

September 28, 2000

GARY L. MCCURDY
VICE PRESIDENT, ALLEGHENY AREA OPERATIONS

SUBJECT: Audit Report – South Jersey Performance Cluster's Process for
Administering Continuation of Pay Leave Benefits
(Report Number HC-AR-00-001)

This report presents the results of our self-initiated audit of the South Jersey Performance Cluster's Process for Administering Continuation of Pay Leave Benefits (Project Number 00RA058HC002). This report is the first of seven reports we plan to issue concerning the process for approving and tracking continuation of pay leave benefits in the Allegheny Area.

The audit revealed opportunities for improving the process of administering continuation of pay leave benefits and complying with Postal Service policies. We provided three recommendations to improve the process. Management agreed with our finding and recommendations and the actions taken or planned should correct the issues discussed in this report. Management's comments and our evaluation of these comments are included in the report.

We appreciate the cooperation and courtesies provided by your staff during the audit. If you have any questions, please contact Ms. Katherine K. Johnson, director, Health Care Fraud, or me at (703) 248-2300.

Billy Sauls
Assistant Inspector General
for Business Protection

Attachment

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TABLE OF CONTENTS

Executive Summary	i
Part I	
Introduction	1
Background	1
Objective, Scope, and Methodology	2
Prior Audit Coverage	3
Part II	
Audit Results	4
Continuation of Pay Leave Benefits	4
Recommendations	8
Management's Comments	8
Evaluation of Management's Comments	10
Appendix A. Statistical Sampling Methodology Overview	11
Appendix B. Prior Audit Coverage	12
Appendix C. Continuation of Pay Policy	14
Appendix D. Management's Comments	16

EXECUTIVE SUMMARY

Introduction

We completed a self-initiated audit to determine whether the Allegheny Area's process for approving and tracking the use of continuation of pay leave benefits for injured employees complied with the Department of Labor, Office of Workers' Compensation Programs and United States Postal Service (Postal Service) policies. This report on the Allegheny Area's South Jersey Performance Cluster is the first of seven reports we plan to issue concerning the process for approving and tracking continuation of pay leave benefits in the Allegheny Area.

Results in Brief

The audit revealed the South Jersey Performance Cluster's process for monitoring continuation of pay leave benefits for injured employees needs improvement. Specifically, supervisors and injury compensation control office staff did not always process and monitor continuation of pay leave benefits properly. Consequently, management controls over the processing of continuation of pay leave benefits were ineffective to prevent 23 unnecessary pay adjustments needed to correct employees' applicable sick, annual, or other leave balances. The cost to process those pay adjustments was estimated at \$1,725. In addition, we identified continuation of pay overpayments totaling about \$822.

Summary of Recommendations

To correct the deficiencies associated with continuation of pay leave benefits, we recommended that Postal Service managers reissue a district-wide policy requiring supervisors to directly request authorization of continuation of pay before any leave entries are made in the payroll system. In addition, Postal Service managers should establish management controls for monitoring continuation of pay usage and implement a new management control procedure for reconciling continuation of pay time and attendance reporting.

Summary of Management's Comments

Management agreed with our recommendations and stated that corrective actions will be initiated and implemented at the beginning of fiscal year 2001. Postal Service management in the South Jersey Performance Cluster will reissue a district-wide policy requiring authorization from injury compensation control office personnel before continuation of pay hours are input into the payroll system.

Refresher training will be provided to all supervisors on the new continuation of pay policy and the training will encompass the deficiencies identified in the audit report. Detailed instructions regarding the proper completion of Form 3971, Request for Notification of Absence, for all injured employees will be provided to each functional manager. A process to document the reconciliation of Workers' Compensation-Injury on Duty report each accounting period will be established and a new management control procedure will be performed to require front-end reconciliation before continuation of pay hours are finalized in the payroll system.

Management's comments, in their entirety, are included in Appendix D.

**Overall Evaluation of
Management's
Comments**

Management's comments were responsive to our recommendations and we believe the actions taken or planned should correct the issues identified in this report.

