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OFFICE OF  
THE INSPECTOR GENERAL

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SOCIAL SECURITY ADMINISTRATION

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FOLLOW-UP:  
THE SOCIAL SECURITYADMINISTRATION'S  
MANAGEMENT OF ITS  
*FEDERAL EMPLOYEES' COMPENSATION ACT*  
PROGRAM

March 2008

A-13-07-17074

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AUDIT REPORT

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## **Mission**

**By conducting independent and objective audits, evaluations and investigations, we inspire public confidence in the integrity and security of SSA's programs and operations and protect them against fraud, waste and abuse. We provide timely, useful and reliable information and advice to Administration officials, Congress and the public.**

## **Authority**

The Inspector General Act created independent audit and investigative units, called the Office of Inspector General (OIG). The mission of the OIG, as spelled out in the Act, is to:

- Conduct and supervise independent and objective audits and investigations relating to agency programs and operations.
- Promote economy, effectiveness, and efficiency within the agency.
- Prevent and detect fraud, waste, and abuse in agency programs and operations.
- Review and make recommendations regarding existing and proposed legislation and regulations relating to agency programs and operations.
- Keep the agency head and the Congress fully and currently informed of problems in agency programs and operations.

To ensure objectivity, the IG Act empowers the IG with:

- Independence to determine what reviews to perform.
- Access to all information necessary for the reviews.
- Authority to publish findings and recommendations based on the reviews.

## **Vision**

We strive for continual improvement in SSA's programs, operations and management by proactively seeking new ways to prevent and deter fraud, waste and abuse. We commit to integrity and excellence by supporting an environment that provides a valuable public service while encouraging employee development and retention and fostering diversity and innovation.



## SOCIAL SECURITY

### MEMORANDUM

Date: March 31, 2008

Refer To:

To: The Commissioner

From: Inspector General

Subject: Follow-up: The Social Security Administration's Management of Its *Federal Employees' Compensation Act* Program (A-13-07-17074)

### **OBJECTIVE**

Our objective was to determine the extent to which the Social Security Administration (SSA) implemented certain recommendations in our October 2001 report, *The Social Security Administration's Management of Its Federal Employees' Compensation Act Program*. We also reviewed other actions the Agency took concerning the oversight and monitoring of its *Federal Employees' Compensation Act* (FECA) program.

### **BACKGROUND**

FECA (5 U.S.C. § 8101, *et seq.*) provides compensation benefits to civilian Federal employees for disability due to personal injury sustained while performing official duties or for an employment-related disease. It provides payment as compensation for lost wages, monetary awards for bodily impairment or disfigurement, medical care, vocational rehabilitation, and survivor's compensation. The U. S. Department of Labor's (DoL) Office of Workers' Compensation Programs approves and adjudicates FECA claims for all Federal agencies. With assistance from SSA management, DoL administers FECA benefits for all SSA employees.

SSA is responsible for continuing an employee's regular wages, without charging annual or sick leave for up to 45 days while the employee is recovering from a FECA-covered injury or disease. If the disability continues for more than 45 days from the date of injury or the onset of the disease, DoL provides compensation for lost wages after a 3-day waiting period in a non-paid status. In addition, DoL provides payment for medical benefits.

Costs DoL incurs while providing FECA benefits are charged back to the claimant's employing agency. SSA reimburses the Employees' Compensation Fund through its annual operating appropriations. Based on the Chargeback Years (CBY)<sup>1</sup> 2003 through 2006 listings, SSA's FECA program costs totaled about \$92.6 million.

Our October 2001 report identified several concerns in SSA's management of its FECA program and made recommendations to address these issues. Our current review determined the extent to which SSA implemented six of the eight recommendations in our 2001 report (see Appendix B).<sup>2</sup> Since the responsibility for one recommendation rested with another Federal agency, and SSA disagreed with the remaining recommendation, we did not assess these matters during this review.

During this review, we analyzed the electronic listings for CBYs 2003 through 2006 to determine the Agency's FECA program costs. These four listings identified costs for 11,668 FECA claimants receiving compensation and medical benefits from July 1, 2002 through June 30, 2006. Some claimants received FECA benefits for more than 1 CBY. Of the 11,668, we found 6,139 claimants listed at least once on the chargeback listings. We examined the data for the 6,139 FECA claimants to determine the extent to which SSA implemented certain recommendations in our October 2001 report.

