

**U.S. Department of Labor
Office of Inspector General
Office of Audit**

BRIEFLY...

Highlights of Report Number 04-07-004-04-431, a report to the Assistant Secretary for Employment Standards Administration, dated September 28, 2007.

WHY READ THE REPORT

The Federal Employees' Compensation Act (FECA) program provides benefits for civilian employees of the United States who have suffered work-related injuries or occupational diseases. One program benefit is the compensation for wage loss, which is paid at two-thirds of the employee's pay rate if the claimant does not have dependents and at an augmented rate of three-fourths if the claimant does. Eligible survivors and dependents also receive compensation in death cases.

During FY 2004, more than 163,000 new FECA claims were filed with OWCP, and the program provided nearly 280,000 workers more than \$2.4 billion in benefits for work-related injuries and illnesses. Of this amount, \$131 million represented death benefits paid to surviving dependents.

WHY OIG DID THE AUDIT

The OIG conducted a performance audit of the Jacksonville, Florida, District Office, Division of Federal Employees' Compensation (DFEC) to determine if mechanisms were in place to reduce or terminate payments, as appropriate, when dependents or survivors were no longer eligible. Our audit covered FECA activities for FY 2004.

READ THE FULL REPORT

To view the report, including the scope, methodology, and full agency response, go to:

<http://www.oig.dol.gov/public/reports/oa/2007/04-07-004-04-431.pdf>

Mechanisms Used to Identify Changes in Dependent Eligibility Are Inadequate at the FECA District Office in Jacksonville, Florida

WHAT OIG FOUND

We found that mechanisms used to identify changes in dependent eligibility status and to reduce or terminate payments were not always followed or sufficient.

The Jacksonville District Office (1) continued compensation payments even though claimants had not provided required evidence of their continuing eligibility, and (2) did not reduce compensation payments when evidence provided indicated a reduction should have occurred.

The Jacksonville District Office Overpayment Aging report dated February 28, 2005, identified 563 overpayment cases, totaling \$7.3 million. Included in these overpayments are those that resulted from the untimely reporting of changes in spousal relationships or dependent status.

WHAT OIG RECOMMENDED

We recommended that the Assistant Secretary for the Employment Standards:

1. Change the FECA Procedure Manual to conform with 20 CFR Section 10.537, which requires the semiannual submission of medical evidence for disabled dependent children.
2. Improve OWCP forms by including dependents' and survivors' Social Security Numbers on key forms.
3. Require claimants to submit their federal tax returns annually.
4. Ensure that the Jacksonville District Office performs timely follow-up and suspends payment of compensation when claimants do not provide required information timely.

In response to the draft report, the Assistant Secretary for Employment Standards agreed with recommendations 1, 2, and 4, but disagreed with recommendation 3.