



*The Administration of the Public
Transportation Subsidy Program Can Be
Improved*

March 2006

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This report has cleared the Treasury Inspector General for Tax Administration disclosure review process and information determined to be restricted from public release has been redacted from this document.

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TREASURY INSPECTOR GENERAL
FOR TAX ADMINISTRATION

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

March 23, 2006

MEMORANDUM FOR CHIEF, AGENCY-WIDE SHARED SERVICES

FROM: *Michael R. Phillips*
Michael R. Phillips
Deputy Inspector General for Audit

SUBJECT: Final Audit Report – The Administration of the Public Transportation Subsidy Program Can Be Improved (Audit # 200510023)

This report presents the results of our review of the public transportation subsidy program. The overall objective of this review was to determine whether the Internal Revenue Service's (IRS) public transportation subsidy program is properly monitored and efficiently administered. This audit was conducted as part of the Treasury Inspector General for Tax Administration's Fiscal Year (FY) 2005 Annual Audit Plan.

Synopsis

The public transportation subsidy program was first implemented in selected cities by the IRS in FY 1994. In FY 2000, transportation subsidies were made available to all IRS employees to reduce traffic congestion, improve air quality, and conserve energy by reducing the number of vehicles on the road. The transportation subsidy program is quite popular with employees, and close to 29,000 employees participate in the program at a cost of \$20 million a year. The IRS has contracted with the Department of Transportation (DOT) to administer the IRS' transportation subsidy program.

In general, the IRS complies with the law¹ and has established procedures to administer the transportation subsidy program. However, the law and Executive Order² that established the program did not offer guidance on how to monitor employees' use of the subsidy. Unlike other kinds of reimbursable travel, daily commutes on subways and buses do not provide travelers with documents that can be easily verified or monitored. After an employee has been approved

¹ 5 U.S.C. § 7905 (2005).

² Executive Order 13150, dated April 21, 2000.



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to participate in the program, the IRS generally relies on the employee's honesty that the subsidy is used for his or her commute to and from work. We did not identify significant abuses of the subsidy during our review. In 2 percent of the cases we reviewed, employees should not have received the full subsidy benefit, should have adjusted the subsidy amounts they received, or should have returned the fare media they received. In addition, the amounts the employees claimed as monthly expenses appeared to be reasonable in all of the cases we reviewed.

However, 11 percent of the employees in our sample had left the IRS but were still included on the DOT database of employees eligible to receive the subsidy. None of these employees had received the subsidy, but this is a weakness that could be used to submit fraudulent claims. Travel Services Branch staff informed us they forward listings of separated employees to the DOT, but the names are not removed timely. In addition, in FY 2004 the IRS stopped enforcing the requirement for employees to report actual commuting expenses incurred. Furthermore, the IRS does not require annual recertification by the employee or manager, nor does it verify that its employees collected the subsidy before paying the quarterly invoices to the DOT. Such procedures would strengthen the controls over the use of the subsidy and provide the IRS with better assurance that its resources are used appropriately.

Recommendations

We recommended the Chief, Agency-Wide Shared Services, direct the Travel Services Branch to reinstitute the requirement that employees list their actual commuting costs for the preceding distribution period when picking up their transit subsidies. Also, the Chief, Agency-Wide Shared Services, should direct the Travel Services Branch to implement an annual recertification process for all employees participating in the transportation subsidy program and establish better procedures to ensure separated employees are removed from the DOT database of enrolled participants. To help ensure transportation subsidies included on DOT invoices are accurate, the Chief, Agency-Wide Shared Services, should direct the Travel Services Branch to periodically send confirmation letters to a valid statistical sample of employees listed on DOT invoices.

Response

IRS management agreed with all of our recommendations and proposed corrective actions to address the issues identified in the report. These proposed actions include requiring employees to certify their actual commuting costs when picking up their transit subsidies, implementing an annual recertification process, verifying that separated employees are removed from the DOT database, and evaluating a statistical sample of employees listed on DOT invoices. Management's complete response to the draft report is included as Appendix IV.



