

FEDERAL ELECTION COMMISSION

OFFICE OF INSPECTOR GENERAL



FINAL REPORT

**AUDIT OF THE COMMISSION'S
EMPLOYEE TRANSIT BENEFIT PROGRAM**

February 2007

AUDIT ASSIGNMENT OIG-06-01

OFFICE OF INSPECTOR GENERAL

TABLE OF CONTENTS

<u>DESCRIPTION</u>	<u>PAGE</u>
Executive Summary-----	1
Background-----	3
Objectives, Scope and Methodology-----	8
Audit Findings and Recommendations	
Program Policy Needs Improvement-----	10
Employees Did Not Comply With Program Policy-----	12
Program’s Internal Controls Need to Be Strengthened-----	16
Other Matters to Be Reported-----	22
Conclusions-----	24
Management’s Comments-----	24
Appendix 1: FEC Transit Subsidy Program Application-----	25
Appendix 2: FEC Employee Clearance Form-----	27
Appendix 3: Summary of Audit Findings and Recommendations-----	29

EXECUTIVE SUMMARY

The Federal Election Commission (FEC) Office of Inspector General (OIG) initiated an audit of the FEC's Employee Transit Benefit Program in response to a 2005 OIG hotline complaint alleging that some participants received transit benefits while on extended business travel, a violation of FEC policy. The FEC's Employee Transit Benefit Program is a subsidy intended to encourage employees to commute to and from work by means other than single-occupant vehicles. The employee benefit program had not been reviewed since 1994 and considering the cash equivalent nature of the program benefits, the OIG believed that an audit of the program would be beneficial.

The OIG conducted the audit with the objectives of assessing program policies and operating procedures for compliance with applicable regulations, verifying employee compliance with program participation requirements, and ensuring that the appropriate internal controls are in place. The audit fieldwork was conducted between February 2006 and November 2006. The audit scope included a review of program activity from January 2003 through July 2006.

FEC Directive 54, *Employee Transit Benefit Program*, August 2001, requires employees to reduce their monthly transit benefit when they do not take public transportation for the majority of the month. The OIG's audit substantiated the OIG hotline complaint allegation that some employees were not adhering to the program directive. In fact, 50 employees inappropriately claimed \$2,494 in transit benefits of which they were not entitled given their extended absence from the FEC. According to the program directive, it is the employee's responsibility to reduce the transit benefit received in the event of an extended absence from work. Clear program policies and procedures need to be developed to provide participants with specific instructions on how adjustments should be made.

Furthermore, we discovered three employees who were allowed to inappropriately participate in both the transit benefit program and the subsidized parking program. The three employees had been issued an FEC paid parking permit and also received the transit subsidy for several months during the period reviewed. In fact, two of the three employees worked in one of the program offices responsible for administering the Employee Transit Benefit Program. Although the practice was not consistent with the program directive, the OIG found no evidence of misuse of the benefit by the three employees.

The OIG concluded the FEC's Employee Transit Benefit Program policy is compliant with the intent of Federal regulations, to encourage employees commute on mass transit. However, the current directive needs to be improved since the policy does not include guidelines for proper management of SmartBenefits. Moreover, we noted that the FEC does not have written operating procedures to effectively implement program policy, program staff did not always follow the provisions of the program's policy and program documentation was not properly maintained.

Additionally, the OIG found the program office failed to properly suspend and remove program participants upon separation from the agency. As a result, former employees no longer eligible for the benefit had access to \$30,935 in FEC funds, of which \$1,972 (rounded to the nearest dollar) was inappropriately claimed by former employees. Further, while reviewing employee separations, the OIG also identified three ineligible employees who claimed \$527 in transit subsidies while on administrative leave. The OIG also identified several employees who separated from the agency, but failed to return \$2,101 of unused transit benefits.

The program's internal control system needs strengthening to ensure that unused subsidies are returned by separating employees, former employees are promptly removed from the list of eligible transit subsidy recipients and that ineligible persons do not have access to FEC transit benefits. As a result of these conditions, the program was not effectively monitored thereby providing opportunity for fraud, waste and abuse of program funds. Considering this, we have made several recommendations for improvement to the management of the program.

BACKGROUND

The Federal Election Commission's (FEC) Employee Transit Benefit Program was established in April 1992 to encourage employees to commute to and from work by means other than single-occupant vehicles. To achieve this, the Employee Transit Benefit Program provides financial incentives to employees who regularly commute via public transportation, not to exceed the lesser of the Federal tax-excludable amount or the actual commute cost. In 1992, the program had 164 enrolled participants and provided a transit subsidy in the form of either a Metrofare card or a bag of bus tokens, with a value of \$23.10 and \$23.00, respectively. Since the inception of the FEC's program, Executive Order 13150, "*Federal Workforce Transportation*," was issued in April 2000 and mandated all Federal agencies in the national capital region (Washington, D.C.) to implement a transit pass benefit program by October 2000. As of 2005, the Federal tax-excludable amount for transit subsidy increased to \$105 per month for transit/vanpool benefits.

According to FEC Directive 54, *Employee Transit Benefit Program*, August 2001, any person on a full-time or part-time work schedule who is listed on the FEC payroll is eligible to participate in the transit benefit program. To apply, employees must complete the *FEC Transit Subsidy Program Application* (Appendix 1) and submit it to the Human Resources Office. Once approved, employees remain eligible until they leave the employment of the FEC or their commuting pattern changes in such a manner as to make them no longer eligible. As of March 27, 2006, 327 employees were enrolled and approved to receive a total of \$29,786 in monthly transit subsidy.

In the national capital region, the Washington Metropolitan Area Transit Authority (WMATA or Metro) directs the Metrochek and SmartBenefits programs. Employees who commute to work on WMATA-specified forms of transportation have the option of receiving their approved monthly transit benefit by paper Metrocheks or via SmartBenefits. Unlike paper Metrocheks which are manually distributed by the FEC monthly, SmartBenefits allow the FEC to electronically distribute transit benefits in a secure online environment. In fact, SmartBenefits makes it more effective to manage transit benefits; a web-based program allows the FEC to load the dollar value of an employee's transit benefit directly to a SmarTrip card.

The SmarTrip Card

The SmarTrip card is a permanent plastic farecard registered with Metro at the time of purchase. The SmarTrip card can hold a maximum balance of \$300 and is currently used for metrorail, metrobus and participating vanpool services. SmarTrip is also the only way to pay for parking at Metro parking lots. The unique serial number located on the back of the SmarTrip card protects



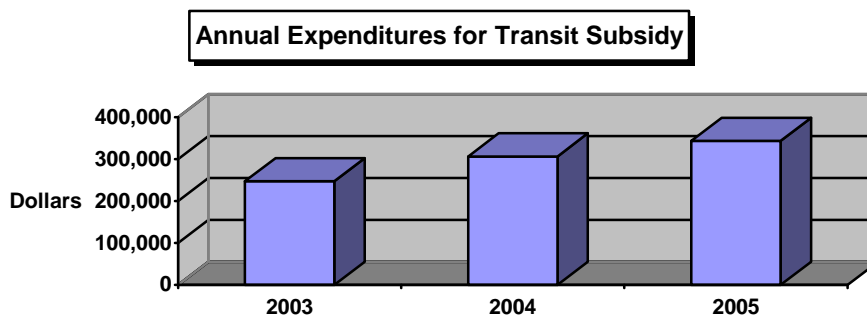
the card value assigned to the card and is used by the FEC to direct transit benefits. The employee retrieves funds by swiping the SmarTrip card at specified kiosks located throughout the WMATA system.

