

Agency Response to Draft Report

U.S. Department of Labor

Office of the Chief Financial Officer  
Washington, D.C. 20210



MAR 30 2009

MEMORANDUM FOR ELLIOT P. LEWIS  
Assistant Inspector General for Audit

FROM Lisa D. Fiely  
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SUBJECT Response to Ineffective Implementation of OMB Internal  
Controls and Other Deficiencies Put the Transit Subsidy  
Program at Risk for Abuse  
Draft Report No. 02-09-202-13-001

The Office of the Chief Financial Officer (OCFO) made substantial progress to strengthen the Transit internal controls in response to the OMB memorandum dated May 14, 2007. Attached we have provided our management response to the OIG Audit Report on "Ineffective Implementation of OMB Internal Controls and Other Deficiencies Put the Transit Subsidy Program at Risk for Abuse". The OCFO will continue to work to ensure that the controls which have been put in place are monitored for further enhancements where applicable.

**Finding #1 –DOL did not implement key OMB internal controls.**

**A. Benefits Adjusted Due to Travel, Leave or Change of Address**

**Concur** – The Office of the Chief Financial Officer (OCFO) did not perform a formal cost benefit analysis to determine the cost and feasibility of implementing an internal control program to adjust transit benefits due to employee travel, leave, or change of address. OCFO implemented policy guidance outlining the employees’ responsibility to inform the transit subsidy benefit coordinator when they travel, take leave or changed their address in order to adjust their monthly transit benefit accordingly, and OCFO adjusted benefits in a timely manner when notified.

**Action** - OCFO will perform a formal cost benefit analysis to determine if the cost of implementing this internal control requirement for the national office transit subsidy benefit program is cost effective.

**B. Applicants Checked Against Parking Benefit Records**

**Concur** - OCFO did not have documentation to support that transit subsidy participants were compared to the DOL parking garage permits list to ensure participants were not receiving both benefits. The transit subsidy database and the DOL parking permit database contain several thousand employee names each. Due to the size of these databases, the OCFO Transit Subsidy Benefit Coordinator performs a monthly random sample comparison of the parking permit list to the transit subsidy database to meet this internal control requirement. Despite this monthly sampling, some DOL employees appeared in both the transit subsidy benefit database and the DOL parking permit database.

**Action** - OCFO has re-contacted the OASAM Business Operation Center (BOC) to follow up on our request to obtain monthly updates to the DOL parking list to compare them to the transit database.

**Concur** – DOL has conflicting policy criteria regarding vanpool member eligibility for transit subsidies in the DLMS 2 and transit policy guide.

**Action** - OCFO has contacted the OASAM BOC to coordinate and update the DLMS 2 and OCFO will update the DOL policy guidance related to transit eligibility requirements for vanpool drivers and passengers to ensure consistency of operations throughout the DOL.

C. **Commuting Cost Breakdown**

**Concur** – Detailed commuting cost calculations were not included on the transit applications reviewed. However, 131 of the 159 applications reviewed by the OIG auditors were submitted before OMB’s May 14, 2007, memorandum that outlined internal control requirements was issued. The OCFO TSBC and designees used an electronic copy of the WMATA trip planner utility to calculate the cost of an employee’s commute and annotated the transit application forms with the actual cost based on the WMATA trip planner. A copy of the WMATA trip planner used by OCFO was provided to the OIG audit staff members for their review as part of the audit process. The WMATA trip planner was highlighted in the May 14, 2007, OMB memorandum as a valid tool for determining monthly commuting costs.

**Action** – In March 2009, OCFO created and implemented an updated transit subsidy benefit application form and transit cost worksheet incorporating the internal control requirements outlined in the May 14, 2007, OMB memorandum. OCFO will continue to use the electronic WMATA trip planner tool as a means of accurately computing an employee’s monthly commuting cost. The new process entails a signature of the transit staff member performing the calculation based on the worksheet assessment.

D. **Commuting Cost Verified by Approving Official**

**Concur** – Approving OCFO official signatures were missing on the majority of the transit applications reviewed by the OIG auditor. However 131 of the 159 transit applications reviewed by the OIG auditor were completed prior to the May 14, 2007, OMB memorandum outlining the internal control requirements that served as the basis for this audit. In many cases, the transit applications reviewed by the OIG auditors were between one and ten years old, which would explain the difference between the transit subsidy benefit amount annotated on the original transit application form and the current amount of transit subsidy the employee is receiving. The OMB memorandum identified the use of the WMATA trip planner as an example of a tool an employee’s could use to validate their monthly commuting cost on a transit subsidy application.

**Action** - OCFO took the extra step to download the electronic WMATA trip planner encompassing all Metro transit stops in the National Capital Region to assist DOL employees in accurately calculating their monthly transit costs. OCFO will continue to use the electronic WMATA trip planner as a tool to accurately compute transit subsidy benefits. Per DOL Transit Policy Guidance, an OCFO transit official is required to sign all transit applications after verifying and annotating the allowable transit subsidy benefit amount on the transit application form. OCFO transit employees have been instructed to sign all transit subsidy benefit application forms prior to issuing employees transit subsidy benefits.