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Copies of this report are also being sent to the IRS managers affected by the report recommendations. Please contact me at (202) 622-6510 if you have questions or Daniel R. Devlin, Assistant Inspector General for Audit (Headquarters Operations and Exempt Organizations Programs), at (202) 622-8500.



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Background

To help reduce traffic congestion, improve air quality, and conserve energy, Congress enacted legislation in Fiscal Year (FY) 1993 that authorized selected Federal Government agencies to elect to pay all or a portion of employees' public transportation costs.¹ The subsidy program was expanded by an Executive Order in FY 2000 that required all Federal Government agencies to implement a transportation subsidy program.² To be eligible to receive the transportation subsidy, employees must use public transportation to commute to and from their offices. The subsidy benefit is equal to the employee's actual monthly commuting cost up to \$105 per month (\$1,260 annually) regardless of the number of days that public transportation is used. Federal Government agencies spend over \$400 million a year to provide transportation subsidies to their employees.

In FY 1994, the Internal Revenue Service (IRS) implemented its public transportation subsidy program in selected cities and expanded the program in FY 2000 after the Executive Order was issued. The IRS spends approximately \$20 million a year on its transportation subsidy program. A total of 28,753 IRS employees in 80 different cities are listed on the Department of Transportation's (DOT) database as enrolled participants.³ Table 1 lists the cities with the most IRS employees listed on the DOT database as participating in the subsidy program.

¹ 5 U.S.C. § 7905 (2005).

² Executive Order 13150, dated April 21, 2000.

³ We did not validate the number of participants. However, our statistical sample identified 16 of 150 employees (11 percent) who had left the IRS but were still listed on the DOT database. When applied to the entire population, the DOT database would be overstated by about 3,163 employees, for a total of about 25,590 active participants.



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**Table 1: Reported IRS Employees Participating in the
Public Transportation Subsidy Program (by City)**

City	Number of Employees	Percentage of Total Participants
Washington, DC	4,707	16.4
Philadelphia, PA	3,790	13.2
New York City, NY	2,467	8.6
Atlanta, GA	2,342	8.1
Dallas, TX	1,563	5.4
Chicago, IL	1,151	4.0
Oakland, CA	1,013	3.5
Seattle, WA	947	3.3
St. Louis, MO	810	2.8
Cincinnati, OH	795	2.8
All Others	9,168	31.9
Total	28,753	100.0

Source: DOT database.

The most common forms of public transportation are buses, subways, commuter trains, and qualifying van pools. The Travel Services Branch within the IRS Agency-Wide Shared Services (AWSS) Office is responsible for the policies and administration of this program.⁴ The IRS, along with over 100 other Federal Government agencies, contracts with the DOT to help administer its transportation subsidy program. The DOT is paid a management fee of 4.95 percent of the total subsidy amount disbursed per year. The DOT is also reimbursed for distribution expenses associated with the transit passes and vouchers. Expenses and subsidies distributed for the past 2 years are shown in Table 2.

**Table 2: Annual Cost of Public Transportation
Subsidy Program**

Types of Expense	FY 2004	FY 2005
Fare Media – Vouchers, Passes, etc.	\$17,814,128	\$17,831,328
Management Fee to the DOT	\$896,835	\$944,492
Distribution Labor Costs to the DOT	\$253,618	\$228,597
Vendor Surcharges, Shipping, and DOT Travel Costs	\$555,742	\$577,540
Total	\$19,520,323	\$19,581,957

Source: DOT database.

⁴ The IRS policies and procedures for the public transportation subsidy program are contained in Internal Revenue Manual section 1.32.15.



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The DOT takes care of many tasks associated with the transportation subsidy program, including:

- Processing employee applications and maintaining a record of participants in the subsidy program.
- Purchasing transit passes and vouchers from local transportation authorities based on transportation subsidy requests submitted by IRS employees.
- Distributing transportation subsidies to IRS employees in large offices (over 200 employees). IRS transportation coordinators distribute subsidies in small offices.
- Maintaining records of subsidy disbursements.
- Providing the IRS with detailed reports of subsidy disbursements and billing charges.
- Coordinating with local transit authorities to reduce the cost of acquiring transit passes and vouchers.

