

BRIEFLY...

Highlights of Report Number: 02-09-202-13-001, Ineffective Implementation of OMB Internal Controls and Other Deficiencies Put the Transit Subsidy Program at Risk for Abuse, Office of the Chief Financial Officer

WHY READ THE REPORT

Executive Order 13150 of April 21, 2000, established the Federal Workforce Transportation program to reduce Federal employees' contribution to traffic congestion and air pollution, and to expand their use of public transportation. Each Federal agency is permitted to provide a non-taxable transit subsidy designed to encourage its employees to use mass transit for their daily commute.

The Government Accountability Office reported numerous instances of fraud and abuse of the Federal Workforce Transportation program by Federal employees. To prevent further abuse, the Office of Management and Budget (OMB) issued a memorandum on May 14, 2007, listing 10 minimum internal controls and required all Federal agencies to confirm, no later than June 30, 2007, that they have implemented these controls. On June 22, 2007, the Department of Labor (DOL) affirmed to OMB its compliance with the 10 minimum required internal controls specified to prevent abuse and improve the administration of the program.

WHY OIG DID THE AUDIT

The audit objective was to determine if the internal controls prescribed by OMB were properly implemented for the National Capital Region (National) transit subsidy program.

READ THE FULL REPORT

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

<http://www.oig.dol.gov/publicreports/oa/2009/02-09-202-13-001.pdf>.

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WHAT OIG FOUND

The Office of the Assistant Secretary for Administration and Management (OASAM) did not effectively implement 6 of the 10 minimum required internal controls prescribed by OMB to prevent abuse and improve the administration of the transit subsidy program. These controls were not implemented because OASAM considered controls as not required or cost effective; manager's or supervisor's responsibilities were not defined on applications; and a manual data verification process was used. Furthermore, of the 183 applications statistically selected for review, 24 were missing because applications were haphazardly filed. As a result, a minimum of nine percent of transit subsidies were not properly calculated, and employees may not have been eligible for transit benefits.

Additional control deficiencies put the National transit subsidy program at risk for abuse. These deficiencies were caused by management not: enforcing the suspension of transit benefits; recertifying applications annually; performing automated edit checks to prevent overpayments; or having a policy to control blank SmarTrip cards. As a result, benefits may have been paid to non-DOL employees; applications were not submitted annually; employees may have received more than the maximum transit subsidy allowed; and SmarTrip cards were not accounted for.

WHAT OIG RECOMMENDED

We made nine recommendations to the Acting Chief Financial Officer to improve management controls over the National transit subsidy program.

The Acting CFO generally agreed with the findings and has taken actions or plans to take actions to address the findings and recommendations to ensure compliance with the prescribed OMB internal controls and improve other controls over the National transit subsidy program.