TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION

Office of Inspections and Evaluations

A Follow-Up Evaluation of the Workers' Compensation Program in the Internal Revenue Service

June 6, 2011

Reference Number: 2011-IE-R006

Phone Number | 202-622-6500
Email Address | TIGTACommunications@tigta.treas.gov
Web Site | http://www.tigta.gov

TREASURY INSPECTOR GENERAL
FOR TAX ADMINISTRATION

DEPARTMENT OF THE TREASURY

WASHINGTON, D.C. 20220

June 6, 2011

MEMORANDUM FOR HUMAN CAPITAL OFFICER

FROM: R. David Holmgren
Deputy Inspector General for Inspections and Evaluations

SUBJECT: Final Evaluation Report – A Follow-Up Evaluation of the Workers' Compensation Program in the Internal Revenue Service (IE-10-017)

This report presents the results of our evaluation to determine the Internal Revenue Service's (IRS's) compliance with the goals of the Safety, Health, and Return to Employment (SHARE) initiative;[1] the IRS's plans to meet the goals of the Protecting Our Workers and Ensuring Reemployment (POWER) initiative;[2] the IRS's progress in implementing programs for returning injured employees to work; and corrective actions taken by the IRS to address previous Treasury Inspector General for Tax Administration (TIGTA) audit recommendations.[3]

Synopsis

The IRS's programs for returning injured employees to work have been largely successful and the IRS has implemented corrective actions for all of our previous recommendations. The IRS has been generally successful in meeting the goals set for the SHARE and POWER initiatives, with the exception of the goals for timely filing of claims.

First- line managers primarily control the management of workers' compensation claims and actions, and they also ensure that initial claims are timely filed. A manager may not have the time, knowledge, skills or training to adequately administer an employee's claim and protect the

[1] On January 9, 2004, President Bush established the Safety, Health, and Return to Employment initiative for Fiscal Years 2004 - 2006. SHARE was extended through Fiscal Year 2009.
[2] On July 19, 2010, President Obama established a four-year Protecting Our Workers and Ensuring Reemployment initiative, covering Fiscal Years 2011 through 2014.
[3] TIGTA *Improvements Are Needed in the Process and Information Used to Manage Workers' Compensation Claims* (Reference Number: 2003-10-213, dated September 2003) and TIGTA *A More Strategic Approach Could Enhance the Workers' Compensation Program Return-to-Work Efforts (*Reference Number: 2008-30-056, dated March 12, 2008).

Federal Government's interest as well. It is the IRS's responsibility to provide training and assistance to managers in performing their duties related to workers' compensation. Video training materials have been developed to address managers' responsibilities for a workers' compensation claim. However, these videos are not universally distributed. Although the IRS plans to put the video training material on an intranet website, a completion date has not been set.

Recommendation

In addition to placing the video training materials on the IRS intranet, the Human Capital Officer should consider making workers' compensation awareness as part of the annual mandatory briefings for managers.

Response

IRS management agreed that additional training related to workers' compensation could be beneficial for managers; however, the curriculum for mandatory briefings is currently full. Therefore, management plans to consider the use of alternative media to ensure that managers understand their roles and responsibilities related to the workers' compensation program. Management's complete response to the memorandum is included as Appendix V.

Please contact me at (202) 927-7048 if you have questions, or Kevin P. Riley, Director, Office of Inspections and Evaluations, at (972) 249-8355.

Table of Contents

Abbreviations

FECA	Federal Employees' Compensation Act
FY	Fiscal Year
IRS	Internal Revenue Service
OWCP	Office of Workers' Compensation Programs
POWER	Protecting Our Workers and Ensuring Reemployment
SHARE	Safety, Health, and Return-to-Employment
SHIMS	Safety and Health Information Management System
TIGTA	Treasury Inspector General for Tax Administration
WCC	Workers' Compensation Center

Background

The Department of Labor's Office of Workers' Compensation Programs (OWCP) is responsible for administering the *Federal Employees' Compensation Act* (FECA).[1] FECA is designed to provide nontaxable payments to cover the lost wages, medical care, and survivors' benefits of Federal Government employees who are injured on the job.

