

POST AUDIT REPORT WORKERS' COMPENSATION PAR22-02



WEST PALM BEACH

Internal Audit

June 29, 2022

**City of West Palm Beach
Internal Auditor's Office**

Beverly Mahaso Esq., CIA, CFE
Chief Internal Auditor



Internal Audit

June 29, 2022

Audit Committee
City of West Palm Beach
401 Clematis Street
West Palm Beach, Florida

RE: POST AUDIT REPORT OF WORKERS' COMPENSATION (PAR22-02)

Dear Audit Committee Members:

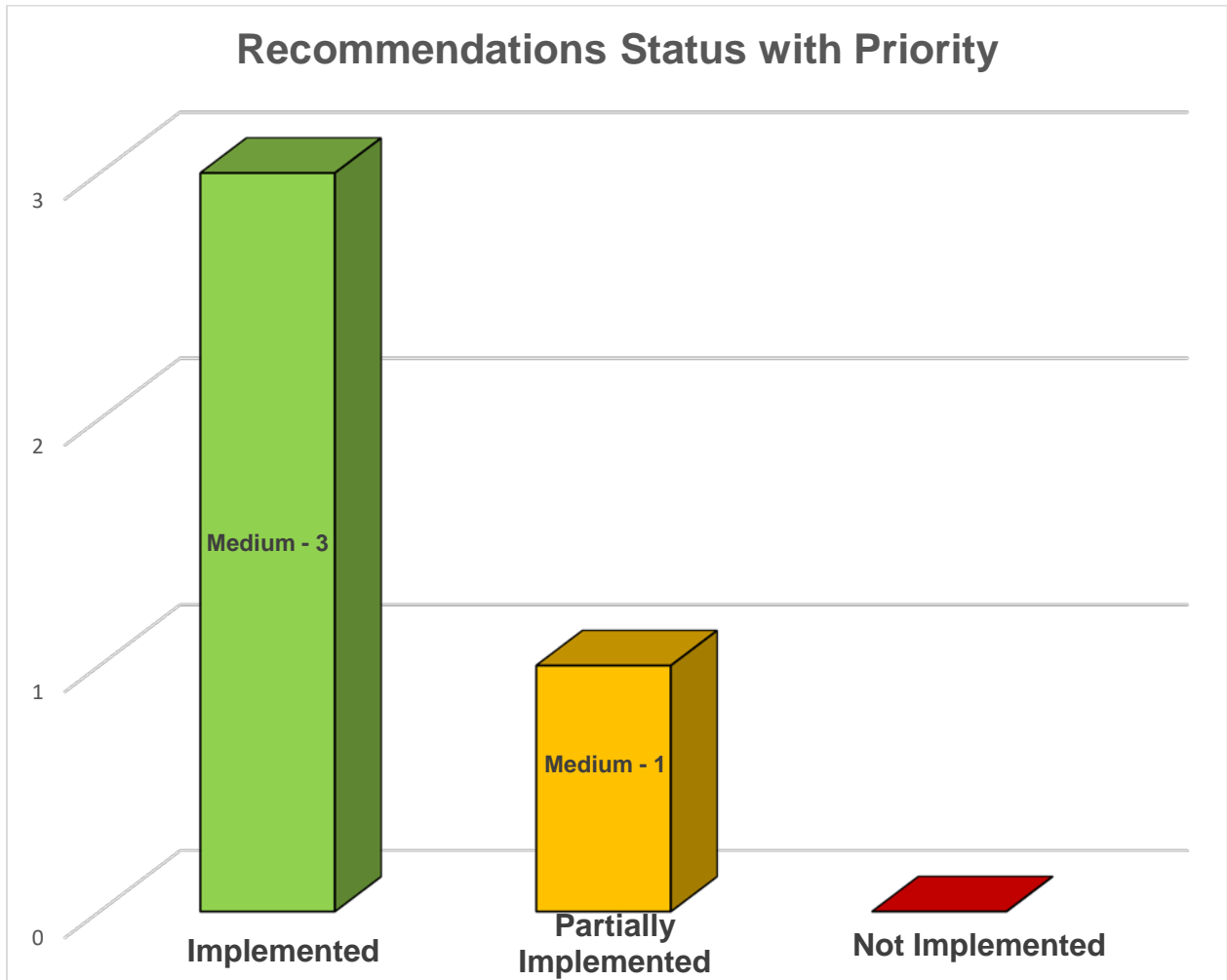
In FY 2017, the Internal Auditor's Office released an audit of Workers' Compensation (**AUD17-01**). We performed certain procedures, as enumerated below, with respect to activities of the audit to render a conclusion on the status of the recommendations made as a result of that review.