Use of the SmarTrip card benefits the employee by saving time spent visiting the FEC's Finance Office to receive the monthly benefit, provides the employee a way to recoup losses if the card is lost or stolen and gives the employee the ability to consolidate all transit benefit funding in one place, including adding money of their own, up to the card's maximum funds capacity. Employees who do not download the monthly benefit to their SmarTrip card by the last day of the benefit month lose that month's funding, which will automatically revert to the agency as a credit posted on a future WMATA invoice which is applied to a future purchase.

Employees who choose not to use the SmarTrip card or who commute to work on any form of transportation that does not accept SmarTrip, have the option of receiving their approved monthly transit benefit by Metrochek paper fare. Participants must go to the Finance Office each month to sign for and obtain their monthly benefit in Metrocheks. Annually, participants are provided a schedule of Metrochek distribution days. In addition, employees are reminded by e-mail of the upcoming distribution each month on the day before the beginning of the distribution of the next month's subsidy. The Finance Office distributes Metrocheks generally on the last Thursday and Friday of the month and the following Monday. Additional distribution days are the next Monday through Friday after the initial three-day period.

Employee Transit Benefit Program Costs

Transit subsidy disbursements averaged \$27,673 per month from January 2003 through December 2005. These disbursements resulted in annual costs of \$247,467, \$306,616, and \$343,481 to the FEC for calendar years 2003, 2004, and 2005 respectively.



Program Administration at the FEC

At the FEC, the Employee Transit Benefit Program is administered by three offices: the Administrative Division, the Human Resources and Labor Relations Office (HRO), and the Finance Office.

The Administrative Division is responsible for the procurement of all Metrocheks for direct delivery to the Finance Office. As required by the program policy directive, the Administrative Division must also maintain and provide to HRO a monthly list of employees issued FEC parking permits, including a list of passengers who commute with the parking permit holders. Employees who participate in an FEC carpool or are issued an FEC parking permit are not eligible for the transit subsidy program.

HRO is responsible for processing, approving, and maintaining the *Transit Subsidy Program Participant Applications* as well as maintaining a database of eligible program participants generated in the agency automated accounting system. Monthly, HRO prepares the Transit Subsidy Eligibility List used to distribute paper Metrocheks to eligible recipients. HRO is also charged with reviewing the monthly list of FEC parking permit holders and their passengers prepared by the Administrative Division to ensure that employees who receive an FEC parking benefit are not eligible for the transit subsidy.

Establishing and maintaining the SmartBenefits (SmarTrip) accounts for those participants who receive their benefit electronically is another responsibility of HRO. Using WMATA's web-based program, HRO staff can add, delete, modify, and edit information contained on the SmartBenefits database from the 1st through the 15th of each month. After the 15th of each month, SmartBenefits orders for the upcoming month are processed by WMATA. Since the FEC's monthly SmarTrip order generates a permanent reoccurring record in Metro's database, any changes due to employee separations should be processed in a timely manner by the 15th of each month. After the 15th of the month, changes in the SmarTrip order can not be made. However, the SmartBenefits program allows HRO to suspend usage of FEC transit benefits unclaimed during the last month of employment. For employees who depart after the 15th of the month, HRO staff can also suspend FEC paid transit subsidy for the upcoming month on the 28th or after to prevent the electronic transfer of additional subsidy to their SmarTrip card.

The Finance Office is responsible for determining the monthly order quantity of Metrocheks, certifying payment of WMATA invoices, as well as the safeguarding and distribution of Metrocheks. Additionally, the Finance Office maintains monthly distribution records and is required to collect any unused Metrocheks during the employee separation clearance process.

Prior Audit Coverage of Employee Transit Benefit Program

A prior OIG audit of the Employee Transit Benefit Program conducted in 1994 found that the program complied with statutory requirements and successfully achieved the intent of the program. The OIG also concluded that the internal controls were sufficient to prevent fraud, waste, or abuse. The prior audit revealed only a few minor weaknesses which did not warrant a formal finding. Since the OIG's 1994 audit, significant changes have occurred to the FEC benefit program. The number of employees participating in the program nearly doubled, the maximum monthly benefit more than quadrupled, and the FEC introduced the new electronic SmarTrip card.

Program Violations Noted Since Prior Audit of the Employee Transit Benefit Program

As part of the OIG's audit planning, the OIG requested information from the FEC on any program violations related to the transit program since the OIG's last audit of the program. The OIG received records documenting program violations regarding a case in 2000. According to the records, the U.S. Attorney's Office for the District of Columbia declined to criminally investigate the 2000 matter and referred the issue to the FEC for administrative action. The program violations involved three program recipients who received benefits, but participated in a private carpool that received an FEC parking benefit.

According to the documentation obtained by the OIG during the audit, the driver of the carpool used a FEC paid parking permit. The three riders continued to ride with the driver and receive transit benefits. Program policy states that parking permit holders and their passengers who participate in an FEC carpool will *not be eligible* for the transit subsidy program. The three employees claimed that they were unaware of the FEC's policy regarding parking permits and the transit benefits. The three employees were required to repay the transit benefits received while riding in the carpool, and adhere to the program's participation requirements of the Employee Transit Benefit Program for the remaining period of their enrollment. The former Deputy Staff Director also restricted one of the employee's access to a computer system as a result of the violation; the employee's computer access was reinstated six months after a resolution agreement was signed. Additionally, since the employees successfully complied with the conditions of the resolution, no record of the incident was included in their Official Personnel Folder.

It appears that the misuse of transit benefits by the three carpool members occurred because the FEC did not fully implement the program's internal controls. The FEC's program directive requires that the Administrative Office maintain a current list of employees who have been issued FEC parking permits, including passengers who commute with the parking permit holder. The policy also requires that HRO compare the list of parking permit holders and their passengers to the Transit Subsidy Eligibility List to ensure that ineligible employees are not on the transit subsidy list. However, there was no record that this was done.

Prior to the OIG's audit, FEC management did not provide the FEC OIG with any information regarding the allegations of possible misuse within the agency's Employee Transit Benefit Program. Nor was the FEC OIG contacted or approached by management to conduct/assist with the investigation. Subsequent to the matter, the Director of Personnel at the time suggested the OIG consider a future audit of the transit benefit program to ensure employees' actual commute costs match their transit benefits. The Director of Personnel made no mention regarding the prior misuse or the need to assess the program's internal controls to ensure the weakness that allowed the misuse to occur had been improved. In fact, the OIG's 2006 audit found that management did not implement corrective action to address the internal control issues previously noted in 2000.

In 2005, a hotline complaint was submitted to the FEC OIG alleging that some participants received transit benefits while on extended business travel, a violation of program policy. The complainant believed that one or more FEC employees claimed their full transit benefit while conducting extended out-of-town work assignments. Participants of the program who do not commute to their normal duty station (i.e. the FEC building located at 999 E Street, NW, Washington, D.C.) on a regular and reoccurring basis are not eligible to receive the full monthly subsidy amount. FEC policy requires participants to adjust their monthly subsidy amount when they vary their monthly commute to their official duty station. Employees must commute a minimum of 50% of the available number of commuting days (business days) per month between home and the official duty station on public transportation to be entitled to their full monthly transit subsidy. Employees who do not commute a minimum of 50% in a month are only entitled to 50% of their full transit benefit for that month.