The OWCP is responsible for deciding if an employee qualifies for disability payments and paying benefits to qualified employees or their beneficiaries. Federal Government agencies have other responsibilities to ensure that their employees are properly covered under FECA. These other responsibilities include ensuring that personnel understand FECA, informing injured employees of their rights and obligations, initiating the claim process with the OWCP, authorizing medical care, and coordinating with the OWCP in monitoring the medical status of injured employees to help determine if and when these employees can resume working.

Organizationally, the Internal Revenue Service's (IRS's) Workers' Compensation Program is located and managed from its Workers' Compensation Center (WCC) in Richmond, Virginia. The WCC serves as the IRS's liaison with the OWCP and is responsible for controlling employee claims, coordinating with the OWCP in monitoring the status of injured employees to help OWCP determine when employees can return to work, and verifying the accuracy of chargeback billings the IRS receives from the OWCP.

The WCC uses the Department of the Treasury's Safety and Health Information Management System (SHIMS) to process and control workers' compensation claims. The SHIMS was implemented on October 1, 2001, and was designed to replace the paper accident claim reporting process with an electronic system that would allow claims to be submitted to the WCC and OWCP quickly.

Two Federal Government-wide initiatives have been undertaken regarding workplace safety, which includes workers' compensation. On January 9, 2004, the President established the Safety, Health, and Return to Employment (SHARE) initiative for Fiscal Years (FY) 2004 - 2006. SHARE was extended through FY 2009. The initiative's four goals cover the most important elements of a strong safety and health management program: lower workplace injury and illness case rates, lower lost-time injury and illness case rates, timely reporting of injuries and illnesses, and fewer lost days resulting from work injuries and illnesses.

On July 19, 2010, the President established a four-year Protecting Our Workers and Ensuring Reemployment (POWER) initiative, covering FYs 2011 through 2014. The POWER initiative will extend previous workplace safety and health efforts of the Federal Government by setting

[1] Ch. 458, 39 Stat. 742 (1916) (codified as amended in scattered sections of Titles 1, 5, and 18 of the United States Code.)

more aggressive performance targets, encouraging the collection and analysis of data on the causes and consequences of frequent or severe injury and illness, and prioritizing safety and health management programs that have proven effective in the past.

The Treasury Inspector General for Tax Administration (TIGTA) previously performed two reviews of the IRS's Workers' Compensation Program - one in 2003,[2] and one in 2008.[3] In the 2003 review, the objective was to determine if the IRS timely and properly evaluated workers' compensation claims. It was determined that the IRS properly processed its workers' compensation claims for those injuries that occurred within the previous five years (from 1998 to 2002). TIGTA recommended that the IRS place greater emphasis on and develop clearer procedures for management of older cases and associate the compensation paid to disabled employees back to the responsible business or organizational units. The IRS agreed with the report and proposed corrective actions to address all of these recommendations.

The overall objective of the second review in 2008 was to evaluate the effectiveness of the IRS's progress since 2003. The audit concluded that the IRS had made notable progress in managing its workers' compensation program. However, while program management had improved, TIGTA noted that the IRS still needed to ensure that required procedures are followed when claims are initiated and implement a more strategically oriented approach for employees who return to work following an injury.

This review was performed at the IRS's National Headquarters in Washington, D.C., in the Human Capital Office; and the Workers' Compensation Center in Richmond, Virginia, during the period of November 2010 through February 2011. This review was performed in accordance with the Council of the Inspectors General for Integrity and Efficiency Quality Standards for Inspections. Detailed information on our objective, scope, and methodology is presented in Appendix I. Major contributors to the report are listed in Appendix II.

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[2] TIGTA *Improvements Are Needed in the Process and Information Used to Manage Workers' Compensation Claims* (Reference Number: 2003-10-213, dated September 2003).
[3] TIGTA *A More Strategic Approach Could Enhance the Workers' Compensation Program Return-to-Work Efforts* (Reference Number: 2008-30-056, dated March 12, 2008).

Results of Review

The IRS has made progress over the last eight years in administering the workers' compensation program. It has made significant efforts to meet goals set by the SHARE and POWER initiatives and have made improvements in efforts to return injured employees to work. However, enhancements could be made in the training of managers to facilitate a more efficient submission of initial claims.