The Travel Services Branch is considering alternatives to administer and distribute the subsidies, including the use of debit cards instead of vouchers or other fare media. The Travel Services Branch believes this would eliminate the costs associated with mailing and distributing fare media each quarter and may allow it to administer the program on its own. However, the Travel Services Branch is still in the planning process for this alternative and must resolve significant issues, including the legal and tax ramifications of implementing such a policy. Therefore, we did not evaluate the alternatives to the DOT's administration of the public transportation subsidy program during this review.

This review of the IRS' administration of the public transportation subsidy program was performed in the Office of the Chief, AWSS, at the IRS National Headquarters in Washington, D.C., during the period May through December 2005. We also visited the AWSS Division Office in Houston, Texas. The audit was conducted in accordance with *Government Auditing Standards*. Detailed information on our audit objective, scope, and methodology is presented in Appendix I. Major contributors to the report are listed in Appendix II.



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Results of Review

Improvements Are Needed to Validate Transportation Subsidy Data and Costs

Unlike other types of reimbursable travel, daily commutes on subways and buses do not provide travelers with documents that can be easily verified, such as a detailed receipt showing the date, beginning and end points, and cost of a particular trip. The IRS' public transportation subsidy program relies on the honesty of the employee when requesting the transportation subsidy. The law and Executive Order establishing the program describe who qualifies to participate and the types of transportation expenses that will be reimbursed but did not provide guidance on how best to establish controls over an individual's use of the subsidy.

To begin receiving the transportation subsidy, employees must use public transportation to commute to and from their offices. The employee estimates monthly commuting expenses on the Public Transportation Subsidy Program Application (Form 11664-A), which the employee's manager signs for approval. This process is completed only one time, when the employee joins the program. Employees will then begin to receive some type of fare media, usually a voucher or pass depending on where they live. Vouchers are presented to participating transit authorities and exchanged for tokens, tickets, or fare cards. The passes are usually good for a week, month, quarter, or year and allow unlimited use during that period.

The risk of distributing improper subsidies can be reduced

To evaluate whether employees were entitled to their requested subsidies, we reviewed a statistically valid sample of 150 employees randomly selected from the total population of 28,753 IRS employees listed on the DOT database of enrolled employees. The 150 employees selected lived in 35 different cities around the country and generally matched the overall distribution of the entire subsidy population. The sample distribution is shown in Table 3.



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Table 3: Distribution of Sample

Top Five Cities	Number of Employees	Percentage
Washington, DC	25	16.7
Philadelphia, PA	19	12.7
New York City, NY	16	10.7
Atlanta, GA	11	7.3
Dallas, TX	11	7.3
All Others	68	45.3
Total	150	100.0

Source: Statistical sample results of the DOT database.

Our review identified 16 of the 150 sampled employees (11 percent) who no longer worked for the IRS but were still listed on the DOT database of enrolled employees. None of the employees in our sample received a subsidy after separation from the IRS, but an inaccurate database increases the risk that fraudulent claims for transportation subsidies can be filed. We estimate that, when projected to the population, there are approximately 3,163 employees on the DOT database who have separated from the IRS. In about July 2004, the Travel Services Branch began providing the DOT a monthly (or as needed) list of employees that have left the IRS and therefore should be removed from its database. However, 3 of the 16 separated employees in our sample left the IRS after this procedure was established. The Travel Services Branch has not developed a follow-up process to ensure the DOT removed the employees as requested. The Travel Services Branch should periodically review the DOT database to ensure the employees have been removed.

Employees are entitled only to subsidies for the commuting expenses they actually incurred. If employees have unused fares because they did not commute as much as originally estimated, they are required to carry that over into the next period and reduce the amount advanced for the next distribution period. To evaluate whether employees reduced subsidy claims, we reviewed employee time reports and travel vouchers to determine if employees had any extended leave or were reimbursed for travel expenses and should have adjusted their commuting expenses. From our sample of 150 employees, we identified 3 employees who should not have received the subsidy, who should have adjusted their subsidy amounts, or who should have returned the fare media they received.

- One employee regularly filed travel vouchers requesting and receiving approximately \$400 per month reimbursement for using his or her private vehicle to travel to and from taxpayer homes or offices. This employee was also receiving a transit pass for \$100 a month and did not appear to have used public transportation.
- Another employee was on annual leave for a period of 6 weeks and received a monthly pass during this time.



