

March 31, 1999

CLARENCE E. LEWIS, JR.
CHIEF OPERATING OFFICER
AND EXECUTIVE VICE PRESIDENT

YVONNE D. MAGUIRE
VICE PRESIDENT, HUMAN RESOURCES

SUBJECT: Accident Reporting Process, Management
Advisory Report Number DS-MA-99-002

This management advisory report highlights the results of our review of the United States Postal Service (USPS) accident reporting process (Project 99PR001DS000). We conducted this review at the request of the USPS Chief Operating Officer and Executive Vice President.

**Objective, Scope and
Methodology**

Our initial objective was to review the accident reporting process. During our review, we learned that a Headquarters USPS accident/injury process management team had examined the current accident reporting process and finalized a report with recommendations for improvement. Accordingly, we modified our objective to evaluate whether the process management team properly identified weaknesses in the existing process and made appropriate recommendations. We tested the accuracy of data used by the team and analyzed the team's interim and final reports to determine if their recommendations adequately addressed the weaknesses in the current process.

In conducting our review, we interviewed appropriate personnel¹ and reviewed USPS policies and other pertinent

¹ We interviewed members of the Headquarters process management team; members of the process management team oversight team; Safety and Injury Compensation personnel in Cleveland, Ohio and Dallas, Texas; and a Senior Injury Compensation Specialist in Omaha, Nebraska. We also contacted several Area Vice Presidents.

documents.² Our review was conducted between October 1998 and February 1999, using the President's Council on Integrity and Efficiency Quality Standards for Inspections.

Results in Brief

USPS management has recognized weaknesses and taken steps to improve the accident reporting process. Specifically, a Headquarters process management team was chartered to review the process and finalize a report that identified weaknesses and included recommendations.

While the actions proposed by the process management team will improve accident reporting, OIG identified additional opportunities for improvement in the following areas:

- A revised plan with target dates should be established to assess the results of both the Headquarters process management team and the Mid-West Area process management team results and determine the feasibility of implementing the teams' recommendations.
- The recommendations included in the Headquarters process management team's final report should be reassessed to determine if any changes are necessary to address the Occupational Safety and Health Administration private sector requirements.
- The Human Resources Information System Safety Subsystem should be updated to reflect accurate reportability status of accidents categorized as property damage.

Background

USPS management recognizes that accident analysis is vital in accident prevention programs. Reports and statistical analyses are used to identify principal cause factors of accidents and hazardous conditions and serve to prompt management action to reduce or eliminate the factors and conditions. USPS management uses the accident reporting process as the means of reporting and performing statistical analyses.

The accident reporting process primarily involves two USPS

² Policies and documents reviewed included USPS Injury Compensation Handbook, EL-505; USPS Employee and Labor Relations Manual; USPS Publication 540; USPS Safety Application Guidebook; PS Form 1769, Accident Reporting Instructions; and Department of Labor Employment Standards Administration, Office of Workers' Compensation Programs, Division of Federal Workers Compensation, Timely Notice of Work Injury and When Injured at Work. We also reviewed completed PS Forms 1769 and Department of Labor forms CA-1 and 2 processed during the period September 1997 through April 1998.

Human Resources offices: Safety and Injury Compensation. These offices use the Human Resources Information System to record and manage all USPS accidents and occupational injuries and illnesses.

When an accident occurs, the supervisor is responsible for submitting a PS Form 1769 to the Safety Office. The Safety Office enters accident data into the Safety Subsystem of the Human Resources Information System. The Safety, Subsystem generates an accident log that includes information regarding the accident, such as name, date, type reportability,³ and severity.

In case of injury, the supervisor must submit a Form CA-1 or CA-2⁴ to the Injury Compensation Office. The Injury Compensation Office is responsible for entering injury information into the Injury Compensation Subsystem of the Human Resources Information System. This subsystem generates an injury log that identifies name, date of injury, Office of Workers' Compensation Program forms, and description of injury.

Headquarters Process Management Team

A process management team was formed at the Headquarters level to conduct a study of the accident reporting process and provide recommendations for improvement. The team consisted of seven members representing Headquarters, three area offices, one operations facility and an outside consultant. The team's objective was to examine the current processes; systems; and applicable policies, laws and regulations and develop a process that could be implemented before Fiscal Year (FY) 1999 that would improve integrity of accident reporting. The Headquarters process management team visited several sites and gathered data for process and results indicators.⁵ The team used the indicators to identify weaknesses in the process and to formulate recommendations.

³ Reportability status is determined by the severity of the accident, dollar amount of damage, and type of accident.

