

TTC AUDIT COMMITTEE REPORT NO.

MEETING DATE: April 13, 2010

SUBJECT: INTERNAL AUDIT REPORT – OCCUPATIONAL HEALTH &
CLAIMS MANAGEMENT

INFORMATION ITEM

RECOMMENDATION

It is recommended that the Audit Committee receive for information the attached Internal Audit Report.

BACKGROUND

Internal Audit provides the Commission with independent evaluations of the efficiency and effectiveness of control systems, and operations. Internal Audit is also required to provide recommendations for improvement.

Richard G. Beecroft
Chief Auditor

April 13, 2010
01-23

Attachment – Internal Audit Report

**CHIEF GENERAL MANAGER'S OFFICE
HUMAN RESOURCES DEPARTMENT**

OCCUPATIONAL HEALTH & CLAIMS MANAGEMENT

**Covering Period:
January 2007 to December 2008**

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EXECUTIVE SUMMARY

This audit assessed the key management and operational controls of the Occupational Health & Claims Management area within the Human Resources Department. An Exit meeting was held on December 9, 2009 with the acting Director – Occupational Health & Claims Management to discuss the findings.

Audit identified areas which required strengthening of the existing controls to minimize risk exposures.

Recommendations were made to ensure the identified Medical Surveillance programs are implemented and monitored. Management agrees with Audit's recommendation and is implementing action to comply with OSHA regulations.

Audit also recommended that the case file management process be improved by ensuring that the documentation is complete and contains all the pertinent information to manage the file. Management agrees that improved documentation and file review is required and have already implemented changes to improve the process.

As well audit noted that information contained in operational control reports are not being analyzed to identify issues upon which corrective action can be formulated. Management indicated the information will be used to develop programs to promote health and wellness.

Other areas identified for improvement in controls were with administrative activities and the Mandatory Referral process. Management has implemented processes to ensure compliance to administrative policies. They also agreed to strengthen controls over the Mandatory Referral process through improved documentation by evidence of supervisory review and approval.

We wish to express our thanks for the cooperation and assistance from all parties during the course of the Audit.

R.G. Beecroft
Chief Auditor

K. Draudvila
Audit Manager

FOREWORD

The primary role of the Occupational Health & Claims Management Section (OHCM) within the Human Resources Department is to monitor and manage employee health and wellness programs as they relate to the workplace. Health Services is responsible for contributing to the establishment and maintenance of the optimum level of physical and mental well-being of all TTC employees through the prevention of injury and disease, crisis intervention, health surveillance relative to the workplace, health enhancement, education and rehabilitation. Claims Management is responsible for the administration and management of all Sick Benefit Association (SBA), Salary Continuance, Workplace Safety & Insurance Board (WSIB), and Long-Term Disability (LTD) claims.

AUDIT SCOPE AND OBJECTIVES

SCOPE: The audit included a review of the key management, operational and financial controls of the Occupational Health & Claims Management Section for the period January 2007 to December 2008.

OBJECTIVES: To assess management controls to ensure:

- accountability and reporting relationships are appropriate for the Commission;
- due regard for economy, efficiency and effectiveness; and
- procedures and processes are in place to measure and report on section activities.

To evaluate the adequacy of financial controls to ensure:

- compliance to Legislative and Commission requirements;
- the timeliness, accuracy, completeness and authorization of transactions; and
- the safeguarding and control of assets and other information.

AUDITED ITEMS FOUND ACCEPTABLE

KEY CONTROL	FINDING
Planning and Budgeting	Annual plans and budgets, including goals and objectives, are prepared and monitored in accordance with TTC requirements.
Policies and Procedures	Occupational Health & Claims Management responsibilities and procedures are documented for performing the Section's activities.
Employee Training and Development	Employees training needs are identified on an ongoing basis and addressed through appropriate training programs.

AUDITED ITEMS FOUND UNACCEPTABLE

FINDING #1

MEDICAL SURVEILLANCE PROGRAM

OBJECTIVE: To determine that there is an effective process to establish and monitor the Medical Surveillance Programs to ensure protection of employee health and compliance with the Ontario Occupational Health and Safety Act (OHSA).

