

FEDERAL ELECTION COMMISSION

OFFICE OF INSPECTOR GENERAL



FINAL REPORT

**AUDIT FOLLOW-UP REVIEW OF THE COMMISSION'S
EMPLOYEE TRANSIT BENEFIT PROGRAM**

July 2009

AUDIT ASSIGNMENT OIG-08-03

OFFICE OF INSPECTOR GENERAL

TABLE OF CONTENTS

<u>DESCRIPTION</u>	<u>PAGE</u>
Results in Brief	1
Executive Summary	3
Background	6
Objectives, Scope and Methodology	11
Audit Findings and Recommendations	
1. Transit Benefit Program Lacks Sufficient Oversight and Accountability	13
2. Program Management has not Complied with Directive 50	14
3. FEC's Transit Benefit Program Control Status Reported to OMB was not Fully or Accurately Assessed	16
4. Program Policy and Procedures Need Improvement	19
5. Separated Employees were not Removed Timely	25
6. Participants Separating from the Agency did not Return Unused Subsidy	27
7. Employees Have Access to Duplicate Benefits	29
8. Employees did not Comply with Program Policy and Claimed Benefits While on Extended Travel Extended Leave Admin Leave	33
9. Employee Claim Patterns Indicate They Do Not Meet Program Eligibility Requirements	37
10. Application, Change Request and Annual Certification Process is not Formally or Effectively Monitored	39
11. Program Weaknesses Relating to Parking have not been Addressed	42
12. Employee Names in WMATA Systems are not Consistent with Other FEC Systems	46

13. Employees Have Been Assigned SmarTrip Cards that Remain Unregistered	47
14. Single WMATA System Log-on Used for Multiple OHR Staff	48
15. Monthly Balance of Metrocheks/Vouchers on Hand should be Reviewed	50
16. Metrochek Stock Level Variances were not Fully Documented	50
Other Matters of Interest	
Employee Claim Patterns Indicate They May not Meet Program Eligibility Requirements	51
Conclusions	55
Attachment 1: Summary of Audit Follow-up Findings and Recommendations	56
Attachment 2: OMB Memorandum 07-15	70
Attachment 3: FEC Response to OMB Memorandum 07-15	75
Attachment 4: FEC Transit Subsidy Program Application	76
Attachment 5: FEC Employee Clearance Form	78
Attachment 6: Prior Audit Corrective Action Plan with Current OIG Status	80

RESULTS IN BRIEF

The Federal Election Commission (FEC) Office of Inspector General (OIG) initiated an audit follow-up review of the OIG's 2007 audit of the FEC's Employee Transit Benefit Program. The purpose of the audit follow-up review was to verify whether management had adequately implemented the OIG's recommendations, as agreed, prior to closing the outstanding recommendations. After issuing the OIG's final audit report on February 13, 2007, a corrective action plan (CAP) was provided by management to the OIG on April 4, 2007. Three recommendations were verified as implemented in May 2007 and closed by the OIG. The remaining twenty-two were planned to be implemented by September 30, 2007. Subsequent to the CAP, management re-evaluated the expected implementation dates of the outstanding recommendations: eleven were extended to March 31, 2008; seven were extended to April 30, 2008; and one was left unchanged. The remaining three were described by management as fully implemented by March 31, 2008. The results of this audit follow-up review show that only one of the 22 recommendations was implemented as of July 31, 2008.

The follow-up review results indicate program management does not have adequate program controls or quality assurance processes as shown by the number and nature of exceptions noted during detailed testing of the audit follow-up review. Therefore, the OIG has made several recommendations for improvement to the management of the program. In addition to the new listing of recommendations for the current exceptions noted, we have included the previous corrective action plan provided by management as Attachment 6 to this report. The corrective action plan shows that the OIG considers 21 of the 25 recommendations contained in the 2007 audit report still open as a result of this audit follow-up review.

A listing of the findings identified in this audit follow-up review is included below:

<i>NUMBER</i>	<i>FINDING</i>	<i>FINDING CLASSIFICATION</i>
1	Transit Benefit program lacks sufficient oversight and accountability	New
2	Program management has not complied with Directive 50	New
3	FEC's Transit Benefit program control status reported to OMB was not fully or accurately assessed	New
4	Program policy and procedures need improvement	Repeat
<i>Program's Internal Controls Need to Be Strengthened</i>		
5	Separated employees were not removed timely	Repeat
6	Participants separating from the agency did not return unused transit subsidy	Repeat
7	Employees have access to duplicate benefits	Modified repeat

NUMBER	FINDING	FINDING CLASSIFICATION
8	Employees did not comply with program policy and claimed benefits while on: <ul style="list-style-type: none"> ▪ extended travel ▪ extended leave ▪ administrative leave 	Repeat
9	Employee claim patterns indicate they do not meet program eligibility requirements	New
10	Application, change requests and annual certification process is not formally or effectively monitored	New
11	Program weaknesses relating to parking have not been addressed	Modified repeat
<i>Program Administration Practices Weaken Potential Control Environment</i>		
12	Employee names in the WMATA system are not consistent with other FEC systems	Modified repeat
13	Employees have been assigned SmartBenefits cards that remain unregistered in the WMATA system	Modified repeat
14	Single WMATA system log-on used for multiple OHR staff	New
<i>Metrochek/Voucher Administration and Controls</i>		
15	Monthly balance of Metrocheks/Vouchers on hand should be reviewed	Modified repeat
16	Metrochek stock level variances were not fully documented	Repeat
<i>Other Matters Of Interest</i>		
	Employee claim patterns indicate they may not meet program eligibility requirements	New

As a result of this audit follow-up review, the OIG has concluded that management has failed to adequately respond to the OIG's 2007 audit recommendations to improve the program. Further, as a result of the continued control weaknesses, the program was not effectively monitored thereby providing opportunity for fraud, waste and abuse of program funds. A table listing the 51 recommendations related to the 16 findings, as well as 5 suggestions relating to the other matter of interest listed above, is included as Attachment 1 of this report on page 56. The table also includes management responses to the OIG recommendations and OIG comment on management's responses. Management's response to the recommendations and OIG comment on those responses has also been included in the body of the report.

EXECUTIVE SUMMARY

The Federal Election Commission (FEC) Office of Inspector General (OIG) issued a final audit report on the FEC's Employee Transit Benefit Program on February 13, 2007. The OIG initiated the 2006 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. At that time, 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. In the final 2007 report, the OIG made 25 recommendations to improve program operations and prevent fraud, waste and abuse by program participants. The report can be accessed at www.fec.gov/fecig/transit07.pdf.

On April 24, 2007, the United States Government Accountability Office (GAO) issued a report, *Ineffective Controls Result in Fraud and Abuse by Federal Workers*, detailing its testimony before the Permanent Subcommittee on Investigations, Committee on Homeland Security and Government Affairs, U.S. Senate regarding the Federal Transit Benefit Program. GAO performed the study because the national capital region had approximately 120,000 participants receiving roughly \$140 million in benefits in 2006 and a number of inspectors general (IG) had found instances of fraud, waste and abuse. In its report, GAO stated ineffective program controls in the transit program resulted in fraud and abuse by federal workers. The investigation revealed federal employees:

- fraudulently requested benefits and then sold them on eBay and Craigslist;
- fraudulently requested benefits and gave them to family and friends;
- collected transit benefits while receiving agency-provided parking;
- inflated transportation expenses on their applications above actual commuting costs;
- failed to return excess benefits on separation; and
- continued to collect benefits after leaving the agencies.

In conducting its investigation, GAO reviewed program controls at nine federal agencies¹ and, based on those results, determined at least \$17 million in fraudulent claims occurred in the national capital region during 2006. Further, it was likely more than that amount was lost if a similar magnitude of fraud existed in the agencies GAO did not review. GAO stated that some of the fraud identified in its review could not be quantified and therefore could not be extrapolated to the program as a whole. The GAO report can be viewed at www.gao.gov/new.items/d07724t.pdf.

As a result of the GAO investigation, the Office of Management and Budget (OMB) issued a Memorandum for the Heads of Departments and Agencies, *Federal Transit Benefits Program*, (OMB M-07-15) on May 14, 2007 requesting confirmation by June 30, 2007 that

¹ The FEC was not among the nine agencies reviewed by GAO during its investigation.

each department and agency had implemented a minimum level of internal controls with respect to transit benefit programs. OMB included a listing of suggested internal controls as an attachment to the memorandum. The attachment of suggested internal controls included an agency notice to employees reminding them of proper and improper use of transit benefits, a transit application form and a monthly calculation worksheet. Refer <http://www.whitehouse.gov/omb/memoranda/fy2007/m07-15.pdf> at Attachment 2 of this report. On June 28, 2007, the FEC responded to OMB's request for confirmation that a minimum of internal controls existed at the agency. The response is included as Attachment 3 of this report. The OIG does not believe the response submitted to OMB accurately reflected the control environment in effect for the FEC at that time or currently.

The Federal Election Commission (FEC) Office of Inspector General (OIG) initiated an audit follow-up review of the FEC's Employee Transit Benefit Program to verify whether management had adequately implemented the OIG's recommendations, as agreed, prior to closing the outstanding recommendations. After issuing the final report on February 13, 2007, a corrective action plan (CAP) was provided by management to the OIG on April 4, 2007. Three recommendations were verified as implemented in May 2007 and closed by the OIG. The remaining twenty-two were planned to be implemented by September 30, 2007. Subsequent to the CAP, management re-evaluated the expected implementation dates of the outstanding recommendations: eleven were extended to March 31, 2008; seven were extended to April 30, 2008; and one was left unchanged. The remaining three were described by management as fully implemented by March 31, 2008. The results of this audit follow-up show that only one of the 22 recommendations was implemented as of July 31, 2008.

The OIG conducted the audit follow-up review with the objectives of assessing the adequacy of program policies and operating procedures, verifying employee compliance with program participation requirements, and ensuring that appropriate internal controls are in place. The audit follow-up review fieldwork was conducted between June 2008 and November 2008. The audit scope included a review of program activity from April 2007 through July 2008 with limited testing on employees separated in fiscal year (FY) 2007² and full testing on employees separated in FY 2008.

As during the prior audit, the audit follow-up review revealed the Office of Human Resources (OHR) failed to properly suspend and remove program participants upon separation from the agency or change in commute pattern. As a result, former employees no longer eligible for the benefit had access to \$13,556 in FEC transit funds, of which \$1,181 was inappropriately claimed. This value includes \$200 claimed by an employee while on administrative leave who was ineligible to participate in the program. The OIG also identified several employees who separated from the agency, but failed to return \$624 of unused transit benefits. Since the last audit report was issued, we noted the Finance Office, with assistance from OHR, has recovered \$767 of the \$1,416 in transit benefits owed by departing staff. It is noted, however, that documented procedures to ensure the process of

² Testing for date of last transit subsidy receipt was not performed for some staff where records were not readily available due to elapsed time. This includes staff that received Metrocheks and separated prior to January 1, 2007.

identifying, documenting, communicating and recovering funds is not yet in place or working efficiently. Weaknesses previously identified in FEC Directive 54, *Employee Transit Benefit Program*, August 2001, have not been addressed and a newly revised draft policy and procedures document provided by program management in January and July 2008 to the OIG for review does not address all program weaknesses identified in the prior audit, or this follow-up review.

The FEC has had program administration responsibility over transit benefits for 16 years. It has received guidance and instruction from OMB, detailed illustration of control weaknesses in the GAO report, and detailed recommendations contained in the previous OIG audit report. We find, however, that program management has not implemented adequate controls and quality assurance processes to ensure the program is managed effectively. This is likely due to the current model where responsibility for program management is shared among three divisions with no single individual assigned over-all responsibility for program management and to ensure recommendations are fully implemented. The problem is further exacerbated by the fact that FEC Directive 50, *Audit Follow-Up*, is not applied fully at the Commission. For example, the Audit Follow-up Official did not produce semi-annual reports to the agency head describing the outstanding steps or tasks required to implement recommendations and a timetable for resolution. If the Commission were made more aware of the quantum of corrective actions required and the lack of progress in implementation, program management may have devoted the resources required to address the program weaknesses.

The follow-up review results indicate program management does not have adequate program controls or quality assurance processes as shown by the number and nature of exceptions noted during detailed testing. Therefore, we have made several recommendations for improvement to the management of the program. In addition to the new listing of recommendations for the current exceptions noted, we have included the previous corrective action plan provided by management as an attachment to this report. The corrective action plan shows that the OIG considers 21 of the 25 recommendations contained in the 2007 audit report still open as a result of this audit follow-up. Refer to the corrective action plan issued by OHR on July 10, 2008 included as Attachment 6 of this report.

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. 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. In 2008, the Federal tax-excludable amount for transit subsidy increased to \$115 per month for transit/vanpool benefits. As of January 1, 2009, the maximum tax-excludable amount increased to \$120 per month³.

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* (Attachment 4) 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 Aug 2, 2008, 342 out of a total of 367 temporary and permanent employees were enrolled and approved to receive a total of \$33,333 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.

Effective November 15, 2008, paper Metrocheks will no longer be available for employers that participate in the Transit Benefit Program. SmartBenefit Vouchers will replace the Metrocheks and will be accepted beginning December 1, 2008 to purchase fares on transit providers that do not accept the SmarTrip card, such as Virginia Railway Express (VRE), Maryland Area Regional Commuter (MARC) Train and buses operated by Keller, Dillon, and Eyre Bus companies. SmartBenefit Vouchers will be available in \$1.00, \$10.00, and \$30.00 denominations. Unlike Metrocheks, transit benefits received via voucher cannot be transferred to SmarTrip cards. Metrocheks that had previously been distributed to employees

³ As part of the American Recovery and Reinvestment Act of 2009 (ARRA) signed into law by President Obama on February 17, 2009, available benefits under § 132(f) of the Internal Revenue Code in relation to transit benefits will be increased to \$230 dollars per month.

were accepted until the close of business on March 6, 2009. After that time, only the new vouchers may be used, however, employees could exchange Metrocheks at Metro sales offices through March 31, 2009.

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.



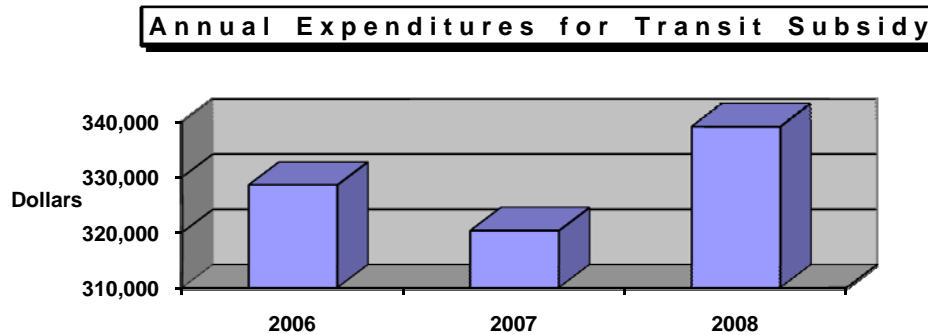
Use of the SmarTrip card benefits the employee by saving time spent visiting the FEC's Finance Office to receive the monthly benefit, provides the employee a way to recoup losses if the card is lost or stolen and gives the employee the ability to consolidate all transit benefit funding in one place, 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 then applied to a future purchase.

Employees who commute to work on any form of transportation that does not accept SmarTrip, had the option of receiving their approved monthly transit benefit by Metrochek paper fare, but are now required to receive their fare in the form of vouchers. Participants must go to the Finance Office each month to sign for and obtain their monthly benefit. Annually, participants are provided a schedule of Metrochek/Voucher 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/vouchers 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.

Due to the elimination of Metrochek paper fare, OHR required all FEC employees who are able to use SmarTrip for their commute to transition from Metrocheks by August 31, 2008 or have their benefit suspended. This is a necessary process as WMATA began limiting the amount of Metrocheks agencies were able to purchase each month in an effort to force federal agency transition to SmarTrip and the new voucher program before the deadline. After January 1, 2009, employees using transit systems that do not accept the SmarTrip card were issued vouchers that can be used to purchase fare media accepted by those transit providers (i.e. tokens, weekly or monthly fare cards).

Employee Transit Benefit Program Costs

Transit subsidy disbursements averaged \$28,228 per month in fiscal year 2006, 2007 and 2008. These disbursements resulted in annual costs of \$328,555, \$320,393, and \$339,123 to the FEC for fiscal years 2006, 2007, and 2008 respectively. Projected spending for fiscal year 2009 is more than \$370,000.



Program Administration at the FEC

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

The Administrative Division is responsible for the procurement of all Metrocheks/vouchers for direct delivery to the Finance Office. As required by the program policy directive, the Administrative Division must also maintain and provide to OHR 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.

OHR 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, OHR prepares the Transit Subsidy Eligibility List used to distribute paper Metrocheks to eligible recipients. OHR 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. OHR is responsible for calculating the transit subsidy owed by separating employees, if any, and communicating the information to Finance. OHR also manages the annual certification process whereby employees certify their eligibility to participate in the program, document their commute pattern, frequency and total monthly cost.

Establishing and maintaining the SmartBenefits (SmarTrip) accounts for those participants who receive their benefit electronically is another responsibility of OHR. Using WMATA's web-based program, OHR 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 cannot be made. However, the SmartBenefits program allows OHR to suspend usage of unclaimed FEC transit benefits at any time, including during the last month of employment. For employees who depart after the 15th of the month, OHR 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. This feature allows the employer to limit a former employee's access to benefits due to system limitations for processing employee removal.

The Finance Office is responsible for determining the monthly order quantity of Metrocheks/vouchers, certifying payment of WMATA invoices, as well as the safeguarding and distribution of Metrocheks/vouchers. Additionally, the Finance Office maintains monthly distribution records and is required to collect personal check, money order or process a payroll deduction for unused transit benefit 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.

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. Based on the complaint, the OIG planned and conducted an audit in 2006 on the FEC Transit Benefit Program.

As part of the OIG's audit planning for the 2006 audit, 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.

Prior to the OIG's 2006 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. The current follow-up review of the 2006 audit also shows controls have not been implemented to prevent those who receive a permanent or temporary parking benefit, or pay for parking at 999 E Street, do not also receive transit benefits.

As a result of the 2006 audit, the OIG made 25 recommendations to improve management of the transit benefit program. Since the report was issued in February 2007, the OIG has received several hotline complaints regarding potential transit benefit program violations. The complaints were referred to the OIG Chief Investigator and are under review.

OBJECTIVES, SCOPE AND METHODOLOGY

The objectives of this audit follow-up review 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 follow-up fieldwork was conducted between June and November 2008. The audit follow-up review scope included a review of program activity from April 2007 through July 2008.