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- A third employee received a quarterly transit pass just 7 days before he or she resigned from the IRS and did not return it when he or she left.

Based on our sample, we estimate that approximately 575 IRS employees who received the transportation subsidy during the past year did not reduce, return, or decline the subsidies as required. Specific details about the sampling plan and our estimate are contained in Appendix I.

To evaluate whether employees' commuting expenses corresponded with the subsidies received, we estimated daily commuting expenses for 70 of the 150 employees in our sample by reviewing the transit authority trip planners or fare schedules. We compared the estimated quarterly amounts with the actual distribution records for FY 2005 and determined that the employees' claims were consistent with the estimated fare amounts for all 70 employees.

In addition to the examples we identified from our sample, the Treasury Inspector General for Tax Administration Office of Investigations has investigated 72 allegations involving potential employee abuse of the transportation subsidy program within the past 3 years. In 21 of the 72 cases (29 percent), the allegations of abuse were substantiated. The most commonly reported type of abuse involved employees receiving transportation subsidies and driving personal vehicles to work. The cases were discovered when coworkers informed their managers or the Office of Investigations that employees were receiving the subsidy and were not observed taking public transportation to and from their offices. The punishments in the 21 substantiated cases ranged from oral admonishment to suspension. Punishments varied because mitigating factors are considered when managers propose disciplinary actions.

The Travel Services Branch recognized that there were some inaccuracies in the DOT database of enrolled employees and has discussed implementing the DOT's web-based employee recertification system, which is under development. The Travel Services Branch and the DOT believe an annual certification process will improve the accuracy of the DOT database. The planned recertification process includes updating the following information:

- Employee name.
- Business unit.
- Mode of public transportation to be used by employee.
- Employee certification statement about amount of commuting costs.
- Name and email address of manager.
- Approval of manager.

The 2004 Internal Revenue Manual⁵ does not require the manager's involvement in the program after he or she has approved an employee's initial application to join the program. While it is impractical for managers to monitor employees' daily commutes, the managers' approval during

⁵ Internal Revenue Manual 1.32.15, Public Transportation Subsidy Program.



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the recertification process would be beneficial. The manager would be more likely to remember employees' claims for reimbursement of local commuting expenses, requests for extended leave, or temporary duty away from the commuting area and could remind employees to adjust their claims for the subsidy accordingly. In addition, had an annual recertification program been in place, the employees who had left the IRS would likely have been identified and removed from the DOT database.

The DOT needs to upgrade its hardware and software before any electronic recertifications can be conducted. However, the DOT has not yet provided an estimated time for full implementation. In the interim, we believe it would be beneficial for the Travel Services Branch to perform its own manual recertification and manager approval process.

Employees should certify actual commuting expenses

The 2004 Internal Revenue Manual covering the transportation subsidy program requires employees to certify two things when picking up their next quarter's distribution. Employees are to certify:

- Actual commuting expenses for the preceding distribution period.
- Estimated commuting cost for the upcoming distribution period.

While the requirement to certify actual expenses is in the Internal Revenue Manual, it is not enforced. The Travel Services Branch believed it was slowing down the distribution of fare media while employees attempted to figure how much their expenses were, and neither the IRS nor the DOT used the information.⁶ Participants are not entitled to benefits for the days they do not use public transportation to commute to and from the workplaces, and benefits should be adjusted when possible. Requiring employees to note their actual use of the subsidy would reinforce the fact that the subsidy is intended to cover actual expenses. Such documentation would also be useful in any investigations of potential misuse of the benefit.

The DOT invoices for transportation subsidies should be validated

The DOT provides the Travel Services Branch with detailed monthly reports of subsidy disbursements and billing charges which contain the following information:

- Name of employee.
- Office address of employee.
- Amount of subsidy disbursed.
- Date of distribution.

⁶ The Travel Services Branch stopped enforcing this requirement in FY 2004.