- We examined the 2006 CBY process to assess timely distribution, review, and use of chargeback reports.<sup>3</sup>
- We used 2003 through 2006 CBY data to determine whether FECA claimants for these periods were SSA employees.
- We assessed 2003 through 2006 CBY data to determine whether the Agency recovered all FECA program costs paid for previously identified non-SSA employees.
- We selected a sample of 50 FECA claimants from the 2003 through 2006 CBYs to determine compliance with the Agency's third-party liability procedures.

See Appendix C for detailed discussions of the Scope and Methodology and Appendix D for the Sampling Methodology.

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<sup>1</sup> A CBY covers FECA costs from July 1 through June 30.

<sup>2</sup> We also reviewed the extent to which SSA took action concerning related recommendations in the May 1995 report, *Review of the Social Security Administration's Management of Claims Filed Under the Federal Employees' Compensation Act* (A-13-92-00236).

<sup>3</sup> A chargeback report is a statement of benefit payments provided to the employing agency's FECA claimants.

## RESULTS OF REVIEW

SSA took corrective action on the six recommendations from our October 2001 report. In addition, the Agency used available internal data to detect FECA claimants who may not have been eligible to receive program benefits.

### Recommendations from Our Prior Review

Below, we discuss Recommendations 1 through 5 and 7 from our October 2001 report, the corrective actions taken by the Agency, and the results of our current review. Recommendations 6 and 8 are not discussed in this report because the responsibility for Recommendation 6 rested with another Federal agency, and SSA disagreed with Recommendation 8.

**Recommendation 1:** We recommended SSA designate a program official to oversee the Agency-wide management of SSA's FECA program, including developing, implementing, and monitoring compliance with SSA-specific FECA program policy and operational procedures.<sup>4</sup>

We independently verified the Office of Personnel's Director of the Center for Personnel Security and Project Management, is the official responsible for overseeing Agency-wide management of SSA's FECA program, as SSA previously reported. Those responsibilities include developing and implementing program policy and monitoring compliance with FECA policies and procedures.

**Recommendation 2:** We recommended SSA develop and implement internal controls to address the timely distribution, review, and use of chargeback reports. We also recommended SSA provide appropriate training to ensure workers' compensation specialists understand the chargeback review process. In our 2001 report, we also stated as the Agency developed its controls, SSA needed to effectively implement the recommendations in our 1995 audit report, as previously agreed.

The Agency reported it had established internal controls to address the timely distribution, review, and use of chargeback reports. During our prior audit, we found chargeback reports were not being reviewed. For CBY 2006, we examined documentation for the receipt, distribution, and use of chargeback data within SSA. We found chargeback report data were distributed electronically to the Servicing Personnel Offices (SPO)<sup>5</sup> within 2 weeks of their initial receipt by the Center for Personnel Security and Project Management. When this information was provided, detailed instructions for its review and the correction of charge errors were also provided to the SPOs. Lastly, we independently verified the Center for Personnel Security and Project

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<sup>4</sup> Our May 1995 audit report entitled *Review of the Social Security Administration's Management of Claims Filed Under the Federal Employees' Compensation Act* (A-13-92-00236) also contained a similar recommendation (see Appendix E).

<sup>5</sup> An SPO refers to the Personnel Office servicing an office/component.

Management required that SPOs report the results of the chargeback data review within specific timeframes. See Appendix E for information concerning the recommendations in our 1995 report.

**Recommendation 3:** We recommended SSA verify that all claimants for whom it is paying FECA program costs are actually SSA employees.

The Agency reported it created an automated process to match the claimants' chargeback information to data recorded in the Agency's Human Resources Management Information System (HRMIS). This action is intended to ensure DoL only charges claimant costs for SSA employees.

We did not have direct access to HRMIS. So, we requested SSA to complete a computerized match of data recorded in HRMIS to the FECA claimants' Social Security numbers (SSN). The computerized match was intended to identify individuals included in the Agency's chargeback data that were not SSA employees. SSA is responsible for the FECA-related costs for its employees and volunteers. The Agency matched HRMIS data, as of July 2007, with the SSNs of 6,139 FECA claimants identified as SSA employees for CBYs 2003 through 2006.

Based on the computerized match, not all of the 6,139 FECA claimants were SSA employees. Of the 6,139 FECA claimants, the Agency reported 6,055 were employees, and 5 were volunteers working for the Agency.<sup>6</sup> However, of the 6,055 employees, DoL's chargeback listings had invalid SSNs for 38. We independently reviewed documentation and confirmed the employment status of these individuals.