OBJECTIVES, SCOPE AND METHODOLOGY

The objectives of this audit were to: 1) assess program policies and operating procedures for compliance with applicable regulations; 2) verify employee compliance with program participation requirements; and 3) ensure that the appropriate internal controls are in place. The audit fieldwork was conducted between February and November 2006. The audit scope included a review of program activity from January 2003 through July 2006.

We conducted our audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

To accomplish the audit objectives, we performed the following audit procedures:

- Compared Federal regulations authorizing the transit benefit program to the FEC Directive and current procedures to ensure that the program is consistent with the intentions of Federal regulations. The OIG also reviewed and compared current program policy to the policy in effect during the OIG's 1994 audit to identify changes to the benefit program.
- Conducted interviews with program staff in order to: verify policies are consistently followed; understand internal operating procedures; and to document any program violations noted since the OIG's prior audit conducted in 1994.
- For the sample of 45 participants, compared the participants' claimed commuting costs to reasonable costs associated with the commuting options available based on their home address to ensure that the transit benefits paid by the FEC were appropriate. The OIG concluded that the commuting costs claimed by the 45 participants were reasonable.
- The OIG reviewed the transit benefit claiming reports to determine whether the randomly selected sample of 45 participants received their transit benefits in the first full calendar month after their application had been approved. We found that the sampled participants received their transit benefits in a timely manner.
- The OIG reviewed the monthly WMATA invoices for SmartBenefits from January 2005 to June 2006 to ensure the FEC was properly credited for unclaimed benefits. We found that the FEC was properly credited for unclaimed benefits during the period reviewed.
- To evaluate whether employees adjusted their monthly benefit given actual leave usage, the OIG selected the FEC's Office of General Counsel (OGC) for review, an office comprised of approximately 30 percent of the total FEC staff. The OIG reviewed calendar years 2003-2005 Annual Attendance Records for OGC employees, calculated the benefit amount the employees were entitled to receive and then examined transit subsidy claiming reports. [See page 13]

- The OIG selected a sample of 59 extended business trips (10 business days or more) by FEC staff taken between January 2003 and December 2005 to determine whether program participants correctly adjusted their monthly benefits due to business travel. For each business trip sampled, the OIG determined the number of days the participants commuted to work based on business trip length and any leave taken in a given month. [See page 13]
- Analyzed monthly transit subsidy claiming reports from January 2003 through July 2006 to determine whether employees placed on administrative leave claimed transit benefits for the period of absence from the FEC. [See page 14]
- Reviewed all employee separations from January 2003 through July 22, 2006 to ensure that departed staff returned unused transit benefits during the clearance process, their names were promptly removed from the transit subsidy distribution/claiming lists and former employees did not claim benefits after separating from the agency. [See pages 16-18]
- We cross checked transit subsidy recipients from January 2003 through December 2005 against the monthly lists of FEC-paid parking permit holders to ensure employees were not inappropriately authorized to participate in both benefit programs. Additionally, we contacted current permit holders to identify passengers who participated in carpools and examined transit subsidy claiming reports to ensure that passengers did not receive transit subsidy while riding in a permit holder's carpool. [See pages 19-20]
- Randomly selected 45 transit benefit program applications to determine whether applications to participate in the program were properly completed and signed by the employee, and approved by the HRO. [See page 22]
- Reviewed monthly Finance Office Metrochek reconciliation forms for January 2003 through December 2005 to assess the monthly balance of Metrocheks on hand and to identify any overage or shortage in Metrocheks on-hand after the monthly distribution. [See pages 22-23]

AUDIT FINDINGS AND RECOMMENDATIONS

Program Policy Needs Improvement

Overall, the FEC's Employee Transit Benefit Program policy is compliant with Federal regulations which mandate the implementation of a transit benefit program. However, the policy directive needs improvement because it does not include provisions for the management of SmartBenefits. We also found that the FEC does not have written operating procedures to implement the directive.

When the FEC initially established the Employee Transit Benefit Program in 1992, program participants received the transit benefit in the form of paper Metrocheks and tokens. Since then, WMATA has allowed users to move beyond the original paper Metrochek to a SmarTrip card which is a reusable, rechargeable farecard for use on metrorail, metrobus or in a registered vanpool. The FEC provides SmarTrip cards as an optional form of transit subsidy. Employees who choose to use SmarTrip cards are able to download their transit subsidy at the machines located throughout the Metro system.

Although the FEC has participated in the SmartBenefits program since 2003, we found that the current employee transit benefit directive has not been adequately updated to provide guidance regarding management of SmartBenefits or transit benefits assigned via the SmarTrip card. Specifically, FEC Directive 54 does not provide policies and procedures on the SmartBenefits' administration tasks, such as: how to assign monthly benefit amounts, reassign benefits for misplaced SmarTrip cards or how to remove or suspend former employees to prevent benefits from being loaded to their account after separating from the FEC. Additionally, FEC Directive 54 stipulates a cutoff of the 20th day of each month to apply for the benefit for the following month; however, the actual cutoff is the 15th day of the month for participants applying for the SmarTrip card benefit. SmartBenefits orders for the upcoming month are processed on the 16th day of each month by WMATA. Further, we found that the FEC's policy does not describe the appropriate method of processing transit subsidy benefits (SmarTrip) for incoming personnel who start working after the 15th of the month.

Regarding SmartBenefits, we found that the FEC Directive 54 only briefly states the following:

Departing employees who have transferred their fare media amount to a SmartCard will return any unspent portion of the issued subsidy to the Finance Office in the form of a Metrochek(s) rounded down to the nearest whole dollar value.

The policy does not provide any other instruction pertaining to SmartBenefits or the SmarTrip card. Without guidelines addressing the proper management of SmartBenefits, the electronic transit subsidies become more susceptible to fraud or mismanagement.

Furthermore, we found that the FEC does not have written operating procedures to effectively implement the Employee Transit Benefit Program policy. FEC Directive 54 is not a comprehensive procedural document; it does not provide specific information regarding the tasks required to manage the Employee Transit Benefit Program. For example, FEC Directive 54 does not include procedures that instruct the program staff on how to verify employee data or how to compute the amount of monthly subsidy the applicant is entitled to receive based on the commuting cost calculation. Procedures are needed to ensure continuous execution of program responsibilities/duties despite changes in personnel assigned to program offices charged with administering the program. Comprehensive instructional guidelines need to be developed to assist staff charged with administering the program and to clarify tasks required to effectively and efficiently manage the program.

Since the FEC's program policy does not address management of SmartBenefits and program staff do not have internal operating procedures to implement the policy, program guidance is lacking in order to effectively manage and monitor the program.

Recommendations

1. Program management should revise FEC Directive 54 to include adequate guidelines on the management of the SmartBenefits program. Provisions should include the delegation of responsibilities and duties required to ensure the accurate electronic transmission of monthly transit subsidies to eligible employees.
2. Program management should develop internal operating procedures for program offices involved in the management of the program to ensure the process is functioning in an efficient manner and is not subject to errors and manipulation.



Employees Did Not Comply With Program Policy

FEC Directive 54 requires employees to adjust their monthly subsidy amount when they vary their monthly commute and do not take public transportation for the majority of the month. However, our audit results revealed that employees failed to adhere to the program's policy. Specifically, 50 employees claimed \$2,494 in FEC funds, of which \$989 was inappropriately claimed for periods of extended travel and \$1,505 was inappropriately claimed for periods of extended annual and/or sick leave from January 2003 through December 2005. Additionally, we identified three ineligible employees who claimed \$527 in transit subsidies while on administrative leave.

