



October 17, 2008

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VICE PRESIDENT, SUPPLY MANAGEMENT

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VICE PRESIDENT, EMPLOYEE RESOURCE MANAGEMENT

SUBJECT: Audit Report – Controls Over Delegation of Authority for Medical  
Agreements (Report Number CA-AR-09-001)

This report presents the results of our audit of the Controls Over Delegation of Authority (DOA) for Medical Agreements (Project Number 08YG012CA000). Our objectives were to determine whether oversight of agreement processes and procedures was adequate; costs billed were adequately supported and authorized; services performed were within the terms of the agreements; and agreements were competed among qualified suppliers. See [Appendix A](#) for additional information about this audit.

## Conclusion

The National Medical Director (NMD), Senior Area Medical Directors (SAMDs), District Occupational Health Nurse Administrators (DOHNAs), and Supply Management personnel could improve controls over the Medical Services DOA. Specifically, we found that oversight of agreement processes and procedures was not adequate; costs billed were not always adequately supported and authorized; services performed were not always within the terms of the agreement; and DOHNAs did not maintain documentation to demonstrate that the agreements were competed among qualified suppliers.

We identified \$5,846,330 in unsupported questioned costs<sup>1</sup> due to improperly authorized or expired agreements; \$20,083 in questioned costs due to duplicate and erroneous payments; and \$1,078,775 in disbursements at risk<sup>2</sup> due to inadequate controls over contract nurse payments. See [Appendix B](#) for a detailed analysis of these issues, and [Appendix C](#) for a summary of questioned costs and disbursements at risk by district.

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<sup>1</sup> Unsupported questioned costs are questioned because of missing or incomplete documentation, or failure to follow required procedures.

<sup>2</sup> Disbursements at risk are disbursements for which key internal controls have not been applied, placing the disbursements at risk for validity.

## Agreement Processes and Procedures

Key controls over medical agreement processes and procedures were not implemented. For example, the NMD and Supply Management could not provide accurate information on the total number of medical agreements and associated payments for fiscal year (FY) 2007. According to the NMD's DOA letter, the NMD is required to provide an annual report that summarizes all activities. In FY 2004, Supply Management began summarizing the activities for the NMD. However, because of insufficient communication, Supply Management did not complete the report in FY 2006 and did not provide the FY 2007 report to the NMD until August 2008. Incomplete or late data reporting hinders management's ability to monitor and assess the effectiveness of the DOA.

Additionally, required documents often were not completed properly or not appropriately maintained.<sup>3</sup> Of the 1,285 file requirements we reviewed, 343 (27 percent) were missing, expired, or not completed properly. Additionally, eight of the 10 districts we visited did not maintain documentation to validate that contract nurses were correctly paid. Further, six of these 10 districts did not maintain logs of declining balances in funds.<sup>4</sup> District personnel stated they had not received adequate training in obtaining and maintaining required documentation, and therefore were uncertain of the requirements. Further, the *Occupational Health Services Training Manual* did not require DOHNAs and human resource (HR) managers to verify contract nurse payroll reports. Not obtaining and maintaining required information in the agreement files increases the risk for over expenditure of funds and increases the potential liability of the U.S. Postal Service. We identified payments totaling \$1,078,775 to contract nurses; these payments are considered disbursements at risk.

## Billing Support and Authorization

Payments were not always supported or properly authorized. Of the 2,967 payments we reviewed, 403 (14 percent), totaling \$87,894, had no supporting documentation such as invoices; timesheets; PS Forms 8230, Authorization for Payment; or PS Forms 8232, Payment for Personal Services Contract.<sup>5</sup> We consider the payments to be unsupported questioned costs. Additionally, we found 13 duplicate payments, totaling \$5,170, and 122 erroneous payments, totaling \$14,913. We consider these payments to be questioned costs.

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<sup>3</sup> Postal Service (PS) Form 7314, Medical Agreement, requires credentialing documents such as licenses, certifications, and insurance. Other required documents include medical agreement checklists, eBuy requisitions, and fee schedules.

<sup>4</sup> Handbook AS-709, *Credit Card Policies and Procedures for Local Buying*, paragraph 332.12, requires a current balance of declining funds be maintained on all bulk funded purchases.

<sup>5</sup> Handbook F-101, *Field Accounting Procedures*, paragraph 19-2.1, requires that payments must always be made from an invoice, the invoice must be complete and accurate, and the goods or service must have been received. Postal Service officials must verify that past due charges have been paid before submitting the current payment and include all required forms and supporting documentation when submitting a document for payment.