Of the remaining 79 claimants, the Agency reported 72 were SSA employees hired before HRMIS was implemented, and the data for 7 claimants did not match information recorded in HRMIS. Based on our independent review of supporting documentation for the 72 individuals, we confirmed the employment status of 71. We found one individual was not an SSA employee. At the time of our 2001 audit, we questioned whether this individual was an SSA employee. At that time, Agency staff reported the claimant was an SSA employee.

In 2007, our Office of Investigations determined the one individual had been an SSA employee, but his work component, and FECA-related liability transferred from SSA to another Federal agency in 1977.<sup>7</sup> The policy states "...credits or debits will be made only for charges appearing on the agency's most recent [Chargeback Year] bill."<sup>8</sup> As a result, in May 2007, the Agency limited its request for a reduction of costs previously paid for this individual to approximately \$43,400 for CBY 2006. In addition, SSA requested the removal of this claimant from its 2007 chargeback listing. We believe

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<sup>6</sup> SSA incurs the FECA cost for volunteers working for the Agency under limited circumstances.

<sup>7</sup> Injury Compensation for Federal Employees Publication CA-810 - Chapter 9-5.

<sup>8</sup> Id.

that, had SSA correctly determined the claimant's employment status during our prior review, it could have prevented incurring \$201,700 in additional FECA-related costs.

The Agency reported the remaining seven FECA claimants were not SSA employees. Between 2003 and 2006, the Agency requested DoL to remove these claimants from SSA's chargeback reports. Although these individuals appeared on reports between CBYs 2003 through 2006, only one had FECA-related costs charged to SSA. For this individual, SSA received a credit of approximately \$201,000 in CBY 2006. Since there were no FECA-related charges on recent chargeback year bills for the other six individuals, SSA officials reported the Agency did not receive cost credits for these claimants. We believe actions taken by SSA for the seven FECA claimants were appropriate.

**Recommendation 4:** We recommended SSA recover all FECA program costs the Agency paid for non-SSA employees.

In 2001, we reported SSA determined nine individuals on its 1998 CBY report were non-SSA employees. SSA stated it notified DoL and SSA's Office of Finance to recover any monies paid to the nine non-SSA employees identified on the chargeback listing for 1998. Additionally, SSA reported it notified DoL to remove the nine non-SSA employees from future chargeback listings.

In CBY 1998, the Agency paid approximately \$240,000 for these nine FECA claimants. Of the nine, the Agency received FECA program cost credits for five of the non-SSA employees totaling about \$152,500. As a result of DoL's policy limiting refunds to 1 year, SSA reported receiving a reduction of approximately \$4,600 for charges appearing for one claimant in CBY 2001 and \$147,900, for charges appearing for the other four claimants in CBY 2002. Cost credits were not received for the remaining four non-SSA employees because the Agency did not incur FECA-related costs for these individuals after CBY 1998.

**Recommendation 5:** We recommended that SSA monitor compliance with SSA's guidance on third-party liability processing.

SSA stated it would continue to closely monitor compliance with its guidance on third-party liability processing. In addition, the Agency stated "...improvements to our existing section on third-party claims in our workers' compensation handbook/processing manual, we issued supplemental guidance on this issue on June 13, 2001." Further, the Agency reported the handbook will be on the workers' compensation website and reminders would be issued to all regional workers' compensation staff on the importance of identifying third-party claims.

To assess SSA's compliance with its guidance on third-party liability processing, we randomly selected and reviewed a sample of 50 individuals identified on the 2003 through 2006 CBY reports. We examined either the *Federal Employee's Notice of Traumatic Injury and Claim for Continuation of Pay/Compensation* (Form CA-1) or

*Notice of Occupational Disease and Claim for Compensation* (Form CA-2). As of October 30, 2007, the Agency had provided information pertaining to 50 claimants. Documentation for the 50 claimants was reviewed to determine whether, as required, the Form CA-1 or CA-2 indicated a decision was made concerning the possibility of third-party liability. Of the 50, documents for 48 FECA claimants indicated a decision was made concerning third-party liability. For the two remaining claimants, the Form CA-2s were an older version that did not contain the third-party liability question.

**Recommendation 7:** We recommended SSA develop and implement an information system that uses information technology for the management and monitoring of FECA cases.

