



## Workers' Compensation Program Audit Report 201920-24

June 21, 2021

### Executive Summary

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The Department takes precautions to prevent work-related injuries, but if an injury occurs on the job, the Department supports the prompt delivery of medical care and compensation. The Department's Workers' Compensation Program objective is to ensure members receive the care they need for work-related injuries, and for the member to return to work as soon as possible; whether in light or full duty capacity. During the 2018-19 Fiscal Year, the Department of Financial Services, Division of Risk Management paid approximately \$1,667,580 for Department claims. These payments covered salary, medical bills, court fees, and other workers' compensation costs.

The purpose of this audit was to review the Department's Workers' Compensation Program and evaluate its efficiency, effectiveness, and compliance with applicable laws, Department policy, and procedure. We reviewed practices and procedures, claims processes, required documentation, People First timesheets, pay rates and leave use, and interviewed Department members involved in tracking and processing workers' compensation benefits requests.

Overall, the Department's Workers' Compensation Program is sufficient and generally complies with applicable laws and Department policy. However, we noted two areas in which improvements could be made to increase program oversight and compliance.

A review of workers' compensation files noted required forms were absent from the file, and tracking spreadsheets were missing information. Implementing a process to ensure required documentation is retained to support workers' compensation claims and enhancing the process for tracking claim information would improve accountability over workers' compensation claims.

Additionally, a review of members' timesheets indicated the Workers' Compensation (WC) section does not adhere to Department procedure concerning completing timesheets with workers' compensation and leave codes each day. We also noted the monthly administrative leave audits are not always conducted in a timely manner. Ensuring timesheets for members receiving workers' compensation are completed according to Department procedures would improve compliance. Further, implementing a process to ensure administrative leave audits are conducted in a timely manner would increase program oversight.

Management concurred with the findings and recommendations and has begun implementing corrective actions.

## Background and Introduction

Workers' compensation is statutory insurance protection provided to members who are injured in the course and scope of their employment. Chapter 440, Florida Statutes (F.S.), establishes the workers' compensation system and the requirements for businesses and state agencies. These requirements include responsibilities for providing workers' compensation, claim filing requirements, provider requirements, and reemployment opportunities. The Legislature's intent for the Workers' Compensation Law is to assure the quick and efficient delivery of disability and medical benefits to an injured member and to facilitate the member returning to gainful reemployment at a reasonable cost to the employer.

Workers' compensation is regulated by the Florida Department of Financial Services (DFS) with a goal of providing financial protections for those members who are injured on the job regardless of fault. AmeriSys is the state's third-party provider for work-related medical case management.

Department policy 5.20, *Workers' Compensation*, and the Department's *Workers' Compensation Procedure Manual* explains workers' compensation benefits are payments that replace part of a member's average wages as well as payment of medical expenses and related costs when a member suffers a work-related injury or illness. To receive workers' compensation benefits due to a work-related injury, the member must have been injured while working within the scope of their regular employment or stated routine tasks, and the member must have been injured on the job, rather than traveling to or from work on their own time; however, the member may be eligible if they were traveling as part of their employment (while driving a state vehicle or while on a business trip).

Section 216.251, F.S., authorizes state agencies to allow reemployment opportunities for members determined to be temporary partial or temporary total disability (TTD). If the member has a medical certification that the member cannot perform the duties of their regular position, but may perform some type of work beneficial to the Department, the agency may return the employee to the payroll at their regular rate of pay to perform such duties as the employee is capable of completing, even if there is not an established position in which the employee can be placed.

## Workers' Compensation Claim Process

When a member suffers an illness or injury because of their occupation, the member or their supervisor may report the injury for treatment. In non-emergency situations, their supervisor will call AmeriSys to report the injury and receive authorization before sending the member for treatment. AmeriSys provides authorization for medical treatment, assists with the selection of a treatment facility, arranges the appointment,



and assigns a Medical Case Manager to the member. In emergency situations, the member is transported to the closest emergency treatment facility and treated. Once the member is being treated, the supervisor will contact AmeriSys and report the injury. After contacting AmeriSys, the supervisor must contact the Bureau of Personnel Services (BPS). The *Workers' Compensation Procedure Manual* requires all injuries to be reported to AmeriSys within 24 hours of occurrence.