The Employee Transit Benefit Program is intended for FEC personnel who commute on a regular and recurring basis; FEC transit subsidy is to be used for the commute to and from the official duty station. However, for a variety of reasons, employees may vary their monthly commute to work. This may occur as a result of annual or sick leave, or official travel. Program policy states that employees must commute a minimum of 50% of the available number of commuting days (business days) per month between home and the official duty station on public transportation to be entitled to their full monthly transit subsidy. Employees who do not commute a minimum of 50% in a month are only entitled to 50% of their full transit benefit for that month.

It is the employees' responsibility to designate the adjusted subsidy amount based on their anticipated use of public transportation. When employees know in advance that they will not be commuting to the office using public transportation for 50% or more of the business days in a given month, they are entitled to half of their transit benefit for that month. Conversely, if after accepting the full amount of transit subsidy for the monthly commute, an employee does not commute to work for at least 50% of the commuting (business) days because of unplanned or unscheduled absences, the employee is eligible for 50% of the transit benefit the following month.

We found that employees did not always correctly adjust the amount of transit subsidy claimed for months when they commuted less than 50% of the available business days in a given month. In fact, the OIG's review of travel and leave records identified employees who were on extended periods of absence from the FEC, but collected their full monthly benefit, inaccurately adjusted their subsidy amount or did not adjust their benefit in the following month.

Program Participants on Extended Travel

In the OIG sample of 59 business trips taken between January 2003 and December 2005, we identified 50 vouchers/records that documented travel of employees who were not entitled to the full monthly benefit due to their extended absence from work. The remaining 9 travel vouchers/records documented trips taken by employees who did not participate in the transit benefit program or remained eligible for their full transit benefit despite the business trips. After examining the applicable transit subsidy claiming reports, we found that for 21 of the 50 business trips, the employees were not compliant with the transit subsidy program requirements while on extended travel. Specifically, the employees inappropriately claimed \$989 in transit benefits of which they were not entitled to due to their absence from the FEC.

Program Participants on Extended Leave

To evaluate whether employees adjusted their monthly subsidies given actual leave usage, we reviewed Annual Attendance Records for calendar years 2003-2005 for a sample selected from the total FEC population. The OIG selected the FEC's Office of General Counsel for review, an office comprised of approximately 30 percent of the total FEC staff. Based on the leave records, the OIG calculated the amount the employees were entitled to and then examined transit subsidy claiming reports.

We found that during the review period, January 2003 through December 2005, 73 program participants of the selected sample of FEC employees did not commute to the office for 50% or more of the business days in a calendar month. Accordingly, these 73 program participants were only entitled to 50% of their full transit benefit for that month. However, we identified 29 of the 73 sample employees who collected their full monthly transit benefit for the period of extended leave from the FEC, did not adjust their benefit in the following month, or inaccurately adjusted their subsidy amount. In fact, we calculated that those 29 participants claimed \$1,505 in transit benefits of which they were not eligible to receive.

In summary, results from our testing of extended travel and leave revealed that a combined total of 50 employees did not comply with program policy and inappropriately claimed a total of \$2,494 in transit subsidies. According to FEC Directive 54, employees are responsible for monitoring their use of the transit benefit under the program policy. These 50 employees did not adjust their subsidy amount based on their actual commute to work, considering extended leave and/or travel. FEC employees must commute to the office using public transportation for 50% or more of the business days in a month to be entitled to their full transit benefit for that month. When a change in commuting pattern results in the employee commuting less than 50% of the business days in a month, the employee is entitled to only 50% of their monthly transit benefit.

Program policies and procedures should be developed to provide participants with specific program instruction regarding adjustments to their transit subsidy. Specifically, SmarTrip users should be provided with proper guidelines for adjusting the amount of transit subsidy claimed at the kiosks located throughout the WMATA system. A statement should also be

included with the monthly transit subsidy distribution reminder that specifically instructs participants to make adjustments based on extended absences from the FEC. Also, transit benefit program applications should require a supervisory approval to provide managers the opportunity to advise their employees, as needed, on program requirements.

Ineligible Employees Who Claimed Transit Subsidy While on Administrative Leave

While reviewing employee compliance with FEC policy during periods of extended annual and sick leave, the OIG identified three ineligible employees who claimed transit subsidy while on administrative leave for various reasons during 2004, 2005 and 2006. Although the program is intended for FEC personnel who commute on a regular and recurring basis, the OIG discovered one former employee who was placed on administrative leave in September 2004, but retained \$29 in unused subsidy from September and then claimed \$65 in transit subsidy for the month of October 2004. In fact, in January 2005, the HRO concluded that due to the administrative leave, the employee was not entitled to the benefits. However, the HRO failed to suspend the benefits and the employee continued to claim an additional \$260 in benefits while on administrative leave in February, May, June, and July of 2005. Another employee was placed on administrative leave in August 2005, but retained \$30 in unused subsidy for August and claimed \$60 in transit benefits for the month of September 2005. The third employee who was placed on administrative leave in October 2005 claimed \$83 while on leave before finally separating in February 2006.

Due to the administrative leave status, the three employees did not commute on public transportation on a regular basis, and inappropriately received \$527 in transit benefits. The OIG recognizes that administrative leave can occur unexpectedly and due to unforeseen reasons. However, the intent of the program is for employees commuting on a regular basis to work using public transportation. Based on our testing, it is apparent that internal controls are lacking to address employees placed on administrative leave and their ineligibility for the transit benefit program.

Consistent with the policy directive, the OIG believes that generally, employees should not be able to use transit benefits after being placed on administrative leave. Management should review the current program policy, and then develop and implement procedures that include restrictions for employees on administrative leave. The OIG also suggests the HRO implement an administrative leave clearance process, similar to the process completed for separated employees. The administrative leave clearance process would alert the appropriate FEC offices to ensure all necessary obligations are suspended until the employee returns to work or other determinations are made. Further, the OIG suggests the form or other process include a notification to transit participants that their participation in the program has been suspended, pending resolution of the matter that necessitated administrative leave.

Recommendations

3. Program management should ensure that program participants who are absent for an extended period, especially those who frequently go on official business travel for the FEC, are made aware of their responsibility to adjust their transit subsidy benefits when absent from their normal duty station for 50% or more business days in a calendar month. For example, the Finance Office should include a statement in their monthly distribution reminder that specifically instructs participants to make adjustments based on extended absences from the FEC.
4. HRO should develop clear program policies and procedures to provide participants with specific instructions on how adjustments should be made for those who receive their transit subsidy electronically via the SmarTrip card.
5. Program management should require supervisory review/signature of the employees' transit benefit program applications. An awareness that an employee participates in the transit program will allow the supervisor to advise their employees, as needed, on the requirements of the program, such as instances in which participants commute less than 50% of the business days in a month.
6. Program management should ensure that the program offices' staff are properly trained on the guidelines and procedures regarding transit subsidy adjustments required when participants are on extended absence from the office. Properly trained program staff can provide accurate information to employees who contact HRO for advisement regarding program requirements.
7. Program management should develop and implement procedures that include transit benefit restrictions for employees on administrative leave.
8. HRO should implement an administrative leave clearance process, similar to the process completed for separated employees. The clearance form or other process should include a notification to transit participants that their participation in the program has been suspended, pending resolution of the matter that necessitated administrative leave.