The NMD also surpassed the authority delegated to him by the Vice President, Supply Management.<sup>6</sup> Specifically, he did not issue letters of re-delegation to three SAMDs because the areas did not hire a SAMD; so, he had other unauthorized personnel sign the medical agreements. Also, he allowed persons other than the SAMD and area HR Manager to sign medical agreements in the Western Area because the area is so geographically large. As a result, the payments totaling \$5,446,003 associated with these agreements were not properly authorized and are considered unsupported questioned costs. These conditions occurred because the personnel did not receive adequate training and stated they were unaware of the requirements.

### **Terms of the Agreement and Services Performed**

At seven of the 10 districts visited,<sup>7</sup> we identified 38 expired medical agreements. This occurred because of inadequate oversight by the DOHNAs. Additionally, controls were not in place to prevent services from being ordered or payments made under expired agreements. Because there were no active agreements to support these disbursements, FY 2007 payments of \$312,433 associated with these agreements are considered unsupported questioned costs.

### **Agreement Competition**

DOHNAs did not maintain adequate documentation to demonstrate that agreements were competed among qualified suppliers. The DOHNAs stated that selection techniques included knowledge of local suppliers' past performance and prices charged. However, the DOHNAs did not maintain documentation of competition, market conditions, and selection criteria. Although the DOA requires all contract awards and orders to be made to the supplier offering the best value to the Postal Service, the NMD did not require the DOHNAs to document their methods for soliciting and awarding agreements. As a result, we could not determine whether the Postal Service entered into agreements with the suppliers offering the best value.

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<sup>6</sup> The NMD DOA letter states that the authority to sign agreements on behalf of the Postal Service may be re-delegated to a SAMD, if that individual is a Postal Service employee; if not, this authority may be re-delegated to the area Manager, HR. In either case, the person to whom this authority is re-delegated may not re-delegate it further.

<sup>7</sup> PS Form 7314, Medical Agreement Checklist, states that contract renewal requests must be submitted no more than 30 days after the expiration date of the original contract.

We recommend the Vice President, Supply Management, in coordination with the Vice President, Employee Resource Management:

1. Establish and enforce detailed annual reporting procedures and processes to aid in monitoring and assessing the effectiveness of the Medical Delegation of Authority program.
2. Update the *Occupational Health Services Training Manual* to include requirements for obtaining, reviewing, and maintaining required agreement and payment information and documentation of best value determinations when soliciting and awarding medical agreements.
3. Require the National Medical Director to develop a training and oversight program to ensure responsible employees are properly trained in obtaining and maintaining agreement and payment information and documentation of best value determinations when soliciting and awarding medical agreements.
4. Ensure that District Occupational Health Nurses recover duplicate and erroneous payments from suppliers.
5. Require the National Medical Director to develop procedures to ensure authorized personnel sign medical agreements.

### **Management's Comments**

Management agreed with our findings, recommendations, unsupported questioned costs, questioned costs, and disbursements at risk. Management has begun efforts to strengthen controls over the delegation of authority and to standardize and develop protocols in the National Medical Program. These efforts include a standardized reporting system, an updated training manual, an oversight and audit process, and training on these components. Duplicate and erroneous payments will be recovered, and actions are underway to ensure medical agreements are signed by authorized personnel. Management's comments, in their entirety, are included in [Appendix D](#).

### **Evaluation of Management's Comments**

The U.S. Postal Service Office of Inspector General (OIG) considers management's comments responsive to the recommendations, and the corrective actions should resolve the issues identified in the report. We will report \$5,846,330 in unsupported questioned costs, \$20,083 in questioned costs, and \$1,078,775 in disbursements at risk in our *Semiannual Report to Congress*.

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Judy Leonhardt, Director, Supply Management, or me at (703) 248-2100.



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Attachments

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## APPENDIX A: ADDITIONAL INFORMATION

### BACKGROUND

The NMD is responsible for policy, contractual activities, and oversight for the Postal Service's Occupational Health Program, federally mandated occupational health and medical services, and other related medical services. To accomplish this mission, the NMD has a staff of one national Occupational Health Nurse Administrator (OHNA), nine SAMDs, 18 associate area medical directors, nine area OHNAs, 100 district OHNAs, and 30 medical nurse case managers.