When an injury is reported, the member will either file a claim or only report an injury. A claim seeks the Department to cover the costs of medical treatment and the member's wages while they are out of work. If the member does not seek medical treatment or other workers' compensation benefits, it is considered a "report only" and the member continues working.

If a claim is filed, the supervisor must complete a Workers' Compensation Work Status Form, a Workers' Compensation Responsibility Form, and a First Report of Injury Form. For a "report only", the supervisor will complete a Workers' Compensation Responsibility Form and First Report of Injury Form. These forms are signed by both the supervisor and the member and submitted to the WC section.

The WC section uses the submitted forms to record reports of injuries, regardless of whether they are a claim or "report only" on a Report of Injury tracking spreadsheet. The WC section tracks members placed on alternate duty or out of work via the Out of Work/Alternate Duty tracking spreadsheet. This spreadsheet is used to monitor out of work or alternate duty members' documentation, treatment, and appointments throughout the claim lifecycle. The WC section also maintains paper files containing all documents associated with the injury and a timeline that records appointments and receipt of documentation. All documentation is maintained for five years after the claim is closed.

Members receiving treatment of any kind are actively tracked by AmeriSys. AmeriSys provides updates including documentation of treatment and appointments to the WC section. If members miss an appointment or fail to provide the necessary documentation, AmeriSys will contact the WC section. Together, the WC section and AmeriSys work with injured members and if necessary, their supervisors, to resolve any discrepancies.

## **Workers' Compensation Benefits**

The DFS, Division of Risk Management (Risk) is responsible for wage payments related to workers' compensation claims. Risk makes these payments biweekly via a mailed check to the injured member. Because state agencies are self-insured, the Department receives a bill from Risk each month for wage payments made to members receiving workers' compensation.



When a member is injured and placed out of work, the first 40 hours out of work are completely paid by the Department via TTD leave payments. After the initial 40 hours, members placed out of work will start to receive two-thirds of their normal salary via workers' compensation payments from Risk. Additionally, members are entitled to another 48 hours of TTD leave which covers necessary medical appointments and procedures.

Members who are placed out of work due to a work-related injury are entitled to continue to receive two-thirds of their regular salary. Members wishing to receive the other one-third of their regular salary may use accrued leave. If members do not have enough accrued leave, then they may either take Leave Without Pay (LWOP) or, if the member has been affiliated with the sick leave pool for a minimum of six months, the member may request to use sick leave pool benefits to cover a portion of their time out of work.

When members are placed out of work due to injury, the WC section completes and approves the injured member's timesheet. The Department's Payroll Office provides a Leave and Pay Rate report to the WC section which is used to determine how much leave or LWOP time an injured member would use to cover the one-third of their salary not covered by workers' compensation payments. WC consultants review the Leave and Pay Rate report and medical documentation to determine the number of hours to be used. They enter and approve the injured member's timesheet and submit it to be reviewed by the WC supervisor. The WC supervisor will review the approved timesheets to determine if the injured member's medical documentation supports the entered time.

WC consultants conduct a monthly administrative leave use audit to ensure members are not exceeding the initial allotment of 88 hours<sup>1</sup>. Risk submits a report each week to the WC section and the Payroll Office detailing the payment amount and duration. The WC section reviews this report to ensure members are paid for the appropriate length of time. If there are any discrepancies noted, the WC section will work with the Payroll Office to adjust salary payments, and if necessary, contact Risk to make corrections. If members are overpaid, the overpayment amount is deducted from their next monthly salary payment or the next several monthly salary payments depending on the amount of overpayment. If members are underpaid, then the Payroll Office issues payment to the member for the difference.

This process continues while the member is placed out of work. All claims, regardless of whether the injured member is placed out of work, alternate duty, or continues to work, will only be closed when a doctor advises the member has met their maximum medical improvement.

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<sup>1</sup> the initial 40 hours out of work, plus 48 hours for medical appointments and procedures.