Program's Internal Controls Need To Be Strengthened

We found that employees separating from the agency did not return unused transit subsidy, remained listed as eligible recipients after leaving the agency, and were allowed to retain their FEC assigned SmarTrip card thereby providing access to \$30,935 in FEC paid transit subsidy (up to \$105 per employee, per month). As a result, former employees inappropriately retained and claimed \$4,073 (rounded to the nearest dollar) in transit benefits. We also found that program policy was not always followed.

Participants Separating From the Agency Did Not Return Unused Transit Subsidy

FEC policy states that it is not permissible for departing employees to use transit benefits provided by the FEC after their final date of employment at the FEC.

Employees leaving the organization must complete a check-out process; the check-out process includes the return of unused transit subsidy benefits. An *FEC Employee Clearance Form*, used during the check-out process, provides for the recording of unused Metrocheks. A copy of the form can be found in Appendix 2. The program directive states that the Finance Office manages the receipt of unused transit benefits from departing employees. The OIG found that the clearance forms seldom included the collection of unused transit benefits.

FEC policy also requires the maintenance of a log that captures the receipt of unused transit subsidy (Metrocheks) returned during the employee clearance process by departing employees. Based on our review, the OIG found that the Finance Office had not updated the returned transit subsidy log since August 2003; the transit subsidy log did not record receipt of unused transit subsidy returned in 2004, 2005 or 2006.

The OIG's audit testing revealed that employees who departed the FEC between January 1, 2005 and July 22, 2006 returned only \$118 of the \$1,113 we calculated to be unused based on the separation dates of the employees. Furthermore, the FEC should have collected \$1,190 from separating employees during calendar years 2003 and 2004. The employee clearance forms for those employees who departed in 2003 and 2004 were not readily available during the audit testing. Based on discussions with the Finance Office, and a review of the unused subsidy log, we concluded the FEC did not receive the entire \$1,190 in unused transit subsidy from the former employees. In fact, the returned subsidy log recorded receipt of only \$84 and had not been updated since August 2003. Hence, employees who separated from January 2003 through July 2006 retained \$2,101 in unused transit subsidies that should have been collected during the clearance process.

Allowing employees separating from the agency to retain FEC paid transit subsidies is not permissible under the provisions of FEC Directive 54. Once eligibility is terminated, all unused or partially used Metrocheks are to be returned to the Finance Office. The returned unused transit subsidy should be available to accommodate the current staff's local travel

needs. To assist program staff when computing the amount of unused subsidy that should be returned on the last day of employment, the Finance Office suggested that the current employee clearance form is revised to accommodate the unused transit subsidy calculation.

Recommendations

9. The Finance Office should ensure the employee separation clearance process includes the computation and collection of unused transit subsidy from departing employees. Clearance forms should be revised to accommodate the unused transit subsidy calculation.
10. The Finance Office's monthly notification distribution e-mail should include a reminder that participants are required to return any unused transit subsidy during the employee clearance process.
11. The Finance Office should develop internal procedures that describe how to calculate and record the amount of unused transit subsidy a departing employee must return during the employee separation process.
12. The Finance Office should ensure proper training of staff responsible for the office's employee separation clearance process. Staff should be familiar with unused transit subsidy requirements and the procedures used to calculate the correct amount of transit subsidy that should be returned by departing employees.
13. The Finance Office should develop and maintain a record or log that captures the receipt of unused transit subsidy returned during the employee separation process by departing employees. The log should include the departing employee's name, date of departure, computation of unused transit subsidy, actual amount received from departing employee and signature of Finance staff who received the subsidy. The log should also include disbursement of Metrocheks to employees for local travel, thereby providing an audit trail of transit subsidy returned and disbursed.
14. The Finance Office should ensure that all FEC employees are made aware of unused transit subsidy available for official local travel. This will ensure economic use of program funds.
15. The Finance Office should contact WMATA to research exchange opportunities available for disposition of unused Metrochek cards to ensure efficient use of returned transit subsidy.

Former Participants Listed as Eligible Recipients

Based on our review of FEC separated employees from January 2003 to July 22, 2006, the OIG found that 83 former employees had not been removed from the monthly transit subsidy claiming reports in a timely manner (the month following their last day of employment). Since the former employees had not been removed in a timely manner, 60 former employees

who received their transit benefits electronically on a SmarTrip card had access and could have claimed \$30,935 in FEC paid transit benefits after separating from the FEC (a maximum of \$105 per employee, per month). In fact, one former employee actually contacted their previous supervisor in April 2006 at the FEC to explain that he was still receiving FEC paid transit benefits monthly on his SmarTrip card after separating from the FEC.

As a result of the HRO neglecting to suspend or remove non-eligible individuals from the FEC's SmartBenefits account, we identified \$1,972 in transit benefits inappropriately claimed by nine former employees after separating from the agency.

It is important that HRO promptly suspend or remove non-eligible individuals from the program, especially since the FEC allows individuals to keep the SmarTrip card registered to receive FEC paid transit subsidy after they leave the program. However, there are certain timing constraints using the WMATA web-based SmartBenefits program to suspend or remove former participants' SmarTrip benefits. Suspension of unclaimed benefits for the employee's last month of employment can occur anytime during the month. However, suspension of unclaimed benefits for future months must be processed by the HRO on the 28th of the month, or up until the 15th day of the following month. Likewise, removal of participants for future months must be processed on the 28th of the month, or up until the 15th day of the following

Therefore, employees who separate from the FEC on or before the 15th of the month should be promptly removed from the SmartBenefits account by the 15th of the month. This will prevent the separated employee from receiving any unclaimed benefit in the current month and also prevent FEC paid benefits for upcoming months from being loaded on the SmarTrip card. For participants who separate after the 15th of the month, the HRO should promptly suspend the FEC SmarTrip benefits at the time of separation; this action does not suspend the SmarTrip card but merely prevents a separated employee from loading unclaimed FEC benefits onto their SmarTrip card during the current month. In addition, employees separating after the 15th of the month should be removed by the HRO starting on the 28th of the month to prevent benefits for the following month.

The current program policy does not address proper management of SmartBenefits. Procedures must be established and implemented so that transit benefits are not transferred to the SmarTrip cards of separated employees. HRO management should also ensure that all program staff receives proper training on the procedures for managing the FEC's SmartBenefits account.

To conclude, due to weak program controls, our testing found that former employees inappropriately collected a total of \$4,073 in transit benefits; this total represents \$2,101 of unused transit benefits retained by employees separating from the agency and \$1,972 of transit subsidy claimed by SmarTrip users after leaving the FEC.

Recommendations

16. HRO should ensure the SmarTrip cards registered to receive FEC paid transit subsidy of separated employees are promptly suspended or removed. Further, HRO should develop and implement written procedures to prevent benefits from being transferred to the SmarTrip cards of separated employees.
17. Program management should consider letters of remittance to those former employees to request repayment of transit benefits collected after their last day of employment.
18. HRO management should also ensure that all program staff receives proper training on the procedures for managing the FEC's SmartBenefits account.