The Agency reported, since 1997, it had taken significant steps to evaluate and obtain a comprehensive workers' compensation case management and tracking system. SSA stated, "After a thorough evaluation of those systems, we determined in August 2000 that the Department of Defense (DoD) system, which is real-time, would allow for efficient case management and tracking as well as management information reports."

We verified that in January 2003 SSA implemented a claimant case management and tracking system. The Agency uses the Workers' Compensation Case Management Information System (WCCMIS) to manage and monitor its FECA claimant cases. In July 2007, we obtained direct access to WCCMIS and reviewed the system capabilities. Our review found the automated system provides such information as claimant case status, payroll and personnel data, and compensation and medical bill payments. The system can generate several reports. For example, a detailed chargeback billing list for a specific period, compensation bill payment lists, or summary reports of compensation costs by nature of injury.

### **Other Oversight and Monitoring Actions**

We also reviewed actions the Agency took concerning its oversight and monitoring of the FECA program. Specifically, we determined whether SSA used available internal data to detect FECA claimants who may not have been eligible to receive program benefits. An official of the Center for Personnel Security and Project Management reported computerized data matches were completed to identify deceased individuals listed on the Agency's FECA chargeback reports. The official explained information from the chargeback reports and the Agency's Numident File were matched to identify deceased FECA claimants. We reviewed the results of the Agency's July 2006 data match of information recorded in its Numident File and the CBY 2006 report. For each individual identified, the Agency requested DoL to terminate FECA benefits and remove the claimant from the chargeback reports.

## **CONCLUSIONS**

SSA has taken action to implement recommendations from our October 2001 audit report. Additionally, the Agency took other actions concerning the oversight and monitoring of its FECA program. As a result, we are not making any additional recommendations.

## **AGENCY COMMENT**

SSA agreed with our conclusions. See Appendix F for the full text of SSA's comments.

A handwritten signature in black ink, appearing to read "Patrick P. O'Carroll, Jr."

Patrick P. O'Carroll, Jr.

# **Appendices**

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**APPENDIX A** – Acronyms

**APPENDIX B** – Recommendations from October 2001 Report, *The Social Security Administration's Management of Its Federal Employees' Compensation Act Program* (A-13-99-91003)

**APPENDIX C** – Scope and Methodology

**APPENDIX D** – Sampling Methodology

**APPENDIX E** – Implementation of Recommendations from May 1995 Report, *Review of the Social Security Administration's Management of Claims Filed under the Federal Employees' Compensation Act* (A-13-92-00236)

**APPENDIX F** – Agency Comments

**APPENDIX G** – OIG Contacts and Staff Acknowledgments

## **Appendix A**

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### **Acronyms**

|        |  |
|--------|--|
| CBY    | Chargeback Year  |
| DCHR   | Deputy Commissioner for Human Resources                  |
| DoL    | Department of Labor                                      |
| FECA   | Federal Employees' Compensation Act                      |
| HRMIS  | Human Resources Management Information System            |
| MTAS   | Mainframe Time and Attendance System                     |
| OIG    | Office of the Inspector General                          |
| SSA    | Social Security Administration                           |
| SSN    | Social Security Number                                   |
| SPO    | Servicing Personnel Office                               |
| WCCMIS | Workers' Compensation Case Management Information System |

## ***Appendix B***

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### ***Recommendations from October 2001 Report, *The Social Security Administration's Management of Its Federal Employees' Compensation Act Program* (A-13-99-91003)***

In our October 2001 report, *The Social Security Administration's Management of Its Federal Employees' Compensation Act Program*, we stated the Social Security Administration (SSA) was not effectively managing its Federal Employees' Compensation Act (FECA) program. The following are recommendations included in that report and SSA's comments. We excluded two recommendations because one recommendation rests with another Federal agency, and SSA disagreed with the other.

#### **Recommendation 1**

Designate a program official to oversee the Agency-wide management of SSA's FECA program, including developing and implementing, and monitoring compliance with SSA-specific FECA program policy and operational procedures.

#### **Comment**

We agree and have complied with this recommendation since 1997. The director of the Project Management Staff, Office of Personnel, DCHR [Deputy Commissioner, Human Resources] will continue to be the program official overseeing Agency-wide management of the FECA program. SSA has already developed guidance in all areas of workers' compensation and will ensure that the responsible program officials continue to place greater emphasis on monitoring compliance of the SSA-specific FECA program policy/operational procedures.