ANALYSIS: The Medical Surveillance Programs are not being effectively controlled and monitored. The TTC has four designated substances (silica, isocyanides, asbestos & lead) that require a Medical Surveillance Program. Each program has set out requirements to monitor employee exposure to designated substances. Audit found that responsibility for the programs compliance is fragmented across the section; as a result no one is ensuring that all aspects of the OHSA are being complied with.

For the period January 2007 to December 2008, no evidence was found that required testing was performed for three (silica, isocyanides and asbestos) of the four substances.

Lead was the only substance that was tested for and it was last performed on employees within the Plant Department and Harvey Shops in 2005/2006, although regulations call for annual testing. Currently, there are approximately 102 employees waiting lead testing.

There is no process in place to monitor and report on the programs effectiveness or compliance to legislated requirements.

RECOMMENDATIONS: Management should ensure that:

- the Medical Surveillance Programs are implemented for the identified designated substances; and
- the programs are monitored and performed in accordance with OHSA regulations.

**MANAGEMENT'S
RESPONSE:**

We concur that the program monitoring was fragmented as a result of changes in the department's organization structure over time. This program is now administered by the Health & Wellness Team Leader and will be carried-out in accordance with OHSA regulations, with regular follow-up and audits conducted by the Team Leader.

Responsibility:

Director – Occupational Health & Claims Management

Status:

Completed.

FINDING #2

CASE MANAGEMENT

OBJECTIVE: To determine that the Absence Programs are effectively monitored and controlled, and are in compliance to legislation and corporate policies and procedures.

ANALYSIS: A review of the files maintained by the Disability Management Specialists (DMS) found the files lack the necessary documentation to ensure that the process to effectively monitor and control employee medical status during the period of recovery and return to work is being followed.

Audit found the following weaknesses in the DMS files and related spreadsheets:

- Detailed return to work plans were not found in the files to indicate that all the requirements were considered in developing the TWP assignment and other rehabilitation initiatives;
- The status of Transitional Work Placements (TWP) that are in place to manage the Return To Work (RTW) to full duties are not readily known;
- The files lack pertinent information such as Permanent Medical Restrictions (PMR) that are in place, past injuries or periods of disability that could be related to the injury or may affect the Return to Work;
- There is little evidence of follow-up noted in the files to ensure that the TWP is progressing well and objectives are being met to foster a return to full duties;
- Decisions are made based on Supplemental Medical Information (SMI), Functional Analysis Evaluations (FAE) and other medical information, the analysis on which the decisions were made is not always documented in the Parklane database;

- Follow-up dates are not being recorded and controlled in the Parklane application. Follow-up dates are established and tracked by the DMS using Outlook Tasks, however they do not print out the follow-ups and include them in the file. Since access to the Outlook Tasks is restricted, follow-ups could be missed due to extended DMS absences or if the DMS leaves the employment of the TTC.

A review of Independent Medical Examinations (IME) found that the information contained in the Parklane database is incomplete, as only 12 (13%) of the 90 IME invoices processed for the January 2007 to December 2008 period were recorded.

Testing of 14 IME's for the covering period revealed the following:

- Nine files did not contain the check sheet, required by departmental procedures;
- Four files where the IME was instigated under Section 18 of the Collective Agreement, the files lack a documented analysis of the results. As a result, there was no indication that costs are being recovered for an IME report that supported the position of the TTC.

RECOMMENDATION:

Management should improve its case file management process by ensuring that key reports and assessments are maintained in the files.