INTRODUCTION

Background

The Department of Labor, Office of Workers' Compensation Programs has sole responsibility for administering the Federal Employees' Compensation Act. The Code of Federal Regulations, Title 20, Part 10, April 1, 1999, establishes the rules for claiming benefits under the Federal Employees' Compensation Act. Specifically, Section 10.200 of the Code of Federal Regulations states, in part, that the employer must continue an employee's regular pay for up to a maximum of 45 calendar days of wage loss due to disability and/or medical treatment after a traumatic injury. This provision is called continuation of pay (COP). COP is considered regular income and unlike workers' compensation wage loss benefits, COP is subject to income taxes and other payroll deductions applicable to regular income. The intent of the COP provision is to eliminate interruption of the employee's income during the period immediately after a job-related traumatic injury, while the Office of Workers' Compensation Programs adjudicates¹ the employee's injury claim. After entitlement to COP leave benefits expires, the employee may apply for workers' compensation wage loss benefits or use personal leave.

The United States Postal Service (Postal Service) is geographically segmented into ten decentralized areas including the Allegheny Area and Metro Operations. During fiscal years (FY) 1998 and 1999, postal-wide payments for COP leave benefits averaged \$22.5 million annually for approximately 23,000 employees. The Allegheny Area averaged \$2.2 million in annual COP leave benefit payments for approximately 2,400 employees over the same two-year time span.

The Allegheny Area is geographically divided into ten performance clusters including the South Jersey Performance Cluster. The Postal Service's Injury Compensation Control Office (the Control Office) personnel manage all injury claims for each of the performance clusters. In addition, Control Office personnel are responsible for authorizing employee-requested COP leave benefits.

¹The process whereby Office of Worker's Compensation Programs considers all information submitted by the employee, employer, and from its own investigation to reach a decision regarding entitlement to Federal Employees' Compensation Act leave benefits.

**Objective, Scope, and
Methodology**

Our audit objective was to determine whether the Allegheny Area, South Jersey Performance Cluster's process for approving and tracking the use of COP was in compliance with the Department of Labor, Office of Workers' Compensation Programs and Postal Service policies. In addition, we reviewed the management controls applicable to COP leave benefits.

To accomplish our objectives we reviewed Postal Service policies and procedures associated with COP leave benefits. We interviewed representatives from the Postal Service Headquarters, Health and Resource Management office and South Jersey Performance Cluster Control Office. In addition, we contacted representatives from the Department of Labor, Office of Workers' Compensation Programs to discuss certain aspects of the COP guidance.

This audit was limited to FY 2000 COP injury claims administered by the South Jersey Performance Cluster for pay periods 20 through 26 in calendar year 1999 and pay periods 1 through 7 in calendar year 2000. The South Jersey Performance Cluster was randomly selected as one of several performance clusters for an Allegheny Area projection. We identified 103 COP injury claims in the South Jersey Performance Cluster's payroll sample frame for the audited period. We randomly selected 52 out of the 103 COP injury claims for review.

The performance cluster sample size was calculated based on an area-wide design and projection. Therefore, the sample size in any one of the performance clusters is not adequate to provide a specific performance cluster dollar estimate with tight enough precision to be useful to a performance cluster. Consequently, we will not project audit results by individual performance clusters; instead, at this time we will only report actual unprojected audit results.²

We relied extensively on computer-processed payroll data contained in the Postal Service Payroll Pay Data and Employees Master Files. We also relied on prior audit work performed by the Postal Service Office of Inspector

²Appendix A contains an overview description of our statistical sampling design methodology for the area-wide projection.

General (OIG) on the FY 1999 Postal Service financial statement audit to assess the payroll function's general and application controls. In addition, we traced statistically-selected data from the Payroll Pay Data and Employee Master Files to the source documentation. Based on prior audit results and alternative testing procedures performed during the audit, we assessed the reliability of these data, including relevant general and application controls, and found them adequate. As a result of tests and assessments, we consider the computer-processed data reliable to satisfy the audit objectives.

We conducted the audit from April 2000 through September 2000 in accordance with generally accepted government auditing standards and included such tests of management controls as were considered necessary under the circumstances. We also discussed our conclusions and observations with appropriate management officials and included their comments, where appropriate.