Specific improvements and internal controls that have been implemented in workers' compensation include, but are not limited to, the following. SSA:

- Issued national workers' compensation policy in January 2000 to all SSA managers and supervisors. The policy was also distributed in Braille format.
- Began sending periodic issuances in November 1999 to the field offices to provide them with technical instructions, information and reminders. The issuances included subjects such as how to review chargeback listings, third-party liability, and MTAS [Mainframe Time & Attendance System] codes to be used for workers' compensation claimants.
- Reduced both workers' compensation case processing time and lost production days.

- Resolved chargeback listing issues with the DOL [U.S. Department of Labor] to ensure SSA receives chargeback listings timely and electronically (a proper format on a CD-ROM), in addition to a hard copy, for identification purposes. We developed a centralized internal control to electronically match DOL data with the Human Resource Management Information System (HRMIS) data to distinguish SSA from non-SSA employees who appear on the chargeback listing. (Refer to our comments regarding Recommendations 3, 4, and 5.)
- Developed an internal control process to notify DOL and SSA's Office of Finance of any non-SSA employees. This is to ensure that DOL removes non-SSA personnel from future chargeback listings and notifies the Office of Finance to not remit payment for those non-SSA personnel. (Refer to our comments regarding Recommendations 3, 4, and 5.)
- Provided each Servicing Personnel Office (SPO) with its specific chargeback listing on CD-ROM using the data received from DOL for review, appropriate actions, and to assist the SPO in returning to duty employees on long-term workers' compensation.
- Worked with DOL to ensure that the most current workers' compensation forms were accessible on its website, while removing many obsolete forms. We have included all the latest workers' compensation forms on the SSA, Office of Personnel, Intranet web site <http://co.ba.ssa.gov/ope/>.
- Developed a customer satisfaction comment card for employees who receive assistance from our workers' compensation staff. Feedback thus far has been highly favorable.
- Developed the workers' compensation web page that currently provides access on workers' compensation policy, forms and frequently asked questions. In the near future, the SSA workers' compensation handbook will be available via the web page.

## **Recommendation 2**

Develop and implement internal controls to address the timely distribution, review, and use of chargeback reports. Provide appropriate training to ensure workers' compensation specialists understand the chargeback report review process. As the Agency develops its controls, SSA needs to effectively implement the recommendations in our 1995 audit report, as previously agreed.

### **Comment**

SSA has already implemented an effective timeliness and accurate chargeback listing process with DOL. The new process requires DOL to provide the chargeback information to SSA on a CD-ROM. SSA matches the items from the DOL CD-ROM to the Human Resource Management Information System (HRMIS) to ensure that all claimants are SSA employees. (If a non-SSA employee is identified, SSA reports this information to DOL and instructs SSA's Office of Finance to not pay DOL for this individual). A CD-ROM is created for each region with detailed instructions on how to review the information. SSA will continue to routinely distribute chargeback listings on CD-ROM to regional workers' compensation staffs and require that each region report back to headquarters within a specific timeframe on the outcome of the review.

The guidance issued with each chargeback report is sufficient to ensure that workers' compensation specialists are aware of their role and responsibilities in reviewing the chargeback listings. The guidance specifically points to publication CA-810, subchapter 9-4, issued February 1994, for detailed instructions on reviewing the chargeback listings and procedures to report and correct billing errors. Also, SSA has developed specific instructions for reviewing chargeback listings and will ensure that these instructions accompany all chargeback listings when distributed to the regions.

Many of the audit report recommendations are the same as in the 1995 OIG audit report. As indicated in our comments, the recommendations have either already been implemented or are in the process of being implemented.

### **Recommendation 3**

Verify that all claimants for whom it is paying FECA program costs are actually SSA employees.

### **Comment**

We agree with this recommendation and, as stated in our response to recommendation 3, we have a system in place that will ensure that FECA program costs are only paid to SSA employees and/or their heirs/dependents, as appropriate.

### **Recommendation 4**

Recover all FECA program costs the Agency paid for non-SSA employees.