This Post Audit Report (PAR) consisted primarily of inquiries of City personnel and examinations of various supporting documentation. It was substantially less in scope than an audit in accordance with generally accepted government auditing standards.

The evidence obtained provided a reasonable basis for our conclusions; however, had an audit been performed, other matters might have come to our attention that would have been reported to you and our conclusions may have been modified.

The audit contained four (4) recommendations that addressed the audit's findings. Based on the review performed, we concluded that recommendations 2, 3, and 4 were fully implemented, and recommendation 1 was partially implemented.

We have enclosed a table listing all the recommendations with the current statuses. We found that management made significant efforts to take corrective action.



We thank the personnel from the Human Resources Department for their assistance in conducting this review and on continuing implementation efforts.

Respectfully Submitted,

s/ Beverly Mahaso
Chief Internal Auditor

cc:

Christy Fox, Commission President
Christina Lambert, Commissioner
Joseph Peduzzi, Commissioner
Shalonda Warren, Commissioner
Cathleen Ward, Commissioner

Keith James, Mayor
Faye Johnson, City Administrator
Jose-Luis Rodriguez, Asst. City Administrator
Sylvia Gregory, Asst. Chief HR Officer
Timothy Scott, Risk Manager

Encl.

POST AUDIT REPORT WORKERS' COMPENSATION

Legend
■ Implemented
■ Partially Implemented
■ Not Implemented

AUDIT RECOMMENDATIONS

No.	Auditor's Condition and Recommendation	Management's Response	Auditor's Status Update
1 Medium Priority	<p>Condition: During the audit, the auditor noted that when an employee is injured, the employee must inform his/her supervisor, who is then responsible for accompanying the employee for treatment. In addition to that, the supervisor, usually in a joint effort with the employee, fills out a "Report of Injury" in Lotus Notes. This is where there is a disconnect- supervisors do not always report injuries timely to Risk Management. When they do, the reports go to the Risk Analyst overseeing the Workers' Compensation program, who in turn manually enters the data from the report in CareMc, CorVel's claims management system.</p> <p>Recommendation: We recommend that the Risk Management Division works with the IT Department to add the CorVel "report of injury" icon to City computers and adopt this feature afforded by the CorVel agreement. If CorVel no longer provides this particular option, Risk may be able to work with City IT staff on creating a different solution, a phone application,</p>	<p>Initial Management Response May 2017: Regarding this recommendation, we agree it would be beneficial to Risk and our internal customers and has the possibility of reducing our workload and expediting state-required reporting. A formal request has been made to the City's IT Department for assistance. Although we cannot estimate the availability of IT resources, we anticipate having this implemented within the next twelve months.</p> <p>December 2018 – Partially Implemented Upon further review of this recommendation management has determined that changing the current process by reporting the incident first to the Third-Party Administrator (TPA) versus the City's Risk Management Division will actually create more work and also has the potential to cause reported incidents to follow required post-accident procedures uniformly. It is vital the Risk Management Division receive the first report of incident/injury so that</p>	<p>AUDITOR'S STATUS UPDATE PARTIALLY IMPLEMENTED JUNE 2022</p> <p>Based on our assessment, we found that sufficient corrective actions were taken to partially implement this recommendation. The division has worked with IT to implement a quick access button for employees to access and file Risk related reports which will be available on the employee intranet once it is implemented.</p> <p>The New Target Implementation Date is March 2023.</p>