Prior Audit Coverage

Since February 1996, the President's Council on Integrity and Efficiency issued one consolidated audit report on workers' compensation to include COP issues. In addition, the Postal Service OIG, issued two audit reports related to the Eagan, Minnesota, Information Systems and Accounting Service Center for the fiscal year ended September 30, 1999. The Eagan, Minnesota, Information Systems and Accounting Service Center has four departments. Our prior audit focused on two out of the four departments. Of these, the Integrated Business Systems Solutions Center concentrates on support and development for payroll and other clients. In addition, the accounting service center is responsible for a variety of accounting activities to include the payroll function. See Appendix B for prior audit report details.

AUDIT RESULTS

Continuation of Pay Leave Benefits

The South Jersey Performance Cluster supervisors and Control Office staff did not always process and monitor COP leave benefits properly. Specifically, we found that 20 out of the 52 COP injury claims reviewed contained COP leave benefit errors. The listing of COP injury claims recorded in error is provided in the table. The incorrect processing of COP leave benefits occurred because supervisors did not always follow established procedures for authorizing and documenting COP leave benefits. In addition, the Control Office staff did not effectively monitor COP usage. Consequently, management controls over the processing of COP leave benefits were ineffective to prevent 23 unnecessary pay adjustments needed to correct employees' applicable sick, annual, or other leave balances. The cost to process those pay adjustments was estimated at \$1,725.³ In addition, we identified COP overpayments totaling approximately \$822.⁴

Continuation of Pay Leave Benefits Processed In Error South Jersey Performance Cluster Pay Adjustments			
Injury Claims With Errors	Record ID Number	Number of Pay Adjustments	Cost at \$75 per Adjustment
1	3	1	\$75.00
2	5	1	75.00
3	6	1	75.00
4	9	1	75.00
5	10	1	75.00
6	18	2	150.00
7	19	1	75.00
8	24	1	75.00
9	42	1	75.00
10	47	1	75.00
11	53	1	75.00
12	57	1	75.00
13	65	2	150.00
14	76	1	75.00
15	77	2	150.00
16	79	1	75.00
17	83	1	75.00
18	93	1	75.00
19	94	1	75.00
20	98	1	75.00
Totals		23	\$1,725.00

³The Postal Service estimates each pay adjustment costs \$75 on average and in some extreme cases, pay adjustments could cost as much as \$175 as measured by the time expended by responsible Postal Service employees. For audit reporting purposes, we used the lower estimate of \$75 per pay adjustment.

⁴COP overpayments result when COP hours are paid in error and the employee does not have any available sick or annual leave to cover the absence mistakenly recorded as COP hours. COP overpayments also result when COP hours are paid in error while the employee is simultaneously receiving wage compensation payments from the Office of Workers' Compensation Programs. Consequently, recovery procedures must be executed to collect overpaid COP hours from the employee.

Authorizing
Continuation of Pay
Leave Benefits

Following established procedures for authorizing COP leave benefits are essential in preventing unauthorized COP leave benefits and unnecessary pay adjustments. On December 19, 1997, the manager, Human Resources, South Jersey Performance Cluster, issued a memorandum⁵ revising the authorization process for COP leave benefits. The memorandum stated the revised process would facilitate better management of COP hours and reduce the number of unnecessary pay adjustments.

The revised COP authorization process required supervisors to advise the Control Office staff of an employee's request for COP leave benefits via e-mail or telephone. Subsequently, the Control Office staff would authorize COP via e-mail with copies provided to the supervisor, Finance department, timekeeping data site, and manager of the Control Office. Afterwards, the supervisor would submit the PS Form 3971, Request for or Notification of Absence, to the timekeeping data site, along with a copy of the Control Office staff's authorizing e-mail. Finally, the timekeeping data site would only input COP hours if the employee's request included the authorizing e-mail from the Control Office staff.

Supervisors did not always follow the revised authorization process for authorizing COP leave benefits implemented in December 1997. Specifically, supervisors did not receive proper authorization from the Control Office staff before approving employee COP leave benefits for 12 out of the 20 injury claims we identified with COP errors. Furthermore, 4 out of the 12 injury claims represented uninjured employees who received unauthorized COP leave benefits instead of the appropriate annual, sick, or other leave benefits. The supervisors' failure to request and receive proper authorization from the Control Office staff for COP leave benefits led to 13 unnecessary pay adjustments and COP overpayments totaling approximately \$822.