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However, the Travel Services Branch staff do not routinely compare the DOT reports with IRS records of current employees. They informed us they do a small comparison of the DOT detail report to IRS records of current employees. Without a larger population comparison, the Travel Services Branch does not have assurance that the employees listed on DOT invoices are employees of the IRS. In addition, the Travel Services Branch does not confirm with IRS employees that the subsidies were actually received.⁷ Current procedures require employees to show identification and sign a document when picking up the subsidies. However, the Travel Services Branch does not follow up with employees to validate that vouchers were actually received. The Travel Services Branch could reduce the risk of abuse by independently verifying that its employees actually received the subsidy. This could be accomplished by periodically contacting a sample group of employees directly. For example, the Travel Services Branch could email a sample group of employees, with simple yes/no responses required, and follow up with any discrepancies between the responses and the DOT invoices.

Recommendations

Recommendation 1: The Chief, AWSS, should direct the Travel Services Branch to follow up on DOT actions to timely remove employees that have separated from the IRS from the DOT database.

Management's Response: Existing procedures require the DOT to remove separated employees from its database within 30 days of notification by the IRS. Follow-up procedures are in place that will allow the AWSS Office to query the DOT database monthly to confirm whether separated employees have been removed from the database.

Recommendation 2: The Chief, AWSS, should direct the Travel Services Branch to implement an annual recertification process, including managerial approval, for all employees participating in the transportation subsidy program. Information from the recertification should be provided to the DOT to ensure the database of IRS employees participating in the subsidy program is kept up to date.

Management's Response: Procedures are being finalized for an annual recertification process. The Travel Services Branch will use an existing IRS web-based system linking employees with managers. Employees will annually receive an email with a link to an electronic recertification form which, upon completion, will be transmitted to their managers for review and approval (or disapproval). Reports of recertified and noncertified employees will be cross-checked with the DOT database to ensure all current subsidy program participants are recertified. The Travel Services Branch will provide the DOT with a listing of noncertified employees for removal from

⁷ A routine part of contract administration includes reviewing invoices to ensure compliance with the terms of the contract.



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the database, and follow-up procedures will be implemented to ensure timely removal of noncertified employees.

Recommendation 3: The Chief, AWSS, should direct the Travel Services Branch to reinstitute the requirement that employees certify their actual commuting costs for the preceding distribution period when picking up their transit subsidies.

Management's Response: The Travel Services Branch has revised the signature sheet that participants complete when receiving their transit subsidies to include a column indicating the dollar amount expended during the preceding distribution period. The DOT will begin using the revised form on April 1, 2006.

Recommendation 4: To help ensure transportation subsidies included on DOT invoices are accurate, the Chief, AWSS, should direct the Travel Services Branch to match the DOT invoices with the IRS' database of employees to ensure the invoices are limited to employees of the IRS. In addition, the Travel Services Branch should periodically contact a valid statistical sample of employees listed on DOT invoices to confirm that subsidies were actually received.

Management's Response: The Travel Services Branch has established a monthly procedure, with the Human Resources Systems office, to cross-check names on the DOT's invoices to verify that invoices contain only active IRS employees. A statistically valid sample of employees will be evaluated each month, and each employee's subsidy usage will be verified. The monthly sample evaluation of employees will also include a review of travel vouchers and time and attendance records to identify any potential subsidy abuses. The first sample of employees will be selected in June 2006.



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Appendix I

Detailed Objective, Scope, and Methodology

The overall objective of this review was to determine whether the Internal Revenue Service's (IRS) public transportation subsidy program is properly monitored and efficiently administered. To accomplish this objective, we:

- I. Determined whether the IRS has established policies and procedures necessary to ensure that only qualified employees receive the subsidy and that they receive the correct amount.
 - A. Determined which office in the IRS has specific responsibility for administering and monitoring the subsidy program.
 - B. Verified whether appropriate subsidy program procedures have been established in the IRS.
 - C. Determined whether the IRS has considered other methods (such as the debit card concept) to administer the subsidy program and evaluated their potential benefits and weaknesses.
 - D. Determined how the IRS Fare Media Distributors ensure only qualified employees are given the subsidy.
 - E. Verified whether the IRS is provided appropriate administrative reports from the Department of Transportation (DOT) that enable the IRS to ensure only qualified employees receive the subsidy.
- II. Determined whether IRS employees are complying with established procedures and are claiming the correct subsidy amount.
 - A. Identified monitoring controls and procedures that have been established for the subsidy program.
 - B. Selected and reviewed a statistically valid random sample of 150 employees (from the June 2005 list of 28,753 participants) who have received the subsidy. We used the following sampling plan when selecting the sample:

Population:	28,753.
Confidence level of sample:	95 percent.
Expected rate of occurrence:	5 percent.
Precision level of sample:	+/- 4 percent.
Sample size:	150.