**MANAGEMENT'S
RESPONSE:**

In 2007, TTC hired Mercer's to conduct a review to help us improve our attendance management processes and procedures. We have implemented many of the recommendations in the report including enhancements to our management processes. Management agrees with the need to have complete files in a centralized location. We have taken the following steps to ensure compliance on maintaining centralized complete medical files:

- a RTW plan form has been developed and Occupational Health staff have been directed to use it effective immediately;
- The TWP process has been amended and is in the process of being implemented;

- Regular audits conducted by the Team Leaders will ensure all files are complete and contain all pertinent information to appropriately manage the medical files;
- The TWP program will be regularly monitored with regular audits conducted by the Team Leaders to ensure timely follow-up and monitoring of the program;
- The Parklane system will be regularly updated to ensure file information is current and up-to-date. These activities will also be augmented and controlled by periodic audits conducted by the Team Leaders to ensure compliance is being achieved;
- A checklist will be established to better control the information flow surrounding IMEs and the appropriate follow-up and analysis. These reviews will receive regular monitoring and follow-up by the Team Leaders to ensure compliance.

Responsibility: Director – Occupational Health and Claims Management

Status: Completed.

FINDING #3

OPERATIONAL CONTROL AND MANAGEMENT INFORMATION SYSTEMS

OBJECTIVE: To determine that accurate and reliable information systems are in place to support operational control reporting.

ANALYSIS: The Section produces a monthly statistics report that provides lost-time injury information to Management. This information is not being analyzed to identify recurring trends or workplace issues.

Audit's review of the statistics for the three year period 2006 to 2008 found the following:

- The number of days absent for which medical information is not required is increasing at a rate of approximately 9% yearly;
- Respiratory illness increased by 9% and 6.75% respectively for 2007 and 2008;
- Muscular/Skeletal illness increased by 29% in 2008.

These three categories in 2007 and 2008 accounted for 63% of the days absent. Discussion with Management indicated that while they are aware of these trends, they have not conducted any detailed reviews which would allow them to identify root causes and implement corrective action.

The Section uses the Medical Disability Advisory (MDA) guidelines to determine how long an employee absence should normally be for the type of illness or injury being reported. However, the Section does not have a process to assess how well they are managing absence periods against the MDA guidelines.

The Section has made some organizational and process changes and added additional resources in the form of Disability Management Specialists and Health & Wellness Resources (HWR) to enable them to more effectively manage and control the level of absence. The Section's 2009 goal is to reduce corporate absence by rolling out the new process. Management has not established performance measures against which to evaluate the success of the new process.

RECOMMENDATION:

Management should:

- Develop a process that utilizes comprehensive operational control reports to assist in identifying issues upon which corrective action can be formulated and implemented;
- Develop performance measures that evaluate the effectiveness of the Section against established criteria.

**MANAGEMENT
RESPONSE:**

We do conduct regular trend analysis of attendance information however, these analysis are conducted outside of Occupational Health.

- With the introduction of the Work Safe Home Safe Program, the analysis has taken on another purpose. Management will review the monthly absence information to analyze trends and develop programs. The HWRs will be implementing numerous programs to promote Health & Wellness in response to this information. In the past, analysis of this information has led to a Slip and Trips Program and a summary of this information was regularly provided on an annual basis to the Senior Management;
- Performance Measures are being developed and introduced. Sickness days are tracked separately for those locations with HWRs versus the other Operations locations. At the locations where an HWR exists the Operations Branch has experienced a 20% reduction in sick days during 2009. Ongoing analysis of this information will continue as the HWR program is expanded in 2010.

Responsibility:

Director – Occupational Health and Claims Management

Status:

Completed.

FINDING #4

ADMINISTRATION

OBJECTIVE: To determine that effective and efficient administrative controls are in place for the Section's activities and processes.

ANALYSIS: Administrative control weaknesses and non-compliance with policy and legislation were noted over vacation entitlements, compressed work week schedules and the Section's physical security and access.

Vacations

A review of the Section's vacation records revealed that TTC policy and the Employment Standards Act are not being complied with. A number of employees were found to have outstanding 2008 vacation for which they were requesting approval to carry-over to the next year. In some cases the vacation had been granted as part of the offer of employment which stated that this vacation must be used in the first year of employment and was not subject to carry-over. In other cases employees were requesting to carry-over vacation when they had not used two weeks as required by policy and legislation. It was also noted that the requests for carry-over of more than ten days did not have a detailed vacation plan as required.