⁴ Forms CA-1 and CA-2 are for continuation of pay/compensation. Form CA-1 is filed in case of traumatic injury and CA-2 is filed in case of occupational disease.

⁵ A process indicator is a measurement taken at critical points within the process to describe the performance of either the entire process or a single step within the process. A results indicator is a conformance measurement to determine the quality of the product or service provided to customers.

Process Management Team Identified Weaknesses	<p>The Headquarters process management team identified the following weaknesses in the existing process:</p> <ol style="list-style-type: none"> a. No reconciliation of unadjudicated⁶ CA-2 and Exception reports,⁷ b. Minimal communication between Safety and Injury Compensation; c. Injury Compensation Specialists not reviewing the workers' compensation duty report; d. Inconsistent coding of PS Form 1769, block 44,⁸ e. Supervisors not preparing PS Form 1769 within 24 hours of an accident being reported by an employee; f. Confusion regarding reportability of Job-Related First Aid Injuries; and g. Inadequate training of managers and supervisors in reporting accidents accurately, completely, and timely.
Process Management Team Recommendations	<p>The Headquarters process management team provided the following recommendations:</p> <ol style="list-style-type: none"> 1. Make changes/enhancements to the Human Resources Information System to: <ol style="list-style-type: none"> a) Have the capability to print unadjudicated CA-2 roll-up reports, b) Prohibit CA-2s from being entered as “hot”,⁹ and c) Integrate Safety and Injury Compensation data. 2. Facilitate communication between Safety and Injury Compensation via: <ol style="list-style-type: none"> a) Performance cluster level meetings, b) National Injury Compensation/Safety joint meetings, and c) Written communication between Injury Compensation and Safety regarding changes in injury documentation. 3. Review the “Workers’ Compensation Injury on Duty Report” and make corrective annotations for each accounting period.

⁶ Unadjudicated CA-2s are cases in the process of review by the Office of Workers’ Compensation to be either accepted as a valid claim or rejected.

⁷ Exception reports are generated by the Human Resources Information System and indicate the existence of injury claims without reported accidents.

⁸ Block 44 of PS Form 1769 indicates severity of an accident.

⁹ “Hot” designates an unadjudicated case as reportable immediately and results in excluding the case from the unadjudicated CA-2 report, causing inconsistencies in the Human Resources Information System.

4. Reestablish and enhance the original reconciliation report.
5. Clarify policies regarding reportability of “Job-Related First Aid Injuries” to eliminate current confusion.
6. Provide training to:
 - a) Operations supervisors and managers on investigating accidents, and
 - b) Safety and Injury Compensation personnel on accident/injury reporting and Human Resources Information System use.

Private Sector Recording Requirements

USPS has historically been required to comply with federal Occupational Safety and Health Administration requirements. However, effective September 29, 1998, Congress passed the Postal Employees’ Safety Enhancement Act of 1998, Public Law 105-241, mandating USPS to comply with private sector Occupational Safety and Health Administration requirements. Converting from federal requirements to private sector provisions will require USPS to modify how accident and injury data is reported to the Occupational Safety and Health Administration. Examples of the modifications include reporting accidents and injuries on a calendar year basis versus fiscal year, and calculating, and reporting the actual number of lost workdays versus the number of injuries with lost workdays. Occupational Safety and Health Administration requirements mandate potential penalties, including monetary fines of up to \$7,000 per violation for noncompliance.

According to USPS officials, the Occupational Safety and Health Administration has granted USPS an extension to April 1, 1999. The USPS Office of Safety and Workplace Assistance indicated that guidance has been provided to area and field offices addressing the new Occupational Safety and Health Administration requirements applicable to USPS.

Observations

The Headquarters process management team’s final report identified valid weaknesses and included recommendations that would improve the accident reporting process. However, until the recommendations are tested, their impact on system integrity, accuracy and timeliness cannot be validated.

The Vice President, Allegheny Area, volunteered the Cleveland District Office as the pilot site to implement the Headquarters process management team’s

recommendations. Headquarters Safety and Workplace Assistance officials informed us that the test is in the initial stages of implementation.

Although the team’s report identified valid weaknesses and included appropriate recommendations, we observed several areas where opportunities for enhancements exist:

- revision of plan to assess team results and recommendations,
- compliance with Occupational Safety and Health Administration private-sector recording requirements, and
- reportability status of accidents with property damage.

