

## EXECUTIVE SUMMARY

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The Office of Inspector General for the City of New Orleans (OIG) conducted an evaluation of the City's workers' compensation program. The objectives of the evaluation were to determine whether the City managed its workers' compensation program effectively and identify opportunities for cost savings. The scope of this evaluation included the City's management and oversight of its self-insured workers' compensation program between 2008 and 2011, a period during which the City averaged almost \$16 million in workers' compensation expenses per year.

Evaluators identified the following findings relating to management and oversight of the workers' compensation program:

- The City gradually discontinued several of its safety and loss control initiatives and did not have a citywide operational safety plan in place as required by state law.
- The City did not select outside legal counsel and vendors for ancillary services through an open and competitive procurement process.
- The City did not have adequate internal controls in place to oversee vendors and ensure that all incurred charges were necessary and accurate.
- The City did not have adequate metrics in place to manage its workers' compensation program effectively and evaluate the third party administrator's performance.

We concluded that the City did not effectively manage its workers' compensation program commensurate with its financial impact and did not take sufficient measures to prevent employee injuries.

The City has made efforts to make improvements to its workers' compensation program during the course of this evaluation. However, additional actions are needed to remedy problems identified in the findings.

The OIG recommended the following:

- The City should re-establish its safety and loss control program.
- The City should conduct open and competitive procurements for outside legal counsel and ancillary service vendors.
- The City should develop internal controls to monitor payments made to vendors.
- The City should develop metrics to manage its workers' compensation program effectively and monitor the third party administrator's performance.

A draft of this report was provided to the CAO's Office and the Law Department for review and comment prior to publication. The City's full response is appended to this report.