## Findings and Recommendations

### *Workers' Compensation Documentation*

**Finding No. 1:** Enhancing tracking of claims and retention of supporting documentation would improve accountability of workers' compensation claims.

The Department's *Workers' Compensation Procedure* requires members and supervisors to submit a First Report of Injury, and Workers' Compensation Responsibility Form upon report of an injury. In non-emergency situations, all injuries must be reported by the supervisor to AmeriSys within 24 hours of occurrence. Additionally, if a member is treated by a medical facility, the injured member will provide a written medical certification from an authorized workers' compensation physician to their supervisor after each doctor visit. The supervisor should fax the medical certification along with a properly completed Work Status Report to the BPS' Office of Benefits and Member Services, WC section.

We interviewed WC section members regarding the workers' compensation claim process and reviewed supporting documentation to determine whether claims were being documented and supporting documentation retained in compliance with statutes, administrative code, and Department policy and procedure.

We reviewed a sample of 50 workers' compensation files of members who filed a report and/or claim during the 2018-19 Fiscal Year. Our review determined the following items were missing from the files:

- 8 of 50 (16%) were missing required forms:
  - 5 were missing the Workers' Compensation Responsibility Form;
  - 2 were missing the Work Status Form; and
  - 1 was missing both the Responsibility and Work Status Form.

Also, we compared workers' compensation claim tracking spreadsheets to workers' compensation claim files to determine whether the claim files had the most current information and supporting documentation. Our review of the spreadsheets from July 2018 through June 2019 noted tracking could be improved. Specifically, we noted:

- 6 months had at least one record that did not list a date the record was updated. Of those identified:
  - 4 months did not list any dates where the records were updated.
  - 2 months only listed next appointment dates.
- 4 months had records that were updated after the record month.

Further, we noted there were no written procedures for how to track injured members' documentation, claims, or supervisory review of documentation and claim status. A lack of controls to ensure claims are accurately and timely tracked and supporting



documentation is retained decreases assurance that claims are adequately tracked and required supporting documentation is being collected.

## **Recommendations:**

We recommend the WC section implement a process to ensure required documentation is retained to support workers' compensation claims.

We also recommend the WC section enhance the process for tracking workers' compensation claims.

We further recommend the WC section review and revise the Department's *Workers' Compensation Procedure* as necessary to include requirements for tracking claims and secondary review to ensure supporting documentation has been received.

## **Management Response**

BPS has created internal procedures for the WC section to ensure the proper tracking of claims and receipt of required documentation. These procedures include secondary review of the files by consultants to ensure supporting documentations has been received.

The purpose of the *Workers' Compensation Procedure* is to explain the WC process and its requirements to members and supervisors. Thus, the details of how the WC section tracks and reviews each claim and what documents it must maintain are better addressed in internal procedures rather than department-wide procedures. However, BPS will review and, where appropriate, revise Department Member Policy 5.20 and the *Workers' Compensation Procedure Manual* to address audit findings. Furthermore, since the *Workers' Compensation Responsibility Form* and *Work Status Form* are internal forms that are only required by Department policy and are not required by law or rule, BPS will also review whether these forms should still be completed and maintained as part of its review and revision of the WC policy and procedures.

## ***Workers' Compensation Pay and Leave Use***

**Finding No. 2:** Compliance with the Department's *Workers' Compensation Procedure* and timeliness of timesheet audits could be improved.

Section 440.15 (1)(a), F.S., states in case of total disability adjudged to be permanent, 66.67 percent of the average weekly wages shall be paid to the employee during the continuance of such total disability.



Section 440.15(2)(a), F.S., states in case of disability in character but temporary in quality, 66.67 percent of the average weekly wages shall be paid to the employee during the continuance thereof, not to exceed 104 weeks. Once the employee reaches the maximum number of weeks allowed, or the employee reaches the date of maximum medical improvement, whichever occurs earlier, temporary disability benefits shall cease, and the injured worker's permanent impairment shall be determined.

The Department's *Workers' Compensation Procedure* explains members' salary is fully covered by workers' compensation for the initial 40 hours of disability via TTD leave. If the member is not able to return to work based on medical certification after the initial 40 hours, workers' compensation payments begin in an amount up to two-thirds of their average weekly wage at the time of the injury. Members may elect to receive payments for the remaining one-third of their average weekly wage by using accrued leave.