Program Staff Did Not Always Follow the Provisions of FEC Directive 54

While conducting interviews with program staff and performing other tests, the OIG found that program staff did not always follow the provisions of FEC Directive 54. Employees who commute in a private FEC carpool or who receive a Federal parking benefit may not participate in the transit benefit program. FEC Directive 54 requires that a current list of employees, who have been issued FEC subsidized parking permits, including passengers who commute with the parking permit holders, is maintained and then compared to the Transit Subsidy Eligibility List to ensure that ineligible employees are not on the transit subsidy list. We found that the Administrative Division did not include the names of FEC carpool passengers, as required by FEC Directive 54, on the monthly listing of parking permit holders. Further, despite the prior program violations in 2000 regarding three employees who regularly participated in an FEC carpool and received transit subsidy, the HRO could not provide any evidence to support that the required comparison of the monthly list of parking permit holders to the Transit Subsidy Eligibility List was completed.

Considering this, we compared the lists of transit subsidy recipients for January 2003 through December 2005 against the monthly lists of FEC-paid permit holders and discovered that a former Commissioner and two HRO employees had been issued a parking permit and also received a transit subsidy for several months during the period reviewed. In fact, the two HRO employees worked in one of the program offices responsible for administering the Employee Transit Benefit Program.

Apparently, exceptions were made to the FEC's policy regarding FEC parking permits and the Employee Transit Benefit Program through verbal agreements with management to accommodate the two HRO employees working during the weekends. Management should have established controls to prevent the employees from utilizing the parking permit during the week, considering the pass was specifically for Saturdays, Sundays and holidays, and not during regular work days. In the case of the former Commissioner, who received a paid FEC parking permit and was also a transit subsidy participant, HRO could not provide any explanation or documentation to support why the former Commissioner was permitted to participate in both programs. Although we found that these three individuals were issued

parking passes and at the same time were recipients of the transit benefit, no evidence of abuse was found.

The OIG believes that any authorized exceptions to FEC policy should be documented to avoid the appearance of inappropriate use of FEC funds by staff.

The FEC parking garage contains both FEC paid and employee paid parking spaces. Generally, senior level staff receive an FEC paid parking space. The OIG believes the Administrative Division should maintain a list of all FEC parking permit holders (FEC paid and employee paid), and their passengers.

Passengers Who Commute With Parking Permit Holders Not Included on Monthly Listing of Subsidized Parking Program Participants

During the audit, we contacted current FEC paid parking permit holders to identify any passengers who commuted as riders in their carpool. One permit holder provided the names of three employees who rode with him to work on a regular basis from January 2003 through December 2005. However, the three employees were not identified as passengers on the monthly permit holder lists provided by the Administrative Office, as required by the transit benefit directive. Moreover, one of the employees identified by the permit holder may have been a passenger in the carpool while receiving transit subsidy. Employees who commute in a private carpool or who receive a Federal parking benefit may not participate in the transit benefit program. The participant's alleged misuse of benefits issued under the FEC's Transit Benefit Program has been referred for further review within the FEC OIG.

Based on the prior program violations in 2000 related to FEC carpool members receiving the transit subsidy, and the alleged inappropriate use of the transit subsidy program by yet another passenger who commuted with a permit holder, it appears that control procedures need to be strengthened. HRO has not closely monitored the parking permit list against the transit subsidy list in the past. However, HRO plans to coordinate with the Administrative Office to ensure that employees participating in the paid parking program are not receiving a transit subsidy. The Administrative Office also plans to ensure that employees who request paid parking permits are aware that they cannot participate in both programs.

The FEC's policy attempted to establish an internal control with the monthly comparison of the list of FEC paid parking permit holders with the Transit Subsidy Eligibility List to prevent employees from participating in both benefit programs. However, (1) the Administrative Division neglected to determine if FEC parking permit holders operated an FEC carpool thereby providing a parking benefit to other FEC employees; (2) permit holders were not made aware of their responsibility to inform the Administrative Division when other employees ride in their car/vanpool; and (3) HRO did not compare the list of parking permit holders and their passengers (if known) to the Transit Subsidy Eligibility List to ensure that ineligible employees are not on the transit subsidy list.

Each FEC paid parking permit holder should be required to sign a certification statement that clarifies the permit holders' understanding of the responsibilities as well as documents their

acknowledgement of program requirements. Permit holders should also be made aware that they are required to inform management as changes occur in their commuting arrangements (i.e. new riders start or stop commuting with the permit holder). The monthly list of permit holders and their passengers should be provided to HRO for reconciliation with the Transit Subsidy Eligibility List in a timely manner.

Recommendations

19. Program management should revise the current policy to ensure that employees are not receiving FEC paid transit subsidy while riding as passengers in non-FEC paid or private carpools.
20. The Administrative Division should maintain a current list of employees who commute in an FEC private carpool or have been issued FEC subsidized parking permits, including passengers who commute with the parking permit holders in their car/vanpool. Permit holders, both FEC subsidized and unsubsidized, should also be made fully aware of their responsibility to report the names of any regular passengers and any changes to the Administrative Division.
21. HRO should fully implement program policy that requires the comparison of parking permit holders and their passengers to the Transit Subsidy Eligibility List to ensure that ineligible employees are not on the transit subsidy list.

Other Matters to be Reported

SmarTrip Card Numbers Not Properly Maintained

In the OIG sample of 45 program participants, we found only one application that had not been approved by the Director of Personnel due to management oversight. However, we discovered that SmarTrip card serial numbers assigned on the 45 sampled participants' approved applications did not always match the SmarTrip card serial number maintained in the database. In fact, during the audit, HRO discovered three SmarTrip cards of which the FEC has no record of who the card belongs to. The three SmarTrip cards had been allotted transit benefits which were electronically transferred to the cards monthly.

To ensure that only eligible participants receive electronically transferred transit benefits, program staff must maintain accurate records to identify the names of SmarTrip card holders. The SmarTrip card numbers on the applications should reflect the card number that is currently assigned transit benefits on a monthly basis. If a new SmarTrip card is assigned to the employee, then the original application should be updated to reflect the new card number or the applicant should complete a new application to record the newly assigned SmarTrip number. During the audit, HRO agreed to consider changes for keeping a record of participants' names and SmarTrip card numbers.

Monthly Balance of Metrocheks On-Hand Should Be Reduced

The FEC OIG assessed the monthly balance of Metrocheks on-hand for distribution to program participants. Metrochek usage by program participants declined as a result of the introduction of the SmarTrip card in October 2003. However, the Finance Office did not reassess the amount of Metrocheks maintained on-hand for monthly distribution after the introduction of the SmarTrip card. We found that from September 2003 through December 2005, the Finance Office only distributed 63% to 68% of the monthly balance of Metrocheks on-hand. However, before the SmarTrip cards were made available as a form of transit subsidy, the Finance Office distributed 76% of the monthly balance of Metrocheks on-hand. Maintaining a higher monthly balance of Metrocheks on-hand increases the possibility of loss or misuse. The FEC OIG recommends that the Finance reassess the monthly amount of stock on-hand for distribution to deter the possibility of loss or misuse and to reduce the number of Metrocheks included in the monthly subsidy count remaining after distribution. At least annually, the Finance Office should evaluate Metrochek orders based on prior usage, stock on hand, and estimated usage of stock.

Furthermore, program policy states that the Finance Office is responsible for maintaining information on the distribution of Metrocheks. Accordingly, any differences found during the monthly reconciliation of Metrocheks purchased and disbursed must be recorded and resolved by the Finance Office. Yet we identified minor shortages noted during the 2003 monthly media subsidy counts of Metrocheks on hand after distribution, but management did not provide any documentation to explain what actions were taken to identify the cause of the

shortages. During the audit, the Finance Office agreed that actions to resolve such variances should be documented.