Results Assessment Plan	<p>During our review, we learned that the Office of Safety and Workplace Assistance provided Area Vice Presidents with a brief presentation of the Headquarters process management team’s work on August 13, 1998. However, the team’s final report on August 19, 1998, was not distributed to the Chief Operating Officer and Area Vice Presidents. Additionally, the Mid-West Area Vice President assembled a process management team to conduct a similar study. Yet, the Mid-West Area process management team’s study is in the initial phase and currently no results were available for review by OIG. Further, Safety and Workplace Assistance officials advised that the results of both teams were to be assessed in January 1999. This assessment did not occur since both teams had not completed their studies. Consequently, a revised plan should be established to assess the results of both teams and determine the feasibility of implementing the teams’ recommendations.</p>
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Recording Requirements	<p>The Headquarters process management team’s report did not address compliance with Occupational Safety and Health Administration private sector recording requirements. This occurred because the team’s report was issued prior to the effective date of the Postal Employees’ Safety Enhancement Act. Compliance with the Act will require USPS to redesign policies, program systems, accident reporting forms, and training programs. Consequently, implementation of the Headquarters process management team’s recommendations may be limited.</p>
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Reportability Status

Although the Headquarters process management team has developed recommendations to address the weaknesses noted in the report, OIG identified another control weakness. Specifically, the potential exists for supervisors to intentionally annotate data on the PS Form 1769 for the purpose of affecting the reportability status of an accident. For example, motor vehicle accidents are normally reportable,¹⁰ however, if an accident occurs involving a legally parked vehicle, the accident is categorized as “parked industrial”. Industrial accidents are reportable only if the amount of property damage exceeds \$500. Therefore, if supervisors report the estimated cost to repair damages below the threshold amount, the accident is considered non-reportable. In addition, there is no mechanism in place to reconcile the estimated cost to repair property damage to actual costs. If the estimated cost was recorded below \$500, and the actual cost exceeds the threshold, the reportability status should be updated in the Human Resources Information System Safety Subsystem. Because some USPS managers use reportable accidents as a factor in awarding merit pay for supervisors, underreporting reportable accidents inversely impacts merit pay.

Suggestions

We suggest the Chief Operating Officer and Executive Vice President require:

1. The Headquarters process management team and the Mid-West Area process management team to establish a revised plan with target dates to assess the results of both teams and determine the feasibility of implementing the teams’ recommendations.

We suggest the Vice President, Human Resources require:

2. The Headquarters process management team to assess the recommendations included in the final report to determine whether changes are necessary to address the Occupational Safety and Health Administration private sector requirements.

¹⁰ Reportable accidents include all occupational traumatic injuries and illnesses; injuries or fatalities to non-postal persons; all motor vehicle accidents; property damage of \$500 or more; fire damage of \$100 or more, and first aid cases, unless the employee receives two or less treatments from a USPS contract physician.

3. The Manager, Safety and Workplace Assistance to establish a mechanism to reconcile property damage estimated below \$500 to actual costs, and make necessary updates to the reportability status in the Human Resources Information System.

Management Responses

The Chief Operating Officer and Executive Vice President agreed with our observations and suggestions and stated that the Mid-West Area process management team has been working with the headquarters staff to develop solutions to the initial findings and new reporting requirements of the Postal Employees' Safety Enhancement Act. Accordingly, the Vice President, Midwest Area Operations; Vice President, Human Resources; and the Manager, Safety and Workplace Assistance are scheduled to meet on April 1, 1999, to assess progress to date and establish a timeline for completion of the process management teams' effort.

The Vice President, Human Resources agreed with our observations and Suggestion 2, but disagreed with Suggestion 3. To summarize, the Vice President, Human Resources stated that once the Postal Employees Safety Enhancement Act changes have been integrated, the Headquarters process management team's recommendations will be assessed and appropriate changes will be made. Although, USPS management agrees with our observation that the potential exists to have accidents incorrectly recorded based on the \$500 limit, the Vice President, Human Resources believes that managers at the local level have adequate opportunity to reconcile repair costs.

Management's verbatim responses are contained in the Appendix.

Evaluation of Management Responses

Management's comments to suggestions 1 and 2 are responsive to our concerns and should enhance the accident reporting process. However, the Vice President, Human Resources, does not believe that any further action is necessary to address the reconciling of repair costs to ensure accurate recording of the reportability status of industrial accidents. While we agree that there is opportunity for managers to reconcile repair costs, a control weakness nonetheless exists to ensure that industrial accidents are accurately reported. Managers may estimate property damage at below \$500, while the subsequent actual cost to

repair may exceed the threshold. In such cases, a control should be implemented to ensure that the reportability status is updated. Since managers use reportable accidents as a factor in awarding merit pay, we believe managers may underestimate property damage in order to keep accidents in a non-reportable status. As such, we will continue to monitor this process.