The senior and associate area medical directors and area and district OHNA positions were established in 1992. Many physicians were hired under an employee contract through HR, while the NMD contracted with many of the OHNAs through the use of PS Form 7314. In early 1993, Supply Management issued a DOA letter giving more specific authority to the NMD because the scope of the NMD's oversight had expanded to include contract doctors and nurses who performed duties in place of Postal Service employees whose positions had been abolished. The most recent DOA was issued to the NMD on April 28, 1998.

The 1998 DOA states that purchasing authority can be re-delegated to a SAMD if that individual is a Postal Service employee; if not, it can be re-delegated to the area Manager, HR. In either case, the individual to whom this authority is re-delegated may not re-delegate it further. The DOA requires that certain business principles be followed.

- All suppliers should be treated in an objective and business-like manner.
- All actions taken should adhere to the Code of Ethical Conduct for Employees of the Executive Branch.
- When practical, requirements are to be competed among qualified private entities.
- All contractual agreements should be executed with the private entity that offers the best value<sup>8</sup> to the Postal Service.

To monitor and assess the effectiveness of this delegation, the DOA requires the NMD to submit an annual report summarizing all activities exercised under it and any re-delegations to Supply Management using the *"Report for Delegations of Authority Outside Purchasing and Materials."*

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<sup>8</sup> The Postal Service bases sourcing and material management decisions on best value. Best value is defined as the outcome that provides the optimal combination of elements such as lowest total cost of ownership technology, innovation and efficiency, assurance of supply, and quality for the Postal Service's needs. In the sourcing area, best value is generally achieved through competition, which brings market forces to bear and allows the direct comparison of proposals and life cycle costs, although market conditions may dictate a single- or sole-source strategy as the best business approach.

## OBJECTIVES, SCOPE, AND METHODOLOGY

Our objectives were to determine whether oversight of agreement processes and procedures was adequate; costs billed were adequately supported and authorized; services performed were within the terms of the agreements; and agreements were competed among qualified suppliers.

We conducted this performance audit from December 2007 through October 2008 in accordance with generally accepted government auditing standards and included such tests of internal controls as we considered necessary under the circumstances. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. To assist in achieving the audit objectives, we relied on FY 2007 data in the Accounts Payable System. We compared the data to information in the medical agreement files and believe it is sufficiently reliable to support our conclusions and recommendations. We discussed our observations and conclusions with management officials on September 2, 2008, and included their comments where appropriate.

Based on surveys of district personnel, we identified a national universe of approximately 839 medical agreements in 87 districts. The Postal Service was not able to provide total expenditure data for the agreements. Accounts Payable System data indicated that expenditures for the agreements totaled between \$12 and \$18 million for FY 2007. We statistically selected the following 10 districts for review.

District	Number of Medical Agreements Reviewed	Number of Transactions Reviewed	Total Costs Reviewed
Albany	18	875	\$233,036
Bay Valley	6	235	325,728
Central Plains	29	341	187,905
Cincinnati	1	26	68,912
Fort Worth	11	242	92,831
Lakeland	13	267	376,711
North Illinois	9	186	212,139
Richmond	17	168	564,970
Rio Grande	17	306	246,040
Southeast Michigan	6	321	125,438
<b>TOTAL</b>	<b>127</b>	<b>2,967</b>	<b>\$2,433,710</b>

At each district visited, we performed the following procedures.

- We interviewed the SAMD and associate medical directors, OHNA, Human Resource Manager, and other district personnel to obtain an understanding of the policies, procedures, and responsibilities followed by the district.
- We reviewed the medical agreement to determine whether criteria for selecting the provider was documented and whether the agreements contained physicians' medical licenses, nurses' licenses, liability and malpractice insurance documentation, certification to perform cardiopulmonary resuscitation, business licenses, and security clearances, as applicable.
- We reviewed the medical agreements to determine whether they were properly authorized.
- We reviewed financial records to determine whether FY 2007 costs were billed according to the agreement fee schedule and supported by an eBuy requisition and invoice or weekly timesheet, as appropriate.

**PRIOR AUDIT COVERAGE**

We identified one Postal Service Supply Management Review for Excellence Program report and one OIG report issued within the past 5 years related to this subject.