To accomplish the audit follow-up review objectives, we performed the following procedures:

- Reviewed Directive 54 and the draft (January and July 2008) Transit Subsidy Policy (intended to replace Directive 54), HR Transit Subsidy Procedures for New Employees, Transit Subsidy FAQ, FEC Employee Exit Clearance Form, and other documents submitted by management to the OIG for comment. Refer Finding 4 on page 19.
- 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 2006 and report issued in February 2007.
- Reviewed the FEC response to OMB Memorandum 07-15 to determine whether the response correctly reflected the control weaknesses noted in the February 2007 OIG audit report. Refer finding 3 on page 16.
- Reviewed employee separations since the February 2007 OIG audit report to determine whether their access to FEC provided transit subsidy was removed in a timely manner and whether the FEC correctly sought recovery of unused subsidy collected in the month separated. Refer findings 5 and 6 on pages 25 and 27.
- Reviewed FEC transit applications of employees hired in fiscal year 2008 to determine whether their application for subsidy was processed in a timely manner, verified for accuracy and reasonableness, and formally approved by OHR management. Refer finding 10 on page 39.
- Reviewed transit applications of employees hired in fiscal year 2008 to determine whether they were provided transit subsidy in accordance with FEC Directive 54. Refer findings 4 and 7 on pages 19 and 29.
- Reviewed the annual certification process to determine whether sufficient review of employee certification occurs, whether the certifications are formally approved by OHR management and whether employees who fail to certify are removed from the program. Refer finding 9 on page 37.

- Reviewed FEC employees' electronic leave records to identify employees who have taken greater than 80 hours of leave during a calendar month to determine whether the employees appropriately reduced their transit benefit in accordance with Directive 54. Refer finding 8 on page 33.
- Reviewed employee travel records for staff that may have traveled 50% or more business days in a month to determine whether the employees correctly reduced their transit benefit in accordance with Directive 54. Refer finding 8 on page 33.
- Reviewed electronic SmartBenefit activity and manual Metrochek distribution reports from April 2007 through July 2008 to determine whether:
 - Employees have irregular claims that may indicate they do not meet program eligibility. For example, participants who failed to claim SmarTrip benefits for two consecutive months. Those with irregular claims had their transit activity compared to their leave activity for reasonableness;
 - Employees claimed full benefits after mid-month or had a pattern of consistently claiming benefits late in the month, indicating they may not be compliant with program Directive.
 - Registered program recipients who no longer claimed benefits were actually former employees not removed from the program or current employees who ceased to participate, but had not been removed;
 - Employees were incorrectly listed as eligible recipients under both the SmartBenefits and Metrochek programs;
 - Employees had more than one SmartBenefit card actively registered;
 - Employees who have/had been granted a temporary (handicap) parking pass, pay to park in the FEC parking garage, or are issued a permanent (FEC provided) parking benefit are not eligible for the transit subsidy.

Refer findings 5, 7, 9, 11, and Other Matters of Interest on pages 25, 29, 37, 42, and 51, respectively.

- Reviewed monthly Finance Office Metrochek distribution reconciliation forms for January 2007 through July 2008 to assess whether Finance has reduced the balance of Metrocheks on hand, as recommended in the prior audit report. Refer finding 15 on page 50.
- Created a reconciliation schedule of the monthly Finance Office Metrochek distribution listings for the period January 2007 through August 2008 to determine whether variances existed. Where variances were noted, reviewed supporting documentation to determine whether Finance documented the reasons for any overages or shortages in Metrocheks on-hand after the monthly distribution. Refer finding 16 on page 50.
- Performed a stock count after the November 2008 distribution to ensure the reported amounts in the monthly reconciliation were accurate. There was no discrepancy.

AUDIT FINDINGS AND RECOMMENDATIONS

1. Transit Benefit Program Lacks Sufficient Oversight and Accountability

Because the FEC is a relatively small agency, the responsibilities for managing programs are often shared between two or more divisions. With respect to internal audits, an Audit Follow-up Official (AFO) is assigned responsibility for monitoring and reporting on the status of outstanding audit recommendations, as described in FEC Directive 50, *Audit Follow-Up*. The AFO, however, does not have authority to direct implementation or timing of corrective actions by other divisions; the person merely reports the status of recommendations.

In the case of the Transit Benefit Program, responsibility for program administration is shared between three separate divisions, Office of Human Resources (OHR), Finance, and the Administrative Division. Under this model, no one individual is responsible for ensuring that the three separate divisions design, document and implement an adequate control framework to ensure the transit benefit program is not susceptible to fraud, waste and abuse. Instead, each division is responsible for performing one or more key functions and does not report on whether it has established performance standards or monitoring controls over its area of responsibility. For instance, OHR should define the data processing standards and controls for OHR staff that process transit benefit applications, changes, or removals, and then monitor whether the standards for timeliness and accuracy are met. To date, OHR has not fully defined the standards and has not monitored staff performance. The Administrative Division had established standards for providing some parking data to OHR, but has not monitored whether the standard fully met program user needs or was met. Because no single person is assigned overall responsibility for program management, neither division is required to report on whether it has established adequate performance standards and whether it has monitored performance and met the standard. As such, the respective divisions are not able to monitor program performance as a whole, and information to assess program performance can only be obtained through detailed audits such as the prior audit and this audit follow-up review.

The lack of overarching accountability has contributed to a general failure to address the control weaknesses identified in the prior audit report and is further illustrated in the nature and number of additional findings included in this follow-up report. It is apparent that managers from each of the three program divisions, each working independently on implementing the prior audit recommendations, have not yielded the desired result, which is an efficient program that serves the needs of FEC employees and is not susceptible to fraud, waste or abuse.

Recommendation

- 1a. The Commission should designate a single individual with the responsibility, authority, and accountability to oversee the program in its entirety, and to address the transit benefit program weaknesses identified in this follow-up report and the prior transit benefit audit report.

Management Response

- 1a. *Program responsibility, authority and accountability shall reside with an Office of Human Resource (OHR) Specialist with oversight from the Office of the Staff Director. The OSD prefers not to name specific individuals in this response but offices instead. The OSD will develop and maintain on the FECNet OSD Web page a list of staff, by name, responsible for critical actions and specific duties in offices under the purview of the OSD. This action will be captured and addressed in the Corrective Action Plan (CAP).*

OIG Comment

The agency's planned actions are responsive to the audit issues identified, and when fully implemented, should satisfy the intent of the audit recommendation.

2. Program Management has not Complied with Directive 50

FEC Directive 50, *Audit Follow-Up*, April 2006, was created in response to OMB Circular A-50, *Audit Follow-Up*, and details the roles and responsibilities of the FEC OIG and program management with respect to audit follow-up actions required to address audit findings. FEC Directive 50 mainly focuses on responsibilities for the OIG's annual financial statement audits, but also includes the following guidance for "Other Audits," such as the internal audit of the FEC's Transit Benefit Subsidy program.

"Other audits

For any other audits conducted by the Inspector General or other agencies (e.g., GAO) the Staff Director will recommend and the Commission shall approve, the follow-up official. This person shall:

1. *Develop a written corrective action plan, including specific steps and/or tasks to be taken to implement the corrective action plan and a time frame for completion of each step or task, to be presented to the Commission within thirty days of receiving an audit report;*
2. *The written corrective action plan shall be presented to the Commission through the Staff Director, including any comments the Staff Director may add, for information, tally vote or for discussion at a Commission meeting;*
3. *Conduct regular meetings with the Inspector General or other audit officials throughout the year to follow-up on outstanding findings and recommendations, and include reports on those meetings in the written corrective action plan and the semi-annual reports required to be presented to the Commission;*
4. *Respond in a timely manner to all requests;*
5. *Engage in good faith effort to resolve all disagreements; and*
6. *Produce semi-annual reports to the agency head. These reports shall include the status of all unresolved audit reports, the outstanding steps or tasks required to be completed in order to resolve the recommendation raised in the audit reports, and a timetable for resolution of those steps or tasks; and the number of reports or recommendation resolved during the period."*

FEC management has not complied with FEC Directive 50. The final audit report of the 2006 Transit Benefit Audit was issued on February 13, 2007. A corrective action plan was provided to the OIG on March 16, 2007 and the OIG provided comments on the plan to management on April 4, 2007. Management submitted the final corrective action plan to the Commission on May 1, 2007. While the CAP was eventually presented to the Commission for information or tally vote, the CAP was not provided within 30 days of receipt of final audit report in accordance with requirements one and two of Directive 50.

Neither the AFO nor program management met with the OIG throughout the year to discuss the status of agreed actions in accordance with requirement three above. No semiannual reports on audit recommendation status were prepared and provided to the agency head in accordance with requirement six of Directive 50. In addition, during the follow-up audit testing period, responses to information requested by the OIG were not always received in a timely manner. In some instance, requests for information were not acknowledged by OHR staff and multiple requests were required, in some instances, in order for the OIG to receive documentation from OHR.

Further, the OIG noted that the CAPs provided by program officials to the OIG were not consistent, and in some cases incorrect. In the most recent CAP provided by management in July 2008, a recommendation the OIG had reported as closed in mid-2007 was listed as “open,” had a revised implementation date, and new agreed management action. Because of the length of time needed to fully implement recommendations and the number of individuals responsible for implementation activities, several versions of the CAP were used. As such, there is the potential for error in reporting the status to the OIG. The incorrect and inconsistent reporting of the status of outstanding recommendations is further evidence of the failure of FEC management to properly implement OMB and FEC requirements for audit follow-up.

The OIG has worked with the FEC’s Information Technology Division to develop an Audit Recommendation Tracking Database. This tool can be used to record all OIG recommendations for audits and inspections and report on the current status to interested parties. The database is designed to be a single point of input for both the OIG and program areas and record the following information:

- FEC OIG Audit/Inspection number, report title and date final report is issued;
- OIG recommendations (numbered audit recommendations as presented in the final report);
- Agreed management action that will be required to resolve each recommendation;
- Initial expected implementation date;
- Revised implementation date if the action is not fully completed by the initial planned date;
- Name of the FEC official responsible for implementing or monitoring implementation of the recommendation;
- Final management actions taken to implement the recommendation;
- Date final actions are taken by responsible official;

- Management status (open or closed);
- OIG verification activity (action taken by OIG auditors to verify recommendation is fully implemented); and
- OIG status (open or closed).

Using the information input by OIG and FEC officials, the database can be used to display corrective action plans and status reports on audit follow-up activity by audit or by responsible official. The system is designed to be a single point of data input and will improve the transparency and reporting capabilities, while reducing the need to update various data management sources, such as Microsoft Word documents or Excel spreadsheets.

Recommendations

- 2a. FEC officials comply with Directive 50, to include the following:
- provide corrective action plans to the OIG within 30 days of final report;
 - submit the corrective action plans within 30 days to the Commission via the Staff Director for information, tally vote or approval;
 - hold regular meetings with the OIG to discuss the status of the outstanding recommendations;
 - produce semi-annual reports to the Commission on the status of outstanding recommendations; and
 - use the FEC OIG Audit Recommendation Tracking System or similar system that records recommendations, agreed management actions and implementation status.

Management Response

- 2a. *Concur with recommendation. Directive 50 will be updated and a first draft circulated to the Commission within thirty days (30) of receipt of the final report. A CAP will be provided within thirty (30) days of the final audit.*

OIG Comment

The agency's planned actions are responsive to the audit issues identified, and when fully implemented, should satisfy the intent of the audit recommendation. The OIG believes any planned updates to Directive 50 should retain and emphasize the importance of regular meetings and monitoring of outstanding audit recommendations by FEC management with the OIG and Commission.

3. FEC's Transit Benefit Program Control Status Reported to OMB Was Not Fully or Accurately Assessed

On April 24, 2007, the United States Government Accountability Office (GAO) issued a report, *Ineffective Controls Result in Fraud and Abuse by Federal Workers*, detailing its testimony before the Permanent Subcommittee on Investigations, Committee on Homeland

Security and Government Affairs, U.S. Senate regarding the Federal Transit Benefit Program. GAO performed the study because the national capital region had approximately 120,000 participants receiving roughly \$140 million in benefits in 2006 and a number of inspectors general (IG) had found instances of fraud, waste and abuse. In its report, GAO stated ineffective program controls in the transit program resulted in fraud and abuse by federal workers. The report highlighted a number of transit program abuses at other federal agencies where employees claimed too much, sold their benefits or gave them to others for use, or claimed benefits after leaving an agency. GAO estimated the annual projected loss to the government is at least 17 million dollars, in addition to unknown losses which could not be quantified, but were considered material.

Based on the results of the GAO report and testimony before Congress, the Office of Management and Budget (OMB) issued a memorandum requesting all agency heads state whether a minimum level of controls exist over the administration of the transit program of their agencies. The response from federal agencies to OMB was due by June 30, 2007. The FEC's response was prepared by the FEC's former CFO, signed by a former FEC Chairman, and sent to OMB on June 28, 2007. In the response, FEC leadership stated:

"Transit Benefit Internal Controls are in place for the FEC's Transit Benefits Program. Recently, our Office of Inspector General (OIG) conducted an audit of the FEC's Transit Benefit Program and found that the FEC is managing the program effectively. The OIG suggested additional improvements to the program, and the FEC will incorporate those suggestions into our procedures to ensure the program continues to operate effectively and as intended."

The FEC's response to OMB is not accurate because it implies the FEC OIG audit results support that the program is managed effectively. The 2007 OIG audit report made no such assertion, rather it illustrated a number of weaknesses existed and made 25 recommendations for correcting those weaknesses.

In addition, the Deputy Inspector General's memo accompanying the final audit report to the Commissioners states:

"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."

The "conditions" referred to were described in the report distribution memo and relate to instances where staff did not comply with program requirements. Specifically, participants of the program:

- claimed benefits while on extended leave or travel;
- failed to return excess benefits;
- accepted subsidized parking and transit benefits; and
- continued to have access to benefits after separation due to program office's failure to monitor and remove access to benefits in a timely manner.

The OMB Memorandum 07-15 requested confirmation that a minimum internal control structure exists for the following:

“Transit Benefit Internal Controls

Application Requirements

Employee Home Address

Employee Work Address

Commuting Cost Breakdown

Employee Certification of Eligibility

Warning Against Making False Statement in Benefit Application

Note: Some agencies require employees to affix a copy of a completed Washington Metropolitan Area Transit Authority online trip planner, which employees can use to determine the participant's actual daily, and then monthly, public transportation costs.

Independent Verification of Eligibility

Commuting Cost Verified by Approving Official (e.g. employee's home address validated and commuting costs correctly calculated)

Eligibility Verified by Approving Official

Implementation

Applicants Checked Against Parking Benefits Records

Benefits Adjusted Due to Travel, Leave or Change of Address

Removal from Transit Benefit Program Included in Exit Procedures.”

While the FEC created and implemented a new form to be used for application, annual re-certification, and removal, the form is not used completely. For instance, independent verification of eligibility by the OHR is rarely documented on the form. In addition, implementation control practices, such as parking benefit review and adjustment for travel and leave are not fully implemented, as indicated in the number of findings noted in the prior report and this follow-up report. At the time the response was submitted by the FEC to OMB, only three of the 25 recommendations had been implemented and verified by the OIG. It does not appear the FEC correctly assessed whether the control weaknesses identified during the prior audit had actually been addressed before providing a response to OMB. Further, the response presented to OMB incorrectly attributed the FEC OIG as determining the transit program was managed effectively when clearly the memorandum to the Commission, the executive summary of the report, and the audit report detail state the opposite, and recommended 25 actions to address program management weaknesses.

Recommendations

- 3a. FEC management should implement control processes to ensure information prepared for external reporting is fully and accurately assessed prior to forwarding to the Commission for approval and release.
- 3b. The FEC OIG requests that draft responses to OMB and other oversight entities are provided by management to the OIG as a matter of courtesy when those responses specifically refer to OIG audit activities and reported audit results.

Management Response

- 3a. *Concur with recommendation. The intention is to develop an action within 90 days of the final report being published. This action will be listed in the Corrective Action Plan listed in 2a.*
- 3b. *Concur with recommendation. OSD will adopt a policy where by communications made to outside agencies will be coordinated with CFO, OGC and OIG prior to release.*

OIG Comment

The agency's planned actions are responsive to the audit issues identified, and when fully implemented, should satisfy the intent of the audit recommendations. The OIG only requests review of external communications where OIG activity or work products are mentioned or where the response attributes a status or opinion to the IG or OIG work.

4. Program Policy and Procedures Need Improvement

Directive 54 has been the official guidance on the transit benefit program at the FEC since March 1992. The current directive dated August 2001 replaced the previous version. The prior audit report recommended changes to Directive 54 which were not implemented. Instead, FEC OHR and CFO management teams created draft policies and procedures to replace the Directive. To date, those policies and procedures have not been finalized or formally communicated to staff. Therefore, Directive 54 remains the current guidance to FEC staff.

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 fare card for use on metrorail, metrobus or in a registered vanpool. The FEC provides SmarTrip cards as its main form of transit subsidy, recently requiring all staff whose commutes accept SmarTrip to transition from Metrocheks to the SmarTrip card. Employees who use SmarTrip cards are able to download their transit subsidy at the machines located throughout the Metro system or assign their

benefit to a vanpool electronically via the transit system website. Since the 2006 audit, WMATA has replaced Metrocheks with vouchers in an attempt to decrease program fraud and increase rider's ability to receive transportation benefits in an electronic form, even where the transportation provider does not accept the SmarTrip card. WMATA has increased the number of transportation providers who accept SmarTrip cards and improved electronic processes to eliminate the need for paper transfers between various bus and rail systems. The improvements result in a transit system and benefits program that is increasingly more electronic, cost efficient, and allows for transparent monitoring by riders and the agencies that supply them benefits.

Although the FEC has participated in the SmartBenefits program since 2003, 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. 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.

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.

We found that Directive 54 does not describe the appropriate method of processing transit subsidy benefits (SmarTrip) for incoming personnel who are hired after the 15th of the month. Specifically, FEC Directive 54 states:

“1. Applications for the transit subsidy are available in the Personnel Office (Attachment 1). Applications received by the 20th of each month will be processed and maintained by the Personnel Office for inclusion in the list of approved applicants to receive transit benefits the following month. Once an application is approved by the Personnel Office, the required application information is used to create the list of employees eligible for the transit subsidy. 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”.

The policy does not state that employees who apply for benefits before the 20th should receive full or partial benefits for the application month; however the FEC OHR clerk routinely authorizes full or partial benefits for the application month, based on actual commute costs for employees who apply before the 20th of the month. Finance does not question the distribution practice. Employees who apply after the 20th are routinely given full benefits for the following month and, in one case authorized partial benefits in the month applied.