When uninjured employees receive unauthorized COP leave benefits, the Postal Service is essentially allowing these employees an approved absence from work unrelated to an on-the-job injury. Moreover, the uninjured employees'

⁵See Appendix C for the full text of the December 19, 1997, memorandum.

applicable sick or annual leave balances are not reduced and remain overstated.

Documenting Requests for Continuation of Pay Leave Benefits	Proper timekeeping and accounting procedures are essential for effective management and administration of the injury compensation program. Postal Service timekeeping and accounting guidelines provided special requirements for COP. For instance, a supervisor must ensure a Form 3971 is completed promptly after being advised of an employee request for COP leave benefits. When a traumatic injury occurs and employees are unable to initiate the Form 3971 to request COP leave benefits, supervisors are expected to perform this function. The senior installation official is required to retain Forms 3971 for two years from the date the leave is taken or disapproved. Contrary to this guidance, supervisors did not always follow established procedures for documenting requests for COP leave benefits. Our review disclosed that Forms 3971 for 26 out of the 52 injury claims were either improperly prepared or did not exist. We were unable to reconcile requested COP leave benefits with paid COP hours due to improperly completed or missing Forms 3971.
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Although Forms 3971 were improperly prepared or missing, we used other injury claim file documentation to determine appropriate COP leave benefits. Employees must complete a Form 3971 to document requested COP leave benefits, which are not automatically provided to injured employees. Therefore, improperly prepared or missing Forms 3971 made it difficult to determine whether employees initially requested any COP leave benefits. Consequently, without an adequate audit trail, we are not reasonably assured that all COP hours recorded in the payroll system resulted from employee requests for COP leave benefits.

Monitoring Continuation of Pay Usage	Monitoring COP usage includes actively reviewing injury claim files to ensure appropriate COP leave benefits are provided to employees. Postal Service Handbook, EL-505, <u>Injury Compensation</u> , December 1995, Chapter 13, "Timekeeping and Accounting," provides guidance for monitoring COP. Chapter 13, Section 13.1, "Tracking Time for COP" stated the Control Office staff must monitor COP hours and days to ensure employees do not receive COP leave benefits for more than a 45-calendar day period for any one injury associated with the tracking of COP leave
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benefits. In addition, the guidance requires the Control Office staff to actively manage injury claims to ensure employees receive the COP leave benefits they are entitled.

Our review disclosed situations where the Control Office staff did not effectively monitor COP usage during the injury claim's COP eligibility timeframe. We identified 8 properly authorized COP injury claims, out of 20 with COP errors that the Control Office staff did not adequately monitor. In addition to 13 pay adjustments resulting from supervisors' improperly authorizing COP hours, the Control Office staff failure to properly monitor COP hours resulted in ten additional pay adjustments.

Section 13.17, "Recovering Excessive COP Hours," states the Control Office staff should use the "Workers' Compensation–Injury on Duty," report to review COP data. The report is generated each accounting period and is used to reconcile COP leave benefits after those leave benefits have been reported and paid. We found the Control Office staff did not reconcile the Workers' Compensation–Injury on Duty report with COP injury claims as required by Postal Service Handbook guidance. Had the Control Office staff used the existing report to reconcile COP hours, the 12 improperly authorized injury claims previously discussed would have been identified for correction prior to our audit.

The existing report is a back-end monitoring control and, if used as intended, can readily identify inappropriately authorized COP leave benefits. However, the existing report was not designed to determine whether employees were initially entitled to COP leave benefits. Therefore, a front-end reconciliation control is needed to assist the Control Office staff in weekly monitoring of COP hours.

We determined the Postal Service already has a front-end reconciliation capability within the electronic time clock system.⁶ The electronic time clock system can generate a time and attendance exception report⁷ (ETC-245P1) to identify COP and other hourly leave categories. In our

⁶The electronic time clock system is used to report time and attendance for a portion of Postal Service employees in the South Jersey Performance Cluster. However, the electronic time clock system does not capture time and attendance for rural carriers.

⁷An electronic time clock exception report should be requested no later than Friday of each week. The review and validation of COP time reporting should be completed before the COP hours are finalized in the payroll system.

opinion, the use of this front-end reconciliation capability, if implemented, could reasonably reduce the recording of inappropriate COP hours, thereby avoiding unnecessary payroll adjustments.