The IRS's Return to Work Efforts Have Been Largely Successful

The IRS has been successful in returning injured employees to work. Data in the SHIMS database indicates that 93 to 96 percent of claims filed in each FY since 2003 eventually resulted in the employee returning to work. Almost all who returned to work did so at full capacity (97 percent in FY 2009); with a small number returning to lighter duty, working part time, or receiving some other limited accommodation.

We researched the SHIMS database to identify injured employees who returned to work. The data was compiled by the fiscal year in which the claim was filed (regardless of the date when the employee returned). Even if able to return to work in a full or limited capacity, an employee may continue to have medical treatments covered by workers' compensation. Consequently, some claims remain active or open, as long as continuing medical care or some disability continues.

Figure 1: Workers' Compensation Claims Filed by Fiscal Year

Fiscal Year	Active Claims	Closed Claims	Total	Returned to Work	% returned to Work
2001	55	2,702	2,757	818	30%
2002	41	2,926	2,967	2,128	72%
2003	64	2,706	2,770	2,572	93%
2004	67	2,521	2,588	2,427	94%
2005	82	2,228	2,310	2,168	94%
2006	92	2,063	2,155	2,041	95%
2007	132	1,931	2,063	1,953	95%
2008	192	1,680	1,872	1,793	96%
2009	388	1318	1,706	1,618	95%

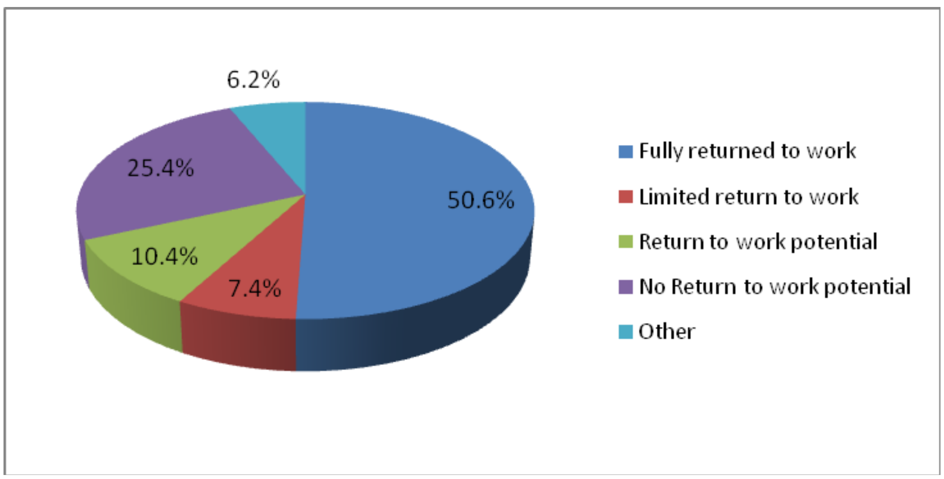
Source: TIGTA analysis of the SHIMS database.

New Claims for Workers' Compensation Have Declined but Some Older Unresolved Claims Remain Open

According to the SHIMS, the IRS had 2,610 active workers' compensation claims as of August 2010. New claims for workers' compensation as well as the total cost of workers' compensation to the IRS have generally declined over the past five years. However, older unresolved claims remain active. Despite the successful return to work efforts, some employees who are injured on the job may never return to work for a variety of reasons. For example, an employee may be permanently disabled or have recurring medical needs. Such claims are referred to as "No Return-to-Work Potential" claims and approximately 25.4 percent of active claims were in this category as of August 2010.

Approximately 50.6 percent of the active claims (1,320 of 2,610) relate to employees who have returned to work in a full capacity. Another 7.4 percent of claims relate to employees who have returned to work in a limited capacity. Even if able to return to work, an employee may continue to have medical treatments covered by workers' compensation.

Figure 2: Active Workers' Compensation Claims



Source: TIGTA analysis of the SHIMS database.

The IRS centralized its Workers' Compensation Program under the WCC in 1994. Prior to the establishment of the WCC, claims were handled by IRS's personnel located in geographically dispersed offices. Authorized staffing for the WCC is 30 employees. This includes 16 specialists, two leads (group managers), two clerks, and two assistants, as well as administrative and management staff.