Review of transit applications and benefits received for employees hired between October 1, 2007 and July 31, 2008 showed the following with respect to benefits received by new employees:

- 20 participants applied before the 20th and received full benefits in the month applied totaling \$1,788;
- 8 applied before the 20th and received partial benefits the month applied totaling \$520;
- 3 applied before the 20th and received no benefits in the month applied (complied with Directive);
- 24 applied after the 20th and received full benefits in the month following application totaling \$2,355;
- 1 applied after the 20th and did not receive full or partial benefits in month applied or month following application (complied with Directive); and
- 1 applied after the 20th and was authorized partial benefits in the month applied and full benefits the month following application.

The practice of authorizing full or partial transit benefits in the month an application is submitted, or full benefits in the month following application for those who apply after the 20th, indicates program operating practices have diverged from program guidance, but are applied in a fairly consistent basis. Had Directive 54 been applied correctly, the FEC could have reduced program expenses by \$4,663 for the period October 1, 2007 through July 31, 2008.

Despite the OIG recommendation and management agreement in the prior report, OHR staff members who are responsible for processing applications in the WMATA systems and administering the program have not been formally trained and do not have sufficient written instruction to manage the program effectively. During the audit testing period of January 2007 through July 2008, no WMATA system guides or FEC prepared procedures manuals were in use by OHR. The OHR staff were not aware of, and did not use the WMATA system reports (“employee removed” and “currently enrolled”) to verify employee subsidy status when processing applications, change requests, certifications or separations. A one page *Standard Operating Procedures* draft provided by the OHR Director to the OIG is not sufficiently detailed and does not include instruction on verification or control actions to be performed before or after processing applications or change requests. A two page *Transit Subsidy Internal HR Coding Instructions* provided to the OIG for review is poorly constructed and does not include instruction on verification or control actions to be performed prior to or after processing applications and change requests.

Directive 54 has not been revised to reflect changes in the program, such as the implementation of alternative working arrangements adopted by many FEC staff. The alternative working arrangements include compressed work schedules and regular/episodic flexiplace (telecommuting) work arrangements. In addition, the FEC's program policy does not address the following:

- management of SmartBenefits,
- transition from Metrochek to vouchers,
- staff training needs, or
- detailed program office instructions or reference to other internal operating procedures to implement the policy.

To date, the OIG notes that Directive 54 has the following weaknesses:

- An inconsistency in the illustration for staff who work exactly 50%. The examples for scheduled absence (2a) show staff may claim all the benefit for a month where they are present 50% or more duty days. The example for unscheduled absence (2b) has a person present exactly 50% but only entitled to claim only 50%,
- the policy has not been updated to reflect the new operating environment of electronic SmartBenefit, or the requirement that employees use SmartBenefit if their commute allows (reduce Metrochek/voucher use),
- no mention regarding transition from Metrochek to SmartBenefits vouchers,
- lack of instruction for calculating the maximum number of commute days each month based on the changed operating environment for employees who have adopted compressed work schedules and/or regular/episodic Flexiplace,
- current policy does not reflect the annual certification process currently being used at the FEC,
- the transit application form does not address participants' commuting costs where the fare is purchased on a monthly basis and therefore is a fixed price, rather than a daily rate as stated on the application form, and
- the policy does not define the point when a person is no longer considered an eligible participant of the program, e.g. failure to commute using public transportation at least 50% of the time for a number of consecutive months would render a person ineligible.

As an initial step to policy and program revision, management should first address the theoretical concepts of fairness to staff, protection of federal funds, and ability to effectively monitor, detect and prevent program abuse. In addition, management should document and/or revise the policy, procedures and forms required to serve each operational and control activity, and identify what elements/detail each document should contain. In order to do this, management should consider the other findings and recommendations in this report, process flow the activities within each division and between the three divisions, and document existing control weaknesses and recommended corrective actions. Management should then design and implement prevention and detection activities to decrease exceptions. Management should also develop and document quality assurance standards with performance goals to measure program performance. The performance goals should be used

in the performance plans for managers and staff responsible for administering the program. Management should then monitor and report program results to the Commission through business planning and as an element of follow-up to this audit report.

Recommendations

- 4a. Program management should consider the OIG's findings and revise the program directive/policy and other procedure documents.
- 4b. Management should request examples of transit benefit policies and procedure guides from other federal agencies, GAO, or OMB to use as examples in designing its revised policies and procedures. In addition, management should consider using the WMATA system user guide as a starting point for developing the procedures guide for OHR program officials.
- 4c. The transit benefit application form should be modified to include elements suggested in the OMB memorandum sample form, such as compressed schedules; flexiplace; and age and handicap reduced commuter rates. The form should also include an employee release authorizing the FEC to obtain transit activity detail from WMATA for transit activity on the FEC issued SmarTrip card, as needed, to effectively monitor the program. The form should encourage employees who regularly use WMATA transit systems for personal use or metro parking to maintain a separate SmarTrip for those transactions. If agreed by management, the form should also reflect that staff may claim and retain transit subsidy where their commute payment is based on a monthly rate such as van pool or train pass, even if they do not meet the 50% participation rate for a given month.
- 4d. Management should consider using greater than and less than values to define the maximum benefits claimable when an employee's commuting costs vary based on days commuted each month. The less than/greater than scenarios could be used to ensure fairness to the employees while also limiting program expense to the FEC. The policy change would provide a quantifiable method for determining compliance. Refer to the examples below.

Example 1: Employee has daily commute of \$5 and maximum authorized \$100 per month. Due to scheduled leave, an employee commutes 5 days in a given month. Employee is authorized to claim the lesser of actual cost or 50% of transit benefit.

Actual cost \$25 or 50% of the approved benefit equal to \$50. Employee would claim \$25.

Assume same as above but employee commutes 12 days in a month.

Actual cost \$60 or 50% being \$50. Employee would be authorized and elect to claim the actual cost of \$60.

Example 2: Employee's daily commute is \$15 per day and actual monthly commuting cost is \$300. Maximum subsidy claim per month is limited to \$120. Due to unscheduled sick leave, employee commutes 3 days in a given month.

Actual cost \$45 or 50% of the approved benefit equal to \$60 (rounded). Employee could claim up to \$45, actual cost.

Assume same as above but employee commutes 10 days.

Actual cost \$150 or 50% being \$60. Employee elects to claim actual cost of \$120 and supplements with \$30 additional personal funds.

Management Response

- 4a. *Directive 54 will be updated and a final draft will be circulated to the Commission for a vote.*
- 4b. *The OSD cannot support this recommendation. Given the timing of the audit report and requested management response, this is both unnecessary and not possible. OSD, OHR and other offices have conducted sufficient research to produce a revised policy that reflects cohesion of the WMATA system and FEC procedures.*
- 4c. *The OSD cannot support this recommendation. WMATA will not release transit activity detail unless a criminal investigation and legal proceeding. The request must be pursuant to a court order or made by the employee. The transit benefit application form has been updated.*
- 4d. *Concur with recommendation. Procedure will be incorporated in revised Standard Operating Procedures (SOP).*

OIG Comment

The agency's planned actions for recommendation 4a are responsive to the audit issues identified, and when fully implemented, should satisfy the intent of the audit recommendation. With respect to recommendation 4b, the OIG still believes the program offices would benefit by reviewing best practice examples of policies, procedures and guidelines obtained from other federal agencies. It was not the intent of the OIG that all policies, procedures, standard operating procedures or other guidance would be fully drafted and approved prior to the issuance of the final audit follow-up review report. With respect to recommendation 4c, the OIG now understands that WMATA will not provide detailed employee transit information except when the employee is subject to formal investigation. In the future, WMATA systems will allow registered users to access information relating to their own transit activity. At that time, management should consider reevaluating the recommendation as employees may voluntarily provide information when requested. With respect to the revisions recommended for transit application form in 4d, we note the transit form available via the OHR intranet website is dated June 15, 2008, does not reflect the changes recommended above, and may not be the updated version intended by FEC management for employee use from this date forward.

Program's Internal Controls Need To Be Strengthened

The following findings indicate that controls over transaction processing and monitoring of program activity needs to be strengthened. During the audit follow-up review, we noted no managerial review or quality assurance of key processes that would have allowed detection and correction of processing errors or omissions. There is no compilation of monthly transit claim activity and no consolidated review of employee claim activities for an extended period of time. If management had designed and implemented controls over transaction processing and program activities as a whole, management could have prevented or limited abuses and financial exposure of the FEC with respect to the transit program.

5. Separated Employees Were Not Removed Timely

Separated employees were not removed from the transit benefit system in a timely manner and seven former employees claimed benefits after they left FEC employment. One employee who separated in 2005 was still eligible to claim transit benefits until mid-2008.

We reviewed the electronic report of WMATA claims from April 2007 through July 2008 to determine whether former FEC employees who had separated since February 2007 were still enrolled in the benefit program and claiming benefits. We also reviewed claim activity for current employees who had ceased to claim transit benefits and verified whether or not those individuals were still employed with the FEC. The review indicated that 55 former employees had access to \$13,556 in SmartBenefits to which they were not entitled. These former employees continued to have access to FEC SmartBenefits due to a failure by the OHR to remove participants from the program in a timely manner or a failure to suspend benefits during the month the system removal was processed. One former temporary employee had access to benefits totaling \$1,950 for 34 months after separating in March 2005, but fortunately did not claim the available benefits. Further, seven former employees, including one individual on administrative leave, claimed \$1,181 in benefits that the individuals were not entitled to receive.

Of the 100 employees separated from FY 2007 to July 31, 2008, 81 participated in the transit subsidy program; 63 collected the subsidy using SmartBenefits and 18 used Metrocheks. Of those 81 program participants, 40 had transit subsidy removed timely with eight having their eligibility removed on the day they separated. Two could not be determined as they separated prior to availability of current electronic records. The remaining 39 employees were not removed from the transit system in a timely manner; 34 received SmartBenefits and 5 participants received Metrocheks. Because separated employees who use Metrocheks are not likely to re-enter the FEC to claim their transit benefit, or if they did they would likely be detected and denied, it is more critical that those with access to the electronic SmartBenefits be removed from the system immediately upon separation. In total, 34 of the 63 SmartBenefit recipients were not removed timely, a 54 percent failure rate.

Recommendations

- 5a. Program management should implement internal controls and quality assurance processes to ensure employees who separate have their access to transit subsidy terminated at the earliest possible date. Examples of appropriate internal controls are listed below:
- An OHR clerk processes the removal and/or suspension of transit benefits on the day the employee performs the walkthrough of the separation clearance form, or at the earliest possible date in accordance with system limitations. If the system does not allow removal (16th through the end of the month), suspension for the next month should be processed between the 28th and the end of month to ensure benefits cannot be claimed for the next month. A reminder should be used to ensure the removal is processed at the earliest possible date. The clerk should print or record the action which shows the suspension and removal actions processed in the WMATA system.
 - The OHR clerk should download the WMATA “currently enrolled” and “employee removed” reports each month and maintain the historical data for use by others in quality assuring transit benefit program transactions.
 - Management should perform a monthly review of the separation listing and verify separated employees have been suspended and removed by logging on to the WMATA system or reviewing the downloaded “employee removed” and “currently enrolled” reports to verify the correct action was performed.
 - Management should establish a performance standard for the program staff to assess their success in ensuring that no separated employees have access to transit benefits administered by the FEC.
 - Noting that there are instances where some employees do not complete a separation clearance form, a failsafe approach should be developed whereby the National Finance Center payroll listing is compared to the WMATA “currently enrolled” listing and exception reporting is used to identify any employees not listed for payroll purposes who are registered for transit benefits. The transit benefit could then be suspended and removed.
- 5b. Program management should consider whether to attempt recovery of the \$1,181 in excess benefits claimed by the seven former employees.

Management Response

- 5a. *Concur with recommendation. Procedure will be incorporated in a revised SOP.*
- 5b. *FEC Management will review the specifics for the impacted employees and determine the best course of action for the agency.*

OIG Comment

The agency's planned actions are responsive to the audit issues identified, and when fully implemented, should satisfy the intent of the audit recommendation.

6. 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 transit benefits. A copy of the form can be found in Attachment 5. Because WMATA does not allow the return of partially used Metrocheks, Finance can no longer accept the unused Metrocheks. Instead, employees are required to return excess benefits claimed in the form of a check or money order. If neither a check nor money order is provided by the separating employee, Finance can use a payroll deduction from the employee's final paycheck to collect the amount owed.

The program directive states that the Finance Office manages the receipt of unused transit benefits from departing employees, however, Finance requires OHR to provide information on the amount claimed for the current month and the employee's daily commute costs. The OIG found that the clearance forms seldom included the collection of unused transit benefits. Currently, the process for seeking recovery of unused transit subsidy at employee separation is neither transparent nor consistently applied. Finance performs the calculation; however, based on the OIG's review of clearance forms, the calculations by the Finance Office to determine the amount of unused benefits were not properly documented. It does not appear all departing staff were fully assessed and repayment sought. The revised draft policy states OHR is responsible for calculating the repayment value. During the audit follow-up, the OIG provided a template to OHR that could be used to calculate the repayment or show that a repayment is not due. The template is not yet in use.

The OIG's audit testing revealed that employees who departed the FEC between January 1, 2007 and July 31, 2008 returned only \$767 of the \$1,416 calculated by the OIG to be unused based on the separation dates of the employees. Thirteen employees may still owe \$624⁴.

Allowing employees who separate from the agency to retain FEC paid transit subsidies is not permissible under the provisions of FEC Directive 54. To assist program staff when computing the amount of unused subsidy that should be returned on the last day of employment, the program management drafted a revised employee clearance form. The OIG provided input on the new draft form content as well as the sequential process necessary so that OHR has all relevant information to compute whether repayment is due. The revised employee clearance form is not yet in use.

⁴ The variance of \$28 results from the difference between the amounts calculated as owed by OIG versus the amount requested returned by Finance/OHR. Evidence of how Finance/OHR calculated the repayment amount was not always present.

Recommendations

- 6a. The OHR should ensure the employee separation clearance process includes the computation of unused transit subsidy to be recovered from separating employees. The revised clearance form should be used to show the unused transit subsidy repayment amount or the fact that no repayment is required.
- 6b. The repayment calculation worksheet provided by the OIG in May 2008, or similar document, should be used to calculate whether repayment is due. A copy of the calculation worksheet should be attached to the employee clearance form so that Finance can request and collect the correct amount from separating employees.
- 6c. If not already available, OHR employees should be given read only access to the WebTA system so that OHR can view time and attendance records for the month an employee separates and use actual attendance to calculate whether repayment is due. Alternatively, separating employees should be instructed to print a copy of their timesheets for the current month and provide the information to OHR to allow calculation of transit subsidy repayment.
- 6d. OHR management 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.

Management Response

- 6a. *Concur with recommendation. The OHR has updated the separation clearance process to incorporate transit subsidy as an item to check so that it is readily identifiable in order to calculate any unused transit subsidy, as outlined in the policy. The updated form is currently being used by OHR and the process will be incorporated in the revised SOP.*
- 6b. *Concur with recommendation. The employee clearance form has been updated to reflect this recommendation. A copy of the updated form will be provided with the CAP.*
- 6c. *The OSD cannot support this recommendation. The OSD does not find it appropriate for OHR to pull Time and Attendance for this purpose. OSD will consult further with OGC on this issue and advise OIG of OGC opinion. This will be added to the CAP.*
- 6d. *Concur with this recommendation. OHR has requested additional training from WMATA. Details will be provided in the Corrective Action Plan. The training is done in cooperation with WMATA and OHR.*

OIG Comment

The agency's planned actions for recommendations 6a, 6b and 6d are responsive to the audit issues identified, and when fully implemented, should satisfy the intent of the audit recommendations. With respect to 6c, prior to WebTA, OHR or Finance reviewed the employee timesheets in order to calculate whether a transit repayment was required. The timesheets were retained in the separating employee's personnel file maintained in Finance, along with a copy of the employee clearance form and final pay and/or leave balance transfer details. This recommendation simply reflects the change in source documentation availability due to the transition to an electronic time and attendance system and the fact that the current management process assigns responsibility for calculating final transit repayment to OHR staff members.

7. Employees Have Access to Duplicate Benefits

According to FEC Directive 54, 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. Therefore, employees are not eligible to receive multiple benefits or benefits that exceed actual commute costs. Program controls should exist to ensure employees do not have access to multiple benefits. For the period of review, April 2007 through July 2008, employees had access to \$4,680 in duplicate benefits and an additional \$1,216 available from August 2008 to November 2008.

Our review identified two individuals who had transitioned from SmartBenefits to Metrocheks and another employee who had registered a new SmartBenefit card, but access to prior benefits was not immediately terminated for the three employees. In total, the three individuals could have claimed \$2,848 in duplicate benefits, but did not. In one instance, the duplicate access to benefits was identified by Finance through comparison of the Metrochek distribution listing to the SmartBenefits listing, but only after duplicate benefits could have been claimed for seven months, totaling \$770. In the second instance, an individual who registered a second SmartBenefit card had previously registered a card in another name. The initial card registered with the FEC was *not* in the name of the employee, and was not terminated when the new SmartTrip card was registered. From August 2006 until July 2008, that person could have claimed \$1,748 in duplicate benefits. Access was removed based on OIG request. It is our understanding that OHR no longer allows employees to register cards that have previously been registered with WMATA under another name. Instead, the person is assigned a new card and required to register the card in their name (refer finding 12 on page 46). The third instance appears to relate to an employee transitioning from Metrocheks to SmartBenefits and then back to Metrocheks. The employee had access to download benefits to a SmartTrip card for three months, but did not. Instead, the employee claimed benefits via Metrocheks totaling \$330.

We also noted three recent instances (after July 2008) relating to new employees or employees who requested changes in transit subsidy benefits gaining access to duplicate benefits under SmartBenefits. The OIG identified two employees who had more than one

active SmartBenefit card registered in their names, which were identified by the OIG in November 2008 through a review of the “currently enrolled” listing. A third employee applied for SmartBenefits in June 2008 and then requested a change to Metrocheks in August 2008. Because the SmartBenefit card was not registered in the employee’s name, the employee was given access to both SmartBenefits and Metrocheks. The employee claimed benefits in both forms for two months (September and October), informed Finance of the error, and then returned the excess portion to the FEC. It appears these three instances occurred when an initial transit benefit application was processed and, within a relatively short period of time, a second form was submitted requesting a change. It does not appear the status of the initial request was adequately confirmed, adjusted, or removed by OHR prior to processing the second request. The risk was likely compounded by the failure to register SmarTrip cards in the name of the employee on the day they were distributed (refer finding 13 on page 47). The dollar value of access to duplicate benefits was \$805 for the three employees.

When a new employee or an employee not previously receiving transit benefits applies for benefits, the OHR clerk processes the application and sends an e-mail to Finance with the following information:

- the new employee has been authorized benefits and the effective date;
- a short description of the commute as well as the daily and monthly rate;
- whether the employee is authorized partial or full benefit for the current month (based on effective date of employment, daily commute, and number of days remaining in the month);
- the manner in which the employee will claim the benefit in the future, Metrochek/voucher or SmartBenefits;
- SmarTrip card number (if applicable); and
- Kick-off date on which SmartBenefits will be available for download and therefore the date the employee will no longer be eligible to collect transit benefits from Finance via Metrochek or voucher.