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Sample selection technique: random.
Type of sample: attribute.

We did not validate the database (that the list of 28,753 participants came from), its structure, or its contents because it and the supporting documents associated with it are maintained by the DOT and not the IRS.

Sample Results:

- 1) Sixteen cases (out of 150 sampled) where employees had separated from the IRS equals 11 percent error rate.
 - 28,753 participants on the DOT database times 11 percent equals 3,163.
 - 28,753 participants on the DOT database minus 3,163 equals 25,590 actual participants.
- 2) Three cases with potential issues divided by 150 equals 2 percent error rate.
 - 28,753 participants times 2 percent equals 575.

C. Reviewed reports from the Treasury Inspector General for Tax Administration Office of Investigations to identify the number of cases and to evaluate the consistency of disciplinary actions handed down to employees who have violated IRS policies and procedures related to the transportation subsidy program.

- III. Contacted the DOT to learn how it acquires and distributes transportation subsidy benefits and other program details.
- A. Determined how the DOT distributes transit passes to IRS employees in large offices.
 - B. Determined how the DOT purchases transit passes in the most economical manner (i.e., annual transit passes, if cheaper).
 - C. Determined whether the DOT receives discounts from transit authorities when available.
 - D. Confirmed that the DOT does not disburse cash for transportation subsidies.
 - E. Confirmed whether the DOT provides the IRS with the appropriate administrative support for billing purposes. We also determined the total annual cost of the program.



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Appendix II

Major Contributors to This Report

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Appendix III

Report Distribution List

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Audit Liaison: Chief, Agency-Wide Shared Services OS:A:F



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Appendix IV

Management's Response to the Draft Report



EMPLOYEE SUPPORT SERVICES
AGENCY-WIDE
SHARED SERVICES

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
290 Broadway
New York, NY 10007

RECEIVED
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March 14, 2006

MEMORANDUM FOR: DANIEL R. DEVLIN
Assistant Inspector General for Audit (Headquarters
Operations and Exempt Organizations Programs)

FROM: JANIS LANDIS *Janis Landis*
Director, Employee Support Services
Agency-Wide Shared Services

SUBJECT: The Administration of the Public Transportation Subsidy Program Can
Be Improved (Audit # 200510023)

I have reviewed the subject report and have attached our response to your specific recommendations. We commend the audit team for the quality of the report and the pertinency of its recommendations, which address areas that we have been working over the last several years, as the following activities and initiatives will demonstrate:

- Travel Services implemented a "manual" recertification procedure for the Public Transportation Subsidy Program in January 2003. While the manual process was helpful, it proved too cumbersome to administer, as it generated an inordinate amount of paperwork and required follow-up in many instances due to incomplete or illegible submissions by respondents.
- For the last several years, we have been working with DOT to recertify via an electronic form on the DOT website. However, DOT funding issues for a new server have delayed progress. This past year we explored several alternatives utilizing pre-established systems within IRS: we attempted to use the OL 5081 system but found there were restrictions which precluded its use; we explored the feasibility of establishing a PTSP module on HR Connect, but this avenue proved to be too costly. Currently, we are developing an electronic recertification procedure through OS Get-Services which we expect to implement in July 2006.
- Since April 2002, we have provided to DOT a monthly listing of PTSP participants who have separated from the Service. DOT updates the list with the date of removal of each name from the database and returns the list to us. Since January of 2003, we have been performing monthly spot-checks to verify their removal, but will now perform a 100% verification.



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- We are currently exploring the use of a stored value (debit) card for our van pool users, in lieu of our present method of cash reimbursement through convenience checks.