The assigned workload inventories for the specialists have dropped over the last few years. Average case loads have declined from 343 (FY 2006) to 277 (FY 2009), partly due to the addition of two specialists in FY 2009, as well as the decline in new claims. The WCC is organized into two groups, and claim inventory is assigned by the IRS's Business Operating Division.

Total workers' compensation costs to the IRS for FYs 2006 through 2010 have decreased, although there was a slight increase from 2009 to 2010 due to increased medical costs. Costs for continuation of pay and leave plus wage loss compensation have decreased over this five-year period. Medical costs have also decreased overall in that same period, with the exception of a 1 percent increase from FY 2009 to FY 2010. This increase is less than the comparable medical cost portion of the consumer price index,[4] which increased 3.4 percent from 2009 to 2010.

Figure 3: IRS Workers' Compensation Costs

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Continuation of Pay / FECA Leave	$1,096,000	$1,308,000	$1,086,000	$1,059,000	$1,084,435
Wage Loss Compensation	$35,338,000	$35,419,000	$32,829,000	$32,479,000	$31,806,039
Medical	$10,276,000	$10,491,000	$10,543,000	$10,871,000	$11,972,039
Total Cost	**$46,710,000**	**$47,218,000**	**$44,458,000**	**$44,409,000**	**$44,862,513**

Source: WCC.

Among employees who are likely never to return to work, the IRS, as does other agencies, has employees who are on workers' compensation but are eligible to retire. As of August 2010, the SHIMS listed 165 employees who had not returned to work and were over the age of 55 with at least 30 years of service.[5] Of these, 150 (91 percent) are separated from the IRS's active rolls, but remain on workers' compensation (included are three deceased employees whose beneficiaries are receiving payments). Of the other 15, ten remain on the IRS's rolls with return to work potential, and one is classified as having no return to work potential. The other four are indeterminate because of missing data in the "current status" field of the SHIMS database.

The current FECA allows an employee to retire on disability, or remain on workers' compensation, whichever provides the greatest benefit. A bill (Senate Bill 261) has recently been introduced in the U.S. Senate that would convert employees on workers' compensation to the appropriate retirement system when they reach retirement age. Until such legislation is

[4] The consumer price index is defined by the United States Bureau of Labor Statistics as "… a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and service" such as transportation, food and medical care.

[5] IRS employees may be on either of two Federal retirement systems, each of which has some differences in retirement eligibility. SHIMS data do not contain indicators of which of the two applies to an individual employee. For this analysis, we made assumptions based on likely criteria that would apply to the majority of employees in this age bracket.

passed, however, there is nothing that any Federal agency or bureau can do to force an employee to retire under current law.

The IRS Has Implemented Corrective Actions to Address All Prior TIGTA Recommendations

Generally, the IRS has taken appropriate and timely corrective action on all findings from the previous two audits. In our 2008 report, we determined that since 2003, the IRS had fully or partially implemented all eight of our 2003 recommendations for enhancing case management techniques, increasing the accuracy of performance measures, and holding IRS managers more accountable for reducing costs associated with workers' compensation claims.

While program management had improved, TIGTA noted in 2008 that the IRS still needed to ensure that required procedures are followed when claims are initiated and implement a more strategically oriented approach for returning employees to work following an injury. In its response to the 2008 report, the IRS laid out appropriate corrective action to all our recommendations.

However, the IRS was late to fully implement corrective action to the recommendation that the Human Capital Officer establish a more strategic approach to enhance return-to-work efforts. The Human Capital Officer agreed to develop a policy with a goal of addressing cross-functional placement for injured workers. An interim policy was developed but final implementation and incorporation into the Internal Revenue Manual was not completed until February 7, 2011.

The IRS Has Been Generally Successful in Meeting the Goals Set for the Safety, Health, and Return to Employment and Protecting Our Workers and Ensuring Reemployment Initiatives

SHARE Goals

The IRS and the Department of the Treasury were successful in meeting all of the goals of the SHARE initiative, and are on track to meet the goals of the POWER initiative, with the exception of the timely filing of claims. Even for the timely filing goal, the IRS and the Department of the Treasury are close to achieving their target results.