Due to the limited dates for which transit benefit changes can be processed in the WMATA system, an employee who applies for benefits on the 16th of a month is frequently authorized partial benefit in that month, and full benefit the following month. However, the employee would not be able to download transit subsidy electronically (kick-off) until the first day of the second full month after being processed in the WMATA system. OHR authorizes the employee to collect transit subsidy from Finance twice before the employee can begin electronic download of benefits in the third month. If an employee is not listed on the pre-printed hard-copy report for voucher distribution, Finance manually writes the name of the employee on the monthly Metrochek distribution listing and indicates the amount of benefit distributed based on the information from OHR. Finance also includes a copy of the e-mail from OHR with the monthly distribution report to document distribution to an employee who was not included on the hard-copy distribution listing.

While conducting detailed testing to determine whether applications for benefits were processed timely, we noted 14 of the 53 applicants who registered and received a SmarTrip

card were also listed on the Metrochek distribution listing for one or more months. The temporary condition of appearing on two listings likely results from an attempt to manage the FEC transit benefit system (PeopleSoft) detail so that an employee appears on the Metrochek/voucher distribution listing the month of and/or month after the employee begins working to authorize collection of benefits at Finance, prior to a SmartBenefit kick-off date. By inputting a new employee into the PeopleSoft with no SmartBenefit card number, the employee will appear on the hard-copy Metrochek/voucher distribution listing. The OHR clerk must then remember to update the PeopleSoft system with the SmartBenefit card number assigned to the employee prior to the WMATA kick-off date in order to remove the employee from the Metrochek distribution listing and prevent access to duplicate benefits. The duplicate access to benefits results when the PeopleSoft listing is not updated by OHR prior to printing the transit voucher distribution list and sending the list to Finance.

In order to prevent the access to duplicate benefits, new transit benefit participants who will eventually collect benefits using SmartBenefits should have their SmarTrip card number entered into PeopleSoft on the day they receive the card and their name should not be pre-printed on hard-copy Metrochek distribution listing. The e-mail notification from OHR to Finance that provides notice of the employee subsidy amount and kick-off day to begin automated download of benefits is sufficient to authorize benefit collection via Metrochek or voucher prior to the SmartBenefit kick-off date.

OIG notes that Finance often reviews the WMATA report on monthly benefits claimed and identifies employees who have access to both SmartBenefits and Metrocheks. Where duplicate benefits are noted, Finance notifies OHR to correct the problem by verifying which benefit claim method is correctly authorized and deleting the other. If Finance does not receive the monthly WMATA transit report from OHR, it cannot perform the quality assurance function. Currently, the process is not formalized through written instruction for OHR and Finance. OIG testing revealed that the Finance Office did not receive the WMATA reports for eight months during the follow-up testing period (April 2007 through July 2008). The reports for January through August 2008 were not received until September 11, 2008.

Recommendations

- 7a. OHR should download the “currently enrolled” and “employee removed” listings monthly, as well as use the on-line WMATA system data and the FEC Transit Benefit Eligibility Listing to verify the status of employees prior to processing additions or changes to the transit benefit system. It is important to note that employees may have had several SmarTrip cards registered in their names over their term of employment, but should only have one active SmarTrip card at any point in time. OHR must verify and review system changes by SmarTrip card number as well as employee name to prevent access to duplicate benefits.
- 7b. The record of change requests and the resulting changes processed should be retained in OHR transit files, along with the completed application/change request form. As a result, any OHR staff member who is responsible for processing transactions can

review the history of requests by employee name and determine whether previous requests have been completed. OHR should consider creating a shared e-mail directory to store communications from FEC employees regarding their transit inquiries and change requests. Any request for new benefits, termination of benefit, or change in the amount of benefit received, address and commute pattern, and type of benefit (voucher or SmartBenefit) should be documented using the Transit Subsidy Program Application form.

- 7c. Program management should review change requests on a regular basis to ensure benefits are not available in two forms; voucher and SmartBenefits, or two or more SmartBenefit card numbers. This can be done by reviewing the “currently enrolled” listing and verifying only one card number is assigned to each employee (i.e. no duplicate names). Also, Finance should continue the practice whereby a staff member compares the monthly Metrochek/voucher distribution listing to the electronic listing of SmartBenefit recipients provided by OHR. Program management should consider an automated report comparison between the Transit Benefit Eligibility Listing (PeopleSoft) that records the participants’ names and benefit type (Metrochek/voucher or SmartBenefits) to the WMATA “currently enrolled” listing to highlight duplicate benefits. A second automated review of the “currently enrolled” listing could be performed to highlight employees listed with more than one SmarTrip card number. This would allow monthly comparison with exception reporting and minimize the need for manual review by OHR and Finance staff.
- 7d. OHR should input the SmarTrip card number in the PeopleSoft system at the time the card is distributed to an employee and not attempt to manage whether the employee name prints on the monthly distribution listing for Finance. Employee names should be manually written on the distribution form for one or more months if the participants have elected to receive transit benefits via SmarTrip.
- 7e. Finance should distribute benefits as indicated by OHR for the time period indicated. If WMATA system limitations require manual benefit distribution for more than one month, Finance should print the e-mail for reference and inclusion in distribution reports for both months.

Management Response

- 7a. *Concur with this recommendation. OHR has already instituted a process to address this issue. Details will be provided in the Corrective Action Plan. Copies of the procedures will be provided.*
- 7b. *Concur with this recommendation. OHR has already instituted a process to address this issue and will be outlined in the CAP.*
- 7c. *Concur with this recommendation. Process has been adopted, although not automated.*

- 7d. *Concur with this recommendation. Process has been adopted, although not automated.*
- 7e. *FEC management concurs with the recommendation for Finance to reconcile OHR reports and is already performing this internal control check for the vouchers.*

OIG Comment

The agency's planned actions are responsive to the audit issues identified, and when fully implemented, should satisfy the intent of the audit recommendations. The OIG looks forward to reviewing the additional detail on planned implementation activities that will be provided in the CAP.

8. Employees Did Not Comply With Program Policy

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 percent 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 percent in a month are only entitled to 50 percent 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 percent 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 percent of the commuting (business) days because of unplanned or unscheduled absences, the employee is eligible for 50 percent of the transit benefit the following month. It is program management's responsibility to design a control framework to prevent, detect and correct instances of non-compliance. However, our audit results revealed that employees failed to adhere to the program's policy, and program management has not implemented sufficient monitoring and control activities to detect instances of non-compliance. Specifically, 48 employees claimed \$2,612 in FEC transit benefits, of which \$689 was inappropriately claimed for periods of extended travel and \$1,923 was inappropriately claimed for periods of extended annual and/or sick leave from October 2007 through July 2008. Additionally, we identified one ineligible employee who claimed \$200 in transit subsidies while on administrative leave. Refer to the three sections below for testing results detail and recommendations.

Program Participants on Extended Travel

In order to determine whether program participants complied with the policy to reduce transit benefits claimed during periods of extended travel, the OIG reviewed business trips taken between October 2007 and July 2008 for travel that exceeded 10 days in a calendar month; or a high number of travel days that bridged consecutive months. We identified 23 vouchers/records that documented travel of employees who were not entitled to the full monthly benefit due to their extended absence from work. After examining the applicable transit subsidy claiming reports, we found that five employees correctly reduced their benefit for planned travel, and four claimed nothing in the month of travel or subsequent month even though they were entitled to claim fifty percent. For the remaining 14 of the 23 business trips, the employees were not compliant with the transit subsidy program requirements while on extended travel. Specifically, the employees inappropriately claimed \$689.50 in transit benefits of which they were not entitled to due to their absence from the FEC. It was also noted that one employee claimed transit benefits electronically during the period of travel absence, indicating that the SmarTrip card may have been used by someone other than the employee.

Program Participants on Extended Leave

To evaluate whether employees adjusted their monthly subsidies given actual leave usage, we reviewed a download of National Finance Center time and attendance records for the period October 2007 to July 2008. Using electronic analysis, we identified 141 employees whose leave may have exceeded 80 hours in a calendar month. The data was further reviewed and 23 were eliminated from testing because they did not participate in the transit subsidy program. The remaining 118 employees were reviewed to determine whether they commuted less than 50 percent of the days in the month of leave and, if so, whether they correctly reduced their transit subsidy in the month of or month following leave taken.

We found that during the review period, October 2007 through July 2008, 67 of the 118 program participants identified for review commuted to the office for more than 50 percent of the business days in a calendar month. Accordingly, these 67 program participants were entitled to their full transit benefit for that month. We identified 12 participants who commuted exactly 50% of the commutable days who did not reduce their benefit and five employees who correctly reduced their benefit based on less than 50% attendance. However, we identified 34 of the 118 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 34 participants claimed \$1,922.50 in transit benefits of which they were not eligible to receive.

Directive 54 provides an example for scheduled absence (2a in the directive). Specifically, Directive 54 illustrates that staff may claim all the benefit for a month where they are present 50% or more of the business days in the month. The directive's example for unscheduled absence (2b) has a person present exactly 50%, but only entitled to claim 50% of the monthly benefit. Under the two scenarios, the 12 employees who commuted exactly 50% of commutable days may be entitled to all or half of their monthly subsidy, depending on

whether the leave was scheduled or unscheduled. For the purposes of this review, we did not include those instances as errors. The total inappropriately claimed by the employees was \$679.50.

Although a program Directive exists and a policy statement has been included in the monthly transit benefit distribution reminders to participants, it does not appear that either is effective at ensuring program compliance with respect to employees on extended leave or travel. Although previously recommended by the OIG, program policies and procedures have not been developed to provide participants with specific program instruction regarding adjustments to their transit subsidy. Specifically, SmarTrip users have not been provided with proper guidelines for adjusting the amount of transit subsidy claimed at the kiosks located throughout the WMATA system. Transit benefit program applications have not been amended to require a supervisory approval to provide managers the opportunity to advise their employees, as needed, on program requirements. With respect to leave and travel, supervisors should advise employees at the time leave and travel are approved that the employee should adjust their transit benefit accordingly.

Ineligible Employee 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 one ineligible employee who claimed transit subsidy while on administrative leave in 2007. The employee claimed benefits of \$100 per month for two months while on administrative leave. This was due to the fact that OHR failed to suspend the benefit in a timely manner, despite a new process whereby employees placed on administrative leave are required to complete an employee clearance form as if they were separating from the agency. In this instance, the employee clearance form was not completed until the employee legally separated from the agency, nearly a year later.

Recommendations

- 8a. Transit benefit policies and communications should convey to participants that FEC management or other officials may periodically compare extended leave and travel records to transit benefit claims for compliance with FEC program requirements. Although the current directive and monthly reminders to program participants provide the program policy for extended leave and travel, given the continued compliance issue, additional controls are necessary.
- 8b. Division management should regularly communicate the transit benefit policy to their staff to ensure participants are fully aware of their responsibility to reduce the benefits claimed during extended absences for travel or leave. This communication could be done during normal staff or team meetings.
- 8c. OHR 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.

- 8d. 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 percent of the business days in a month.
- 8e. 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.
- 8f. Program management should ensure participants placed on administrative leave have benefits suspended or removed, as appropriate. Although program management has implemented procedures that include transit benefit restrictions for employees on administrative leave, additional controls are warranted. It should take care to suspend and remove access to transit benefits at the earliest possible date following an employee's placement on administrative leave.
- 8g. Program management should implement a process to identify staff who are absent for an extended period of time and review their claim activity to determine whether the control processes implemented result in program compliance.

Management Response

- 8a. *The OSD cannot support this recommendation. This is not possible without audit authority, which the FEC does not have except in the case of a criminal investigation. Currently, OHR has a periodic review process in place and compares claimed and unclaimed reports. The process will be codified in the revised SOP. OSD will encourage management at all levels to incorporate informational briefings into any venue where it is appropriate.*
- 8b. *The OSD cannot support this recommendation. Line supervisors should bear no responsibility, oversight or otherwise, of the benefit. However, OSD will encourage management at all levels to incorporate informational briefings into any venue where it is appropriate.*
- 8c. *Concur with recommendation. Policy and procedures are being revised with a no later than date of August 1, 2009 and will be posted on FECNet.*
- 8d. *The OSD cannot support this recommendation. It is far-reaching to expect supervisors to adhere to this recommendation. Communication and awareness will be increased via FECNet.*
- 8e. *Concur with this recommendation. The OSD is working to revise the FEC Parking Policy as well as the revised Transit Policy. OHR and Administrative Services staff*

will be trained in procedures on how to process terminations and removals based on employees' circumstances. Employees and/or managers will be instructed to notify OHR when employees will be absent from duty station for an extended time.

- 8f. *Concur with the recommendation. The process is being incorporated into the policy and procedures.*
- 8g. *Concur with the recommendation. The process is being incorporated into the policy and procedures. This may be done in cooperation with timekeepers, but again, the responsibility lies with the employees.*

OIG Comment

With respect to 8a, the recommendation does not require audit authority. Management is responsible for ensuring effective internal controls of the program. One type of internal control is the comparison of different types of data, such as benefit claims and leave/travel records, and taking corrective action, when necessary, to resolve exceptions. Excessive claims for periods of extended leave and travel has been a longstanding program issue and management should implement additional controls to ensure program compliance. The process for reviewing claimed and unclaimed activity would not detect excessive benefits claimed during periods of extended leave or travel.

With respect to 8b, the recommendation is not suggesting the line supervisors oversee the benefit program, merely use team meetings and employee training sessions to communicate the policy in a more direct communication method.

With respect to 8c and 8d, we accept management's response. Awareness and management review are important. With respect to 8e, 8f and 8g, the agency's planned actions are responsive to the audit issues identified, and when fully implemented, should satisfy the intent of the audit recommendation.

9. Employee Claim Patterns Indicate They Do Not Meet Program Eligibility Requirements

Per Directive 54:

"The purpose of the FEC transit subsidy program is to provide financial incentives to employees who regularly commute via public transportation. For the purposes of this program, "regularly commute" shall mean that the employee commutes via public transportation on a regular and recurring basis and that a minimum of 50% of the available number of commuting days (business days) per month between home and the official duty station are on public transportation. FEC transit subsidy is to be used for the commute to and/or from the official duty station. The official duty station for all FEC employees is 999 E Street, NW, Washington, DC, other designated leased office space in the Washington, DC metro area or temporary local duty station."

Examples of eligibility:

- a. *Mr. Doe works full time 5 days a week, taking public transportation both to and from work on an average of 20 work days (or 40 one-way trips) per month. Since Mr. Doe takes public transportation to and from work over 50% of the time, he is eligible to participate in the FEC Transit Subsidy program.*
- b. *Ms. Jones rides to work with Mrs. Doe most of the time, and uses public transportation only occasionally (less than 50% of the business days per month). Ms. Jones is not eligible for a transit benefit because her use of public transportation is not regular and recurring.*

The examples provided in Directive 54 clearly illustrate those employees who commute less than 50 % per month are not eligible for transit benefits.

A number of employees with long-term irregular claims indicate they do not meet program eligibility requirements or comply with the program directive. We reviewed the electronic claims listings for the period April 2007 to July 2008 and noted 20 employees had irregular claims which may indicate they do not meet program eligibility requirements as their commute may not in fact be “regular.” In total, those employees failed to claim 71 percent of their available benefit dollars over the 16 month review time period. Some employees consistently claimed below 50 percent of their available benefit dollars. Review of leave activity showed 18 of the employee’s leave was not aligned to the periods where they had reduced or no transit benefit claims. Several employees did not claim any transit benefit for eight of the sixteen months reviewed.

Recommendations

- 9a. OHR should review the detailed results of this testing and consider the implications for revising program policy and operating procedures.
- 9b. OHR should review the detailed results of this testing and request staff certify that they met program eligibility requirements and comply with the Directive. OHR should request written explanation from employees who have a history of irregular claims.
- 9c. OHR should download the monthly WMATA claim activity listings each month. The data should be compiled and reviewed annually for irregular claims to ensure employees who received benefits use them as intended.

Management Response

- 9a. *Concur with this recommendation.*
- 9b. *Concur with this recommendation. OHR maintains a log of this activity. This will be codified in the revised policy and procedures.*

- 9c. *Concur with this recommendation. OHR maintains a log of this activity. This will be codified in the revised policy and procedures.*

OIG Comment

The agency's planned actions are responsive to the audit issues identified, and when fully implemented, should satisfy the intent of the audit recommendations. We look forward to reviewing the additional detail on planned implementation activities that will be provided in the CAP.

10. Application, Change Requests and Annual Certification Process is not Formally or Effectively Monitored

FEC Directive 54 states:

“The Personnel Director is responsible for the approval/disapproval of all transit subsidy applications.”

Currently, FEC employees who submit transit benefit application forms, change requests or annual certifications are not required to submit proof of commute with the application. The employee is, however, required to include their home address on the form. Based on the information provided by the employee, the OHR clerk verifies the reasonableness of the calculated commute cost using the WMATA system Trip Planner feature. The OHR clerk does not maintain a record that the commute cost is reasonable and does not use a checklist or other form to record that the cost verification control step has been performed. Review of FY 2008 transit benefit application forms for new hires showed only 3 of 55 were subject to management review and approval. None of the application forms had an OHR clerk sign-off on the data entry portion of the form. In addition, a review of the 2008 annual certification forms showed little or no evidence of management review or data entry processing that would be evidenced by signatures and date entry in the appropriate fields of the form. As such, there is little evidence that the Personnel Director has formally approved the transit subsidy applications, change requests and annual certifications processed by OHR.

Discussion with management indicated a period in which a signature stamp for a former Acting OHR Director was provided to OHR staff to use in approving transit applications. Use of a signature stamp does not provide sufficient evidence that separation of duties was maintained between those responsible for approving transit applications and those responsible for processing the application in FEC and WMATA systems.

Further, we concluded the annual certification process is not formally or effectively monitored as shown by the following types of exceptions noted:

- employees who failed to certify annually were not removed from the program;
 - employees who stopped claiming and did not certify were not removed;
 - employees who claim infrequently continue to certify but were not questioned;
- and

- terminated employees had their benefits increased to the highest value for 2008 (\$115) even though they were no longer employed and had not certified.

The level of authorized benefits typically increases annually to keep pace with increased transportation costs in the DC metropolitan area. The maximum authorized level has increased five dollars per year for the last four years, to the current maximum of \$120.00. In February 2008, the process used to update the authorization level was to have WMATA run a program to automatically update those receiving the previous maximum benefit (previous value \$110.00) to the new level (\$115.00 in February 2008). The OHR clerk then went through the listing of those increased to make sure the employee was authorized (eligible) at or above the new level. If the clerk noted a person authorized exactly at the previous level or below the increased level, the clerk adjusted the benefit level in the WMATA system to reflect the maximum authorized benefit for the employee.