Report Title	Report Number	Final Report Date	Report Results
<i>Follow-up Review of Supply Management's Medical Services Delegation of Authority; Contracts for Medical and Nursing Services</i>	N/A	March 2008	<ul style="list-style-type: none"> <li>• Follow-up to November 2000 and March 2001 reports.</li> <li>• Overall, the NMD executed the DOA in accordance with the delegation letter. Most issues arising under this DOA continued to stem from the use of the PS Form 7314 for medical and nursing services and the extensive documentation required to process payments.</li> <li>• Next steps were identified, including laying out timeframes for updating the DOA and re-delegations of authority, developing uniform guidelines for national distribution to assist area and district personnel in establishing and administering medical agreements, and determining the need for establishing just-in-time training or knowledge-sharing sessions for medical and HR personnel who establish and administer medical agreements.</li> </ul>
<i>The Postal Service's Equal Employment Opportunity Contracting Function</i>	HM-MA-08-001	February 21, 2008	<ul style="list-style-type: none"> <li>• The selection process for Equal Employment Opportunity (EEO) contract investigators and final agency decision writers was not adequately documented to ensure compliance with the DOA requirements.</li> <li>• Management agreed with the recommendation to document the processes and procedures used to select EEO contract investigators and final agency decision writing services.</li> </ul>

**APPENDIX B: DETAILED ANALYSIS**

**Agreement Processes and Procedures**

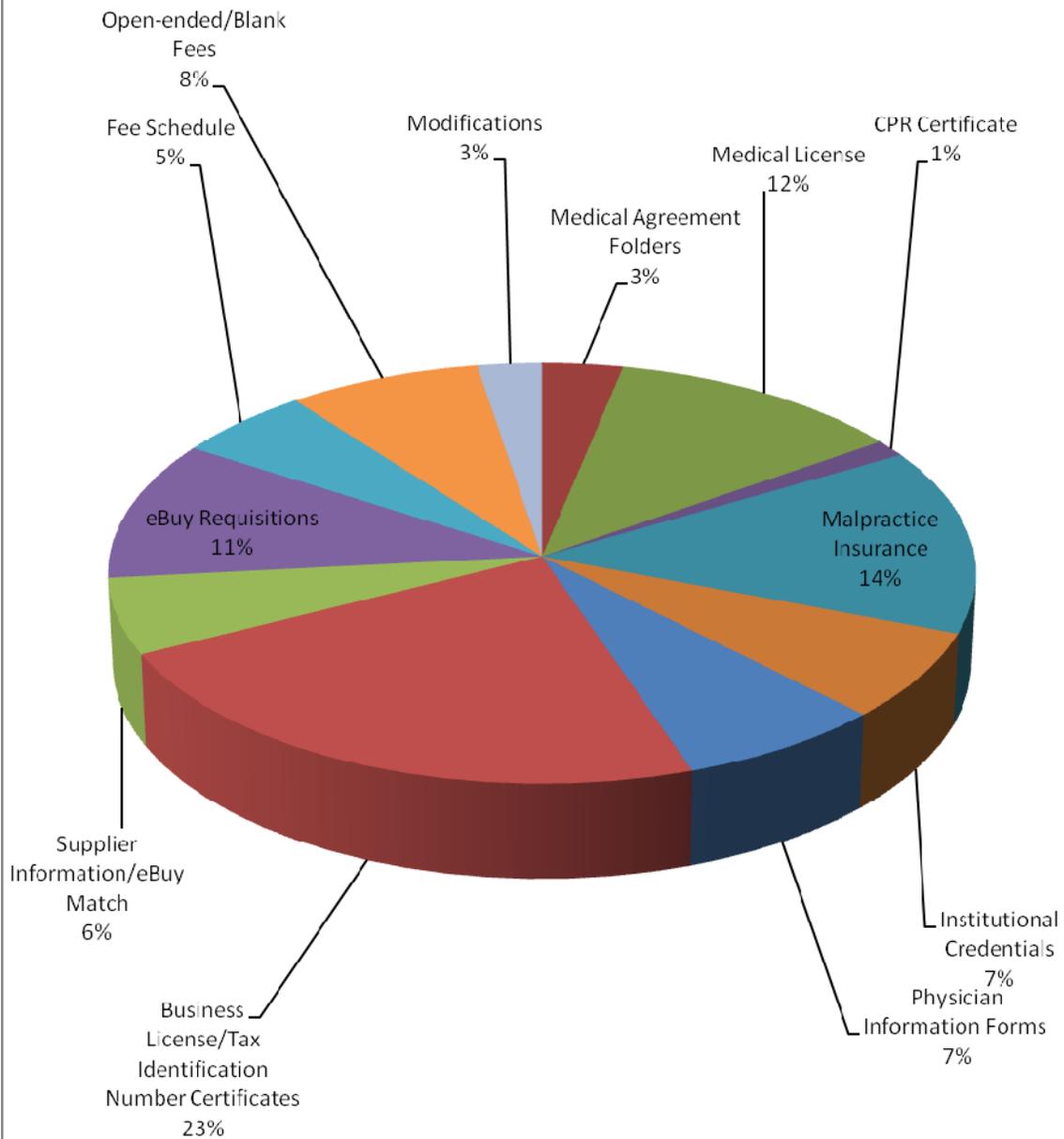
Key controls and processes were not implemented. For example, the DOA letter references an attached form to be used as a basis for the required annual report. However, the form could not be located during our review. In FY 2004, Supply Management began summarizing the activities for the NMD. However, because of insufficient communication, Supply Management officials gathered partial information for FY 2006 and did not provide FY 2007 information to the NMD until August 2008. Supply Management officials and the NMD agreed there is a need to better define the data reporting guidelines and processes in order to gather and report future information.