### **Comment**

We agree. As previously mentioned in our response to recommendations 2 and 3, SSA notified DOL and SSA's Office of Finance to recover any monies paid to the nine non-SSA employees identified on the chargeback listing for 1998. In addition, SSA has notified DOL to remove those nine non-SSA employees from future chargeback listings. The DOL has notified the Agency that the chargeback listing for chargeback year 2001 reflects credits based on our identification of non-SSA employees. However, it is important to note that while SSA has notified DOL to remove those non-SSA claimants from the chargeback listings, both at the regional and central level, DOL continues to include them on chargeback listings.

### **Recommendation 5**

Monitor compliance with SSA's guidance on third-party liability processing.

### **Comment**

We agree and will continue to closely monitor compliance with SSA guidance on third-party liability processing. Although we have made further improvements to our existing section on third-party claims in our workers' compensation handbook/processing manual, we issued supplemental guidance on this issue on June 13, 2001. The workers' compensation handbook will be on our workers' compensation web page once labor relation obligations are met. A reminder will be issued to all regional workers' compensation staff on the importance of identifying third-party claims and the procedures for doing so.

### **Recommendation 7**

Develop and implement an information system that uses information technology for the management and monitoring of FECA cases.

### **Comment**

We agree and since 1997 have taken significant steps to evaluate and obtain a comprehensive workers' compensation case management and tracking system. In 1997 we started meeting with other Federal agencies (e.g., United States Postal Service, Internal Revenue Service, Department of Agriculture, Veterans Administration and the Department of Defense) to discuss their case management and tracking systems and to determine if their systems would meet the needs of SSA. After a thorough evaluation of those systems, we determined in August 2000 that the Department of Defense (DOD) system, which is real-time, would allow for efficient case management and tracking as well as management information reports.

The DOD system is populated with weekly and/or biweekly downloads from DOL and can be tied into SSA's payroll system and HRMIS. The system will ultimately have the capacity to allow the electronic processing of workers' compensation cases and provide a centralized workers' compensation case management and tracking system that would be populated with real time data on all SSA cases nationwide. This would obviate the need for SSA's regions and headquarters to maintain their own tracking systems. However, at the time this system was previewed in August 2000, it did not meet SSA's need for real-time data. The system was a disk-based system that required the mailing of disks/CDs from DOL to DOD and then SSA, and subsequently, to the SSA regions. In January 2001, the Internet-based system became available, and this version met our operational needs. However, before the Agency can pursue funding of this system, it must be modified for compliance with section 508 of the Rehabilitation Act. We are currently working with DOD on the necessary modifications.

### **Scope and Methodology**

This review was a follow up of the recommendations in our October 2001 report, *The Social Security Administration's Management of Its Federal Employees' Compensation Act Program*. Our objective was to determine the extent to which the Social Security Administration (SSA) implemented certain recommendations in our October 2001 report. We also reviewed other actions the Agency took concerning the oversight and monitoring of its *Federal Employees' Compensation Act* (FECA) program.

To accomplish our objective, we:

- Reviewed applicable Federal laws and SSA policy relating to the FECA program.
- Interviewed officials from SSA's Offices of Personnel and Earnings, and Enumeration and Administrative Systems to determine the status of corrective actions taken to address recommendations in our October 2001 report.
- Reviewed prior Office of the Inspector General reports.
- Obtained an understanding SSA's Workers' Compensation Claims Management Information System (WCCMIS) functionality.
- Obtained and reviewed management information generated from WCCMIS.
- Reviewed the Agency's oversight and monitoring activities pertaining to the management of SSA's FECA program.

We analyzed the electronic listings for Chargeback Years (CBY) 2003 through 2006 to determine the Agency's FECA program costs. The electronic chargeback listings were created by the Department of Labor (DoL) and obtained from the Center for Personnel Security and Project Management employees. The electronic listings contained case management and compensation for lost wages and medical information. The 4 listings identified costs for 11,668 FECA claimants receiving compensation and medical benefits from July 1, 2002 through June 30, 2006. Some claimants received FECA benefits for more than 1 CBY. Of the 11,668 claimants, we found 6,139 listed at least once on the chargeback listings. We examined the data for the 6,139 FECA claimants to determine the extent to which SSA implemented certain recommendations in our October 2001 report.

- We examined the 2006 CBY process to assess timely distribution, review, and use of chargeback reports. Specifically, we reviewed and compared the date the Center for Personnel Security and Project Management received the chargeback reports from DoL to the date the reports were distributed to SSA's Servicing Personnel Offices. Additionally, we reviewed policies and procedures regarding the review and use of chargeback reports.