Recommendation

We recommend the vice president, Allegheny Area, prevent the improper processing of continuation of pay leave benefits within the South Jersey Performance Cluster, in part by directing district and plant managers to:

1. Reissue a district-wide policy requiring every supervisor to request authorization of continuation of pay hours from the South Jersey Performance Cluster's Injury Compensation Control Office staff before any continuation of pay hours are inputted into the payroll system. Additionally, the district-wide policy should include:
 - a) Instructions detailing supervisory responsibilities for ensuring the proper completion of continuation of pay leave requests.⁸
 - b) New management control procedures requiring proper processing of all continuation of pay leave requests to the finance and timekeeping elements and retention of supporting documentation in employee injury claim files.

**Management's
Comments**

Management agreed with the recommendation and a district-wide policy will be reissued requiring supervisors to request authorization from injury compensation control office personnel before any continuation of pay hours are input into the payroll system. Refresher training will be provided for all supervisors on the new continuation of pay policy and the training will encompass the deficiencies identified in the audit report. Detailed instructions regarding the proper completion of Form 3971, Request for Notification of Absence, for all injured employees will be provided to each functional manager. In addition, Postal managers will be required to submit the completed leave requests to the appropriate finance and timekeeping departments and to

⁸Employee requests for leave hours are reported on PS Form 3971 Request for or Notification of Absence.

send a copy of the leave requests to personnel in the injury compensation control office for retention in the employee's injury claim file. Post Office Operations/Plant Managers will be notified of any deficiencies regarding the leave request procedures and appropriate corrective actions will be taken.

Recommendation

2. Direct the acting manager, Human Resources, to require personnel in the Injury Compensation Control Office to execute frequent monitoring of continuation of pay usage. Specifically, a process should be established to document the reconciliation of the Workers' Compensation-Injury on Duty report each accounting period and ensure appropriate corrective actions are executed.

**Management's
Comments**

Management agreed with our recommendation. The manager, Injury Compensation Control Office will be required to daily monitor and reconcile the Employee Activity Report for any erroneous continuation of pay hours and take appropriate action. In addition, a process will be established to document the reconciliation of the Workers' Compensation-Injury on Duty report each accounting period and appropriate corrective actions will be executed.

Recommendation

3. Direct the acting manager, Human Resources, to implement a new management control procedure to perform a front-end reconciliation of continuation of pay hours. The management control should require Injury Compensation Control Office personnel to perform a weekly review and validation of continuation of pay hours before time accounting is finalized in the payroll system.

**Management's
Comments**

Management agreed with our recommendation and personnel in the injury compensation control office will perform a weekly review and validation of continuation of pay hours before the leave is finalized in the payroll system. Any pay adjustments resulting from the review will be processed by the injury compensation control office staff to ensure recovery of continuation of pay and revenue protection.

**Evaluation of
Management's
Comments**

Management's comments were responsive to our finding and recommendations and we believe the actions taken and planned should correct the issues identified in this report.

APPENDIX A

STATISTICAL SAMPLING METHODOLOGY OVERVIEW

This appendix summarizes the area-wide sample design and indicates where the South Jersey Performance Cluster fits into that design. We designed a stratified sampling procedure for the Allegheny Area, including the area Control Office and its ten performance clusters. However, we determined the number of COP injury claims identified for the Allegheny Area's Control Office in FY 2000 was insignificant. Therefore, we excluded the Allegheny Area's Control Office from the sample selection process used to determine potential audit locations. The first stratum consisted of the two performance clusters with the smallest number of COP injury claims. We took a census of these two clusters and reviewed all of their injury claims. The second stratum consisted of the other eight performance clusters; we randomly selected four out of the eight performance clusters for audit. Because of the larger number of COP injury claims in the four selected performance clusters, we randomly selected samples of COP injury claims from within those clusters. The South Jersey Performance Cluster was randomly selected as one of the four second-stratum locations to be reviewed.

The sample size in any one of the performance clusters is not designed to provide a specific performance cluster dollar estimate with tight enough precision to be useful to a performance cluster. Consequently, we will not project audit results by individual performance clusters; instead, at this time we will only report actual unprojected audit results. After all statistically-selected locations have been audited, we will perform a weighted projection of the overall COP audit results. We will relate the area-wide projection results in a consolidated report for the Allegheny Area.

