



GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of Risk Management



Phillip A. Lattimore, III
Chief Risk Officer

Administrative Order No. AO- 14-01
(Amending Administrative Order 13-01)

Date: January 31, 2014

SUBJECT: Certification of Expenditures From the Employees' Compensation Fund (BGO) Required Before the Processing of Fund Payment

DISTRIBUTION: Office of Risk Management (ORM) Employees, Third Party Administrator employees, and selected Department of Human Resources (DCHR) and Office of the Chief Financial Officer (OCFO) Employees

EXPIRATION: Until Superseded or Rescinded

1. Purpose

The purpose for this D.C. Office of Risk Management (ORM) Administrative Order (Order) is to inform ORM, Third Party Administrator (TPA) and selected Department of Human Resources (DCHR) and Office of the Chief Financial Officer (OCFO) employees, of the process for approving payments from the Employees' Compensation Fund, as well as the requirement that the Chief Risk Officer (CRO) of the District of Columbia must certify any and all public sector workers' compensation expenses and/or payments *before* the government processes or issues any payments from the Employees' Compensation Fund (BGO). The certification process is required for any and all expenses or payments from the Fund, whether for non-active employees who receive public sector workers' compensation program (PSWCP) benefits, or for workers' compensation employees/PSWCP claimants who are in an active and/or in a leave without pay or modified duty status. In other words, ORM's agency fiscal officer shall neither process nor pay expenses from the BGO Fund for *any* employee, former employee or claimant without the knowledge and written approval of the CRO and/or his/her designee.

2. Applicability

This Order applies to all ORM employees, TPA employees and selected DCHR and OCFO employees who have responsibility for processing or issuing payments either through the ORM pre-pay process, Peoplesoft or by any other D.C. government payment system. This order rescinds and supersedes ORM's Administrative Order 13-01 (February 1, 2013).

3. Policy

- a. The purpose of the Employees' Compensation Fund is to pay for the medical services and supplies, indemnity compensation, vocational rehabilitation services, as well as death benefits and/or funeral expenses of individuals who have been injured or killed while in the scope of his or her employment with the District of Columbia Government. *See* D.C.

Official Code §§ 1-623.01, *et seq.*. Expenses unrelated to the public sector workers' compensation program (i.e. furlough pay, metro cards, salary) shall not be paid from the Fund.

- b. Consequently, the government is not authorized to utilize the Fund to pay for any expense or benefit that is owed to an employee by the employing agency *prior* to the time that the employee or claimant was injured on the job and awarded workers' compensation benefits. Similarly, unless an expense can be linked to a workplace injury that was accepted by the public sector workers' compensation program, the Fund shall not pay for any expense or benefit that is owed to an employee by the employing agency *after* the employee recovers from his or her workplace injury and returns back to work.
- c. On a daily basis, TPA employees shall schedule expenses related to the purposes articulated in paragraphs a. and b. in the TPA's claims management system, to be included in the pre-pay process described in paragraph d. The following expenses shall not be reported on the prepay:
 1. Duplicate payments or checks;
 2. Voided checks or voided payments;
 3. Indemnity payments where there is no agency decision by the PSWCP or a judicial order accepting the claim or reinstating benefits;
 4. Credits, whether voided or invalid;
 5. Stops placed on checks;
 6. Payments to the District of Columbia Government (other than for child support);
 7. Health/Welfare vouchers listed as an active payment;
 8. Payments to subcontractors (i.e. health care professionals, transportation companies) who do not have a contract with the District, or who do not have a contract or working relationship with the TPA. The TPA shall not submit a prepay report to the District that contains any of the prohibited expenses that are set forth in paragraph c. above.
 9. Payments that are outside of the scheduled payment period.

The compliance officer shall return any prepay report that contains any of the prohibited expenses back to the TPA and request a report that meets the requirement of this order. In addition, the compliance officer shall notify the CRO and PSWCP manager on each occasion that the TPA submits a weekly prepay report that does not conform to the requirements of this order. The officer shall also forward to the CRO and PSWCP manager a copy of the weekly prepay report that is not in compliance.