Timesheets for this period will be completed as follows:

- a. Leave Code 0065 is used for the initial 40 hours of leave;
- b. After the initial 40 hours have been used, Leave Code 0060 should be used for 5.25 hours each day;
- c. Accrued leave or leave without pay is entered for the remaining 2.75 hours.

We interviewed WC section members involved in determining the pay and leave rates for members receiving workers' compensation benefits to determine the method of tracking members' status, leave use, pay rates, and benefits during the workers' compensation lifecycle and whether rates were being adjusted in accordance with statutes, administrative code, and Department policy and procedure. During the interviews, we noted administrative leave audits are not being performed timely. At the time of our interviews, administrative leave audits were two months behind. These audits are usually completed monthly by WC section members with a final review from the supervisor to ensure members' timesheet codes are accurate.

We additionally reviewed a sample of 75 members' timesheets who received workers' compensation benefits during the 2018-19 Fiscal Year to determine whether members were using the appropriate leave categories, rates, and had adequate leave balances to cover claimed leave. We noted one member overcharged the maximum allotment of Leave Code 0065 by 3.5 hours.

We further determined the WC section does not follow Department procedure concerning completing timesheets with 5.25 and 2.75 hours to fulfill the workers' compensation two-third and one-third requirements. The Department's *Workers' Compensation Procedure* requires once the initial 40 hours of Leave Code 0065 are used, Leave Code 0060 should be used for 5.25 hours each day, and accrued leave or LWOP is entered for the remaining 2.75 hours. Instead, they rely on a report from the Payroll Office to determine the amount of leave the member will use each month, and account for that time monthly, rather than daily.



Failing to comply with policy decreases assurance that members are being paid the appropriate workers' compensation rates provided by law. Additionally, a lack of controls including up-to-date audits increases the likelihood of errors and the potential for fraud.

## **Recommendations:**

We recommend the WC section ensure timesheets for members receiving workers' compensation are completed in compliance with Department procedures.

We also recommend the WC section implement a process to ensure administrative leave audits are conducted in a timely manner.

## **Management Response**

The intent of section (C) of the *Workers' Compensation Procedure* is to indicate the number of hours to be used for each day for each Leave Code instead of requiring that a member's timesheet be completed daily. In addition, since the use of WC leave (Code 0065 and Code 0060) must be authorized by the Department of Financial Services' Division of Risk Management, BPS' WC section must obtain a Pay and Leave Rate spreadsheet from Payroll so that it can ensure that the member's timesheet accurately reflects the WC leave authorized to be used.

However, since the procedures could be interpreted to require daily time entries prior to confirming that WC leave has been authorized, the *Workers' Compensation Procedure* will be revised to accurately reflect the proper process for completing timesheets for members covered under WC, including the need to utilize the Pay and Leave Rate spreadsheet to complete and submit each member's timesheet on a monthly basis prior to the monthly payroll cutoff date.

Furthermore, Internal WC Procedures have been created and implemented for the administrative leave audit process. As a result, the procedures now require that leave audits be conducted 1.5 months after the leave has been used. For example, on or around May 15<sup>th</sup>, a report for leave used in April will be generated by BPS' Office of Employee Performance and sent to BPS' Attendance & Leave section for auditing.

This new process will allow sufficient time for all timesheets for the month being reviewed to be completed and approved or, if necessary, corrected. Also, while these changes cannot prevent overpayments or underpayments as payroll is always processed prior to the end of the month when timesheets are due, it will ensure that timesheet codes are accurate and that any payment issues are corrected as soon as possible.





## **Purpose, Scope, and Methodology**

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The objective of this audit was to review the Department's Workers' Compensation Program for compliance with applicable laws, Department policy, and procedure.

The scope of this audit included claims filed during the 2018-19 Fiscal Year with an accident date during the 2018-19 Fiscal Year.