Also, required documents often were not completed properly or were not appropriately maintained. District personnel stated they had not received adequate training in obtaining and maintaining required documentation, and were, therefore, uncertain of the requirements. The percentage of documents missing, expired, or not completed properly by district is detailed in the following table.

<b>Table 1. Required Documents</b>	
<b>District</b>	<b>Percentage of Documents Missing, Expired, or Not Completed Properly</b>
Albany	12
Bay Valley	35
Central Plains	13
Cincinnati	20
Fort Worth	38
Lakeland	32
Northern Illinois	67
Richmond	42
Rio Grande	23
Southeast Michigan	33

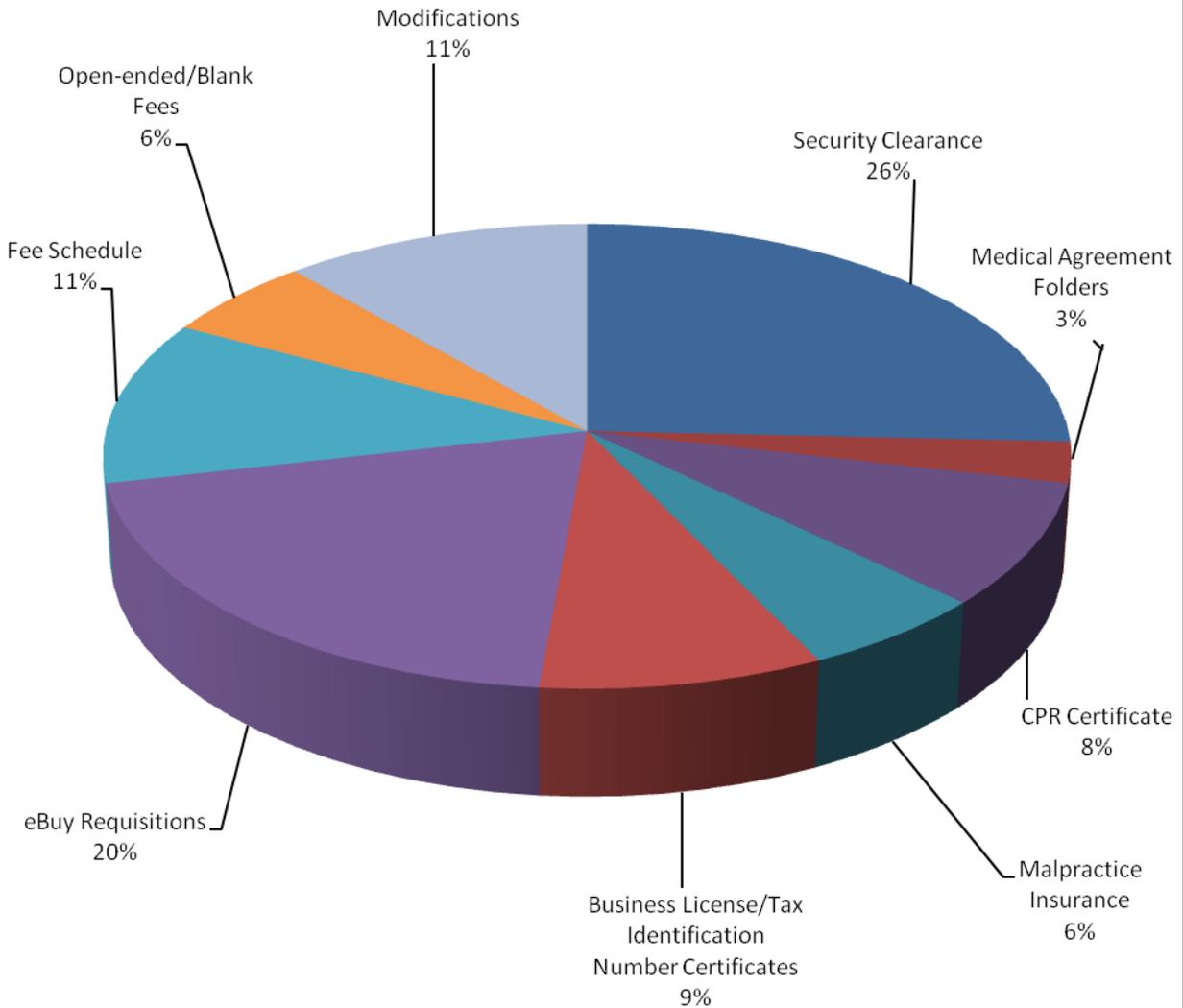
Charts 1 and 2 below show the individual percentages of documents that were missing, expired, or not properly completed for medical and nursing agreements. An agreement file could have multiple types of noncompliance.