APPENDIX B

PRIOR AUDIT COVERAGE

The Postal Service, Office of Inspector General issued an audit report number FR-AR-00-006, Fiscal Year 1999 Postal Service Financial Statement Audit – Eagan Information Service Center, February 25, 2000. The audit report detailed the results of an audit on the financial activities and accounting records at the Eagan, Minnesota Information Systems and Accounting Service Center (formerly the Minneapolis Information Systems and Accounting Service Center) for the fiscal year ended September 30, 1999. The audit was conducted in support of the independent public accounting firm's overall Postal Service financial statement audit. The objectives of the audit were to determine whether:

1. Financial accounting policies and procedures provide for an adequate internal control structure and are in compliance with generally accepted accounting principles.
2. General ledger account balances for assets, liabilities, equity, income, expenses, and commitments of the Postal Service are fairly stated in the national consolidated trial balance in accordance with generally accepted accounting principles.
3. General ledger account balances conform to the general classification of accounts of the Postal Service on a basis consistent with that of the previous year.

The audit disclosed that management's policies, accounting procedures, and internal controls conformed with generally accepted accounting principles. The audit report did identify two internal control weaknesses concerning the accuracy of back pay awards and terminal leave payments. As part of the review, they reviewed the internal controls, tested transactions, and verified account balances. The audit was conducted from November 1998 through February 2000 in accordance with generally accepted government auditing standards and included such tests of internal controls, as were considered necessary under the circumstances.

The Postal Service, Office of Inspector General also issued an audit report number FR-AR-99-009, Fiscal Year 1999 Information System Controls, Minneapolis Information Service Center, September 29, 1999. The audit report detailed the results of an audit on the information system controls at the Minneapolis Information Service Center. The audit was performed as part of the FY 1999 financial statement audit. The objective of the audit was to evaluate the adequacy of general controls over information systems at the Minneapolis Information Service Center. The audit concluded that general controls over software and data security at the Minneapolis Information Service Center (now referred to as the Eagan Information Service Center) were generally adequate. The audit report did identify issues requiring corrective actions regarding mainframe security,

application change control, local area network security, and UNIX security. This audit was conducted from December 1998 to August 1999 in accordance with generally accepted government auditing standards and included tests of internal controls as were considered necessary.

The President's Council on Integrity and Efficiency, Audit Committee issued a consolidated audit report number 02-96-223-04-431, Consolidated Report on the Audit of Employing Agency Workers' Compensation Programs, February 16, 1996, on workers' compensation. The Department of Labor, Office of Inspector General led this audit of 13 Inspector General agencies. The audit was designed to evaluate the effectiveness and efficiency of employing agency workers' compensation programs and the audit report summarizes the results of those 13 audits. Specifically, the audit report provided an observation on continuation of pay leave benefits.

The Department of Transportation, Office of Inspector General was the only agency who reported on continuation of pay leave benefits. The Department of Transportation, Office of Inspector General reported 26 percent of the claims reviewed received continuation of pay although:

- The Office of Workers' Compensation Programs denied compensation claims.
- The time for eligible use had expired.
- No claim had been submitted to the Office of Workers' Compensation Programs.

The Department of Transportation, Office of Inspector General recommended employees' leave should be charged retroactively. Each Office of Inspector General was responsible for follow-up action on specific recommendations made to employing agency officials. Overall, employing agency officials agreed that improvements were needed in the workers' compensation program.

APPENDIX C. CONTINUATION OF PAY POLICY

MANAGEMENT RESOURCE
SOUTH JERSEY PERFORMANCE CLUSTER



UNITED STATES
POSTAL SERVICE

DATE: December 19, 1997

MEMO FOR: District Staff
Lead Plant Manager, South Jersey Processing & Distribution Center
Plant Manager, Delaware Processing & Distribution Center
Managers, Post Office Operations
Managers/Supervisors, Distribution Operations
Postmasters, Zip Codes 080-084, 197-199
Managers/Supervisors, Customer Services


SUBJECT: FY '98 Injury Compensation Procedures - A, REVISED
Timekeeping and Accounting

In our continuing efforts to provide quality service to our internal customers, **effective immediately**, the process by which Continuation of Pay, COP, and LWOP-IOD are authorized is being revised. The protocol for this process is attached for your review and appropriate action.

