

May 13, 1996  
Audit-Related Memorandum  
No. 96-AO-169-0802

MEMORANDUM FOR: Joanne W. Simms, Acting Deputy Director, Office of Human  
Resources, ARH

FROM: Janice LeRoy, District Inspector General, Capital District, 3GGA

SUBJECT: Limited Review on HUD's Management of the Workers' Compensation Program

We performed a limited review of HUD's management of the worker's compensation program and found that improvement can be made in tracking claims and following up with employees once claims have been approved by the Department of Labor.

The Federal Employees Compensation Act (FECA) provides compensation benefits to civilian Federal employees for disability due to personal injury or disease sustained while in the performance of duty. These benefits provide for lost wages, medical care, scheduled monetary awards for permanent or partial bodily impairment, and vocational rehabilitation. The FECA also provides for the payment of benefits to dependents if a work-related injury or disease causes an employee's death. FECA costs for HUD were \$6,360,521 for the period July 1, 1994 through June 30, 1995.

The Department of Labor is responsible for administering the Federal workers' compensation program and making the decision to award or deny benefits in connection with any FECA claim.

Guidance for the FECA program is contained in CA-810, Injury Compensation for Federal Employees, issued by the Department of Labor Office of Workers' Compensation Programs. This identifies actions an agency can take to facilitate effective management of claims by lowering costs for the agency and providing better service to injured employees. Such actions include:

- \* Establishing a record-keeping system which will enable the agency to maintain copies of claim forms, medical reports, and other materials related to each claim in an orderly fashion; and
- \* Maintaining contact with injured employees and initiating efforts to reemploy these employees as soon as the medical evidence indicates a return to work is possible.

The workers' compensation files for Headquarters and OIG staff are maintained in the Benefits Branch, Office of Human Resources. They are kept by the year the claim was filed and by employee name. This makes it difficult to keep up with ongoing cases, especially if an employee has filed more than one claim or if folders are misfiled. There is no data system in place which maintains a listing of all cases and tracks their progress.

There is a lack of full-time dedicated staff available to call and check up on the employees and to coordinate return to work. Staff have other responsibilities and workers' compensation duties are not included as a critical element in their performance standards.

We recommend that the Office of Personnel: (1) take the time to go through and update all of the current workers' compensation cases and develop a system to maintain and track their status; and (2) designate a staffperson to maintain contact with injured employees.

If you have any questions, please contact me or Marty Heaster, Assistant Deputy Inspector General, at 708-0351.