- d. On the same day of every week, as determined by the CRO (currently Wednesday), a TPA onsite supervisor shall prepare and transmit the weekly pre-pay for approval by

ORM. The pre-pay shall include every expenditure required by the PSWCP for that week. Each expenditure shall list the amount and purpose of the expenditure, the payee, the payee's tax identification number, and the PSWCP claim to which the expenditure is related. All payments will be entered by the TPA no later than 11 a.m. on the designated date for processing. The TPA will not enter any additional payment until 11 a.m. the following day to insure that if the prepay is re-processed, unauthorized payments or checks for the next prepay, which needs CRO certification, will not be added to the payments that are already in cue for payment.

- e. An ORM supervisor shall review the pre-pay authorization and prepare a transmittal and authorization memorandum for the CRO's signature. After the CRO has signed the memorandum, the ORM supervisor shall transmit the pre-pay to the OCFO Agency Fiscal Officer for ORM. The OCFO AFO or his or her designee shall then transmit the pre-pay to the OCFO Office of the Treasury.
- f. Upon receipt of the authorized pre-pay, the OCFO Office of the Treasury shall wire the funds required to pay for all of the expenses on the pre-pay, to the TPA's bank account that funds the TPA's PSWCP payroll system. The OCFO Office of the Treasury shall confirm that the wire funds were transferred no later than 10 a.m. on the day following the day the pre-pay is approved.
- g. When emergency circumstances exist, as determined by the CRO, the CRO may request that a pre-pay be scheduled on a date other than the regular weekly pre-pay day. If it is discovered that a payment or check should not have been issued after the prepay has been processed, the payment shall be removed from the mail batch prior to releasing it in the mail. The TPA shall not void any payments after the prepay is certified and funded without notice to and approval from the CRO.
- h. ORM's fiscal officer shall notify the Chief Risk Officer in writing each and every time that an expense is levied against BGO that has not been approved by the Chief Risk Officer. The fiscal officer shall identify (1) the nature of the expense, (2) the individual(s) who submitted the expense; (3) how the expense was submitted for payment; (4) the reason for the expense; (5) whether the expense has been certified for payment by the CRO; (6) the amount of the expense(s); and (7) whether the expenses have been paid. The agency fiscal officer shall also provide the CRO with documents that support the payment of any proposed, unauthorized expense.

4. Enforcement, Penalties and Sanctions

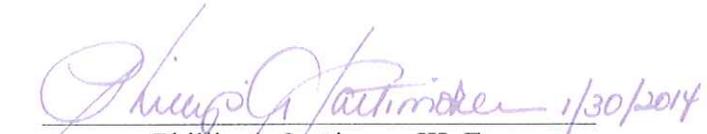
- a. ORM employees who violate this order will be disciplined in accordance with the District of Columbia Government Merit Personnel Act of 1978, as amended (CMPA), effective

March 3, 1979 (D.C. Law 2-139; D.C. Official Code § 1-601.01 *et seq.*) (2001 & 2006 Repl.), and D.C. personnel regulations.

- b. In the event a TPA employee violates this order and an unauthorized expenditure is made that the CRO decides was not in accordance with ORM policy or law, the CRO may collect reimbursement from the TPA pursuant to the errors and omissions section of the TPA contract. If the CRO finds that a TPA employee(s) has violated this order on more than one occasion, the CRO shall notify the TPA of the violation(s) and request immediate corrective action. Continuous violations by the TPA employee of this order shall result in the removal of the TPA employee(s) from the District's PSWCP. The PSWCP Manager shall consider the failure of the TPA to comply with this order in the Program's quarterly audit of the TPA, where applicable.
- c. The Chief Risk Officer shall notify the agency head of the department, office or company that employs any individual who violates this order and shall recommend that the agency head or supervisor take disciplinary action against any employee who submits any expense for payment from the BGO Fund without first obtaining the expressed written approval of the CRO.

5. Effective Date

This Order is effective immediately.


Phillip A. Lattimore III, Esq.
Chief Risk Officer

Distribution:

cc: ORM Employees
ORM General Counsel
ORM Agency Fiscal Officers
Chief Financial Officer
DCHR Director
DCHR Associate Director
OFRM Director
OLRCB Director
OPRS Director
Third Party Administrator