




National Science Foundation • Office of Inspector General  
4201 Wilson Boulevard, Suite I-1135, Arlington, Virginia 22230

**MEMORANDUM**

**DATE:** September 30, 2015

**TO:** Joanne S. Tornow  
Office Head, Office of Information & Resources Management and  
Chief Human Capital Officer,  
National Science Foundation\

**FROM:** Dr. Brett M. Baker   
Assistant Inspector General for Audit

**SUBJECT:** *Review of NSF Workers' Compensation Cases*, Report No. 15-3-002

Attached please find the final report of our inspection of NSF workers' compensation cases. The report contains one finding on the lack of policy or procedures for overseeing these cases. We have included NSF's response as an appendix to the final report.

In accordance with OMB Circular A-50, Audit Follow-up, please provide our office with a written corrective action plan to address the report's recommendation. In addressing the recommendation, this corrective action plan should detail specific actions and associated milestone dates. Please provide the action plan within 60 calendar days of the date of this report.

We appreciate the courtesies and assistance provided by Human Resource Management staff during the audit. If you have any questions, please contact Marie Maguire, Director of Performance Audits, at (703) 292-5009.

Attachment

cc: France A. Córdova  
Richard Buckius  
Judy Sunley  
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Kelly Stefanko

# **Review of NSF Workers' Compensation Cases**

**National Science Foundation  
Office of Inspector General**

**September 30, 2015  
OIG 15-3-002**



**TM# 15-P-2-001**

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## Introduction

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The Federal Employees' Compensation Act (FECA) provides for wage loss compensation, medical care, and survivors benefits to government employees for employment-related injuries. The workers' compensation program is administered by the Department of Labor (DOL), which is responsible for maintaining official program records, determining entitlement to benefits, managing ongoing cases, and paying medical expenses and compensation benefits to claimants. Employing agencies are responsible for reimbursing the Department of Labor for their workers' compensation expenses. Therefore, agencies are responsible for overseeing their cases to ensure that charged costs are appropriate. The National Science Foundation's (NSF) Division of Human Resource Management (HRM) is responsible for oversight of NSF's workers' compensation cases.

We reviewed NSF's workers' compensation cases for the one year period July 1, 2014 to June 30, 2015. During that time, NSF was charged \$19,723 for medical bills for 11 claimants, \$78,836 for lost wages compensation for 3 claimants, and \$62,375 for death benefits for one fatality. In total, NSF was charged \$160,934<sup>1</sup>.

An explanation of the injury and current status of each case as of June 30, 2015 is provided in Appendix C. Further explanation of workers' compensation benefits provided to NSF employees is provided in Appendix D.

We conducted an inspection to determine whether NSF had adequate oversight of its workers' compensation cases.

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## Inspection Results

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We found that NSF does not have any policy or procedures for staff responsible for overseeing the cases. Therefore, there were no requirements for staff to annually review the status of employees receiving compensation or to document that such a review had been performed. Also, there were no requirements about what type of documentation should be included in the files for medical payments or compensation cases. As a result, we were unable to evaluate whether NSF's oversight was adequate, and there is a heightened risk of abuse that could go undetected.

In particular, the files for two workers' compensation claimants, who have been out of work since 1992 and 1989 respectively, did not contain evidence to show that NSF had reviewed these cases annually to ensure that DOL determined that the employees remained unable to return to work and, therefore, eligible to continue receiving workers' compensation benefits. We were unable to determine if the cases had been periodically reviewed because of gaps in the documents in the files. For example, for one of the compensation cases, the NSF case file contains no documents dated between 2002 and 2011.

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<sup>1</sup> For context, NSF's budget for FY 15 was \$7.344 billion.

DOL also recommends that agencies monitor chargeback billings, which list all cases and costs for which they are being billed. Although an HRM official told us that NSF's billings are reviewed, we did not see evidence that this occurred or that charges had been determined to be appropriate and warranted for the current year's chargeback report.

According to the HRM official, NSF plans to update its Personnel Manual to include policies for administering workers' compensation cases, but she was told that this is not a priority and that no date had been set for when this update would happen. NSF's HRM Division Director and the Chief Human Capital Officer told us that there are many other outstanding policies to complete and confirmed that policies for workers' compensation is a lower priority because of the small number of cases that NSF manages.

Although NSF only had 14 workers' compensation cases at the time of our inspection, the lack of any policy or guidance requiring specific steps for staff to oversee and manage the program raises concern and increases the risk that NSF could pay charges that are not warranted.