Some factors which have added to the difficulty and complexity of administering this nationwide program are the number and independence of local transit authorities that offer subsidies; and the resulting variety of PTSP options that are available to our employees in their respective localities.

AWSS continues to work to improve program integrity by ensuring compliance with regulations while reducing program costs. We are confident that implementing the audit report recommendations will enhance our efforts to improve the level of control over the Public Subsidy Transportation Subsidy Program.

If you should have any questions, please contact me on (212) 298-2352 or have a member of your staff contact Frank Soto on (909) 388-8254. For matters concerning audit follow-up, please call Greg Rehak on (202) 622-3702.

Attachment

cc: Carl T. Froehlich
Chief, Agency-Wide Shared Services
Greg T. Rehak
Agency-Wide Shared Services Management Analyst



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ATTACHMENT

RECOMMENDATION 1: The Chief, AWSS, should direct the Travel Services Branch to follow up on Department of Transportation (DOT) actions to timely remove employees that have separated from the IRS from the DOT database.

COMPLETED: February 28, 2006

RATIONALE FOR CLOSING: Existing procedures require DOT to remove separating/separated employees from its database within 30 days of notification by AWSS, Travel Services Branch and to confirm all removals by providing the date each employee was removed from the database. Follow-up procedures are in place whereby AWSS can query the DOT database monthly to confirm the timely removals from the database.

RESPONSIBLE OFFICIAL: Director, Employee Support Services, Agency-Wide Shared Services



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RECOMMENDATION 2: The Chief, AWSS, should direct the Travel Services Branch to implement an annual recertification process, including managerial approval, for all employees participating in the transportation subsidy program. Information from the recertification should be provided to the DOT to ensure the database of IRS employees participating in the subsidy program is kept up to date.

IMPLEMENTATION DATE: July 2006

CORRECTIVE ACTION: Procedures are being finalized for an annual recertification process. Travel Services Branch will utilize an existing IRS web based system linking employees with managers: participants will annually receive an e-mail with a link to an electronic recertification form, which, upon completion, will be transmitted to their manager for review and approval (or disapproval). Reports of recertified and non-certified participants will be cross-checked with the DOT database to ensure all current participants are recertified. Travel Services Branch will provide DOT with listing of non-certified employees for removal from the database and similar follow-up procedures outlined in Recommendation 1, above, will be engaged to ensure timely removal of non-certified employees.

RESPONSIBLE OFFICIAL: Director, Employee Support Services, Agency-Wide Shared Services



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RECOMMENDATION 3: The Chief, AWSS, should direct the Travel Services Branch to reinstitute the requirement that employees certify their actual commuting cost for the preceding distribution period when picking up their transit subsidies.

COMPLETED: March 3, 2006

RATIONALE FOR CLOSING: Travel Services Branch revised the signature sheet which participants complete when receiving their transit subsidies to include a column indicating the dollar amount expended from the preceding distribution period. The revised form was submitted to Publications on March 3, 2006 and DOT will begin using this form on April 1, 2006.

RESPONSIBLE OFFICIAL: Director, Employee Support Services, Agency-Wide Shared Services



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RECOMMENDATION 4: To help ensure that transportation subsidies included on DOT invoices are accurate, the Chief, AWSS, should direct the Travel Services Branch to match the DOT invoices with the IRS' database of employees to ensure the invoices are limited to employees of the IRS. In addition, the Travel Services Branch should periodically contact a valid statistical sample of employees listed on DOT invoices to confirm that subsidies were actually received.

COMPLETED: March 10, 2006

RATIONALE FOR CLOSING: Travel Services Branch established a monthly procedure with Human Resources Systems to cross check names (along with SEIDs) on DOT's invoices to ensure all names are "on rolls" and IRS employees. Procedures are in place to engage monthly, statistically valid samples of recipients to verify that the subsidies received cross check with the participant's usage. In addition, Travel Services Branch will evaluate the distribution amount against travel vouchers and time and attendance records. Any concerns of misuse or abuse will be referred to appropriate authorities for further investigation. The first statistical sample is to commence in June 2006.

RESPONSIBLE OFFICIAL: Director, Employee Support Services, Agency-Wide Shared Services