FEC Should Encourage Increased Usage of the SmarTrip Card

The FEC should encourage increased usage of the SmarTrip cards. Use of the SmarTrip card benefits the employee by saving time spent visiting the Finance Office to receive the benefit, provides the employee a way to recoup losses if the card is lost or stolen and gives the employee the ability to consolidate all transit benefit funding in one place, including adding money of their own, up to the cards' maximum funds capacity. Further, unlike paper Metrocheks which are issued in \$5, \$10, or \$20 increments, SmarTrip cards allow the FEC to electronically distribute the exact dollar amount of approved transit subsidy to employees. From our sample of 45 program participants, we identified nine Metrochek recipients who could receive their monthly subsidy electronically since they utilize transit carriers that accept SmarTrip cards as a form of payment. The OIG believes that encouraging the use of SmarTrip cards will provide valuable benefits to employees, decrease program costs associated with the manual distribution of Metrocheks and allow the FEC to avoid overpayment of the transit benefit.

Recommendations

22. HRO should maintain accurate program records; the original application should be updated to reflect changes in SmarTrip card numbers or the applicant should complete a new application to record the newly assigned SmarTrip number.
23. The Finance Office should regularly reassess the monthly amount of Metrochek stock on-hand for distribution. The Finance Office should annually evaluate Metrochek orders based on prior usage, stock on hand, and estimated usage of stock.
24. The Finance Office should continue to document any shortages and overages in the monthly subsidy count, but also include management actions to identify the cause of the differences in Metrocheks maintained on hand and what actions were taken, if any, to prevent future shortages and overages.
25. Program management should encourage Metrochek recipients who utilize transit carriers that accept SmarTrip cards to switch their monthly subsidy to SmarTrip cards.

CONCLUSIONS

Although the Employee Transit Benefit Program is compliant with Federal regulations, the program's policy directive needs to be revised and internal controls strengthened. Without proper guidelines addressing management of SmartBenefits, the electronic transit subsidies become more susceptible to fraud or mismanagement. Furthermore, we found that employees did not always comply with program requirements. For example, employees within our sample who were on extended periods of absence from the FEC, inappropriately collected their full monthly benefit, inaccurately adjusted their subsidy amount or did not adjust their benefit in the following month in cases of unplanned absences. Therefore, our audit work substantiated the 2005 OIG hotline allegation and enabled the OIG to provide recommendations for improvement. In addition, program controls over the return of unused subsidy, removal of former employees from the program as well as the consistent maintenance of the FEC's SmartBenefits account must be strengthened to deter future abuse of program funds.

MANAGEMENT'S COMMENTS

FEC management was provided a draft copy of the audit report for review and comment. Management generally agreed with the audit findings and recommendations and plans to implement corrective action to address the weaknesses noted during the audit. In accordance with Commission Directive 50, Audit Follow-Up, April 20, 2006, the Staff Director shall recommend an audit follow-up official for this audit. The audit follow-up official shall develop a written corrective plan within thirty days of receiving the audit report. The corrective action plan shall be provided to the Commission and include the specific steps and/or tasks to be taken and a projected time frame of completion.

FEC Transit Subsidy Program Application

Certification: I hereby certify that I am employed by the FEC and commute on a regular and recurring basis, using public transportation and do not commute by means of a private commuter vanpool or carpool, or hold an FEC motor vehicle parking permit or utilize a car or vanpool issued an FEC parking permit. I therefore certify that I am eligible for a fare subsidy for use on participating public transportation systems, am obtaining it for my personal use, and will not transfer it to anyone else. I further understand that failure to comply with program requirements can result in disciplinary action, up to and including removal. I have received a copy of Commission Directive No. 54, dated 8/15/01. The making of a false, fictitious or fraudulent certification may render the maker subject to criminal prosecution under Title 18, USC, Section 1001, Civil Penalty Action, providing for administrative recoveries of up to \$10,000 per violation.

SmarTrip Card User Certification: I understand that by uploading the monthly transit subsidy amount to my SmarTrip card at a Metro "Passes/Farecard" machine, I am certifying that I will use the transit subsidy solely for my commute to and from the Federal Election Commission and that I do not commute by means of a private commuter vanpool or carpool, or hold an FEC motor vehicle parking permit or utilize a car or vanpool issued FEC parking permit.

Signature

Date

1. Short Description of My Commute:

**** Example:** (I ride the orange line from Vienna to Metro Center to and from work for a total cost of \$7.50 round trip per day.)

2. Complete the calculation table on the reverse of this form.

3. Employee Information:

Employee Name: _____

Home Address: _____

Division: _____

Commuting Cost Calculations for Transit Subsidy

(Use Appropriate Daily and/or Monthly Costs to Depict your costs per month. Do not include parking costs.)

Mode of Transportation	Daily Costs (round trip)	X 20 working days (part time schedule may be less than 20 work days)	= Monthly Costs
Metro subway	\$	Times 20 work days	\$
Metro Bus	\$	Times 20 work days	\$

Mode of Transportation	= Monthly Costs
Rail (VRE or MARC)	\$
Other Bus (Example: PW Commute ride)	\$
Van Pool	\$

<p>Total Monthly Cost: Add all applicable monthly costs listed above.</p> <p>\$</p>
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****NOTE: PARKING CANNOT BE INCLUDED IN YOUR TOTAL MONTHLY COST CALCULATION!!!!**

4. Personnel Office Use Only

SmarTrip Card No. _____

Eligible: YES NO _____

Director of Personnel

Total Cost: \$ _____

Transit Subsidy Amount: \$ _____



FEC EMPLOYEE CLEARANCE FORM

Name (Last, First, MI) _____

A. SUPERVISORY CLEARANCE

DATE

SIGNATURE

1. Files/Manuals/Reference Materials			
2. Documents & Related Materials			
3. Keys (Desk, Files, Office)			

B. FINANCE OFFICE (Room 820)

DATE

SIGNATURE

1. Travel Advances			
2. Moving Expense Allowances			
3. Travel Vouchers			
4. Metro Fare Media/SmarTrip Card			

C. ADMINISTRATIVE OFFICE (Room 819)

DATE

SIGNATURE

1. Parking Permit			
2. Credentials			
3. Kastle Key			
4. Government Credit Card			
5. Cellular Phone/Pager			
6. Sprint Calling Card			

D. LIBRARY (Room 801)

DATE

SIGNATURE

1. Materials Returned			
2. Computer Access ID			

E. PROGRAM MANAGEMENT BRANCH (Room 506)

DATE

SIGNATURE

1. Personal Computer Password/Access Code			
2. Laptop Computer			

F. HR & LR OFFICE (Room 500)

DATE

SIGNATURE

1. Obligated Service (Training, Relocation Expenses)			
2. Overdrawn Leave			
3. FEC's ID Card			

G. FORWARDING ADDRESS (This will be used to forward all payroll related information, e.g., W-2s, Last SF-50, Last Statement of Leave & Earnings.)

In compliance with the Privacy Act of 1974, the following information is provided: solicitation of this information is authorized by the Federal Property Administrative Service Act of 1949, as amended (63 Stat 377) 1 Part III, Title 5, USC, and EO 11652. Purpose is to ensure that you have satisfied all obligations to the government prior to your transfer or separation from FEC. This information may be transferred to appropriate government agencies, when relevant to civil, criminal or regulatory investigations or prosecutions. Disclosure by you is mandatory. Failure to provide requested information will prevent the processing of your final check, lump-sum leave payment, and retirement refund or retirement application.