As part of our review, we also requested and reviewed NSF's workers' compensation caseload and costs for each of the past 10 years. NSF's caseload has remained fairly consistent, with between 7 to 14 cases of medical payments annually. NSF has paid the same two cases of lost wages and the one case of fatal injury payment for the duration of the time period reviewed and the dollar value of those payments have risen over the years with cost of living and wage increases. The 10 year schedule of NSF workers' compensation cases and costs is provided in Appendix E.

### **Department of Labor Guidance on Agency Oversight**

The Department of Labor provides the following guidance for agency oversight of workers' compensation claims:

- Ensure training for staff who handle compensation claims.
- Establish a record-keeping system for maintaining materials related to each compensation claim in an orderly fashion.
- Ensure the facts surrounding each injury are adequately investigated at the time of injury to determine the validity of the claim.
- Within OPM and DOL regulations, obtain medical information from DOL or injured employees as necessary to assess potential return to regular, light or limited duty.
- Stay in touch with injured employees while they are receiving compensation, identify jobs suitable for them and take steps to reemploy recovered or recovering employees as soon as the medical evidence shows this is possible.
- Monitor chargeback billings.

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## **Recommendation**

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We recommend that NSF develop agency policy and procedures for managing and overseeing its workers' compensation cases. At a minimum, NSF should consider Department of Labor guidance on agency oversight in developing NSF's policy and procedures.

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## **Summary of Agency Response and OIG Comments**

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NSF management agrees with the results and the recommendation to develop policy and procedures, in consideration of Department of Labor guidance, for managing and overseeing NSF's workers' compensation cases.

We consider management's comments to be responsive to our recommendation. We look forward to receiving the Corrective Action Plan and working with NSF officials to confirm implementation.

We have included NSF's response to this report in its entirety as Appendix A.

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## **OIG Contact and Staff Acknowledgement**

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Marie Maguire – Director of Performance Audits  
(703) 292-5009 or [mmaguire@nsf.gov](mailto:mmaguire@nsf.gov)

In addition to Ms. Maguire, Kelly Stefanko made key contributions to this report.

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## Appendix A: Agency Response

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NATIONAL SCIENCE FOUNDATION  
4201 WILSON BOULEVARD  
ARLINGTON, VIRGINIA 22230

September 29, 2015

MEMORANDUM

TO: Dr. Brett M. Baker, Assistant Inspector General for Audit, OIG

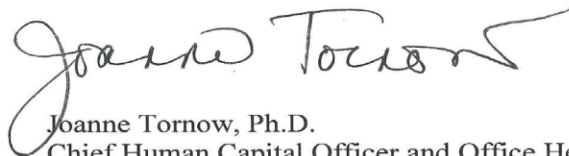
FROM: Dr. Joanne Tornow, Office Head and CHCO, OIRM

SUBJECT: Management's Response to the OIG's Official Draft Report, "Review of NSF Workers' Compensation Claims"

We appreciate the opportunity to respond to the OIG's Official Draft Report, "Review of NSF Workers' Compensation Claims." I am pleased that the review, or inspection, has confirmed that NSF has had a very small number of workers' compensation claims, both annually for the past ten years and in the 2014-2015 period covered by the inspection.

We agree with the results and the recommendation in the report that NSF should develop policy and procedures for managing and overseeing such claims, in consideration of Department of Labor Guidance.

If you have any questions concerning our response, please contact me at (703) 292-8100 or Dr. Judith S. Sunley at (703) 292-8180.



Joanne Tornow, Ph.D.  
Chief Human Capital Officer and Office Head  
Office of Information and Resource Management

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## **Appendix B: Objective, Scope, and Methodology**

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We performed this inspection to evaluate the adequacy of NSF's oversight of its workers' compensation cases. We conducted this inspection because the workers' compensation program is a known risk government-wide for making significant improper payments. Inspectors General at other Federal agencies have identified deficiencies that make the program vulnerable to fraud and abuse.

We reviewed NSF's workers' compensation cases for the one year period July 1, 2014 to June 30, 2015 as listed on the DOL chargeback report. We also reviewed summary data of compensation cases for the past 10 years.

To address our objective, we interviewed the NSF Human Resources Management specialist responsible for NSF workers' compensation and reviewed information on each of NSF's current cases.

We conducted this inspection in accordance with Quality Standards for Inspection and Evaluation developed by the Council of Inspectors General on Integrity and Efficiency.