### Chart 1. Documents Missing, Expired, or Not Completed for Medical Agreements



Based on documents reviewed in the medical agreement files at the districts.

### Chart 2. Documents Missing, Expired, or Not Completed for Nursing Agreements



Based on documents reviewed in the nursing agreement files at the districts.

DOHNAs are responsible for ensuring services are received and payments for those services are accurate. Postal Service personnel and contractors are not required to, but should include payroll reports, in addition to the timesheets and PS Forms 8232, in the contract nurse files to validate payments. Table 2 below lists the districts that did not properly validate payments to contract nurses and the associated dollar amounts. We will report the \$1,078,775 as disbursements at risk because Postal Service personnel did not have adequate documentation to support the disbursements.

<b>Table 2. Nurse Payments</b>	
<b>District</b>	<b>Value of Nursing Payments</b>
Albany	\$106,475
Central Plains	48,750
Cincinnati	68,912
Fort Worth	45,569
Lakeland	74,066
Northern Illinois	201,709
Richmond	434,386
Southeast Michigan	98,908
<b>TOTAL</b>	<b>\$1,078,775</b>

Finally, the Bay Valley, Fort Worth, Lakeland, Northern Illinois, Richmond, and Southeast Michigan Districts did not maintain logs of declining balances of bulk funds to ensure funds were available to make payments.

### **Billing Support and Authorization**

Payments were not always supported or authorized. We identified 403 payments that had no supporting documentation such as invoices, timesheets, PS Forms 8230, or PS Forms 8232. These conditions occurred because personnel did not receive adequate training and stated they were unaware of the requirements. Table 3 below lists payments by district. We consider the \$87,894 to be unsupported questioned costs.

<b>Table 3. Unsupported Payments</b>		
<b>District</b>	<b>Number of Payments</b>	<b>Unsupported Amount</b>
Albany	273	\$69,262
Bay Valley	1	625
Central Plains	5	1,406
Lakeland	20	7,778
Richmond	7	4,945
Rio Grande	3	192
Southeast Michigan	94	3,686
<b>TOTAL</b>	<b>403</b>	<b>\$87,894</b>

We identified 13 duplicate and 122 erroneous payments, as shown in Table 4 below. We consider the \$20,083 in duplicate and erroneous payments as recoverable questioned costs.

<b>Table 4. Duplicate &amp; Erroneous Payments</b>					
<b>District</b>	<b>Number of Duplicate Payments</b>	<b>Value of Duplicate Payments</b>	<b>Number of Erroneous Payments</b>	<b>Value of Erroneous Payments</b>	<b>Total Questioned Costs</b>
Albany	2	\$47	0	\$0	\$47
Bay Valley	1	15	1	15	30
Central Plains	1	18	0	0	18
Fort Worth	1	186	108	13,699	13,885
Lakeland	8	4,904	0	0	4,904
Northern Illinois	0	0	8	1,076	1,076
Rio Grande	0	0	3	40	40
Southeast Michigan	0	0	2	83	83
<b>TOTAL</b>	<b>13</b>	<b>\$5,170</b>	<b>122</b>	<b>\$14,913</b>	<b>\$20,083</b>

We also identified 494 agreements that were not appropriately authorized, as shown in Table 5 below. We consider the \$5,446,003 to be unsupported questioned costs.