Employee's statement—I hereby make the following statements in connection with my separation from FEC. I am returning and have surrendered to the responsible FEC official, all government property, official documents and materials with which I was charged, for which I was accountable, or which I had in my possession. I (have) (do not have) an unsatisfied period of obligated service for either moving expenses allowances or non-government training received while employed by FEC. I am aware that willful disclosure of confidential or restricted information to any unauthorized person or persons may be punishable by a fine or imprisonment under 2 U.S.C. subsection 437g(a)(12)(b) or other Federal statute. Therefore, I certify that I shall not communicate or transmit such information orally or in writing to any unauthorized person or agency. I further agree that my leave status (shown below) is accurate.

As of _____ date _____ annual _____ sick _____ (none) (Advanced Leave should be indicated by negative numerals).

Title 18, United States Code, Section 1001, makes it a criminal offense, punishable by a maximum of five year imprisonment, \$10,000 fine or both, knowingly and willfully to make a false statement or representation to any department or agency of the United States, as to any matter within the jurisdiction of any department or agency of the United States.

Employee signature:
Date:

All items listed on the reverse are necessary for the clearance of this employee. Clearance is approved for all items checked in section in section A through E, provided all appropriate authorized officials cleared each item.

Human Resources Director:
Date:

- Original----Finance
- Copy-----HR
- Copy-----Employee
- Copy-----FEC Administrative Office

Appendix 3

Summary of Audit Findings and Recommendations		
Recommendation No.	Finding	Recommendation
1	Program Policy Needs Improvement	Program management should revise FEC Directive 54 to include adequate guidelines on the management of the Smart Benefits program. Provisions should include the delegation of responsibilities and duties required to ensure the accurate electronic transmission of monthly transit subsidies to eligible employees.
2	Program Policy Needs Improvement	Program management should develop internal operating procedures for program offices involved in the management of the program to ensure the process is functioning in an efficient manner and is not subject to errors and manipulation.
3	Employees Did Not Comply With Program Policy	Program management should ensure that program participants who are absent for an extended period, especially those who frequently go on official business travel for the FEC, are made aware of their responsibility to adjust their transit subsidy benefits when absent from their normal duty station for 50% or more business days in a calendar month.
4	Employees Did Not Comply With Program Policy	HRO should develop clear program policies and procedures to provide participants with specific instructions on how adjustments should be made for those who receive their transit subsidy electronically via the SmarTrip card.
5	Employees Did Not Comply With Program Policy	Program management should require supervisory review/signature of the employees' transit benefit program applications.
6	Employees Did Not Comply With Program Policy	Program management should ensure that the program offices' staff are properly trained on the guidelines and procedures regarding transit subsidy adjustments required when participants are on extended absence from the office.
7	Employees Did Not Comply With Program Policy	Program management should develop and implement procedures that include transit benefit restrictions for employees on administrative leave.
8	Employees Did Not Comply With Program Policy	HRO should implement an administrative leave clearance process, similar to the process completed for separated employees. The clearance form or other process should include a notification to transit participants that their participation in the program has been suspended, pending resolution of the matter that necessitated administrative leave.
9	Participants Separating From the Agency Did Not Return Unused Transit Subsidy	The Finance Office should ensure the employee separation clearance process includes the computation and collection of unused transit subsidy from departing employees. Clearance forms should be revised to accommodate the unused transit subsidy calculation.
10	Participants Separating From the Agency Did Not Return Unused Transit Subsidy	The Finance Office's monthly notification distribution e-mail should include a reminder that participants are required to return any unused transit subsidy during the employee clearance process.
11	Participants Separating From the Agency Did Not Return Unused Transit Subsidy	The Finance Office should develop internal procedures that describe how to calculate and record the amount of unused transit subsidy a departing employee must return during the employee separation process.
12	Participants Separating From the Agency Did Not Return Unused Transit Subsidy	The Finance Office should ensure proper training of staff responsible for the office's employee separation clearance process.

Summary of Audit Findings and Recommendations

Recommendation No.	Finding	Recommendation
13	Participants Separating From the Agency Did Not Return Unused Transit Subsidy	The Finance Office should develop and maintain a record or log that captures the receipt of unused transit subsidy returned during the employee separation process by departing employees. The log should include the departing employee's name, date of departure, computation of unused transit subsidy, actual amount received from departing employee and signature of Finance staff who received the subsidy. The log should also include disbursement of Metrocheks to employees for local travel, thereby providing an audit trail of transit subsidy returned and disbursed.
14	Participants Separating From the Agency Did Not Return Unused Transit Subsidy	The Finance Office should ensure that all FEC employees are made aware of unused transit subsidy available for official local travel.
15	Participants Separating From the Agency Did Not Return Unused Transit Subsidy	The Finance Office should contact WMATA to research exchange opportunities available for disposition of unused Metrochek cards to ensure efficient use of returned transit subsidy.
16	Former Participants Listed as Eligible Recipients	HRO should ensure the SmarTrip cards registered to receive FEC paid transit subsidy of separated employees are promptly suspended or removed. Further, HRO should develop and implement written procedures to prevent benefits from being transferred to the SmarTrip cards of separated employees.
17	Former Participants Listed as Eligible Recipients	Program management should consider letters of remittance to those former employees to request repayment of transit benefits collected after their last day of employment.
18	Former Participants Listed as Eligible Recipients	HRO management should also ensure that all program staff receives proper training on the procedures for managing the FEC's SmartBenefits account.
19	Program Staff Did Not Always Follow the Provisions of FEC Directive 54	Program management should revise the current policy to ensure that employees are not receiving FEC paid transit subsidy while riding as passengers in non-FEC paid or private carpools.
20	Passengers Who Commute With Parking Permit Holders Not Included on Monthly Listing of Subsidized Parking Program Participants	The Administrative Division should maintain a current list of employees who commute in an FEC private carpool or have been issued FEC subsidized parking permits, including passengers who commute with the parking permit holders in their car/vanpool. Permit holders, both FEC subsidized and unsubsidized should also be made fully aware of their responsibility to report the names of any regular passengers and any changes to the Administrative Division.
21	Passengers Who Commute With Parking Permit Holders Not Included on Monthly Listing of Subsidized Parking Program Participants	HRO should fully implement program policy that requires the comparison of parking permit holders and their passengers to the Transit Subsidy Eligibility List to ensure that ineligible employees are not on the transit subsidy list.
22	SmarTrip Card Numbers Not Properly Maintained	HRO should maintain accurate program records; the original application should be updated to reflect changes in SmarTrip card numbers or the applicant should complete a new application to record the newly assigned SmarTrip number.
23	Monthly Balance of Metrocheks On-Hand Should Be Reduced	The Finance Office should regularly reassess the monthly amount of Metrochek stock on-hand for distribution.
24	Monthly Balance of Metrocheks On-Hand Should Be Reduced	The Finance Office should continue to document any shortages and overages in the monthly subsidy count, but also include management actions to identify the cause of the differences in Metrocheks maintained on hand and what actions were taken, if any, to prevent future shortages and overages.
25	FEC Should Encourage Increased Usage of the SmarTrip Card	Program management should encourage Metrochek recipients who utilize transit carriers that accept SmarTrip cards to switch their monthly subsidy to SmarTrip cards.