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	<p>for example, which would give supervisors the opportunity to report the injury while waiting with the employee for treatment. Furthermore, this could not only save time for the Risk Analyst, but could also provide peace of mind that claims are entered right away.</p>	<p>it can confirm it is a Worker's Compensation versus a different type of claim. The current automated process for reporting injuries in the City's Lotus Notes System ensures that required post incident/accident procedures under City policy and Collective Bargaining Agreements are complied with and carried out in a timely manner. Management will not be pursuing implementation of this recommendation for these reasons. However, as the City's computer and software systems are upgraded, we will continue to identify ways in which the claims reporting process can be further automated and improved.</p>	
<p>2 Medium Priority</p>	<p>Condition: As part of the Workers' Compensation audit, it came to our attention that Risk Management's policies and procedures documentation needs to be updated as they are not always representative of its operations. In addition, we noted that the language of some of the documents meant to provide guidance to employees, such as the Employee Handbook and the Workers' Compensation policy, are inconsistent.</p> <p>Recommendation:</p>	<p>Initial Management Response May 2017: The recommendation for updating our written policies and procedures will be implemented as time permits. We will put all of our policies and procedures into our work queue to update beginning June 1, 2017.</p> <p>December 2018 – Partially Implemented All of the Risk Management Division policies are under review and some have already been</p>	<p>AUDITOR'S STATUS UPDATE IMPLEMENTED JUNE 2022</p> <p>Based on our assessment, we found that sufficient corrective actions were taken to implement this recommendation. SOPs have been drafted and implemented.</p>

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	<p>We recommend that Risk Management updates the written policies and procedures about all facets of its operations. Furthermore, these policies and procedures should be periodically reviewed to ensure that they reflect Risk Management's current practices. We recommend that given the current staffing levels of the Division, the Risk Manager employ the services of a consultant, experienced in the risk management and compensation arena, to assist her and her staff in updating their policies and procedures.</p>	<p>updated and implemented as follow: 7-1 Workers' Compensation Policy (completed- updated 08-10-2018), 7-2 Workplace Safety (currently under review estimated finalization before end of calendar year 2018), 7-3 City Property Safety Policy (currently under review estimated finalization before the end of calendar year 2018), 8-1 American with Disabilities Act (ADA) Policy (completed- updated 10-15-2018) and 9-1 Motor Vehicle Policy (currently under review estimated finalization before the end of calendar year 2018). The City's new Risk Manager is also completing a review of the Risk Management Division SOP's and these procedures will be revised, as needed by 05/31/19.</p>	
<p>3 Medium Priority</p>	<p>IMPLEMENTED DECEMBER 2018</p>	<p>IMPLEMENTED</p>	<p>IMPLEMENTED</p>
<p>4 Medium Priority</p>	<p>Condition: During the planning stage of the audit, the auditor discussed several internal control issues with the Risk Manager. One of these issues was whether or not Risk Management has a controls self-assessment program in place. We were told that there is not one since it is not a common practice (but the Risk</p>	<p>Initial Management Response May 2017: Regarding this recommendation, we look forward to your guidance in the implementation of a more comprehensive and formalized self-assessment program.</p> <p>December 2018 – Partially Implemented</p>	<p>AUDITOR'S STATUS UPDATE IMPLEMENTED JUNE 2022</p> <p>Based on our assessment, we found that sufficient corrective actions were taken to implement this recommendation and ensure that assessments are conducted periodically.</p>

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	<p>Manager was eager to learn more about it).</p> <p>Recommendation: The controls self-assessment program should be the responsibility of all. Thus, we recommend that Risk Management staff members organize meetings to identify risks, map related controls, and identify gaps between how controls are working and how controls are expected to work. We want to emphasize the involvement of staff since no one knows the processes better than the people who perform them on a daily basis. Internal Audit would be pleased to offer technical assistance, if needed, going forward.</p>	<p>The City's Safety Officer and Environment Health and Safety Technician have implemented a safety audit schedule to ensure that risks are identified and promptly corrected. The Risk Management Division's risk assessment process involves monthly meetings with subject matter experts and employees across City Departments as needed), where specific issues can be addressed and recommendations for improvements or changes in processes for better safety and efficiency can be brainstormed and implemented. The Risk Management Division has standing weekly meetings to assess pending and potential claims and claims related processes to ensure proper administration and resolution of those matters. Risk Management also has periodic meetings with the City's insurance broker to identify areas of risk, where better liability protection for the City is warranted.</p>	
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