- We used 2003 through 2006 CBY data to determine whether FECA claimants for these periods were SSA employees (see Appendix D for the Sampling Methodology).
- We assessed 2000 through 2006 CBY data to determine whether SSA recovered all FECA program costs paid for previously identified non-SSA employees. We reviewed chargeback reports to determine whether the Agency received credit for the costs it previously paid for non-SSA employees as well as the dollar value of the credit received. Additionally, we reviewed the chargeback reports to determine whether the non-SSA employees had been removed from future chargeback reports.
- We selected a sample of 50 FECA claimants from the 2003 through 2006 CBYs to determine compliance with SSA's third- party liability procedures. We reviewed certain claimant case file documentation to determine whether the Agency's procedures were followed (see Appendix D for the Sampling Methodology).
- We determined the extent to which SSA implemented certain recommendations made in our 1995 report, *Review of the Social Security Administration's Management of Claims Filed under the Federal Employees' Compensation Act*. We reviewed SSA's actions pertaining to those recommendations that focus on (1) appointing one or more senior-line officials to coordinate FECA responsibilities both at central and regional offices; (2) maintaining case files; (3) verifying FECA claimants were SSA employees; and (4) reviewing third-party liability concerning Agency FECA claimants. See Appendix E.

We determined the data used in this report were sufficiently reliable given our review objectives and intended use of the data. With the exception of data recorded in SSA's Human Resources Management Information System (HRMIS), the electronic data used for our review was extracted from the 2003 through 2006 chargeback listings. We assessed the reliability of the electronic data by reviewing the data extract for all the data elements needed to meet our objective. We also traced information from the data extract to WCCMIS and the "original claims forms."<sup>1</sup> We did not have direct access to HRMIS. So, we did not assess the reliability of the HRMIS data SSA used to complete a computerized match of data recorded in HRMIS to FECA claimants' Social Security numbers.

We performed our review at SSA Headquarters in Baltimore, Maryland, between May and September 2007. The entity audited was the Office of Personnel under the Deputy Commissioner for Human Resources. We conducted our work in accordance with generally accepted government auditing standards.

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<sup>1</sup> Original claims forms consisted of *Federal Employee's Notice of Traumatic Injury and Claim for Continuation of Pay/Compensation*, Form CA-1; and *Notice of Occupational Disease and Claim for Compensation*, Form CA-2.

### **Sampling Methodology**

We analyzed the electronic listings for Chargeback Years (CBY) 2003 through 2006 to determine the Social Security Administration's (SSA) *Federal Employees' Compensation Act* (FECA) program costs from July 1, 2002 through June 30, 2006. The listings identified costs for 11,668 FECA claimants. On the various chargeback listings, some claimants were identified multiple times within a given CBY as well as identified on chargeback listings for multiple years. To eliminate the duplication of individual claimants, we merged the individual chargeback listings and developed a comprehensive listing that identified a FECA claimant once. Of the 11,668 claimants, we identified 6,139 listed at least once on the chargeback listings.

To determine whether FECA claimants for these periods were SSA employees, we requested SSA to complete a computerized match of data recorded in the Human Resources Management Information System to the FECA claimants' Social Security numbers. The Agency matched Human Resources Management Information System data, as of July 2007, with the Social Security numbers of 6,139 FECA claimants identified as SSA employees for CBYs 2003 through 2006.

To test compliance with SSA's third-party liability procedures, we reviewed certain claimant case file documentation to determine if Agency's procedures were followed. From 6,139 claimants, we randomly selected a sample of 50 claimants' cases for further review. To determine whether certain forms indicated a decision was made concerning the possibility of third-party liability, as required, we reviewed the *Federal Employee's Notice of Traumatic Injury and Claim for Continuation of Pay/Compensation*, and *Notice of Occupational Disease and Claim for Compensation*, as appropriate. Specifically, we examined the forms to determine whether Agency staff had marked the appropriated box to identify if the injury was caused by a third party.

## **Appendix E**

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### **Implementation of Recommendations from May 1995 Report, *Review of the Social Security Administration's Management of Claims Filed under the Federal Employees' Compensation Act* (A-13-92-00236)**

Our October 2001 report identified several concerns in the Social Security Administration's (SSA) management of its *Federal Employees' Compensation Act* (FECA) program and made recommendations to address these issues. In our audit, we reviewed the extent to which SSA implemented six of the eight recommendations in our 2001 report (see Appendix B). Of the six, one recommendation indicated the Agency needed to implement recommendations from our 1995 audit report<sup>1</sup>, as previously agreed. Therefore, we reviewed the extent to which SSA took action concerning certain recommendations made in 1995.