Utilizing this protocol will allow us to better manage our COP/LWOP-IOD hours and reduce the number of pay adjustments currently being processed. In those situations where an adjustment is necessary, the immediate supervisor will be responsible for completion of the form.

Additionally, the "Work Pay History" should only be submitted to the ICCO as an attachment to Form CA-7 or Form CA-8, Claim For Compensation.

Questions regarding the revisions may be directed to Richard Overton, Senior Injury Compensation Specialist, at (609) 933-4289.


Michael D. Fleury
Manager, Human Resources

Attachment

cc: Richard C. Overton, Senior Injury Compensation Specialist

COP/LWOP-IOD PROTOCOL

Employee

Submits request for COP(Code 03/71) or LWOP-IOD(Code 25/49) via Callin or PS Form 3971 to the immediate supervisor

Supervisor

Advises the Injury Compensation Control Office(ICCO) of employee's request via cc:Mail(or phone if last day of Pay Period)

Injury Compensation Control Office(ICCO)

Authorizes COP/LWOP-IOD via cc:Mail through the appropriate manager, with a cc: to Finance/Data Site and Senior Injury Compensation Specialist

Supervisor

Sends PS Form 3971 with copy of cc:Mail authorization to Data Site

Data Site

Inputs COP/LWOP-IOD, only if cc:Mail authorization from the ICCO is available

NOTE: In all instances where an injured employee is placed on the Periodic Rolls(PR) by the Office of Workers' Compensation Programs, OWCP, the ICCO will authorize LWOP-IOD for an indefinite period, until a change is effected in the employee's pay status. This may occur as a result of a return to work, termination of benefits by the OWCP, or death.

APPENDIX D. MANAGEMENT'S COMMENTS

GARY L. MCCURDY
VICE PRESIDENT, ALLEGHENY AREA OPERATIONS



September 8, 2000

Billy J. Sauls
Assistant Inspector General
For Business Protection
Office of Inspector General

SUBJECT: Transmittal of Draft Report – South Jersey Performance Cluster
Process for Administering Continuation of Pay Leave Benefits
(Report Number HC-AR-00-DRAFT)

The draft report of the South Jersey Performance Cluster has been reviewed. The recommendations provided to prevent the improper processing of continuation of pay leave benefits will be implemented as follows:

The South Jersey performance cluster will reissue a district-wide policy requiring every supervisor to request authorization of continuation of pay hours from the South Jersey ICCO staff before any continuation of hours are input into the payroll system.

The Manager, Injury Compensation will conduct a one- (1) hour refresher training regarding the new policy and procedures. The training will encompass the deficiencies emphasized in the OIG report. It will be provided to each plant and on each tour of duty. The manager will attend the next Post Office Operations Meeting to train the Supervisors Customer Services and Postmasters.

Each functional manager will receive detail instructions regarding the proper completion of Form 3971, Request for or Notification of Absence for all injured employees requesting continuation of pay. They will be required to submit the completed form to the appropriate finance and timekeeping departments and send a copy to the ICCO for retention in the employee's injury claim file. If management failures occur, the appropriate Manager, Post Office Operations/Plant Manager will be notified of the deficiency and appropriate action will be taken.

The Manager, Injury Compensation will be required to daily monitor and reconcile the Employee Activity Report for any erroneous continuation of pay hours input and take appropriate action. The Manager will establish a process to document the reconciliation of the Workers' Compensation-Injury on Duty report each accounting period and appropriate corrective actions will be executed.

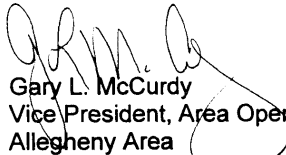
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- 2 -

Under the direction of the Manager, Injury Compensation, the ICCO staff will perform a weekly review and validation of continuation of pay hours before the leave is finalized in the payroll system. Any pay adjustments required will be processed by the ICCO staff to ensure recovery of continuation of pay and revenue protection.

These recommendations will be initiated and implemented at the beginning of fiscal year 2001.

Your assistance in reviewing our continuation of pay process is appreciated. If you have any questions, please contact Linda Young at (216) 443-4753 or Mary Hinson at (610) 872-5918.


Gary L. McCurdy
Vice President, Area Operations
Allegheny Area