Report #13-01 - dated October 24, 2012 titled - Management Oversight: Federal Employees’ Compensation Act Operations. The following response is provided for your reference and addresses the recommendations that were contained in the report:

Recommendation 1: Developing procedures and a standardized program-wide monitoring process to routinely monitor adherence to FECA requirements such as:

- (1) Ensuring that OWCP is current in updating of the marital status of claimants - *GPO management concurs.*

The marital status is already being tracked by the DOL using form EN-1032 which is an annual request by DOL for a FECA recipient to disclose: all employment for which recipients received a salary, wages, income, sales commissions, piecework, or payment of any kind. This includes military pay. Recipients must report the value of things such as housing, meals, clothing, and reimbursement expenses that were received as part of employment. Recipients must also report self employment or involvement in business enterprises and volunteer work. Part C of the EN-1032 the claimant must disclose his/her marital status.

Describe how this will be done.

The GPO OWC staff will develop a data base using excel to track and/or monitor the marital status of claimants receiving compensation benefits. The review will be done when we do our reviews of the quarterly chargeback.

When you expect the task to be completed?

We expect to have the data base complete approximately March 1, 2013.

- (2) Ensuring that OWCP is current in their review of the continued eligibility of the claimants’ dependents - *GPO management concurs.*

A quarterly review of the chargeback is done to ensure that all recipients on the chargeback are eligible for benefits not just the dependents. We check the obituaries, we write to the DOL and inquire about current medical status, and we review the AQS (Agency Query System).

Describe how this will be done.

Appendix B – Management’s Response

Same as above

When you expect the task to be completed?

This is done quarterly October, January, April and July.

- (3) Seeking opportunities to place claimants on a modified, limited, or light duty assignment - *GPO management concurs.*

Describe how this will be done.

We will continue to meet with managers, coordinate return to work opportunities with the Case Management Nurses assigned by DOL and the Vocational Rehab Representatives to seek re-employment. We first try to return the employee to the position held at the time of the injury with modifications to accommodate the employee’s limitation; if this is not feasible we work with management to place employees in another position at the same salary as the position held at the time of injury; or in another position at a lower salary than the position held at the time of injury. We are making every effort to make this agency wide. Not just within the employees work division and section. We will look into developing a database that will track available opportunities. If we determine that a database is feasible, we anticipate it being developed and operational by April 5, 2013.

When you expect the task to be completed?

When the medical evidence shows that total disability has ended.

- 4) Receiving medical updates on a regular basis: *GPO management concurs.* While most of the case files have updated medical not all do.

Describe how this will be done.

When reviewing the chargeback concurrently with the case files, if a case requires medical documentation we request the most current updated documentation from the DOL. This also depends on the claimant’s current case status. FECA requirements for medical documentation range from 1 to 3 years depending on the case status. When ECOMP is implemented, all medical updates will be entered into the system.

When you expect the task to be completed?

During quarterly reviews of the chargeback.

- (5) Obtaining second medical opinions where the record indicates the claimants has some potential of eventually returning to work - *GPO management concurs.* Currently 2nd opinion exams are scheduled when medical issues arise that cannot be resolved on the basis of opinions given by the attending physician and the District Medical Advisor, the specialist’s request 2nd opinion exams when claimants have been on light duty more than 6 months, also to find out if a claimant is still totally disabled due to the on the job injury. When ECOMP is implemented, all medical opinions will be entered into the system.

Describe how this will be done.

Appendix B – Management’s Response

Same as above

When you expect the task to be completed?

- (6) Responding to requests for vocational training - *GPO management concurs.*

An employee with extended disability will be considered for rehabilitation services if requested by a physician, the employee or agency personnel. OWCP routinely considers cases for vocational rehabilitation services if the agency cannot reemploy the employee. Most of GPO's long term disabled claimants have had vocational rehabilitation service, however due to the lack of support from management; the GPO Workers' Compensation staff has been unsuccessful in returning the employees to work. We will look into developing a database that will track responses to requests for vocational training. If we determine that a database is feasible, we anticipate it being developed and operational by April 5, 2013.

- (7) Requesting employees be included in OWCP's Assisted Reemployment Program - *GPO management concurs.*

Describe how this will be done.

The OWC Staff needs to get additional information regarding the program.

When you expect the task to be completed?

Recommendation 2: Recommendation to strengthen business unit supervisors understanding of their responsibilities under FECA by developing and implementing a formal training program - *GPO management concurs.*

Describe how this will be done.

We will conduct quarterly briefings and/or Q&A sessions for all managers which will strengthen their knowledge and understanding of FECA as well as their roles and responsibilities. We will work on developing a formal training program this fiscal year.

When you expect the task to be completed?

We expect to have the managers trained on the ECOMP system, and a schedule of the quarterly briefings and/or Q&A sessions by April 5, 2013.

Recommendation 3: Expand the use of information technology to administer the program such as the use of DOL's ECOMP electronic software program - *GPO management concurs.*

Describe how this will be done.

The DOL presented a live demonstration of the ECOMP system to the GPO staff on January 7, 2013. DOL provided a Memorandum of Understanding (MOU) to GPO's Chief Human Capital Officer for her review and completion. Once she signs and

Appendix B – Management’s Response

submits the MOU to DOL, GPO and DOL staffs will work together to create GPO’s agency hierarchy, agency-level reviewers and administrators in the ECOMP system. Once the agency set up is complete, GPO will spend 3-4 weeks testing and learning the system’s work flow by processing practice forms on the ECOMP system’s production site. Additionally, GPO will spend a few weeks training its employees and managers on the system to ensure they are knowledgeable of the system before implementing it.

When you expect the task to be completed?

We expect the system to be fully implemented by April 5, 2013.

Sincerely;



Ginger T. Thomas
Chief Human Capital Officer

Appendix C - Status of Recommendations

Recommendation	Resolved	Unresolved	Open/ECD*	Closed
1	x		March 1, and April 5, 2013	
2	x		April 5, 2013	
3	x		April 5, 2013	

*Estimated Completion Date.

Appendix D - Report Distribution

Acting Public Printer
Assistant Public Printer, Operations
General Counsel

Major Contributors to the Report

Patricia M. Bach, Senior Auditor