Because regular review of account activity was not performed, this process allowed increases to employees who had not re-certified their commute for the year, were no longer employed by the FEC, had ceased claiming benefits, or were not claiming their benefits in a manner consistent with their certified amount. Also, the OHR does not maintain a listing of the maximum amount each staff member is certified to receive. For instance, if a staff member has a calculated monthly commute cost of \$200.00, they would be approved to receive \$115.00. A listing of those staff who could receive a higher value if the government authorized and the FEC funded the payment is not maintained. Because the WMATA system does not contain a field for maximum certified amount, the FEC should maintain a listing of the authorized level for each participant and provide WMATA a listing of those authorized an increase. By doing so, the FEC can ensure increases are applied only to those actually authorized the benefit and is not dependent on subsequent review to remove the increased benefit.

Recommendations

- 10a. OHR should require all FEC employees submit proof of their commute with their certification by using the trip planner features of WMATA website. This would enable rapid review and approval by the OHR Director or designated official responsible for approving applications, change requests and annual certifications.
- 10b. After reviewing the commute information, costs, and transit application mathematical calculations, OHR management should sign the form authorizing the OHR clerk to process the application, change request, or certification.
- 10c. Clerks who process applications, change requests, or annual certifications should sign and date the form in the fields provided after entering the data in the system and verifying the transaction was processed.
- 10d. Signature stamps should not be used to authorize transit benefit applications, change requests, and annual certifications.

- 10e. OHR should track annual certification forms submitted by FEC staff. For those who fail to submit a form, an e-mail reminder should be used followed by benefit suspension or removal. Failure to certify by FEC employees should be considered an informal request to cease participation in the program.
- 10f. OHR should not use the WMATA automatic increase function which automatically increases those receiving the maximum benefit (\$115) to the next maximum benefit level (\$120.00). Instead, OHR should submit a listing to WMATA of FEC staff that have certified and are authorized to receive the increase. If the auto increase function is used, the FEC should first create a listing of each staff member, benefit type (SmartBenefit or voucher), the amount certified (actual monthly commute costs) and the maximum authorized each month (previously limited to \$115 and recently increased to \$120). The listing can then be sorted to identify those staff that were authorized to receive the previous maximum but do not have commute costs in excess of that amount. Those individuals would have their system increase reduced to the previous value (\$115).

Management Response

- 10a. *Concur with this recommendation. The process is being incorporated into the policy and procedures.*
- 10b. *Concur with this recommendation. The Human Resources Specialist/Employee Relations will sign the form authorizing the Human Resources Assistant to process the application, change request or certification. The process will be incorporated into the policy and procedures.*
- 10c. *Concur with the recommendation. The process is being incorporated into the policy and procedures.*
- 10d. *Concur with this recommendation.*
- 10e. *Concur with the recommendation. The process is being incorporated into the policy and procedures.*
- 10f. *Concur with the recommendation. The process is being incorporated into the policy and procedures.*

OIG Comment

The agency's planned actions are responsive to the audit issues identified, and when fully implemented, should satisfy the intent of the audit recommendations. We look forward to reviewing the additional detail on planned implementation activities that will be provided in the CAP.

11. Program Weaknesses Relating to Parking have not been Addressed

According to 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; this includes those who receive long or short term handicap parking privileges. 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, be maintained and then compared to the Transit Subsidy Eligibility List to ensure that ineligible employees are not on the transit subsidy list.

Parking information on FEC employees who receive FEC paid parking benefits, to include senior executives, long and short term handicap permit holders, employees who pay to park in the FEC parking garage, and their passengers, are not provided to OHR in a manner or frequency sufficient to ensure employees do not have access to duplicate transit benefits. When the Administration Division does prepare listings for distribution, the information does not always reach the OHR staff responsible for processing changes and/or monitoring employee participation compliance. Since the prior audit report was issued in February 2007, we found that the Administrative Division did not:

- regularly communicate the names of employees who have been issued monthly or annual FEC paid parking permits, including handicap permit holders;
- communicate the names of FEC employees who pay to park in the basement to OHR for comparison against the Transit Subsidy Eligibility List;
- implement a control where employees who pay to park in the basement or those who receive FEC paid parking benefits certify whether other FEC employees commute with them and include the names of FEC carpool passengers, as required by FEC Directive 54, on the monthly listing of parking permit holders;
- receive any information on which FEC employees paid to park in the basement from the FEC parking provider from May 2007 through July 2008; or
- maintain sufficient documentation to determine whether employees who had been issued handicap permits also claimed transit benefits for any portion of the time the employee held the permit (e.g. document the date a handicap permit was issued, the expected period of use, and communicate the information to OHR).

Further, OHR did not suspend or remove access to benefits for staff who received temporary handicapped parking benefits.

Prior to March 2008, the Administrative Division did not record and monitor the short and long term (daily, weekend or handicap) passes issued to FEC staff or visitors. Since March 2008, the Administrative Division began using a sign-out sheet to record the name, permit number, date issued, date returned, and whether the pass was issued for one day use or longer. Because the information on temporary passes issued is now maintained, it can be provided to OHR. However, we noted the sign-out sheet does not include a field to record the date a pass is expected to be or *should* be returned. When reviewing the sign-out sheets we identified instances where a parking permit(s) were:

- issued to staff and not returned within a day or two;
- issued and recorded as permanently issued (line out the permit number as unavailable for distribution) but no detail was recorded of who had been issued the pass;
- issued to a contract firm but an individual did not sign for receipt of the permit;
- issued to a business area or division rather than an individual, and an individual did not sign for receipt of the permit.

If parking passes are issued to staff on a temporary or long-term basis but not fully and accurately recorded, OHR cannot determine whether the employee access to transit benefits should be removed.

Because the necessary information on FEC paid parking was not provided timely or reviewed, we noted the following:

- a Commissioner has access to both parking and transit benefits;
- seven employees retained access to transit benefits while issued handicap parking permits. We are unable to determine whether employees claimed transit benefits while also having access to FEC paid parking due to the lack of detailed records retained by the Administrative Division;
- an employee who pays to park in the basement retained access to transit benefits via SmartBenefits from April 2006 until present totaling \$3,750. The individual had a former last name listed in the transit system and parking benefits listed under a different last name. It is unclear whether the person notified OHR of the change in eligibility status. The employee has not claimed the transit benefits available;
- an employee previously absent from the FEC for eight months due to medical reasons retained access to Metrocheks during the period of absence. After returning, the employee claimed Metrocheks for several months and then transitioned to pay parking in the FEC garage. Finance questioned the employee's failure to collect Metrocheks at which time the employee notified OHR and Finance that they were testing paid parking as a commute option;
- an existing employee assumed a position which authorized FEC paid parking benefits and accepted the paid benefits. The employee retained access to SmartBenefits for six months but did not claim the benefits; and
- other exceptions were noted during detailed testing and were referred to the OIG Investigator for further review.

Despite the prior program violations in 2000 regarding three employees who regularly participated in an FEC carpool and received transit subsidy, and an exception in the prior audit where a staff member received transit subsidy while participating in a carpool, the OHR does not consistently perform a comparison of the monthly list of parking permit holders to the Transit Subsidy Eligibility List, due largely to the fact that the information was not collected and provided by the Administrative Division.

The planned coordination between the OHR and the Administrative Division to ensure that employees participating in the paid parking program are not receiving a transit subsidy has not occurred. The Administrative Division has not yet implemented a process 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 a 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; (3) the Administrative Division did not obtain information on staff who pay to park from the parking provider and communicate the information to OHR; (4) OHR 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, and (5) OHR did not request parking information from the Administrative Division when the necessary data was not provided monthly.

In order to ensure individuals do not have access to duplicate benefits, each FEC paid parking permit holder and those who pay to park in the FEC garage 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 OHR for reconciliation with the Transit Subsidy Eligibility List in a timely manner.

Recommendations

- 11a. 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.
- 11b. The Administrative Division should create and maintain a complete and accurate listing of employees who receive long-term FEC paid parking benefits, such as SL and those considered permanently handicapped. Although the current practice is to provide annual passes for these employees, the listing should be reviewed and updated regularly for changes in staff. The listing should be saved on a shared network directory to allow OHR staff access to the most recent data at all times.
- 11c. The Administrative Division should receive the listing of FEC employees who pay to park in the basement from the building parking manager each month. It should scan the document and save it on a shared network directory to allow OHR staff access to the most recent data at all times.
- 11d. The Administrative Division should maintain a listing of employees who have been issued short term handicap parking permits. Where possible, the length of time the

permit is needed should be included to allow OHR to suspend or remove access to transit benefits for that period of time. The information should be included in a shared directory to allow OHR access to the most recent data at all times.

- 11e. Employees who receive transit benefits and who will be absent for an extended period of time, or their supervisor, should notify OHR of the intended absence and change in eligibility status so that access to benefits can be suspended or removed until the employee returns.
- 11f. The Administrative Division should require all staff who receives FEC paid parking benefits, including handicap parking benefits, and those who pay to park in the FEC garage certify the names of FEC staff that carpool with them. The listing of carpoolers should be included in a shared directory to allow OHR access to the most recent data at all times.
- 11g. OHR should review the Transit Subsidy Eligibility Listing monthly to ensure no staff listed as receiving FEC paid parking benefits is included. If an exception is noted and the employee elects to receive the transit benefit, OHR and Administrative Divisions should verify the FEC paid parking pass has been returned. OHR should also review the listing to ensure staff that pay to park in the basement and their carpoolers do not have access to transit benefits.

Management Response

- 11a. *Concur with this recommendation. Communication and awareness will be increased via FECNet informing the employees of the procedures of the transit program.*
- 11b. *Concur with the recommendation. The process is being incorporated into the policy and procedures.*
- 11c. *Concur with the recommendation. The process is being incorporated into the policy and procedures.*
- 11d. *Concur with the recommendation. The process is being incorporated into the policy and procedures.*
- 11e. *Concur with recommendation. This is an employee responsibility but will be covered in the revised SOP which will be posted on FECNet.*
- 11f. *The OSD cannot fully support this recommendation. However, as a security measure (not related to the transit authority benefit program) a policy will be drafted which states that all members of any car pool accessing the underground parking at 999 E Street NW must be identified.*
- 11g. *Concur with the recommendation. The process is being incorporated into the policy and procedures.*

OIG Comment

The agency's planned actions are responsive to the audit issues identified for recommendations 11a through 11e, and 11g, and when fully implemented, should satisfy the intent of the audit recommendations. With respect to 11f, this recommendation was previously agreed by management during the prior audit but not fully implemented. Refer Attachment 6, Prior Audit Corrective Action Plan with Current OIG Status, recommendation 19 on page 98. Program management should take the steps necessary to identify employees who have access to either paid or unpaid FEC parking benefits and prevent their access to FEC provided transit subsidy benefits.

Administrative Practices Weaken Potential Program Controls

The following findings illustrate OHR business practices that individually and collectively decrease the ability of program staff to effectively monitor the FEC transit benefit program.

12. Employee Names in the WMATA System are not Consistent with Other FEC Systems

Our review of electronic claims listing and "currently enrolled" reports identified eight employees whose names were not the same as that listed in NFC payroll/leave listings or FEC e-mail and intranet employee listings. One person had the first and last name reversed and another had their last name truncated. The remaining individuals appear to have changed their names due to marriage and the WMATA system data has not been updated.

If the employee names in the WMATA system were the same as that in FEC transit benefit and payroll systems, automated system analysis for timely removal and duplicate benefits could be performed. When the names are not consistent, it is possible for an employee to apply for transit benefits under different names and be granted duplicate benefits. Further, when names are not consistent, it is difficult for program management to identify whether transit recipients are currently employed and whether employees have been granted access to duplicate benefits.

Recommendations

- 12a. OHR should amend the WMATA system detail to reflect the name used in the NFC system.
- 12b. OHR should ensure all future applications for transit benefit have the name reflected as that in the NFC.
- 12c. When processing changes to personnel records which impact name, OHR should consider whether any adjustment to WMATA or PeopleSoft systems are required. Where necessary, OHR should input changes to ensure names are consistent between FEC systems.

Management Response

- 12a. *Concur with this recommendation. This will be added to the CAP with an approximate date for it to take effect in both systems.*
- 12b. *Concur with this recommendation. This will be included in the revised SOP.*
- 12c. *Concur with the recommendation. The process is being incorporated into the policy and procedures.*

OIG Comment

The agency's planned actions are responsive to the audit issues identified, and when fully implemented, should satisfy the intent of the audit recommendations. We look forward to reviewing the additional detail on planned implementation activities that will be provided in the CAP.

13. Employees Have Been Assigned SmartTrip Cards That Remain Unregistered

When an employee applies for transit subsidy and their commute allows use of SmartBenefits, the OHR clerk inputs the information into the WMATA system to authorize benefit claims via SmarTrip card but does not register the card to an employee by name. Instead, OHR records the card number on the transit application form and in the e-mail notifying Finance to provide Metrocheks for the period prior to the date the SmartBenefit system will allow electronic download (kick-off). OHR also requests the employee go to the WMATA SmartBenefit system and register the card in their name and create a system log-on and password. According to the OHR clerk, she monitors employee registration and those who fail to register their card are sent reminders and will be terminated if they fail to register their SmarTrip card.

As of November 24, 2008, five SmarTrip cards authorized to download benefits using FEC funds totaling \$416 per month did not have an employee named assigned. The OIG requested OHR provide a listing of who the cards should have been registered to, but OHR was unable to provide the information. As such, we cannot be assured that the employees assigned these cards do not have access to duplicate benefits or are not former employees who retain access to FEC funded transit benefits.

The online registration could and should be accomplished at the time the card is distributed to an employee. The OHR clerk could look away while the employee types in the private password or OHR could register the card and assigned a password. The employee could then log on to the WMATA system and change the password.

Recommendations

- 13a. In order to restrict access to duplicate benefits and ensure employees are removed timely, OHR should register all SmarTrip cards distributed in the employee's name at the time the card is issued. The employee can elect to input a user name and password at the OHR terminal while the clerk looks away. Alternatively, the OHR clerk can input the username and assign a password, such as derivative of employee name, and the employee can then change the password at a later date.
- 13b. If OHR is unable to determine which FEC employees have been assigned the unregistered cards; it should suspend the cards and send notice to all FEC staff for the employees with the associate cards to contact OHR. At that point, the cards should be registered with an employee name.

Management Response

- 13a. *Concur with this recommendation. The revised policy will articulate that all employees must register their cards to receive benefits and/or receive the card. This will be codified in the revised SOP.*
- 13b. *Concur with this recommendation. The revised policy will articulate that all employees must register their cards to receive benefits and/or receive the card. Currently there are no unregistered cards.*

OIG Comment

The agency's planned actions are responsive to the audit issues identified, and when fully implemented, should satisfy the intent of the audit recommendations.

14. Single WMATA System Log-on Used for Multiple OHR Staff

The FEC manages the SmarTrip benefits by logging on to the WMATA website using an account number and password. Using the secure log-in, FEC OHR staff input employee name, benefit level, and SmarTrip card number assigned. The system logs all changes such as additions, removals, benefit level changes, and name change by the user log-on. The system records a date/time stamp as well indicating when the last change was processed. The system does not record the maximum authorized benefit level. For instance, if a calculated monthly commute was \$165.00, the authorized level in the SmarTrip system is \$120.00, the current maximum benefit authorized by the FEC.

FEC OHR currently has only one log-on and password that is shared by OHR staff. Without a separate log-on for each staff member authorized to input system changes, OHR is unable to determine whether system additions or changes were appropriate and authorized. The FEC is not able to hold a single employee responsible for potential abuses detectable through management review or audit such as:

- assigning transit benefits to employees who do not participate in the program and collecting the benefit for themselves or for family and friends;
- assigning duplicate benefits; and/or
- increasing benefit levels for self or others above the actual level authorized.

Lack of individual log-on also hinders the ability of management to review and understand processing errors that unintentionally lead to assignment of duplicate benefits. It is unclear how many OHR staff members have access to the log-on and password but it is estimated three or four. For effective customer service and continuity of operations, more than one OHR staff member, including those who supervise those staff, should have system access and procedural knowledge of how to assign, remove and amend SmarTrip benefits for FEC employees, as well as manage internal systems used to maintain the Transit System Eligibility listing (PeopleSoft). Discussion with the WMATA account representative indicates the FEC can request multiple log-on accounts linked to the FEC account and establish a separate password for each. By doing so, OHR would improve the transparency, accountability, and ability to audit transit benefit system transactions processed by OHR staff.

Recommendation

- 14a. OHR employees should be assigned separate log-on/passwords for both WMATA systems and FEC systems. Program Management should consider formal training and read-only access to WMATA systems for those in both Finance and Administration Division to create the best possible control environment for the FEC.

Management Response

- 14a. *Concur with this recommendation. OHR has requested from the WMATA representative separate logins and training.*

OIG Comment

The agency's planned actions are responsive to the audit issues identified, and when fully implemented, should satisfy the intent of the audit recommendation.

Metrochek/Voucher Administration and Controls

15. Monthly Balance of Metrocheks/Vouchers On-Hand Should Be Reviewed

The FEC OIG assessed the monthly balance of Metrocheks on-hand for distribution to program participants. Between January 2007 and August 2008, Finance maintained a monthly balance of \$15,050. During that same period, Finance distributed between 60 and 70 percent of that balance each month with the average distribution of 64 percent. Since OHR has required new and existing employees transition to SmartBenefits if their commute allowed, Finance has reduced the monthly stock level by 33 percent to \$10,100. In November 2008, Finance distributed \$6,125 in Metrocheks (61 percent) indicating that further reduction in stock level for Metrocheks or vouchers may be possible. Maintaining a higher monthly balance of Metrocheks on-hand increases the possibility of loss or misuse. The Finance Office should evaluate Metrochek/voucher orders based on prior usage, stock on hand, and estimated usage of stock. Given the change in policy to require FEC staff to use SmartBenefits if possible, the overall monthly stock level should be assessed more frequently.

Recommendation

- 15a. Finance should continue to review and reduce the level of Metrochek/vouchers held. The current and previous rates of distribution between 60 to 70 percent indicate additional reductions could be achieved while still maintaining sufficient reserves to meet ad hoc demands.

Management Response

- 15a. *Finance reduced the inventory at the end of February 2009 by approximately 35%. FEC management will continue to annually evaluate the appropriate level of inventory necessary to effectively support the organization.*

OIG Comment

The agency's planned actions are responsive to the audit issues identified, and when fully implemented, should satisfy the intent of the audit recommendation.

