

**21-01 Workers' Compensation Process Audit - Follow-up**

**Status of Corrective Actions to Management Responses  
As of December 2021  
Original Report Issuance - May 2021**

**Follow-up result: Additional follow-up is scheduled for audit findings #1, 7, 8, 9, and 12.**



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**Risk Management Division - Finance Department**

Finding (condensed)	Recommendations	Management Response / Corrective Actions
<p><b>1 Enhance Security of Personal Identifying Information</b> The physical security and cybersecurity of employees' Personal Identifying Information (PII) may be compromised with the current administration's methodology.</p>	<p>We recommend physical security and cybersecurity surrounding the collection, distribution, and retention of Personal Identifying Information be enhanced to meet current industry standards.</p>	<p>An analysis of all employees who "touch" the workers' compensation process will be undertaken. Human Resources and the Risk Manager will work to consolidate and minimize the number of people in each department that are involved in the process in order to minimize the sharing of PII. Departments that are frequent "users" of the Workers' Compensation system will have an assigned person that will process these claims. Low use departments will be identified and a centralized person will be identified to share claim processing across these departments.</p> <p>Procedures will be developed and employees will be trained regarding the safekeeping and protection of all PII and since the City is not the official record-keeper, all formal records will be housed through CCMSI and procedures will be developed around the destruction of duplicate records once the claim has been accepted or rejected by the third party administrator.</p> <p>Policies and procedures relating to the processing and safeguarding of PII will be developed by the end of the first quarter of FY 22 (September 30, 2021). Training will then be provided by the end of the start of the third quarter of FY 22. (April 1, 2022)</p> <p>Human Resources is in the process of hiring a Human Resources Technician that will have some oversight for the processing of claims in departments with minimal use. This person will be hired and trained by the beginning of the second quarter of FY 22 (October, 2021) and will then assume responsibility for processing these claims and securing PII accordingly.</p>

**Follow-up Status of Corrective Actions:**

<p><b>Aug. 2021</b></p>	<p>As of November 1, 2021, the workers' compensation program has fully transitioned in the City's Risk Management Department. Risk Management plans to have claims for all departments entered by the Management Analyst. This includes entry of claims for the Police and Fire Departments. The Management Analyst is currently meeting with all departments to get an understanding of how departments are currently processing their workers' compensation claims. The transition to one central person for claims entry should be implemented no later than December 31, 2021. Formal training on workers' compensation will also be developed and rolled out to employees by January 1, 2022.</p> <p><i>Audit Comment to Follow-up: Additional follow-up regarding the formal training process is scheduled in six months.</i></p>
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<b>2 Enhance Security of Protected Health Information</b>		
The physical security and cybersecurity of employees' Protected Health Information (PHI) may be compromised with the current administration's methodology.	We recommend physical security and cybersecurity surrounding the collection, distribution, and retention of Protected Health Information be enhanced to meet current industry standards.	<p>An analysis of all employees who "touch" the workers' compensation process will be undertaken. Human Resources and the Risk Manager will work to consolidate and minimize the number of people in each department that are involved in the process in order to minimize the sharing of PII. Departments that are frequent "users" of the Workers' Compensation system will have an assigned person that will process these claims. Low use departments will be identified and a centralized person will be identified to share claim processing across these departments.</p> <p>Procedures will be developed and employees will be trained regarding the safekeeping and protection of all PII and since the City is not the official record-keeper, all formal records will be housed through CCMSI and procedures will be developed around the destruction of duplicate records once the claim has been accepted or rejected by the third party administrator.</p> <p>Policies and procedures relating to the processing and safeguarding of PII will be developed by the end of the first quarter of FY 22 (September 30, 2021). Training will then be provided by the end of the start of the third quarter of FY 22. (April 1, 2022)</p> <p>Human Resources is in the process of hiring a Human Resources Technician that will have some oversight for the processing of claims in departments with minimal use. This person will be hired and trained by the second quarter of FY 22 (October, 2021) and will then assume responsibility for processing these claims and securing PII accordingly but no later than December 31, 2021.</p>

**Follow-up Status of Corrective Actions:**

Aug. 2021 See response #1.