<b>Table 5. Unauthorized Signatures</b>		
<b>Area</b>	<b>Number of Agreements</b>	<b>Value of Agreements</b>
Eastern	72	\$816,175
Great Lakes	82	1,045,641
Pacific	37	1,581,653
Southeast	52	913,752
Western	251	1,088,782
<b>Total</b>	<b>494</b>	<b>\$5,446,003</b>

### Terms of the Agreement and Services Performed

We found that payments were still being made against 38 expired medical agreements, as shown in Table 6 below. This occurred because of inadequate oversight by the DOHNAs. We consider the \$312,433 in FY 2007 payments associated with the agreements to be questioned costs.

<b>Table 6. Expired Agreements</b>		
<b>District</b>	<b>Number of Expired Agreements</b>	<b>Value of FY 2007 Payments Associated with Expired Agreements</b>
Bay Valley	5	\$150,220
Cincinnati	5	34,236
Lakeland	6	61,582
Northern Illinois	5	7,353
Richmond	8	35,582
Rio Grande	8	16,678
Southeast Michigan	1	6,782
<b>TOTAL</b>	<b>38</b>	<b>\$312,433</b>

**APPENDIX C: SUMMARY OF QUESTIONED COSTS  
AND DISBURSEMENTS AT RISK BY DISTRICT**

<b>Site Location</b>	<b>Questioned Costs</b>	<b>Unsupported Questioned Costs</b>	<b>Disbursements at Risk</b>	<b>Total</b>
Albany District	\$47	\$69,262	\$106,475	\$175,784
Bay Valley District	30	150,845	0	150,875
Central Plains District	18	1,406	48,750	50,174
Cincinnati District	0	34,236	68,912	103,148
Fort Worth District	13,885	0	45,569	59,454
Lakeland District	4,904	69,360	74,066	148,330
Northern Illinois District	1,076	7,353	201,709	210,138
Richmond District	0	40,527	434,386	474,913
Rio Grande District	40	16,870	0	16,910
Southeast Michigan District	83	10,468	98,908	109,459
Eastern Area	0	816,175	0	816,175
Great Lakes Area	0	1,045,641	0	1,045,641
Pacific Area	0	1,581,653	0	1,581,653
Southeastern Area	0	913,752	0	913,752
Western Area	0	1,088,782	0	1,088,782
<b>TOTAL</b>	<b>\$20,083</b>	<b>\$5,846,330</b>	<b>\$1,078,775</b>	<b>\$6,945,188</b>

## APPENDIX D: MANAGEMENT'S COMMENTS



October 10, 2008

LUCINE M. WILLIS

SUBJECT: Draft Audit Report – Controls Over Delegation of Authority for Medical Agreements  
(Report Number CA-AR-08-DRAFT)

Thank you for the opportunity to review and comment on the subject audit report. The facts and findings in this report are of value to the organization and will assist us in our ongoing efforts to enhance our National Medical Program and the Delegation of Authority process. The following addresses our response to the recommendations.

General Comment: While we agree with the findings in the report, there is one issue that requires clarification. In the *Agreement Competition* section on page 3, the facts seem to imply that all agreements must be competed. This is not the case, the Delegation of Authority states that, "when practical, requirements should be competed among qualified suppliers." While the OIG was unable to find documentation to support competition, the report, and discussion with the audit team suggests there is some evidence that the District Occupational Health Nurse Administrators (OHNAs) follow a selection and due diligence process for determining qualified suppliers.

Management agrees with the \$20,083 in questioned costs, and nonmonetary impact of \$1,078,775 in disbursements at risk. We do not dispute the findings for the monetary impact of \$5,846,330 in unsupported questioned costs, because, at present, the only valid authority is the delegation of authority letter issued in 1998, and that letter only allowed redelegation to Senior Area Medical Directors, Area Medical Directors, or Area Human Resources Managers. This report does not include specifics for the unauthorized signatures. Based on discussions with the audit team, a major portion of these costs may have been related to not being able to locate some of the redelegation of authority letters issued by the National Medical Director to the appropriate Medical Directors or Human Resources Managers.

However, we want to point out that Supply Management was aware of the facts surrounding the \$1,088,782 of those questioned costs, where medical agreements were signed by the Western Area career OHNA, due to the fact that the Western Area did not replace the Senior Area Medical Director, the Area Medical Director position was vacant, and the former Area Human Resources Manager would not assume the responsibility. A draft reissue of the Delegation of Authority that included this circumstance was provided to the audit team showing the intent was to provide temporary authority in these cases. After some consideration of the situation, it has since been decided that OHNAs will not be provided that authority and the Vice President, Employee Resource Management, has begun an effort to establish an effective hierarchy for the Program in all Areas.