16. Metrochek Stock Level Variances Were Not Fully Documented

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. For the period January 2007 to August 2008, we identified four instances where a variance existed but management did not provide any documentation to explain what actions were taken to identify the cause of the variances. During the audit follow-up review,

the Finance Office agreed that actions taken to investigate and resolve such variances should be documented as had been agreed in the prior audit.

Recommendations

- 16a. Finance should document all variances and the actions taken to investigate and resolve the variance in the monthly distribution records.
- 16b. To ensure mathematical accuracy of the monthly distribution and stock counts, Finance staff should use a spreadsheet or adding tape to calculate the total distributed and expected and actual closing stock levels. An example spreadsheet to reconcile actual stock to calculated distribution levels was provided by the OIG.

Management Response

- 16a. *Concur with this recommendation and is currently documenting all variances and discrepancies.*
- 16b. *FEC management believes that the current spreadsheet utilized by Finance is sufficient to monitor and reconcile all voucher balances.*

OIG Comment

The agency's planned actions are responsive to the audit issues identified for recommendation 16a, and when fully implemented, should satisfy the intent of the audit recommendation. With respect to 16b, the OIG's testing noted the spreadsheet used was ineffective in preventing mathematical errors. Any revised reconciliation methods implemented will be reviewed as part of future follow-up activity.

OTHER MATTERS OF INTEREST

Employee Claim Patterns Indicate They May Not Meet Program Eligibility Requirements

Per Directive 54:

"The purpose of the FEC transit subsidy program is to provide financial incentives to employees who regularly commute via public transportation. For the purposes of this program, "regularly commute" shall mean that the employee commutes via public transportation on a regular and recurring basis and that a minimum of 50% of the available number of commuting days (business days) per month between home and the official duty station are on public transportation. FEC transit subsidy is to be used for the commute to and/or from the official duty station. The official duty station

for all FEC employees is 999 E Street, NW, Washington, DC, other designated leased office space in the Washington, DC metro area or temporary local duty station.”

A substantial number of employees with late claims indicate they may not meet program eligibility requirements or may not comply with the program directive. Transit benefits claimed on or after the 15th of the month were considered “late” claims. We reviewed the electronic SmartBenefits claims activity and noted that 103 employees claimed benefits after the 15th of the month in 440 instances. The claims made after mid-month for the 16 month period April 2007 to July 2008 totaled \$32,616. Of those, 313 claims totaling \$27,788 were for the full amount and 127 claims totaling \$4,828 were for partial amounts. Technically, applying the 50% rule as described in Directive 54, employees who had not claimed by mid-month should have reduced their claims by 50%, resulting in a savings of \$16,308.35 for the Commission. In total:

- 30 employees had only one late claim;
- 44 employees had 2 to 5 late claims;
- 23 employees had 6 to 10 late claims;
- 3 employees had 11 to 14; and
- 3 employees had more than 15 late claims.

Some employees claimed multiple times in a given month and indicated a possible "managed" claim practice to ensure the maximum value was maintained on the SmarTrip card at any given time. For these employees, it appeared they regularly made the initial claim of the month after mid-month, then replenished the card through additional downloads (sometimes more than once per week or even per day) to ensure they were able to claim the maximum benefit each month despite what appears to be a transit card that cannot hold the full subsidy allotment at the beginning of the month. This practice is likely due to previous FEC benefits accumulating over time or personal funds applied to the card and a balance maintained at or near the maximum value of \$300.

The WMATA system allows the account holder (FEC) to project the amount of claims that will be made and temporarily suspend claims for the remainder of the month. By using the feature, the FEC could suspend all employees' ability to claim benefits in a given month when benefits have not been claimed by a certain date. This is the electronic equivalent of requiring employees to seek formal approval for late claims, the same as employees who use Metrocheks or vouchers issued by the Finance Office. If employees do not claim their benefit by a certain date, they would be required to notify HR and request their benefit be reinstated for the month by authorizing voucher distribution. At that time, the HR staff member could determine the reason for failure to claim by midmonth and could adjust the amount of the transit benefit to reflect the actual commute costs for the month. If a balance is retained from prior periods, the staff member would be asked to expend previously issued benefits before being provided additional funds. By using this feature, the FEC could manage SmartBenefits and Metrochek/voucher program participants under the same standards, better utilize agency funds, and identify and appropriately remove staff who may not meet program eligibility requirements.

A review of monthly Metrochek distributions for late claims showed two employees received full benefits for months when they did not commute more than 50% of the commutable days in the month based on review of the late distribution form and/or leave records. The form used to document approval and receipt of late distributions does not include an area to calculate the amount that should be received under the transit policy, i.e. the full or reduced amount. There were also several instances where employees acknowledged receipt of benefits while assigned to a temporary duty location, a practice supported by Directive 54 if the employee continues to commute via public transportation. The form used to authorize receipt of benefits while assigned to the temporary duty location was signed by the employees' Division Head, but does not list the location of the temporary duty location. As such, program management would not know if the change in duty location resulted in a lower monthly commute cost for the employee, and therefore whether full or reduced benefit should be provided.

Suggestions

1. OHR should review the detailed results of this testing and consider the implications for revising program policy and operating procedures.
2. OHR should review the detailed results of this testing and request staff certify that they met program eligibility requirements and comply with the Directive. OHR should request written explanation from employees who have a history of late claims.
3. OHR should download the monthly WMATA claim activity listings each month. The data should be compiled and reviewed annually for late claims to ensure employees who received benefits use them as intended.
4. OHR should obtain information and training on system features that allow forward projection and suspension of funds that can be claimed when the benefits are not claimed by mid-month. In conjunction with policy revision, it should consider whether to implement the control feature to allow parity between SmartBenefit and voucher recipients.
5. Program management should revise the *Request for Late Distribution of Fare Media* form to include calculation of the benefit authorized under the policy and the *Acknowledgement of Receipt of Fare Media While at Temporary Duty Station* form to include the location of the temporary duty station and whether full or reduced transit subsidy is authorized.

Management Response

1. *Concur with this recommendation. The Human Resources Specialist/Employee Relations is already doing this. A one-month period is required to download for the current month.*

2. *Concur with this recommendation. The Human Resources Specialist/Employee Relations is already doing this. A one-month period is required to download for the current month.*
3. *Concur with this recommendation. The Human Resources Specialist/Employee Relations is already doing this. A one-month period is required to download for the current month.*
4. *Concur with this recommendation. OHR has requested additional training from WMATA.*
5. *Concur with this recommendation. The process will be incorporated into the policy and procedures.*

OIG Comment

The agency's planned actions are responsive to the audit issues identified, and when fully implemented, should satisfy the intent of the audit suggestions. The OIG provided the detailed results of testing to OHR on May 18, 2009. The OIG suggests the OHR download the monthly claim activity data and review the information to identify trends in claim activity over an extended period of time.

CONCLUSIONS

The OIG continues to note 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, employees do not have access to duplicate benefits, and that ineligible persons do not have access to FEC transit benefits. Based on the results of this audit follow-up, the OIG has concluded that management has failed to adequately respond to the OIG's 2007 audit recommendations to improve the program. Further, as a result of the continued control weaknesses, the program was not effectively monitored thereby providing opportunity for fraud, waste and abuse of program funds.

The FEC Transit Benefit Program requires immediate correction and ongoing monitoring to ensure that the program weaknesses and abuses described in this report are prevented, detected, and corrected in the future, thus preventing program fraud, waste and abuse. To date, program management has failed to implement 21 of the 25 recommendations contained in the prior audit report, largely due to a lack of centralized program monitoring and reporting. This lack of central oversight and accountability has negatively impacted program management's willingness to prioritize program administration and to devise an effective control framework. The transit benefit program has undergone financial increases annually since 2005 as well as major program and system changes as WMATA continues to enhance its systems and processes to more effectively serve to the public. Given the cash equivalent nature of the program and the high inherent risk of fraud, the FEC transit benefit program remains a financial risk to the FEC as well as to the government as a whole.

Program management should take the steps necessary to plan, monitor, report, review and modify program administration to ensure the program achieves its intended objective and is not susceptible to fraud waste and abuse.

Attachment 1 Summary of Audit Follow-up Findings and Recommendations

SUMMARY OF AUDIT FOLLOW-UP FINDINGS AND RECOMMENDATIONS				
Recommendation No.	Finding	Recommendation	Management Response	OIG Comment
1a	Transit Benefit Program Lacks Oversight and Accountability	The Commission should designate a single individual with the responsibility, authority, and accountability to oversee the program in its entirety, and to address the transit benefit program weaknesses identified in this follow-up report and the prior transit benefit audit report.	Program responsibility, authority and accountability shall reside with an Office of Human Resource (OHR) Specialist with oversight from the Office of the Staff Director. The OSD prefers not to name specific individuals in this response but offices instead. The OSD will develop and maintain on the FECNet OSD Web page a list of staff, by name, responsible for critical actions and specific duties in offices under the purview of the OSD. This action will be captured and addressed in the Corrective Action Plan (CAP).	The agency's planned actions are responsive to the audit issues identified, and when fully implemented, should satisfy the intent of the audit recommendation.
2a	Program Management has not Complied with Directive 50	FEC officials comply with Directive 50, to include the following: <ul style="list-style-type: none"> ▪ provide corrective action plans to the OIG within 30 days of final report; ▪ submit the corrective action plans within 30 days to the Commission via the staff Director for information, tally vote or approval; ▪ hold regular meetings with the OIG to discuss the status of the outstanding recommendations; ▪ produce semi-annual reports to the Commission on the status of outstanding recommendations; and ▪ use the FEC OIG Audit Recommendation Tracking System or similar system that records recommendations, agreed management actions and implementation status. 	Concur with recommendation. Directive 50 will be updated and a first draft circulated to the Commission within thirty days (30) of receipt of the final report. A CAP will be provided within thirty (30) days of the final audit.	The agency's planned actions are responsive to the audit issues identified, and when fully implemented, should satisfy the intent of the audit recommendation. The OIG believes any planned updates to Directive 50 should retain and emphasize the importance of regular meetings and monitoring of outstanding audit recommendations by FEC management with the OIG and Commission.

SUMMARY OF AUDIT FOLLOW-UP FINDINGS AND RECOMMENDATIONS

Recommendation No.	Finding	Recommendation	Management Response	OIG Comment
3a	FEC's Transit Benefit Program Control Status Reported to OMB was not Fully or Accurately Assessed	FEC management should implement control processes to ensure information prepared for external reporting is fully and accurately assessed prior to forwarding to the Commission for approval and release.	Concur with recommendation. The intention is to develop an action within 90 days of the final report being published. This action will be listed in the Corrective Action Plan listed in 2a.	The agency's planned actions are responsive to the audit issues identified, and when fully implemented, should satisfy the intent of the audit recommendations.
3b	FEC's Transit Benefit Program Control Status Reported to OMB was not Fully or Accurately Assessed	The FEC OIG requests that draft responses to OMB and other oversight entities are provided by management to the OIG as a matter of courtesy when those responses specifically refer to OIG audit activities and reported audit results.	Concur with recommendation. OSD will adopt a policy where by communications made to outside agencies will be coordinated with CFO, OGC and OIG prior to release.	The OIG only requests review of external communications where OIG activity or work products are mentioned or where the response attributes a status or opinion to the IG or OIG work.
4a	Program Policy and Procedures Need Improvement	Program management should consider the OIG's findings and revise the program directive/policy and other procedure documents.	Directive 54 will be updated and a final draft will be circulated to the Commission for a vote.	The agency's planned actions for recommendation 4a are responsive to the audit issues identified, and when fully implemented, should satisfy the intent of the audit recommendation.
4b	Program Policy and Procedures Need Improvement	Management should request examples of transit benefit policies and procedure guides from other federal agencies, GAO, or OMB to use as examples in designing its revised policies and procedures. In addition, management should consider using the WMATA system user guide as a starting point for developing the procedures guide for OHR program officials.	The OSD cannot support this recommendation. Given the timing of the audit report and requested management response, this is both unnecessary and not possible. OSD, OHR and other offices have conducted sufficient research to produce a revised policy that reflects cohesion of the WMATA system and FEC procedures.	With respect to recommendation 4b, the OIG still believes the program offices would benefit by reviewing best practice examples of policies, procedures and guidelines obtained from other federal agencies. It was not the intent of the OIG that all policies, procedures, standard operating procedures or other guidance would be fully drafted and approved prior to the issuance of the final audit follow-up review report.

SUMMARY OF AUDIT FOLLOW-UP FINDINGS AND RECOMMENDATIONS

Recommendation No.	Finding	Recommendation	Management Response	OIG Comment
4c	Program Policy and Procedures Need Improvement	The transit benefit application form should be modified to include elements suggested in the OMB memorandum sample form, such as compressed schedules; flexiplace; and age and handicap reduced commuter rates. The form should also include an employee release authorizing the FEC to obtain transit activity detail from WMATA for transit activity on the FEC issued SmarTrip card, as needed, to effectively monitor the program. The form should encourage employees who regularly use WMATA transit systems for personal use or metro parking to maintain a separate SmarTrip for those transactions. If agreed by management, the form should also reflect that staff may claim and retain transit subsidy where their commute payment is based on a monthly rate such as van pool or train pass, even if they do not meet the 50% participation rate for a given month.	The OSD cannot support this recommendation. WMATA will not release transit activity detail unless a criminal investigation and legal proceeding. The request must be pursuant to a court order or made by the employee. The transit benefit application form has been updated.	With respect to recommendation 4c, the OIG now understands that WMATA will not provide detailed employee transit information except when the employee is subject to formal investigation. In the future, WMATA systems will allow registered users to access information relating to their own transit activity. At that time, management should consider reevaluating the recommendation as employees may voluntarily provide information when requested.
4d	Program Policy and Procedures Need Improvement	Management should consider using greater than and less than values to define the maximum benefits claimable when an employee's commuting costs vary based on days commuted each month. The less than/greater than scenarios could be used to ensure fairness to the employees while also limiting program expense to the FEC. The policy change would provide a quantifiable method for determining compliance.	Concur with recommendation. Procedure will be incorporated in revised Standard Operating Procedures (SOP).	With respect to the revisions recommended for transit application form in 4d, we note the transit form available via the OHR intranet website is dated June 15, 2008, does not reflect the changes recommended above, and may not be the updated version intended by FEC management for employee use from this date forward.
5a	Separated Employees Were Not Removed Timely	Program management should implement internal controls and quality assurance processes to ensure employees who separate have their access to transit subsidy terminated at the earliest possible date.	Concur with recommendation. Procedure will be incorporated in a revised SOP.	The agency's planned actions are responsive to the audit issues identified, and when fully implemented, should satisfy the intent of the audit recommendation.
5b	Separated Employees Were Not Removed Timely	Program management should consider whether to attempt recovery of the \$1,181 in excess benefits claimed by the seven former employees.	FEC Management will review the specifics for the impacted employees and determine the best course of action for the agency.	The agency's planned actions are responsive to the audit issues identified, and when fully implemented, should satisfy the intent of the audit recommendation.

SUMMARY OF AUDIT FOLLOW-UP FINDINGS AND RECOMMENDATIONS

Recommendation No.	Finding	Recommendation	Management Response	OIG Comment
6a	Participants Separating From the Agency Did Not Return Unused Transit Subsidy	The OHR should ensure the employee separation clearance process includes the computation of unused transit subsidy to be recovered from separating employees. The revised clearance form should be used to show the unused transit subsidy repayment amount or the fact that no repayment is required.	Concur with recommendation. The OHR has updated the separation clearance process to incorporate transit subsidy as an item to check so that it is readily identifiable in order to calculate any unused transit subsidy, as outlined in the policy. The updated form is currently being used by OHR and the process will be incorporated in the revised SOP.	The agency's planned actions for recommendations 6a and 6b are responsive to the audit issues identified, and when fully implemented, should satisfy the intent of the audit recommendations.
6b	Participants Separating From the Agency Did Not Return Unused Transit Subsidy	The repayment calculation worksheet provided by the OIG in May 2008, or similar document, should be used to calculate whether repayment is due. A copy of the calculation worksheet should be attached to the employee clearance form so that Finance can request and collect the correct amount from separating employees.	Concur with recommendation. The employee clearance form has been updated to reflect this recommendation. A copy of the updated form will be provided with the CAP.	
6c	Participants Separating From the Agency Did Not Return Unused Transit Subsidy	If not already available, OHR employees should be given read only access to the WebTA system so that OHR can view time and attendance records for the month an employee separates and use actual attendance to calculate whether repayment is due. Alternatively, separating employees should be instructed to print a copy of their timesheets for the current month and provide the information to OHR to allow calculation of transit subsidy repayment.	The OSD cannot support this recommendation. The OSD does not find it appropriate for OHR to pull Time and Attendance for this purpose. OSD will consult further with OGC on this issue and advise OIG of OGC opinion. This will be added to the CAP.	With respect to 6c, prior to WebTA, OHR or Finance reviewed the employee timesheets in order to calculate whether a transit repayment was required. The timesheets were retained in the separating employee's personnel file maintained in Finance, along with a copy of the employee clearance form and final pay and/or leave balance transfer details. This recommendation simply reflects the change in source documentation availability due to the transition to an electronic time and attendance system and the fact that the current management process assigns responsibility for calculating final transit repayment to OHR staff members.

SUMMARY OF AUDIT FOLLOW-UP FINDINGS AND RECOMMENDATIONS

Recommendation No.	Finding	Recommendation	Management Response	OIG Comment
6d	Participants Separating From the Agency Did Not Return Unused Transit Subsidy	OHR management 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.	Concur with this recommendation. OHR has requested additional training from WMATA. Details will be provided in the Corrective Action Plan. The training is done in cooperation with WMATA and OHR.	The agency’s planned actions for recommendation 6d is responsive to the audit issues identified, and when fully implemented, should satisfy the intent of the audit recommendations.
7a	Employees Have Access to Duplicate Benefits	OHR should download the “currently enrolled” and “employee removed” listings monthly, as well as use the on-line WMATA system data and the FEC Transit Benefit Eligibility Listing to verify the status of employees prior to processing additions or changes to the transit benefit system. It is important to note that employees may have had several SmarTrip cards registered in their names over their term of employment, but should only have one active SmarTrip card at any point in time. OHR must verify and review system changes by SmarTrip card number as well as employee name to prevent access to duplicate benefits.	Concur with this recommendation. OHR has already instituted a process to address this issue. Details will be provided in the Corrective Action Plan. Copies of the procedures will be provided.	The agency’s planned actions are responsive to the audit issues identified, and when fully implemented, should satisfy the intent of the audit recommendations. The OIG looks forward to reviewing the additional detail on planned implementation activities that will be provided in the CAP.
7b	Employees Have Access to Duplicate Benefits	The record of change requests and the resulting changes processed should be retained in OHR transit files, along with the completed application/change request form. As a result, any OHR staff member who is responsible for processing transactions can review the history of requests by employee name and determine whether previous requests have been completed. OHR should consider creating a shared e-mail directory to store communications from FEC employees regarding their transit inquiries and change requests. Any request for new benefits, termination of benefit, or change in the amount of benefit received, address and commute pattern, and type of benefit (voucher or SmartBenefit) should be documented using the Transit Subsidy Program Application form.	Concur with this recommendation. OHR has already instituted a process to address this issue and will be outlined in the CAP.	The agency’s planned actions are responsive to the audit issues identified, and when fully implemented, should satisfy the intent of the audit recommendations. The OIG looks forward to reviewing the additional detail on planned implementation activities that will be provided in the CAP.