## Appendix C: NSF Workers' Compensation Expenses Billed for July 1, 2014 – June 30, 2015

	Date of Injury	Description of Injury	COP Elected	Medical Bill Payment	Compensation Payment	Notes*
Case 1			Yes	\$0	\$0	
Case 2			Yes	\$1,863		
Case 3			Yes	\$0	\$0	
Case 4			Can not determine due to case age	\$336	\$39,636	
Case 5			Ineligible	\$3,291	\$38,245	
Case 6			Yes	\$954	\$955	
Case 7			Yes	\$133		
Case 8			Ineligible	\$1,187		
Case 9			Yes	\$286		
Case 10			Yes	\$240		
Case 11			Yes	\$10,785		
Case 12			Yes	\$507		
Case 13			Yes	\$143		
Case 14			Can not determine due to case age	\$0	\$62,375	
				\$19,723	\$141,211	
Total for year					\$160,934	

\*These are the notes of the HRM specialist responsible for NSF's workers' compensation claims and are limited by the information available in the file.

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## **Appendix D: Explanation of Workers' Compensation Benefits Provided to NSF Employees**

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### **Medical Bill Payment**

FECA (at 5 U.S.C. 8103) authorizes payment of medical services for treatment for work -related injuries. No limit is imposed on the amount of medical expenses or the length of time for which they are paid as long as the charges represent the reasonable and customary fees for the services involved and the need for the treatment can be shown.

Federal employees are entitled to all services prescribed or recommended by qualified physicians that, in the opinion of DOL, are likely to cure, give relief, reduce the degree or the period of disability, or aid in lessening the amount of monthly compensation.

Medical care includes examination, treatment and related services such as medications, hospitalization, as well as transportation needed to secure these services.

DOL claims examiners formally adjudicate medical bill cases over \$1,500 but administratively accept cases that have no agency objection totaling less than \$1,500.

### **Continuation of Pay**

FECA provides that an employee's regular pay may continue for up to 45 calendar days of wage loss due to disability and/or medical treatment after a traumatic injury. The intent is to avoid interruption of the employee's income while the case is being adjudicated. An employee is entitled to receive continuation of pay when he or she is absent from work due to disability or medical treatment.

### **Compensation**

Compensation, based on loss of wages, is payable after continuation of pay ends or from the beginning of pay loss. Without dependents, an employee is generally entitled to compensation at the rate of 66 2/3 percent of salary. With dependents, an employee is entitled to compensation at the rate of 75 percent of salary.

These payments were designed to provide beneficiaries a continuing source of income and are generally free from taxes.

If it appears that disability will continue for at least 60 days, DOL can place the employee on the "periodic roll" and the claimant is paid monthly.

When the medical evidence shows that total disability has ended, DOL informs the employee that he or she is expected to seek work. Further, the employing agency is encouraged to seek reemployment.

### **Death Benefits**

The survivors of a Federal employee whose death is work-related are entitled to benefits in the form of compensation payments, funeral expenses, transportation expenses for the remains, if necessary, and payment for termination of the deceased's status as a Federal employee.

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## Appendix E: Ten Year Schedule of NSF Workers' Compensation Cases and Costs

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We reviewed the current year's NSF workers' compensation case load and cost in comparison with the previous nine years. The number of cases has remained relatively small and consistent. The cost of compensation has risen with cost of living adjustments.

Chargeback report date	Medical Payments		Compensation for Non Fatal Injury		Compensation for Fatal Injury		TOTAL
	# of cases	amount	# of cases	amount	# of cases	amount	
July 1, 2014 - June 30, 2015	11	19,723.36	3	78,836.29	1	62,374.84	160,934.49
July 1, 2013 - June 30, 2014	9	29,088.28	2	77,197.37	1	61,696.61	167,982.26
July 1, 2012 - June 30, 2013	13	20,890.92	2	75,914.50	1	60,703.08	157,508.50
July 1, 2011 - June 30, 2012	9	26,945.61	3	84,045.56	1	63,614.55	174,605.72
July 1, 2010 - June 30, 2011	8	22,001.63	3	72,386.46	1	57,772.38	152,160.47
July 1, 2009 - June 30, 2010	7	18,750.85	3	72,804.42	1	56,125.25	147,680.52
July 1, 2008- June 30, 2009	7	8,173.85	3	70,413.85	1	55,619.98	134,207.68
July 1, 2007- June 30, 2008	12	7,601.97	2	67,480.86	1	53,951.33	129,034.16
July 1, 2006- June 30, 2007	10	9,710.90	2	63,514.77	1	52,426.24	125,651.91
July 1, 2005- June 30, 2006	14	17,707.15	2	60,561.65	1	50,810.28	129,079.08