We appreciated the cooperation and courtesies provided by your staff during the review. If you have any questions, please contact me at (703) 248-2300.

//Signed//

Colleen A. McAntee
Assistant Inspector General
for Performance

cc: William B. McComb
Alan B. Kiel
John R. Gunnels

CLARENCE E. LEWIS, JR.
CHIEF OPERATING OFFICER,
EXECUTIVE VICE PRESIDENT



March 31, 1999

COLLEEN MCANTEE

SUBJECT: Transmittal of Draft Management
Advisory Report DSMA 99XXX
Accident Reporting (Project 99P001DS00)

This responds to your March 1 memorandum providing an opportunity to remark on the suggestion contained in the draft management advisory report on the Accident Reporting Process.

We suggest the Chief Operating Officer and Executive Vice President require:

The Headquarters process management team and the Mid-West Area process management team to establish a revised plan with target dates to assess the results of both teams and determine the feasibility of implementing the teams' recommendations.

Management Response

The Mid-West Area process management team has been working in concert with the headquarters staff from the outset to develop a solution to both the initial findings and the new reporting requirements resulting from passage of the Postal Employees' Safety Enhancement Act (PESEA). The Vice President, Mid-West Area Operations; Vice President, Human Resources; and the Manager, Safety and Workplace Assistance are scheduled to meet on April 1, 1999, to assess progress to date and determine a timeline for completion of the process management teams' efforts. The output will be a coordinated effort.

A handwritten signature in black ink, appearing to read "Clarence E. Lewis, Jr.", with a long horizontal flourish extending to the right.

C. E. Lewis, Jr.

cc: Ms. Maguire
Mr. Donahoe
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Human Resources



March 23, 1999

COLLEEN MCANTEE

SUBJECT: Transmittal of Draft Management
Advisory Report DSMA 99XXX,
Accident Reporting (Project 99PR001DS000)

This refers to your March 1 memorandum offering us the opportunity to comment on the issues contained in the draft management advisory report on the Accident Reporting Process.

This draft report is essentially a series of comments on a review undertaken by postal management, independent of your office, to review our accident reporting process. That review resulted in findings and recommendations by a process management team. Those recommendations are dated August 19, 1998. However, the passage of the Postal Employees' Safety Enhancement Act (PESEA), on September 29, 1998, was an event not foreseen by the process management team and an event which occurred following receipt of the recommendations of the process management team. The implementation of the PESEA significantly alters the reporting requirements for accidents and renders obsolete many of the original recommendations. On that basis, we are currently in the process of redesigning the PS Form 1769, Accident Report, to capture additional data required by the change in the law. In the meantime, we are capturing that data through a cumbersome process of local reporting.

Therefore, the key recommendations in your report, to provide a revised plan to the headquarters process management team and to make changes in the team's final report to accommodate PESEA, should be deferred until we have fully integrated the PESEA changes into our accident reporting system on a national policy basis. Therefore, we recommend that your report be modified to reflect that the reporting changes should be made first, and at the headquarters' level, and then we can revise the plan for the process management team.

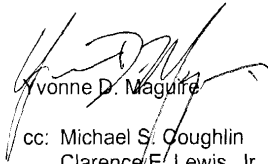
We have some other specific comments on other portions of your report. First, on page 5, you state that PESEA requires compliance by March 1. That is not correct. The PESEA was effective when signed into law by President Clinton on September 29, 1998. Through discussions with OSHA, the OSHA leadership agreed not to cite the Postal Service for recordkeeping violations until April 1. We assume that this is the reference you meant.

Second, on page 7, you have provided an explanation of "reportability" for accident reporting purposes that is not entirely accurate. Accidents involving legal parked Postal Service motor vehicles are classified as "parked industrial" incidents. This is consistent with guidance contained in the American National Standards Institute Standards.

Third, at pages 7 and 8, you recommend that we establish a mechanism to reconcile property damage below \$500 to actual costs in order to ensure those managers who are using total

accidents as a merit indicator are using accurate information. While we agree that the potential exists to have accidents incorrectly recorded based on the \$500 limit, local management already has adequate opportunity to reconcile repair costs to ensure accuracy, without any action on our part. Moreover, we do not believe it is an efficient use of our resources, at this time, to attempt to modify a recording requirement that is only there for the use of local management in the first place. We do not track or goal set at the national level for property damage accidents.

Thank you for the opportunity to comment.



Yvonne D. Maguire

cc: Michael S. Coughlin
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William H. McComb
Patrick R. Donahoe
Alan Kiel
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