<b>3 Enhance Security with Training</b>		
Per inquiries with multiple departmental liaisons involved in processing Workers' Compensation claims, the delicate nature of employees' Personal Identifying Information (PII) and Protected Health Information (PHI) was not apparent.	We recommend, once enhancements have been made regarding findings #1 and #2, formal training be provided to all employees that process Workers' Compensation claims as it relates to physical security and cybersecurity for the collection, distribution, and retention of Personal Identifying Information and Protected Health Information to meet industry best practices.	<p>Formal training must occur for those that enter or access data related to PII and PHI through the Workers' Compensation Process. Prior to creating it, Human Resources will work with CCMSI and the IT Department to determine if they have any applicable training. Target Solutions will also be evaluated. If no solutions exist, a customized training will be developed in concert with the TPA (Third Party Administrator), CCMSI.</p> <p>We are in the process of evaluating training possibilities at this time. The timing will be dependent on the product utilized. However, we would anticipate that this training will launch by November 30, 2021.</p>

**Follow-up Status of Corrective Actions:**

Aug. 2021 See response #1.

<b>4 Consolidate Program Administration</b>		
Multiple employees across the organization have been tasked with filing claims and have access to Personal Identifying Information (PII) and Protected Health Information (PHI) for claims' remittance.	We recommend management minimize the number of employees that have been tasked with filing claims by consolidating the Workers' Compensation administration.	<p>Employees that have responsibility for filing claims with access to PII and PHI need to be limited to one per department. Human Resources will work to identify one point of contact for each department, in order to consolidate. Going forward, small departments with minimal WC claims will be processed via the Human Resources Technician once that position has been hired and trained appropriately.</p> <p>The evaluation of all parties currently involved in WC claims will be completed by June 1, 2021 and each department will be asked to identify one point person as of June 15, with a go date of June 30 for implementation.</p> <p>It is anticipated that the HR Technician will be able to assume processing for departments outside of Public Works, Fire and Police not later than September 30, 2021 once they have been hired and trained appropriately.</p>

**Follow-up Status of Corrective Actions:**

Aug. 2021 See response #1.

<b>5 Consolidate Public Work Admins</b>		
Multiple employees in the Public Works department are processing Workers' Compensation claims for their respective divisions within the department.	We recommend executive management consolidate the Workers' Compensation administration for Public Works. (Recommendation is applicable if the consolidation as recommended in item #4 has not been implemented.)	<p>Human Resources and the Risk Manager will work with the Public Works Director to identify and train one party within the department to process all WC claims moving forward.</p> <p>This timeframe is subject to negotiation with the Public Works Director, but it is anticipated that this function will be consolidated under one person by July 31, 2021.</p>

**Follow-up Status of Corrective Actions:**

Aug. 2021 See response #1.

<b>6 Retain Records Minimally</b>		
Completed documents for Workers' Compensation administration are maintained in many locations by the multiple employees across the organization that administer the program such as physical filing cabinets, desktop computers, and shared drives with various states of access security.	We recommend the third-party administrator's web-based platform be accepted as the sole system of records for Workers' Compensation forms and associated medical records. In addition, we recommend the completed, duplicate documents be purged from their current storage locations, both physically and digitally.	<p>CCMSI is the official recordkeeper for all WC records. An SOP will be developed whereby all WC records will be destroyed upon submittal into the WC system and transference to CCMSI. This will include the destruction of all physical records. Employees with responsibility for processing WC claims will be trained on the new procedure and will have clear expectations regarding the minimal retention of records.</p> <p>A new procedure relating to the retention of PII and PHI relating to the filing of WC claims will be developed by July 31, 2021 and all relevant employees will be trained no later than September 30, 2021.</p>

**Follow-up Status of Corrective Actions:**

Aug. 2021 As of November 1, 2021, the workers' compensation program has fully transitioned in the City's Risk Management Department. As part of this transition, the Management Analyst has been meeting with department workers' compensation liaison's and discussing that the TPA's database should be the central system that house's workers' compensation paperwork. Liaison's have been advised that they should ensure that the paperwork they have is being housed within the database and, if so, to destroy the documents. Liaison's have been advised going forward that these documents should not be kept separately from the CCMSI database.