Compressed Work Week

A compressed work week was introduced for a 'trial period' for the Claims Adjudicators and later the program was expanded to include the Non-Occupational Disability Management Specialists.

Audit could not determine the length of the trial period or when a review was to be conducted to assess the effectiveness of the trial in reducing overtime and lieu time accumulation as well as, meeting departmental goals and objectives.

Based on a testing of payroll and attendance records for the period July 26, 2008 to January 3, 2009 the following weaknesses were highlighted with the monitoring and control of the compressed work week:

- Work shifts have been scheduled without a lunch break as required by legislation and departmental procedures;

- Overtime is being worked to catch up on the workload resulting from the backlog of work due to shortened work week, without prior approval;
- The schedule does not clearly indicate the hours of work for the compressed work week. An example was found with the compressed work week shift that the employee was required to work as 8am-4pm with extra time worked before and after;
- While most of the employees were on a weekly compressed work week, one DMS was on a bi-weekly work schedule and was off every 2nd Friday.

Security

The physical security relating to the layout and access to the Section's work areas is inadequate. The physical entry point to the Section is not centralized or controlled. The ability to ensure that the Section's records, which contain confidential employee information is secured, is compromised.

RECOMMENDATION: Management should ensure that:

- Employee vacation carry-overs are approved and are in compliance with policy;
- The compressed work week trial should be assessed to ensure that proper work schedules have been developed and the Section's operational requirements are being met;
- Access to the Section is limited to authorized personnel and escorted visitors.

**MANAGEMENT
RESPONSE:**

The procedures have been updated and enforced. Management will review all vacation carry-overs and they will be approved by the Executive Director - Human Resources. A review has been conducted of the Compressed Work Week schedules and the Acting Director of Occupational Health & Claims Management will ensure ongoing compliance with these schedules;

The entrances to the Occupational Health area are now controlled by key and/or access pads. These security measures were in place once all the staff from Occupational Health were moved into their new work location and other staff were re-located back to the basement once remediation from the basement flood was resolved.

Responsibility: Director – Occupational Health and Claims Management

Status: Completed.

FINDING #5

EMPLOYEE FAMILY ASSISTANCE PROGRAM

OBJECTIVE: To determine that the Employee Family Assistance Program and related activities are effectively and efficiently managed to meet the needs of the employee and the TTC.

ANALYSIS: The Mandatory Referral process is an option available to TTC Management as part of the Employee Assistance Program to be used as a condition of continued employment. Testing of the 2007 and 2008 mandatory referral files revealed weaknesses in the documentation maintained on file.

Audit noted the following:

- lack of a process to ensure that all documentation has been received and all required reports are completed and filed;
- the information release form was not found in all files;
- the spreadsheet maintained in the file does not have follow-up dates and actions, consequently the files lacked follow-up related documentation;
- the files did not contain information with respect to the employee complying with established requirements and what actions were taken in case of non-compliance;
- a lack of clear file closure reports.

Audit found the mandatory referral feedback form is lacking key information such as:

- a statement of issues;
- suggested treatment plan or options;
- additional issues that are identified and how they will be resolved;
- the form is not acknowledged by the employee.

The Section does not have a formal clinical review and support process for the EFAP Counselor. The Counselor is not regularly assessed for the adherence to professional standards. There is no process to review and resolve issues and that may affect the performance of the Counselor.

RECOMMENDATION: Management should:

- review the Mandatory Referral processes and procedures and ensure the files are reviewed to ensure the required documentation is being completed and maintained in the files;
- Develop a process to assess and evaluate the EFPA Counselor.

MANAGEMENT RESPONSE: Organizational changes have been effected to have the EFAP Counselor report directly to the Executive Director – Human Resources. This new reporting relationship ensures that effective monthly progress reporting and follow-up is in place.

The EFAP Counselor’s files have been brought up-to-date to ensure compliance with documented procedures. Processes are also in place to ensure ongoing compliance.

Responsibility: Director – Occupational Health and Claims Management

Status: Completed.