The methodology included:

- Reviewing applicable Florida Statutes and Administrative Code;
- Reviewing applicable Department policies and procedures;
- Reviewing the workers' compensation claim process;
- Reviewing the process for tracking status, leave use, pay rates, and benefits;
- Reviewing workers' compensation files;
- Reviewing a sample of members receiving workers' compensation benefits;
- Reviewing Temporary Total Disability reports and comparing with Division of Risk Management payments;
- Reviewing members' timesheets in People First, and
- Interviewing applicable Department members.

## **Acknowledgement**

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We would like to thank the members of the Bureau of Personnel Services who provided assistance during the audit and express our appreciation for their cooperation during the course of our examination.



## Distribution, Statement of Accordance, and Project Team

### **Distribution**

Terry L. Rhodes, Executive Director  
Jennifer Langston, Acting Chief of Staff  
Kim Ward, Chief of Personnel Services

Melinda M. Miguel, Chief Inspector General  
Sherrill F. Norman, Auditor General

### **Statement of Accordance**

Section 20.055, Florida Statutes, requires the Florida Department of Highway Safety and Motor Vehicles' Inspector General to review, evaluate, and report on policies, plans, procedures, accounting, financial, and other operations of the Department and to recommend improvements. This audit engagement was conducted in accordance with applicable *International Standards for the Professional Practice of Internal Auditing* published by the Institute of Internal Auditors and *Principles and Standards for Offices of Inspector General* published by the Association of Inspectors General.

### **Project Team**

Engagement conducted by:  
Kim Butler, Auditor

Under the supervision of:  
Erin Mook, Audit Director

Approved by:

  
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Mike Stacy, Inspector General

## ATTACHMENT - Management Response



**Terry L. Rhodes**  
Executive Director

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### MEMORANDUM

DATE: June 18, 2021  
TO: Erin Mook, Audit Director  
FROM: Kimberly Sisko Ward, Chief of Personnel Services  
SUBJECT: Workers' Compensation Program Audit (201920-24)

The following is our response to the findings and recommendations presented in the report.

**Finding No.1:** Enhancing tracking of claims and retention of supporting documentation would improve accountability of workers' compensation claims.

#### Recommendations

We recommend the WC section implement a process to ensure required documentation is retained to support workers' compensation claims.

We also recommend the WC section enhance the process for tracking workers' compensation claims.

We further recommend the WC section review and revise the Department's *Workers' Compensation Procedure* as necessary to include requirements for tracking claims and secondary review to ensure supporting documentation has been received.

#### Management Response

The Bureau of Personnel Services (BPS) has created internal procedures for the WC section to ensure the proper tracking of claims and receipt of required documentation. These procedures include secondary review of the files by consultants to ensure supporting documentations has been received.

The purpose of the Workers' Compensation Procedures is to explain the WC process and its requirements to members and supervisors. Thus, the details of how the WC section tracks and reviews each claim and what documents it must maintain are better addressed in internal procedures rather than department-wide procedures. However, BPS will review and, where appropriate, revise FLSHMV Member Policy 5.20 and the Workers' Compensation Procedures Manual to address audit findings. Furthermore,

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since the Workers' Compensation Responsibility Form and Work Status Form are internal forms that are only required by FLHSMV policy and are not required by law or rule, BPS will also review whether these forms should still be completed and maintained as part of its review and revision of the WC policy and procedures.

**Finding No.2:** Compliance with the Department's Workers' Compensation procedure and timeliness of timesheet audits could be improved.

### **Recommendations**

We recommend the WC section ensure timesheets for members receiving workers' compensation are completed in compliance with Department procedures.

We also recommend the WC section implement a process to ensure Temporary Total Disability leave audits are conducted in a timely manner.

### **Management Response**

The intent of section (C) of the Workers' Compensation Procedures is to indicate the number of hours to be used for each day for each Leave Code instead of requiring that a member's timesheet be completed daily. In addition, since the use of WC leave (Code 0065 and Code 0060) must be authorized by the Department of Financial Services' Division of Risk Management, BPS' WC section must obtain a Pay and Leave Rate spreadsheet from Payroll so that it can ensure that the member's timesheet accurately reflects the WC leave authorized to be used.

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Cc: Mike Stacy, Inspector General