<p><b>7 Provide Training Periodically</b></p> <p>Per inquiries with personnel tasked with administering claims, formal training has not been provided for the process.</p>	<p>We recommend personnel tasked with Workers' Compensation administration and associated supervisory staff be provided program training periodically by a qualified subject matter expert and the successful completion of the training be documented and retained.</p>	<p>Annual training will be developed for all personnel tasked with WC administration and claims processing by either CCMSI or Human Resources. This training will be delivered to all parties on an annual basis.</p> <p>Supervisory training for how to handle employee injuries will be developed as part of a comprehensive training program for all new supervisors.</p> <p>Training for those responsible for WC Administration will be developed and implemented by December 31, 2021 and then repeated on an annual basis for any updates to the claims processing and/or administration process.</p> <p>Supervisor training will be implemented by June 30, 2022 as part of a new supervisory development program. This will allow for the Training and Development Manager to be hired, get up to speed, determine priorities and put together a comprehensive program for all parties.</p>
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**Follow-up Status of Corrective Actions:**

<p>Aug. 2021</p>	<p>As of November 1, 2021, the workers' compensation program has fully transitioned in the City's Risk Management Department. As part of this transition, a Safety Management Analyst and Management Analyst have been hired to assist in the creation of workers' compensation training for both employees and managers/supervisors. Once this training is developed, it will be conducted in-person based on the suggestions from department workers' compensation liaison's. The training will be conducted on an annual basis and will be customized to fit each department's needs.</p> <p><i>Audit Comment to Follow-up: Additional follow-up is scheduled in six months.</i></p>
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<p><b>8 Enhance the Light-Duty Work Program</b></p> <p>The current methodology for light-duty work assignments could be enhanced for greater productivity, greater organizational equity, and fiduciary conservation; in addition, current practices may be in conflict with Nevada Revised Statute (NRS) 616C.475.</p>	<p>We recommend executive management determine the obligations of NRS as it relates to light-duty work assignments, remedy the conflict in the bargaining agreement as necessary, and enhance the light-duty work program for all City departments as applicable.</p>	<p>All departments and bargaining units within the City currently participate in an informal light/modified duty program with the exception of the IAFF. The City is currently in contract negotiations with IAFF and one of the primary goals of the City during these negotiations is to include the light/modified duty language that is contained in the Fire Management Contract into the IAFF contract.</p> <p>The City Attorney's Office will be asked to provide an opinion concerning the conflict between NRS 616C.475 and the current language in the IAFF contract.</p> <p>Risk Management, in collaboration with Human Resources, will develop a formal program for light/modified duty across the City to provide for organizational equity, fiscal conservation and enhanced productivity. This program will also encompass a formalized interactive process to address employees with permanent restrictions and limitations.</p> <p>If the City is successful in negotiating light/modified duty language into the IAFF contract, the implementation is scheduled for July 1, 2021.</p> <p>Creation and implementation of a City wide light/modified duty program will be implemented by July 1, 2022. This timeframe will allow for the hiring of a Human Resources Director and any union negotiations or meet and confer sessions that may be needed with the City's various unions.</p>
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**Follow-up Status of Corrective Actions:**

<p>Aug. 2021</p>	<p>Risk Management and Human Resources will collaborate to work with union representatives on the light/modified duty language within the IAFF contract. These discussions will take place as part of the upcoming CBA negotiations with IAFF. Risk Management is currently working on a Citywide light/modified duty program that can be utilized by all departments. The implementation date for this new program will be July 1, 2022.</p> <p><i>Audit Comment to Follow-up: Additional follow-up is scheduled in six months.</i></p>
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<b>9 Implement Light-Duty Work Consistently</b>		
Audit fieldwork included an observation of a Workers' Compensation claim "working call." That specific discussion included an instance where an employee was released for light-duty work by a physician; however, that employee's supervisor told them to go home rather than coordinate for a light-duty assignment for the employee. Lack of formal training including the City policy regarding light-duty work assignments may have contributed to the cause for this finding. Supervisory staff responsible for certain steps in the claims process may benefit from standard and consistent training as previously identified in audit finding #7	We recommend light-duty work be assigned to employees that have been released with medical documentation for a modified work assignment, consistent with identified program goals and best practices.	Please see responses to Audit Findings #7 & #8. In addition, a memo will be distributed by the Human Resources Director reminding all Department Directors that it is the policy of the City to provide light/modified duty within the injured employees department whenever possible. If a Department Director determines the department is unable to provide work within the employee's limitations and restrictions, they are to immediately notify the Human Resources Work Comp Administer to discuss potential light/modified duty assignments within the department or in other departments throughout the City. The employee's salary and benefits will continue to be paid by their home department during the term of their light/modified duty assignment.  This measure will be implemented by July 1, 2021.