In our 1995 audit report, we recommended case files be maintained for 3 years after medical and compensation services cease. Our October 2001 report did not address this issue. However, in November 2007, we verified Agency policy required claimant case files be maintained for 6 years after the FECA claim is closed.

Similar to a recommendation made in our 2001 report,<sup>2</sup> we recommended in 1995 that SSA appoint one or more senior-line officials to coordinate FECA responsibilities both at central and regional offices. We also recommended that the Agency take action to verify whether FECA claimants were SSA employees, and review third-party liability. As stated earlier within this report, we found the Agency had taken action to address these issues.

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<sup>1</sup> *Review of the Social Security Administration's Management of Claims Filed Under the Federal Employees' Compensation Act* (A-13-92-00236).

<sup>2</sup> *The Social Security Administration's Management of Its Federal Employees' Compensation Act Program* (A-13-99-91003).

## ***Appendix F***

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### **Agency Comments**



## SOCIAL SECURITY

### MEMORANDUM

Date: March 19, 2008 Refer To: S1J-3

To: Patrick P. O'Carroll, Jr.  
Inspector General

From: David V. Foster /s/  
Chief of Staff

Subject: Office of the Inspector General (OIG) Draft Report, "Follow-Up: The Social Security Administration's Management of Its Federal Employees' Compensation Act Program"  
(A-13-07-17074)--INFORMATION

We appreciate OIG's efforts in conducting this review. We were pleased that you were able to report that we had taken action to implement recommendations from your October 2001 audit report and that we had taken other actions regarding the oversight and monitoring of our Federal Employees' Compensation Act program.

Please let me know if we can be of further assistance. Staff inquiries may be directed to Ms. Candace Skurnik, Director, Audit Management and Liaison Staff, at (410) 965-4636.

## ***Appendix G***

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# **OIG Contacts and Staff Acknowledgments**

### ***OIG Contacts***

Shirley E. Todd, Director, General Management Audit Division (410) 966-9365

Lance Chilcoat, Audit Manager, General Management (410) 965-9743

### ***Acknowledgments***

In addition to those named above:

Tracey Edwards, Senior Auditor

For additional copies of this report, please visit our web site at  
[www.socialsecurity.gov/oig](http://www.socialsecurity.gov/oig) or contact the Office of the Inspector General's Public Affairs Specialist at (410) 965-3218. Refer to Common Identification Number A-13-07-17074.

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The Office of the Inspector General (OIG) is comprised of our Office of Investigations (OI), Office of Audit (OA), Office of the Chief Counsel to the Inspector General (OCCIG), and Office of Resource Management (ORM). To ensure compliance with policies and procedures, internal controls, and professional standards, we also have a comprehensive Professional Responsibility and Quality Assurance program.

## **Office of Audit**

OA conducts and/or supervises financial and performance audits of the Social Security Administration's (SSA) programs and operations and makes recommendations to ensure program objectives are achieved effectively and efficiently. Financial audits assess whether SSA's financial statements fairly present SSA's financial position, results of operations, and cash flow. Performance audits review the economy, efficiency, and effectiveness of SSA's programs and operations. OA also conducts short-term management and program evaluations and projects on issues of concern to SSA, Congress, and the general public.

## **Office of Investigations**

OI conducts and coordinates investigative activity related to fraud, waste, abuse, and mismanagement in SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, third parties, or SSA employees performing their official duties. This office serves as OIG liaison to the Department of Justice on all matters relating to the investigations of SSA programs and personnel. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

## **Office of the Chief Counsel to the Inspector General**

OCCIG provides independent legal advice and counsel to the IG on various matters, including statutes, regulations, legislation, and policy directives. OCCIG also advises the IG on investigative procedures and techniques, as well as on legal implications and conclusions to be drawn from audit and investigative material. Finally, OCCIG administers the Civil Monetary Penalty program.

## **Office of Resource Management**

ORM supports OIG by providing information resource management and systems security. ORM also coordinates OIG's budget, procurement, telecommunications, facilities, and human resources. In addition, ORM is the focal point for OIG's strategic planning function and the development and implementation of performance measures required by the Government Performance and Results Act of 1993.