E. **Eligibility Verified by Approving Official**

**Concur** – Employees’ supervisor signatures were missing on some of the transit application forms. Some of the older transit subsidy benefit application forms did not include a field for the employee to annotate their work schedule. Prior to the May 14, 2007, OMB memorandum, there was no requirement to include an employee’s work schedule on the transit subsidy benefit application, and 131 of the 159 transit subsidy benefit application forms reviewed by the OIG audit staff were completed prior to that date. Further, the OMB memorandum was the first formal documentation that included requirements for the type of information that should be incorporated on the transit subsidy benefit application form. The transit subsidy benefit application form used by OCFO when the OMB memorandum was issued included fields for employees to indicate their work schedule status.

**Action** - In August 2008, OCFO implemented an annual reapplication program for all eligible transit subsidy recipients. The new form includes fields for employees to indicate their work schedule. Approving official responsibilities are outlined in the DOL transit policy guide, which will be updated with new approving official responsibilities for approving employee eligibility for the DOL transit subsidy program.

F. **Removal from Transit Benefits Program included in Exit Procedures**

**Non-Concur** – OCFO implemented exit procedures as outlined in the May 14, 2007, OMB memorandum. OCFO updated the DOL Separation Clearance form DL1-107 to include the clearing of DOL national office employees through the Transit Subsidy Benefit Coordinator (TSBC) prior to separating or retiring from the DOL. The DOL transit policy guide also outlines employee responsibilities to clear through the TSBC prior to separating from DOL.

**Action** - OCFO prepared and distributed an email notification to all DOL national office HR and administrative officers outlining DOL Personnel Regulation (DPR) 179, which includes the separation clearance requirements. OIG audit staff should be aware that the DOL separation clearance program falls under the responsibilities of DOL’s human resource offices and not the OCFO TSBC. Also in March 2009, OCFO redistributed a reminder to the Department’s Administrative Officers and Agency Financial Managers of the process to be followed for the Separation Clearance forms, which includes the Transit review.

**Finding #2 – DOL had additional internal control deficiencies.**

**A. Employees did not register their Smart Trip cards.**

**Concur** – A number of DOL national office employees registered with the DOL Smart Benefits program did not register their SmarTrip card through WMATA as required by DOL policy. Due to lack of formal union negotiations on this policy requirement, OCFO was unable to implement the stated policy of removing employees from the transit benefit program who did not register their cards through WMATA within 30 days.

**Action** – In March 2009, OCFO - implemented a policy to require employees to register their SmarTrip card with WMATA prior to any action being taken in the DOL Smart Benefits database. OCFO transit points of contact have been instructed to verify that each employee’s SmarTrip card is registered with WMATA before taking any action to add or update an employee’s information in the DOL Smart Benefits database OCFO will review the internal Transit Policy to determine if the “removal policy” is still needed with the newly implemented process.

**B. Employees did not submit applications annually.**

**Concur** – For the audit period covered January 1, 2008, through July 31, 2008, the DOL national office did not have a program in place for DOL national office employees to reapply annually for transit subsidy benefits as required by the DOL transit subsidy benefit policy guide.

**Action** – In August 2008, OCFO implemented the annual transit subsidy reapplication program requiring all DOL national office employees to reapply for transit subsidy benefits. The DOL national office reapplication program is set up to operate throughout the year with one or multiple agencies requested to reapply for transit subsidy benefits each month. This reapplication program is ongoing with employees in eight DOL national office agencies having completed the reapplication process as of March 2009.

**C. OCFO did not perform automated edit checks to prevent overpavments**

**Non-Concur** – OCFO is not aware of any documented requirement to support the OIG finding for the TSBC to perform automated edit checks within the transit subsidy benefit program. The Smart Benefits program software is owned by WMATA, not the DOL. WMATA’s software does not have an automated edit feature to check for employees with multiple SmarTrip cards in the Smart Benefits database. OIG audit staff cannot hold OCFO responsible for performing automated edit checks using an automated system for which OCFO has no ownership of or

control over the functionality or internal control programs of the system. Our preliminary research of this finding showed that a number of the names OIG audit staff identified as duplicate employees were actually separate individuals with the same name.

**Action** – WMATA had one enhancement to their system since its inception that OCFO has adopted. In the past when adding a new card, OCFO had to manually remove the old card from the WMATA database. We are now using the enhanced feature in the WMATA database to reassign a benefit from one card to another card in the system, which automatically removes the old card. We maintain a log of actions in the Smart Benefits system. Furthermore, OCFO contacted our WMATA Smart Benefits representative in March 2009 requesting information on smart benefit automated edit checks. We received a response stating that the smart benefit program does not contain an edit feature to match multiple SmarTrip cards to the same person.

D. **OCFO did not account for blank SmarTrip cards.**

**Non-Concur** – OCFO ordered 2,000 \$5 SmarTrip cards from WMATA in November 2007. The SmarTrip cards were delivered to OCFO by the DOL WMATA representative. The accounting supervisor performed an inventory and count of the SmarTrip cards upon delivery and verified that 2,000 SmarTrip cards were received. Physical control of SmarTrip cards has been maintained in a secure environment in a locked cabinet in the supervisor’s work area with access limited to the accounting supervisor and the TSBC.

**Action** – OCFO will take action to record existing SmarTrip card inventory by serial number on a spreadsheet and perform an annual inventory and card count.