**Follow-up Status of Corrective Actions:**

Aug. 2021	See response to #8.
<i>Audit Comment to Follow-up: Additional follow-up is scheduled in six months.</i>	

<b>10 Measure Light-Duty Assignments</b>		
There is not a methodology in place to internally track the data for light-duty work assignments associated with the City's Workers' Compensation claims.	We recommend the City measure light-duty work assignments to enhance the oversight and management of light-duty work.	Please see response to #9.  A reminder will be sent to all payroll clerks and supervisors to utilize the light/modified duty code for all employees working light/modified duty.  The Claims Administrator will notify the Human Resources Workers Compensation Administrator of any employee that has been released with restrictions/modifications that receives TTD. This will allow for the Workers Compensation Administrator to immediately contact the department to ascertain the reasons for not accommodating the employee and to remind of the procedures outlined in #9. In addition, the Claims Administrator will provide a report showing all individuals, by department, who are receiving TTD that have been released to light/modified duty with restrictions, the date the employee was released to light duty and the amount of TTD paid after they were released to light duty. This report can be utilized for retraining and to identify any trends by department or division.  These measures will be implemented by July 1, 2021

**Follow-up Status of Corrective Actions:**

Aug. 2021	The workers' compensation Management Analyst will be responsible for tracking light/modified duty assignments within each department. This will be done by ensuring that each employee sign an offer of light duty and this form be returned to the Management Analyst. The form should be completed and updated as an employee's restrictions are changed.
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<b>11 Process Agreements in Accordance with Policy</b>		
An agreement extension with third party administrator, CCMSI, is noncompliant with documented citywide policies. In addition, the extension was not submitted internally to the City Clerk's Office for record retention purposes.	We recommend agreement extensions be approved by the level of management required per citywide policies.	The current CCMSI contract is up for renewal on June 30, 2021. This contract will be processed in accordance with the City's purchasing policies and appropriate signature authority by the Risk Manager  The processing of this contract utilizing the appropriate City protocols and procedures will occur no later than June 30, 2021 in order to ensure the renewal is done correctly and in a timely manner.
	In addition, we recommend agreement extensions be submitted internally for record retention purposes and an update be considered for policy #104 regarding contract/agreement extensions.	All future contract extensions or new contracts will be submitted via the appropriate procedures. Per Policy 104, the renewal of the CCMSI contract or future renewals, extensions, etc. will be agendized as required by policy and routed with the appropriate signature authority.  These changes will occur immediately.

**Follow-up Status of Corrective Actions:**

Aug. 2021	CCMSI renewal contract completed. Risk Management is currently creating an RFP for TPA (Third Party Administrator) services. The RFP will be released by January 1, 2022, and executed contract will be in place by July 1, 2022.
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<b>12 Purge Excess Records</b>		
We were informed by some administrators that Workers' Compensation records on hand include completed forms that are more than 10 years old.	We recommend stored Workers' Compensation documents that are no longer reasonably necessary for the course of work and those that exceed the record retention requirements be disposed of and, going forward, documents be disposed of, in accordance with policy, on a rolling basis per the record retention schedules.	There is no need for the City to hold on to records relating to Workers Compensation as CCMSI is the record-keeper of record with respect to WC claims. However, there is not a clear understanding of how long CCMSI has records dating back and whether they have 10 years' worth of data.  The records retention schedule relating to WC claims will be evaluated and all unnecessary records will be purged by January 31, 2022 in accordance with the schedule.

**Follow-up Status of Corrective Actions:**

Aug. 2021	Risk Management will work with CCMSI on gathering data that is more than 10 years' old and purge what no longer needs to be kept per the records retention schedule. The goal to have the data cleaned up is January 31, 2022.
<i>Audit Comment to Follow-up: Additional follow-up is scheduled in six months.</i>	