SUMMARY OF AUDIT FOLLOW-UP FINDINGS AND RECOMMENDATIONS

Recommendation No.	Finding	Recommendation	Management Response	OIG Comment
7c	Employees Have Access to Duplicate Benefits	Program management should review change requests on a regular basis to ensure benefits are not available in two forms; voucher and SmartBenefits, or two or more SmartBenefit card numbers. Program management should consider an automated report comparison between the Transit Benefit Eligibility Listing (PeopleSoft) that records the participants' names and benefit type (Metrochek/voucher or SmartBenefits) to the WMATA "currently enrolled" listing to highlight duplicate benefits.	Concur with this recommendation. Process has been adopted, although not automated.	The agency's planned actions are responsive to the audit issues identified, and when fully implemented, should satisfy the intent of the audit recommendations. The OIG looks forward to reviewing the additional detail on planned implementation activities that will be provided in the CAP.
7d	Employees Have Access to Duplicate Benefits	OHR should input the SmarTrip card number in the PeopleSoft system at the time the card is distributed to an employee and not attempt to manage whether the employee name prints on the monthly distribution listing for Finance. Employee names should be manually written on the distribution form for one or more months if the participants have elected to receive transit benefits via SmarTrip.	Concur with this recommendation. Process has been adopted, although not automated.	
7e	Employees Have Access to Duplicate Benefits	Finance should distribute benefits as indicated by OHR for the time period indicated. If WMATA system limitations require manual benefit distribution for more than one month, Finance should print the e-mail for reference and inclusion in distribution reports for both months.	FEC management concurs with the recommendation for Finance to reconcile OHR reports and is already performing this internal control check for the vouchers.	

SUMMARY OF AUDIT FOLLOW-UP FINDINGS AND RECOMMENDATIONS

Recommendation No.	Finding	Recommendation	Management Response	OIG Comment
8a	Employees Did Not Comply With Program Policy	Transit benefit policies and communications should convey to participants that FEC management or other officials may periodically compare extended leave and travel records to transit benefit claims for compliance with FEC program requirements. Although the current directive and monthly reminders to program participants provide the program policy for extended leave and travel, given the continued compliance issue, additional controls are necessary.	The OSD cannot support this recommendation. This is not possible without audit authority, which the FEC does not have except in the case of a criminal investigation. Currently, OHR has a periodic review process in place and compares claimed and unclaimed reports. The process will be codified in the revised SOP. OSD will encourage management at all levels to incorporate informational briefings into any venue where it is appropriate.	With respect to 8a, the recommendation does not require audit authority. Management is responsible for ensuring effective internal controls of the program. One type of internal control is the comparison of different types of data, such as benefit claims and leave/travel records, and taking corrective action, when necessary, to resolve exceptions. Excessive claims for periods of extended leave and travel has been a longstanding program issue and management should implement additional controls to ensure program compliance. The process for reviewing claimed and unclaimed activity would not detect excessive benefits claimed during periods of extended leave or travel.
8b	Employees Did Not Comply With Program Policy	Division management should regularly communicate the transit benefit policy to their staff to ensure participants are fully aware of their responsibility to reduce the benefits claimed during extended absences for travel or leave. This communication could be done during normal staff or team meetings.	The OSD cannot support this recommendation. Line supervisors should bear no responsibility, oversight or otherwise, of the benefit. However, OSD will encourage management at all levels to incorporate informational briefings into any venue where it is appropriate.	With respect to 8b, the recommendation is not suggesting the line supervisors oversee the benefit program, merely use team meetings and employee training sessions to communicate the policy in a more direct communication method.
8c	Employees Did Not Comply With Program Policy	OHR 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.	Concur with recommendation. Policy and procedures are being revised with a no later than date of August 1, 2009 and will be posted on FECNet.	With respect to 8c, we accept management's response. Awareness and management review are important.

SUMMARY OF AUDIT FOLLOW-UP FINDINGS AND RECOMMENDATIONS

Recommendation No.	Finding	Recommendation	Management Response	OIG Comment
8d	Employees Did Not Comply With Program Policy	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 percent of the business days in a month.	The OSD cannot support this recommendation. It is far-reaching to expect supervisors to adhere to this recommendation. Communication and awareness will be increased via FECNet.	With respect to 8d, we accept management's response. Awareness and management review are important.
8e	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. Properly trained program staff can provide accurate information to employees who contact OHR for advisement regarding program requirements.	Concur with this recommendation. The OSD is working to revise the FEC Parking Policy as well as the revised Transit Policy. OHR and Administrative Services staff will be trained in procedures on how to process terminations and removals based on employees' circumstances. Employees and/or managers will be instructed to notify OHR when employees will be absent from duty station for an extended time.	The agency's planned actions are responsive to the audit issues identified, and when fully implemented, should satisfy the intent of the audit recommendation.
8f	Employees Did Not Comply With Program Policy	Program management should ensure participants placed on administrative leave have benefits suspended or removed, as appropriate. Although program management has implemented procedures that include transit benefit restrictions for employees on administrative leave, additional controls are warranted. It should take care to suspend and remove access to transit benefits at the earliest possible date following an employee's placement on administrative leave.	Concur with the recommendation. The process is being incorporated into the policy and procedures.	
8g	Employees Did Not Comply With Program Policy	Program management should implement a process to identify staff who are absent for an extended period of time and review their claim activity to determine whether the control processes implemented result in program compliance.	Concur with the recommendation. The process is being incorporated into the policy and procedures. This may be done in cooperation with timekeepers, but again, the responsibility lies with the employees.	

SUMMARY OF AUDIT FOLLOW-UP FINDINGS AND RECOMMENDATIONS

Recommendation No.	Finding	Recommendation	Management Response	OIG Comment
9a	Employee Claim Patterns Indicate They Do Not Meet Program Eligibility Requirements	OHR should review the detailed results of this testing and consider the implications for revising program policy and operating procedures.	Concur with this recommendation.	The agency's planned actions are responsive to the audit issues identified, and when fully implemented, should satisfy the intent of the audit recommendations. We look forward to reviewing the additional detail on planned implementation activities that will be provided in the CAP.
9b	Employee Claim Patterns Indicate They Do Not Meet Program Eligibility Requirements	OHR should review the detailed results of this testing and request staff certify that they met program eligibility requirements and comply with the Directive. OHR should request written explanation from employees who have a history of irregular claims.	Concur with this recommendation. OHR maintains a log of this activity. This will be codified in the revised policy and procedures.	
9c	Employee Claim Patterns Indicate They Do Not Meet Program Eligibility Requirements	OHR should download the monthly WMATA claim activity listings each month. The data should be compiled and reviewed annually for irregular claims to ensure employees who received benefits use them as intended.	Concur with this recommendation. OHR maintains a log of this activity. This will be codified in the revised policy and procedures.	
10a	Application, Change Requests and Annual Certification Process is not Formally or Effectively Monitored	OHR should require all FEC employees submit proof of their commute with their certification by using the trip planner features of WMATA website.	Concur with this recommendation. The process is being incorporated into the policy and procedures.	The agency's planned actions are responsive to the audit issues identified, and when fully implemented, should satisfy the intent of the audit recommendations. We look forward to reviewing the additional detail on planned implementation activities that will be provided in the CAP.
10b	Application, Change Requests and Annual Certification Process is not Formally or Effectively Monitored	After reviewing the commute information, costs, and transit application mathematical calculations, OHR management should sign the form authorizing the OHR clerk to process the application, change request, or certification.	Concur with this recommendation. The Human Resources Specialist/Employee Relations will sign the form authorizing the Human Resources Assistant to process the application, change request or certification. The process will be incorporated into the policy and procedures.	
10c	Application, Change Requests and Annual Certification Process is not Formally or Effectively Monitored	Clerks who process applications, change requests, or annual certifications should sign and date the form in the fields provided after entering the data in the system and verifying the transaction was processed.	Concur with the recommendation. The process is being incorporated into the policy and procedures.	

SUMMARY OF AUDIT FOLLOW-UP FINDINGS AND RECOMMENDATIONS

Recommendation No.	Finding	Recommendation	Management Response	OIG Comment
10d	Application, Change Requests and Annual Certification Process is not Formally or Effectively Monitored	Signature stamps should not be used to authorize transit benefit applications, change requests, and annual certifications.	Concur with this recommendation.	The agency's planned actions are responsive to the audit issues identified, and when fully implemented, should satisfy the intent of the audit recommendations. We look forward to reviewing the additional detail on planned implementation activities that will be provided in the CAP.
10e	Application, Change Requests and Annual Certification Process is not Formally or Effectively Monitored	OHR should track annual certification forms submitted by FEC staff. For those who fail to submit a form, an e-mail reminder should be used followed by benefit suspension or removal. Failure to certify by FEC employees should be considered an informal request to cease participation in the program.	Concur with the recommendation. The process is being incorporated into the policy and procedures.	
10f	Application, Change Requests and Annual Certification Process is not Formally or Effectively Monitored	OHR should not use the WMATA automatic increase function which automatically increases those receiving the maximum benefit. Instead, it should submit a listing to WMATA of FEC staff that have certified and are authorized to receive the increase. If the auto increase function is used, the FEC should first create a listing of each staff member, benefit type (SmartBenefit or voucher), the amount certified (actual monthly commute costs) and the maximum authorized each month. The listing can then be sorted to identify those staff that were authorized to receive the previous maximum but do not have commute costs in excess of that amount. Those individuals would have their system increase reduced to the previous value.	Concur with the recommendation. The process is being incorporated into the policy and procedures.	
11a	Program Weaknesses Relating to Parking have not been Addressed	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.	Concur with this recommendation. Communication and awareness will be increased via FECNet informing the employees of the procedures of the transit program.	The agency's planned actions are responsive to the audit issues identified for recommendations 11a through 11e, and when fully implemented, should satisfy the intent of the audit recommendations.
11b	Program Weaknesses Relating to Parking have not been Addressed	The Administrative Division should create and maintain a complete and accurate listing of employees who receive long-term FEC paid parking benefits, such as SL and those considered permanently handicapped. Although the current practice is to provide annual passes for these employees, the listing should be reviewed and updated regularly for changes in staff and saved on a shared network directory to allow OHR staff access to the most recent data at all times.	Concur with the recommendation. The process is being incorporated into the policy and procedures.	

SUMMARY OF AUDIT FOLLOW-UP FINDINGS AND RECOMMENDATIONS

Recommendation No.	Finding	Recommendation	Management Response	OIG Comment
11c	Program Weaknesses Relating to Parking have not been Addressed	The Administrative Division should receive the listing of FEC employees who pay to park in the basement from the building parking manager each month. It should scan the document and save it on a shared network directory to allow OHR staff access to the most recent data at all times.	Concur with the recommendation. The process is being incorporated into the policy and procedures.	The agency's planned actions are responsive to the audit issues identified for recommendations 11a through 11e, and when fully implemented, should satisfy the intent of the audit recommendations.
11d	Program Weaknesses Relating to Parking have not been Addressed	The Administrative Division should maintain a listing of employees who have been issued short term handicap parking permits. Where possible, the length of time the permit is needed should be included to allow OHR to suspend or remove access to transit benefits for that period of time. The information should be included in a shared directory to allow OHR access to the most recent data at all times.	Concur with the recommendation. The process is being incorporated into the policy and procedures.	
11e	Program Weaknesses Relating to Parking have not been Addressed	Employees who receive transit benefits and who will be absent for an extended period of time, or their supervisor, should notify OHR of the intended absence and change in eligibility status so that access to benefits can be suspended or removed until the employee returns.	Concur with recommendation. This is an employee responsibility but will be covered in the revised SOP which will be posted on FECNet.	
11f	Program Weaknesses Relating to Parking have not been Addressed	The Administrative Division should require all staff who receives FEC paid parking benefits, including handicap parking benefits, and those who pay to park in the FEC garage certify the names of FEC staff that carpool with them. The listing of carpoolers should be included in a shared directory to allow OHR access to the most recent data at all times.	The OSD cannot fully support this recommendation. However, as a security measure (not related to the transit authority benefit program) a policy will be drafted which states that all members of any car pool accessing the underground parking at 999 E Street NW must be identified.	With respect to 11f, this recommendation was previously agreed by management during the prior audit but not fully implemented. Refer Attachment 6, Prior Audit Corrective Action Plan with Current OIG Status, recommendation 19 on page 90. Program management should take the steps necessary to identify employees who have access to either paid or unpaid FEC parking benefits and prevent their access to FEC provided transit subsidy benefits.

SUMMARY OF AUDIT FOLLOW-UP FINDINGS AND RECOMMENDATIONS

Recommendation No.	Finding	Recommendation	Management Response	OIG Comment
11g	Program Weaknesses Relating to Parking have not been Addressed	OHR should review the Transit Subsidy Eligibility Listing monthly to ensure no staff listed as receiving FEC paid parking benefits is included. If an exception is noted and the employee elects to receive the transit benefit, OHR and Administrative Divisions should verify the FEC paid parking pass has been returned. OHR should also review the listing to ensure staff that pays to park in the basement and their carpoolers do not have access to transit benefits.	Concur with the recommendation. The process is being incorporated into the policy and procedures.	The agency's planned actions are responsive to the audit issues identified, and when fully implemented, should satisfy the intent of the audit recommendation.
12a	Employee Names in the WMATA System are not Consistent with National Finance Center Listings	OHR should amend the WMATA system detail to reflect the name used in the NFC system.	Concur with this recommendation. This will be added to the CAP with an approximate date for it to take effect in both systems.	The agency's planned actions are responsive to the audit issues identified, and when fully implemented, should satisfy the intent of the audit recommendations. We look forward to reviewing the additional detail on planned implementation activities that will be provided in the CAP.
12b	Employee Names in the WMATA System are not Consistent with National Finance Center Listings	OHR should ensure all future applications for transit benefit have the name reflected as that in the NFC.	Concur with this recommendation. This will be included in the revised SOP.	
12c	Employee Names in the WMATA System are not Consistent with National Finance Center Listings	When processing changes to personnel records which impact name, OHR should consider whether any adjustment to WMATA or PeopleSoft systems is required. Where necessary, OHR input changes to ensure names are consistent between FEC systems.	Concur with the recommendation. The process is being incorporated into the policy and procedures.	
13a	Employees Have Been Assigned SmartBenefit Cards That Remain Unregistered	In order to restrict access to duplicate benefits and ensure employees are removed timely, OHR should register all SmarTrip cards distributed in the employee's name at the time the card is issued.	Concur with this recommendation. The revised policy will articulate that all employees must register their cards to receive benefits and/or receive the card. This will be codified in the revised SOP.	The agency's planned actions are responsive to the audit issues identified, and when fully implemented, should satisfy the intent of the audit recommendation.
13b	Employees Have Been Assigned SmartBenefit Cards That Remain Unregistered	If OHR is unable to determine which FEC employees have been assigned the unregistered cards; it should suspend the cards and send notice to all FEC staff for the employees with the associate cards to contact OHR.	Concur with this recommendation. The revised policy will articulate that all employees must register their cards to receive benefits and/or receive the card. Currently there are no unregistered cards.	

SUMMARY OF AUDIT FOLLOW-UP FINDINGS AND RECOMMENDATIONS

Recommendation No.	Finding	Recommendation	Management Response	OIG Comment
14a	Single WMATA System Log-on Used for Multiple OHR Staff	OHR employees should be assigned separate log-on/passwords for both WMATA systems and FEC systems. Program Management should consider formal training and read-only access to WMATA systems for those in both Finance and Administration Division to create the best possible control environment for the FEC.	Concur with this recommendation. OHR has requested from the WMATA representative separate logins and training.	The agency's planned actions are responsive to the audit issues identified, and when fully implemented, should satisfy the intent of the audit recommendation.
15a	Monthly Balance of Metrocheks/Vouchers On-Hand Should Be Reviewed	Finance should continue to review and reduce the level of Metrochek/vouchers held. The current and previous rates of distribution between 60 to 70 percent indicate additional reductions could be achieved while still maintaining sufficient reserves to meet ad hoc demands.	Finance reduced the inventory at the end of February 2009 by approximately 35%. FEC management will continue to annually evaluate the appropriate level of inventory necessary to effectively support the organization.	The agency's planned actions are responsive to the audit issues identified, and when fully implemented, should satisfy the intent of the audit recommendation.
16a	Metrochek Stock Level Variances Were Not Fully Documented	Finance should document all variances and the actions taken to investigate and resolve the variance in the monthly distribution records.	Concur with this recommendation and is currently documenting all variances and discrepancies.	The agency's planned actions are responsive to the audit issues identified for recommendation 16a, and when fully implemented, should satisfy the intent of the audit recommendation.
16b	Metrochek Stock Level Variances Were Not Fully Documented	To ensure mathematical accuracy of the monthly distribution and stock counts, Finance staff should use a spreadsheet or adding tape to calculate the total distributed and expected and actual closing stock levels. An example spreadsheet to reconcile actual stock to calculated distribution levels was provided by the OIG.	FEC management believes that the current spreadsheet utilized by Finance is sufficient to monitor and reconcile all voucher balances.	With respect to 16b, the OIG's testing noted the spreadsheet used was ineffective in preventing mathematical errors. Any revised reconciliation methods implemented will be reviewed as part of future follow-up activity.