The Department of Labor generates statistical reports based on data supplied by Federal agencies to determine compliance with the SHARE and POWER initiatives. Neither the IRS nor the Department of the Treasury provides calculations for the reported statistics, but the data come primarily from the SHIMS database.

For the SHARE initiative, the data were reported for the Department of the Treasury as a whole. Figures for the IRS and other bureaus were not reported separately. The SHARE initiative contained four goals for Federal agencies related to injury or illness claims and claims processing:

1. A reduction in total case rates for injuries and illnesses by a minimum of three percent per year;
2. A reduction in case rates for time lost injuries and illnesses by a minimum of three percent per year;
3. Improvement in timely submission of injury claims by five percent per year; and
4. A reduction in lost production day rates by a minimum of one percent per year.

In our 2008 report, we noted that the IRS made steady improvement in key areas under the SHARE initiative. Improvement in claims processing time is particularly important because it is the initial step in a case management process designed to reduce workers' compensation costs by getting workers healthy and back to work as quickly as possible.

In FY 2007, the Department of the Treasury, with significant contribution by the IRS, was recognized by the Department of Labor for its performance in decreasing the number of injuries and illnesses by more than any other Federal Government agency since the SHARE initiative began in 2004.

The Department of the Treasury was in compliance with three of the four SHARE goals in FY 2009, the last year of the initiative. For the one goal not met (Goal 3: timely submission of claims) the FY 2009 target was 95 percent, and the Department of the Treasury scored 87.8 percent for the year. However, the trend by the third quarter for FY 2009 showed improvement.

Figure 4: Department of the Treasury – Percentage of Claims Timely Submitted

1st Quarter, FY 2009	81.5%
2nd Quarter, FY 2009	85.6%
3rd Quarter, FY 2009	89.4%
4th Quarter, FY 2009	93.3%

Source: Department of Labor.

Although not officially part of the SHARE initiative, comparable FY 2010 statistics have the Department of the Treasury at 90.5 percent, with the IRS at 93.6 percent.

POWER Goals

The POWER initiative sets forth minimum targets for improvement in seven goals, measured against a baseline of agency/bureau performance in FY 2009. These minimum targets include:

1. Reducing total injury and illness case rates;
2. Reducing lost time injury and illness case rates;
3. Analyzing lost time injury and illness data;
4. Increasing the timely filing of workers' compensation claims;
5. Increasing the timely filing of wage-loss claims;
6. Reducing lost production day rates; and
7. Speeding employees' return to work in cases of serious injury or illness.

Goals one to three relate to safety issues and goals four through seven relate to workers' compensation. The POWER initiative began in FY 2011, so statistics are available only for the first quarter. In the first quarter, the IRS exceeded the FY 2009 baselines for goals four and five, but had not yet met the FY 2011 targets. For goal seven, reported at the Department level, the Department of the Treasury exceeded both the FY 2009 baseline and the FY 2011 target.

Figure 5: POWER Initiative Goals Related to Workers' Compensation

	FY 2009 Baseline	FY 2011 Target	1st Quarter
4 - Timely Filing of Injury and Illness Notices	90.0%	92.7%	92.2%
5 - Timely Filing of Wage Loss Claims	50.8%	60.0%	58.2%
6 - Lost Production Days	22.2	22.0	23.1
7 - Return to Work (Only reported at the Department of the Treasury level)	84.7%	85.5%	89.4%

Source: Department of Labor.

The IRS and the Department of the Treasury are slightly under the new goal for timely filing of claims as set forth by the POWER initiative. A lack of training and awareness regarding responsibilities when a workers' compensation claim is filed contributed to claim forms not being submitted timely, and led to omissions and errors on initial claim forms and corresponding data in SHIMS. Claims not timely filed can create processing delays, as well as additional cost to the agency. Delays can affect medical treatment for the injured employee and delay their recovery and return to work.

First-line managers are the primary control the management of workers' compensation claims and actions. It is the responsibility of the manager to assist the employee in initiating claims, as well as to investigate the incident that resulted in the claim. Additionally, the manager is responsible for attempting to provide the employee with alternate work duties that the employee may be medically able to perform. Placing the burden of responsibility on a manager shifts the control to an individual that may not have the time, knowledge, skills or training to adequately administrate an employee's claim and protect the Federal Government's interest as well.