On September 17, a seven-hour meeting was held between Supply Management, the National Medical Administrator, and the National Medical Director to develop a plan for addressing the Office of Inspector General's findings. The discussions resulted in a clear direction to standardize and develop protocols for the National Medical Program. These include a standardized manual reporting system; a one-stop shop national training manual; update of the PS Form 7314, *Medical Agreement*; development of an audit program; and to provide training sessions on the use of these tools.

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Recommendation 1: Establish and enforce detailed annual reporting procedures and processes to aid in monitoring and assessing the effectiveness of the Medical Delegation of Authority program.

Management Response: During the September 17 discussion, a direction was set to achieve accurate and timely reporting. Since this draft report was issued, Supply Management has developed standardized templates and instructions for the reporting process. The National Medical Director and Administrator scheduled a telecommunications meeting with all Area OHNAs and Senior Area Medical Directors to train them on the reporting requirements and form use. That training session was held on October 1. Fiscal Year (FY) 2008 annual reporting will be completed using the new forms by November 30. For FY 2009, the National Medical Director and Administrator established a requirement for the reports to be provided to their office on a quarterly basis with the annual report to be provided to Supply Management not later than November 30, 2009. Should this quarterly process prove beneficial, they will continue it into future years, but reporting to Supply Management will be on an annual basis and provided no later than end of November each year. The appropriate forms, instructions, and email(s) verifying the training was provided on October 1, will be provided to the Office of Inspector General within the next two weeks.

Recommendation 2: Update the *Occupational Health Services Training Manual* to include requirements for obtaining, reviewing, and maintaining required agreement and payment information and documentation of best value determinations when soliciting and awarding medical agreements.

Management Response: A draft national training manual was developed prior to this audit, but will be revised to include recommendations from this audit in a specific module on medical services agreements, and also include the use of Postal Service national contracts. A task force consisting of the National Medical Director, Administrator, Area OHNAs, and Supply Management are scheduled to meet on October 21 through 23, to begin outlining and developing the draft module. It is anticipated that the module will be completed along with standardized forms by February 2009.

Recommendation 3: Require the National Medical Director to develop a training and oversight program to ensure responsible employees are properly trained in obtaining and maintaining agreement and payment information and documentation of best value determination when soliciting and awarding medical agreements.

Management Response: In the development of the training manual, as stated in Recommendation 2, the module will include requirements for best value documentation, administration, and payment processing protocol for medical agreements. A review of each Area's current oversight programs will be reviewed, and standardized procedures and forms will be established and incorporated into the manual. All audit reviews performed will be maintained by the Area OHNA with copies provided to the National Medical Director and Administrator for their review and assessment of overall performance under the medical program.

Currently, we are reviewing the option of a train-the-trainer approach for the development of the training program. The Area OHNAs will be trained by the National Medical Director and Administrator (with Supply Management's assistance if required) and they will, in turn, train their District OHNAs. However, we will review other options in the next few months and determine the best and most efficient approach. We expect that the training program will be developed with the first sessions beginning in March 2009.

Recommendation 4: Ensure that District Occupational Health Nurses recover duplicate and erroneous payments from suppliers.

Management Response: The background data has been requested from the Office of Inspector General's audit team. Once the data has been received, the National Medical Director and Administrator will begin their review and ensure that the 13 duplicate and 122 erroneous payments totaling \$20,083 are recovered or appropriate documentation is captured to show the payment was accurate. This will be accomplished by the end of second quarter FY 2009.

Recommendation 5: Require the National Medical Director to develop procedures to ensure authorized personnel sign medical agreements.

Management Response: Supply Management is responsible for issuing a new Delegation of Authority and redelegation requirements for the National Medical Program, and those designees are responsible for ensuring medical agreements are signed by authorized personnel. The Vice President, Employee Resource Management, recently decided that they will establish an effective hierarchy for the management of the National Medical Program that includes a Senior Medical Director in each Area, and other positions as deemed appropriate. This will remove any requirement for allowing redelegation authority beyond the Area Senior Medical Director, Area Medical Director, or Area Manager, Human Resources. Copies of all redelegations will be maintained by the National Medical Director with a copy provided to Supply Management. This hierarchy and the issuance of a new Delegation of Authority will be accomplished by January 2009.

We do believe this report contains proprietary and business information that should not be disclosed pursuant to the Freedom of Information Act. A separate document describing our request for specific exclusions will be provided by October 15. If you have any questions about this response, please contact Susan Witt at (202) 268-4833.

  
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