It is the responsibility of the WCC to provide training and assistance to managers. Training materials have been developed to address the managers' and employees' responsibilities for a workers' compensation claim. Video CD-ROMS were created for both managers and employees. We found that the training materials are comprehensive and useful. All aspects of generating a claim are covered from the perspective of the manager and the employee.

However, the disks are only distributed on an as-needed basis. These disks have not been distributed to all managers and all employees, and there are no records of who has received the training. WCC employees stated this is primarily due to budgetary reasons, as there has not been money set aside to make enough copies for universal distribution. The IRS has plans to put the video training material on its intranet website, but no date for completion was given. Further, just placing the training material on the intranet would not ensure all managers have familiarized themselves with the material.

Each year, all IRS managers are required to complete a set of "mandatory briefings." In 2010, they included:

- Physical Security and Emergency Preparedness;
- Information Protection and Disclosure;
- Information Systems Security; and
- UNAX (Unauthorized Access).

Additional briefings may be included in an individual manager's requirements depending on their Business Unit and/or job classification. It may not be efficient or necessary to require managers to complete the entire workers' compensation training every year, but a brief awareness presentation to remind them of their potential responsibilities and where to go for additional training and resources when needed would prove beneficial to the IRS.

Recommendation

Recommendation 1: In addition to placing the video training materials on the IRS's intranet, the Human Capital Officer should consider making workers' compensation awareness part of the annual mandatory briefings for managers.

> ***Management's Response:*** IRS management agreed that additional training in the workers' compensation area could be beneficial for managers. However, including this training in mandatory briefings for managers is not feasible, because of the curriculum for mandatory briefings is currently full. Instead, management plans to consider the use of alternative media to ensure managers understand their roles and responsibilities related to the workers' compensation program.

Office of Inspections and Evaluations Comment: We understand the need to limit the number of topics included in mandatory briefing for managers. Therefore, using alternative media to provide managers with information related to workers' compensation could be an acceptable alternative to mandatory training.

Appendix I

Detailed Objective, Scope, and Methodology

Our objective in this review was to evaluate the IRS's compliance with the goals of the SHARE initiative;[1] the IRS's plans to meet the goals of the POWER initiative;[2] the IRS's progress in implementing programs for returning injured employees to work; and the corrective actions to address previous TIGTA audit recommendations.[3]

I. We reviewed source and background material to gain an understanding of workers' compensation claims and benefits. Some of the material reviewed included, but was not limited to:

   A. *Federal Employees' Compensation Act* (FECA).[4]

   B. Department of Labor publications.

   C. Internal Revenue Manual 6.800.1 *Employee Benefits, Workers' Compensation Program*.

   D. IRS intranet website: Employee Resource Center.

   E. Previous TIGTA audit and inspection reports.

II. We obtained the SHIMS[5] database and determined:

   A. The number of active workers compensation cases.

   B. Types of cases (injury, illness, *etc*.).

   C. Ages of cases.

   D. Types of employees (full-time or seasonal).

   E. Cost of workers' compensation cases.

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[1] On January 9, 2004, President Bush established the SHARE initiative for FYs 2004 - 2006. SHARE was extended through FY 2009.
[2] On July 19, 2010, President Obama established a four-year POWER initiative, covering FYs 2011 through 2014.
[3] TIGTA *Improvements Are Needed in the Process and Information Used to Manage Workers' Compensation Claims* (Reference Number: 2003-10-213, dated September 2003) and TIGTA *A More Strategic Approach Could Enhance the Workers' Compensation Program Return-to-Work Efforts (*Reference Number: 2008-30-056, dated March 12, 2008).
[4] Ch. 458, 39 Stat. 742 (1916) (codified as amended in scattered sections of Titles 1, 5, and 18 of the United States Code.)
[5] SHIMS was implemented on October 1, 2001, and was designed to replace the paper accident claim reporting process with an electronic system that would allow claims to be submitted to the WCC and OWCP quickly.

F. Whether the WCC takes appropriate steps to verify the accuracy of total compensation included in FECA Chargeback reports.

III. To determine the IRS's compliance with the goals of the SHARE and POWER initiatives we:

A. Interviewed representatives from the WCC.

B. Determined compliance with the SHARE initiative and plans in place or being developed to meet the specific challenges of the POWER initiative.

IV. To evaluate steps the IRS has taken to ensure that required procedures are followed when claims are initiated, we:

A. Interviewed WCC staff to determine steps taken to address prior audit recommendations with regard to the initiation of claims.

B. Reviewed any changes to policy or procedure involving employees' first-line managers in all aspects of a workers' compensation case.

C. Evaluated procedures for entering data into SHIMS.

V. To evaluate the IRS's progress in implementing programs for returning injured employees to work, we interviewed representatives from the WCC and obtained additional supporting documentation to determine:

A. Any changes to policy or procedure toward addressing cross-functional placement for injured workers.

B. Policies and practices that resulted in the majority of claims when the employee returned to work.

Appendix II

Major Contributors to This Report

Kevin P. Riley, Director
James Douglas, Supervisory Evaluator
David Brown, Program Analyst

Appendix III

Report Distribution List

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Appendix IV

Management's Response to the Draft Report

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

HUMAN CAPITAL OFFICE

April 18, 2011

MEMORANDUM FOR TREASURY DEPUTY INSPECTOR GENERAL FOR INSPECTIONS AND EVALUATION

FROM: James P. Falcone
IRS Human Capital Officer

SUBJECT: Draft Evaluation Report – A Follow-Up Evaluation of the Workers' Compensation Program in the Internal Revenue Service (IE-10-017)

We reviewed the above subject report, and we appreciate your recognition of our progress in managing our Workers' Compensation Program since the last audit in 2008. In reviewing your draft report, we noted two discrepancies with the Department of Labor data in Figure 5, POWER Initiative Goals Related to Workers' Compensation. We request you amend Figure 5, Number 6 – Lost Production Days for FY 2011 Target from 22.2 to 22.0 and 1st Quarter change from reported annually to 23.1.

Figure 5: POWER Initiative Goals Related to Workers' Compensation

	FY 2009 Baseline	FY 2011 Target	1st Quarter
4 - Timely Filing of Injury and Illness Notices	90.0%	92.7%	92.2%
5 - Timely Filing of Wage Loss Claims	50.8%	60.0%	58.2%
6 - Lost Production Days	22.2%	22.2%	*(reported annually)*
7 - Return to Work (Only reported at the Department of the Treasury level)	84.7%	85.5%	89.4%

RECOMMENDATION 1: In addition to placing the video training materials on the IRS intranet, the Human Capital Officer should consider making workers' compensation awareness part of the annual mandatory briefing for managers.

CORRECTIVE ACTION(S): We have carefully considered your recommendation to add workers' compensation awareness as part of the next fiscal year's briefing for managers. The IRS Workers' Compensation Center (WCC) is committed to providing the tools our customers need to use our services.

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This is evidenced by some of the actions we have taken to date:

- one-on-one instruction throughout the claims process
- timely coaching of the managers beginning with the initial filing of a claim
- providing managers with a workers' compensation checklist
- issuing a memorandum to all new managers
- providing other materials such as our First Contact Letter to aid them in their responsibilities
- outreach efforts by personal training and telephone conferences
- workers' compensation is included in the Self-Assessment Tool for Managers, Federal Managers' Financial Integrity Act (FMFIA) which is required to be completed annually by all managers

Ongoing information and communication initiatives taken by WCC have resulted in a steady and incremental improvement in our submission timeliness rate. We have demonstrated improvement from a rate of 87.04% in 2004 to a 93.6% rate in 2010. Quarter 1 statistics show that the IRS is very close to meeting its goal under POWER in this area. While we agree that additional training in the workers' compensation area could be beneficial for managers, your recommendations for inclusion of this training into mandatory briefings for managers is not feasible. We will continue to explore ways of expanding our use of alternative media as a means to reinforce the roles and responsibilities of managers in the program.

IMPLEMENTATION DATE: N/A

RATIONALE FOR CLOSURE: Studies and efforts to reduce managerial burden have resulted in limiting the volume of topics for mandatory briefings. The curriculum for mandatory briefings is currently full. Therefore, it is not possible to agree to implement your specific recommendation. Based on this information, we recommend that this audit be closed.