Other Matters of Interest				
1	Employee Claim Patterns Indicate They May Not Meet Program Eligibility Requirements	OHR should review the detailed results of this testing and consider the implications for revising program policy and operating procedures.	Concur with this recommendation. The Human Resources Specialist/Employee Relations is already doing this. A one-month period is required to download for the current month.	The agency's planned actions are responsive to the audit issues identified, and when fully implemented, should satisfy the intent of the audit suggestions. The OIG provided the detailed results of testing to OHR on May 18, 2009. The OIG suggests the OHR download the monthly claim activity data and review the information to identify trends in claim activity over an extended period of time.
2	Employee Claim Patterns Indicate They May Not Meet Program Eligibility Requirements	OHR should review the detailed results of the testing and request staff certifies that they met program eligibility requirements and comply with the Directive. OHR should request written explanation from employees who have a history of late claims.	Concur with this recommendation. The Human Resources Specialist/Employee Relations is already doing this. A one-month period is required to download for the current month.	
3	Employee Claim Patterns Indicate They May Not Meet Program Eligibility Requirements	OHR should download the monthly WMATA claim activity listings each month. The data should be compiled and reviewed annually for late claims to ensure employees who received benefits use them as intended.	Concur with this recommendation. The Human Resources Specialist/Employee Relations is already doing this. A one-month period is required to download for the current month.	
4	Employee Claim Patterns Indicate They May Not Meet Program Eligibility Requirements	OHR should obtain information and training on system features that allow forward projection and suspension of funds downloaded when they are not claimed by mid-month. In conjunction with policy revision, it should consider whether to implement the control feature to allow parity between SmartBenefit and voucher recipients.	Concur with this recommendation. OHR has requested additional training from WMATA.	The agency's planned actions are responsive to the audit issues identified, and when fully implemented, should satisfy the intent of the audit suggestions.
5	Employee Claim Patterns Indicate They May Not Meet Program Eligibility Requirements	Program management should revise the Request for Late Distribution of Fare Media form to include calculation of the benefit authorized under the policy and the Acknowledgement of Receipt of Fare Media While at Temporary Duty Station form to include the location of the temporary duty station and whether full reduced transit subsidy is authorized.	Concur with this recommendation. The process will be incorporated into the policy and procedures.	The agency's planned actions are responsive to the audit issues identified, and when fully implemented, should satisfy the intent of the audit suggestions.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

May 14, 2007

M-07-15

MEMORANDUM FOR THE HEADS OF DEPARTMENTS AND AGENCIES

FROM: Robert Shea
Associate Director for Management

A handwritten signature in black ink, appearing to read "R Shea", is written over the name "Robert Shea" in the "FROM:" field.

SUBJECT: Federal Transit Benefits Program

The Federal Transit Benefits Program is designed to subsidize Federal employees' cost of using public transportation to travel to and from work. On April 24, 2007, the Government Accountability Office (GAO) reported numerous instances of fraud and abuse of Metrocheks by Federal employees.¹ In one instance, GAO found, after a three-day investigation, an employee who drove to work, parked for free in an agency-provided parking, and still collected \$105 per month in Metrocheks, most of which he sold on the Internet auction site, eBay. In several instances, Federal employees were caught selling their benefits on the popular community website, Craigslist. In other instances, former Federal employees continued to receive transit benefits even after they left their agencies.

We must preserve the benefits of this program while eliminating the opportunity for waste, fraud, and abuse. In response to press reports, many agencies immediately notified their employees of the proper and improper uses of transit benefits. To prevent further abuse, GAO and others have identified additional internal controls to improve administration of the program.

Please confirm to me, in writing, no later than June 30, 2007 that you have implemented at a minimum the internal controls listed in the attachment, Transit Benefit Internal Controls. If you believe other, existing controls are in place and that additional controls are unwarranted, please make that assertion also in writing. For your additional reference, attached to this memo are copies of (1) an agency note to employees reminding them of the proper and improper use of transit benefits, (2) a transit benefit application that adopts the application controls described below, and (3) a mass transit expense work sheet to assist employees in calculating their usual monthly mass transit commuting cost.

Attachments

¹ *Federal Transit Benefits Program: Ineffective Fraud and Abuse by Federal Workers*, [GAO-07-724T](#), (Washington, D.C., April 24, 2007).

Transit Benefit Internal Controls

Application Requirements

Employee Home Address
Employee Work Address
Commuting Cost Breakdown
Employee Certification of Eligibility
Warning Against Making False Statements in Benefit Application

Note: Some agencies require employees to affix a copy of a completed Washington Metropolitan Area Transit Authority online Trip Planner, which employees can use to determine the participant's actual daily, and then monthly, public transportation costs.

Independent Verification of Eligibility

Commuting Cost Verified by Approving Official (e.g. employee's home address validated and commuting costs correctly calculated)

Eligibility Verified by Approving Official

Implementation

Applicants Checked Against Parking Benefits Records
Benefits Adjusted Due to Travel, Leave, or Change of Address
Removal from Transit Benefits Program Included in Exit Procedures

----- Original Message -----

From: Postmaster

To: [REDACTED]

Sent: Fri May 04 18:45:18 2007

Subject: Transportation Subsidy Benefit

Use of Your Transportation Subsidy Benefit

This is a reminder to all employees who receive the transportation subsidy that it is a benefit and may only be used to pay the costs of YOUR public transportation to and from work, which may include Metro subway/bus, Virginia Railway Express (VRE), MARC trains, and other eligible commuter buses and vanpools. The amount of the transit benefit will equal the actual amount paid for public transportation, not to exceed \$110.00 per month.

The certification that each recipient signed on the Transportation Subsidy Benefit Program application form states:

- I work for [REDACTED], and I am not listed as a member of a Federal commuter vanpool or carpool.
- I am not the holder of any other form of workplace motor vehicle parking permit, nor am I receiving transportation benefits from another Federal organization.
- I am eligible for a transportation subsidy benefit for use on a participating public transportation system, am obtaining the subsidy for my work-related commuting use, and will not transfer the benefit to anyone else.
- I have accurately listed the commuting cost to and from my home to work using public transportation.
- I acknowledge that it is my responsibility to return any unused transportation subsidy to the component (e.g., subsidy unused due to leave taken or separation).
- I understand that this certification and making false, fictitious, or fraudulent certification may render me subject to criminal prosecution under Title 18, United States Code, Section 1001, and/or adverse action, including removal from the Federal service.

Should you have questions regarding the Transportation Subsidy Benefit Program, please contact the [REDACTED] on [REDACTED].

Thank you.

DOC APPLICATION FOR TRANSIT BENEFIT

(Please Print)

New Application

Modification

Recertification

Name: _____
(Last) (First) (M.I.) (Last 4 Digits of Social Security No.) (Grade/Rank)

Home Address: _____
(Number/Street/Apt. No.) (City) (State) (Zip)

Work Address: D.O.C.
(Agency) (Bureau) (Office)

(Building) (Room Number) (Mail Stop) (Phone Number)

CURRENT MODE OF TRANSPORTATION USED FOR COMMUTING: (Please check all that apply)

___ Car (single or double occupancy, not including drive to Commuter Parking Lot) ___ Other _____ (Specify)

___ Car/Van Pool ___ Commuter Bus ___ Commuter Train ___ Metro Bus ___ Metro Rail

MASS TRANSIT BENEFIT MODE OF COMMUTING: (Please check all that apply)

___ Commuter Bus ___ Commuter Train ___ Metro Bus ___ Metro Rail ___ Metro-Approved Vanpool

DO YOU RECEIVE REDUCED FARE PUBLIC TRANSPORTATION RATES (Employee with disabilities or Senior Citizen) YES NO

EMPLOYEE Certification: I hereby certify that I am employed by the Department of Commerce (DOC) and am not named on a worksite parking permit with DOC or any other federal agency. I also certify that I am eligible for a public transportation subsidy benefit, will be using it for my regular daily commute to and/or from work, and will not transfer it to anyone else. In addition, I certify that the monthly transit benefit I am receiving does not exceed my average monthly commuting cost (based on my workweek schedule).

This certification concerns a matter within the jurisdiction of an agency of the United States and making a false, fictitious, or fraudulent certification may render the maker subject to criminal prosecution under title 18, United States Code, section 1001, civil penalty action providing for administrative recoveries of up to \$5000 per violation, and/or agency disciplinary actions up to and including dismissal.

X _____
(Applicant Signature) (Date)

PRIVACY ACT STATEMENT: This information is solicited under authority of 5 U.S. C. Sections 301 and 7905. Furnishing the information on this form is voluntary, but failure to do so may result in disapproval of your request for a public transit fare benefit. The purpose of this information is to facilitate timely processing of your request, to ensure your eligibility, and to prevent misuse of the funds involved. This information will be matched with lists at other Federal agencies to ensure that you are not listed as a carpool or vanpool participant or a holder of any other form of vehicle work site parking permit with Department of Commerce or any other Federal agency.

COMPLETED BY EMPLOYEE'S SUPERVISOR:

Accounting Classification Code: (Print Clearly)

Enter Appropriate Dollar Amount of the Fare Media Requested: \$ _____ (Monthly Cost) (Not to Exceed \$110.00 per month)

X _____
(Supervisor's Signature) (Print Name) (Date) (NOTE: Approval is based on person's eligibility to receive benefits in the amount stated above.)

COMPLETED BY BUREAU'S BUDGET OFFICE:

Servicing Accounting Office: _____

ALC: _____

APPROVED FOR AVAILABILITY OF FUNDS:

X _____
(Signature of Budget Approving Official) (Print Name) (Date)

COMPLETED BY TRANSIT POINT OF CONTACT:

X _____
(Signature of Transit Point of Contact) (Print Name) (Date)

MASS TRANSIT EXPENSE WORK SHEET

NOTE: DOC Application for Public Transit Fare Benefit, requires DOC participants to calculate their usual monthly mass transit commuting cost to the nearest dollar for their daily commute to work. This work sheet must be completed to receive subsidy benefits and will assist employees in computing their usual monthly mass transit commuting cost.

INSTRUCTIONS: Calculate your Total Monthly Mass Transit Expenses by the way you pay for commute. List your mode of mass transportation, and how much it cost you; daily, or if paid weekly, or if purchased in monthly passes. Then using the work sheet below, convert all costs to a total monthly amount. It is possible that an employee may have a combination of daily, weekly or monthly expenses in computing their total monthly mass transportation expenses.

REMEMBER: Parking fees are not allowed and cannot be included when computing monthly transit costs. If you are a person with a disability or senior citizen receiving reduced fare rates, you must calculate the reduced rates you pay.

MODE OF TRANSPORTATION		DAILY EXPENSE	WEEKLY PASS EXPENSE	MONTHLY PASS EXPENSE
BUS TO WORK <i>(Local)</i>	<input type="checkbox"/>	NAME OF COMPANY	\$	
BUS FROM WORK <i>(Local)</i>	<input type="checkbox"/>	NAME OF COMPANY	\$	\$
OTHER BUS MODE TO WORK <i>(Commuter or County)</i>	<input type="checkbox"/>	NAME OF COMPANY	\$	
OTHER BUS MODE FROM WORK <i>(Commuter or County)</i>	<input type="checkbox"/>	NAME OF COMPANY	\$	\$
RAIL TO WORK <i>(Light Rail or Subway)</i>	<input type="checkbox"/>	FROM WHAT STATION	\$	
RAIL FROM WORK <i>(Light Rail or Subway)</i>	<input type="checkbox"/>	FROM WHAT STATION	\$	\$
COMMUTER RAIL TO WORK <i>(Train)</i>	<input type="checkbox"/>	NAME OF COMPANY	\$	
COMMUTER RAIL FROM WORK <i>(Train)</i>	<input type="checkbox"/>	NAME OF COMPANY	\$	\$
OTHER <i>(Specify)</i>	LIST MODE TO WORK	NAME OF COMPANY	\$	
	LIST MODE FROM WORK	NAME OF COMPANY	\$	\$
VAN POOL COST PER MONTH		NAME OF COMPANY		
TOTAL ▶			\$0.00	

CONVERTING DAILY AND WEEKLY COST TO MONTHLY COST

40-HOUR WORKWEEK SCHEDULE CONVERSION

EIGHT HOUR WORK DAY CONVERSION			NINE HOUR WORK DAY CONVERSION			TEN HOUR WORKDAY CONVERSION		
DAILY COST	NO. DAYS WORKED	TOTAL DAILY COST PER MONTH	DAILY COST	NO. DAYS WORKED	TOTAL DAILY COST PER MONTH	DAILY COST	NO. DAYS WORKED	TOTAL DAILY COST PER MONTH
\$	x 20	\$ 0.00	\$	x 18	\$ 0.00	\$	x 16	\$ 0.00
LESS THAN 40-HOUR WORKWEEK SCHEDULE CONVERSION					WEEKLY PASS CONVERSION			
<i>Complete if you work less than 40-hours per week (Telecommuter, part-time, etc.)</i>					WEEKLY PASS COSTS	NUMBER OF WEEKS PER MONTH	TOTAL WEEKLY COST PER MONTH	
DAILY MASS TRANSIT COST	NUMBER OF DAYS WORKED PER MONTH		TOTAL DAILY COST PER MONTH					
\$	x		\$		\$		x 4	

NOTE: If the scheduled number of hours you work per month changes, see your Transit point of contact.

NAME OF EMPLOYEE <i>(Please print your name clearly)</i>	TOTAL DAILY COST PER MONTH (if any) ▶	
	TOTAL WEEKLY COST PER MONTH (if any) ▶	
SIGNATURE OF EMPLOYEE	TOTAL MONTHLY COST PER MONTH (if any) ▶	
	GRAND TOTAL COST PER MONTH (if any) ▶	
MY GRAND TOTAL MONTHLY MASS TRANSIT COMMUTING COSTS ROUNDED TO THE NEAREST DOLLAR <i>(Round either up or down to nearest dollar)</i>		▶ \$



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

OFFICE OF THE CHAIRMAN

June 28, 2007

Mr. Robert Shea
Associate Director for Management
Executive Office of the President
Office of Management and Budget
Washington, DC 20503

Dear Mr. Shea:

In response to your memorandum, M-07-15, dated May 14, 2007, the Federal Election Commission (FEC) is confirming that the internal controls listed in the attachment, Transit Benefit Internal Controls, are in place for the FEC's Transit Benefits Program. Recently, our Office of Inspector General (OIG) conducted an audit of the FEC's Transit Benefit Program and found that the FEC is managing the program effectively. The OIG suggested additional improvements to the program, and the FEC will incorporate those suggestions into our procedures to ensure the program continues to operate effectively and as intended.

The Commission appreciates and shares OMB's commitment to sound internal controls and management practices. Should you need any additional information, please do not hesitate to contact Erin Singhsinuk, Chief Financial Officer at 202-694-1217.

Sincerely,

A handwritten signature in black ink, appearing to read "R. D. Lenhard".

Robert D. Lenhard
Chairman

Attachment 4 FEC Transit Subsidy Program Application

FEDERAL ELECTION COMMISSION TRANSIT SUBSIDY PROGRAM APPLICATION (Please type or print legibly in blue or black ink)		
ACTION REQUESTED (CHECK ONE): <input type="checkbox"/> New <input type="checkbox"/> Change <input type="checkbox"/> Cancellation <input type="checkbox"/> Annual Recertification <input type="checkbox"/> Temporary NTE DATE: _____		
NOTE: Items 1 through 12, and the reverse side of this form must be completed in full before submitting to Human Resources.		
APPLICANT INFORMATION		
1. NAME OF APPLICANT (Last, First, Middle Initial)	2. LAST FOUR DIGITS OF SSN	3. DIVISION
4. HOME ADDRESS (Street, City, State, Zip Code)	5. MODE (S) OF TRANSPORTATION TO BE USED DAILY TO COMMUTE TO AND FROM WORK. <input type="checkbox"/> Bus <input type="checkbox"/> Light Rail <input type="checkbox"/> Subway <input type="checkbox"/> Ferry <input type="checkbox"/> Train <input type="checkbox"/> Authorized Vanpool <input type="checkbox"/> Other (Specify) _____	6. TYPE OF FARE MEDIA YOU USE. SmarTrip Card (Card No.) _____ <input type="checkbox"/> Fare card <input type="checkbox"/> Tickets <input type="checkbox"/> Pass <input type="checkbox"/> Tokens <input type="checkbox"/> Voucher <input type="checkbox"/> SmarTrip Card <input type="checkbox"/> Other (Specify) _____
7. WORK TELEPHONE NUMBER	8. MONTHLY COMMUTING COSTS (from worksheet on back)	
EMPLOYEE ACKNOWLEDGEMENT AND CERTIFICATION		
<ul style="list-style-type: none"> • I certify I am employed by the Federal Election Commission. • I certify I am eligible for a public transportation fare benefit. I will use it for my daily commute to and from work. I will not give, sell, or transfer it to anyone else. • I certify I am not a member of a carpool. Furthermore, I do not receive disability or executive parking privileges. • I certify that the monthly transit benefit I receive does not exceed my monthly commuting costs. • I certify that in any given month, I will not use the Government-provided transit benefit in excess of the statutory limit. If my commuting costs per month exceed the monthly statutory limit, I will supplement those additional costs with my own funds. • I certify I am responsible for returning unused FEC funded fare subsidy to the Office of Finance no later than my effective date of resignation, transfer, retirement, etc. from the FEC. • I certify my usual monthly public transportation commuting costs (excluding any parking costs) is the amount listed above (amount is supported by completed worksheet). • I understand that I must submit a new Transit Subsidy Program Participant application if there is any permanent change in the information provided above. • I understand that it is a Federal crime under 18 United States Code, Section 1001, to make a false fictitious or fraudulent statement on this form. If I make a false statement, I may be subject to criminal prosecution and punishment, including a fine and/or administrative punishment, which may result on the termination of my federal employment. 		
11. SIGNATURE OF EMPLOYEE		12. DATE
TO BE COMPLETED BY THE HUMAN RESOURCES OFFICE VERIFICATION – HR BENEFIT COORDINATOR		
13. NAME OF HR BENEFIT COORDINATOR	14. AGENCY MAXIMUM BENEFIT (Enter monthly payable amount for each participant based upon commuting costs, statutory limitations, agency policy, Union Negotiations, etc.).	
15. SIGNATURE OF HR BENEFIT COORDINATOR	16. DATE	
17. ENTERED IN METRO SYSTEM AND FEC DATABASE BY:	18. DATE	
PRIVACY ACT STATEMENT		
This information is solicited under authority of Public Law 101-509. Furnishing the information on this form is voluntary, but failure to do so may result in disapproval of your request for a public transportation transit fare benefit. The purpose of this information is to facilitate timely processing of your request, to ensure your eligibility, and to prevent misuse of the funds involved. This information will be provided to the Human Resources and Finance to administer this program and to ensure that you are not listed as a carpool participant or a holder of any other form of vehicle work site parking permit with FEC or any other Federal Agency.		

CALCULATION OF COMMUTING COST

To be completed by applicant: Use Appropriate Daily and/or Monthly Costs to calculate your costs per month. **Note: Do not include parking costs.**

Mode of Transportation	Daily Costs (round trip)	Multiplied by # of work days (20 for F-T)	Equals Monthly Commute Costs
Subway (METRO)	\$	Multiplied by ___ work days	\$
Metro Bus	\$	Multiplied by ___ work days	\$
Commuter Train (VRE, MARC, etc.)	\$	Multiplied by ___ work days	\$
Other Bus (e.g., Ride-On)	\$	Multiplied by ___ work days	\$
Van Pool	\$	Multiplied by ___ work days	\$
Other	\$	Multiplied by ___ work days	\$
Total – all costs	\$	Multiplied by ___ work days	\$

Routing Pattern (Required): _____ to _____ and return

_____ to _____ and return

Example 1: Vienna to Metro Center and return

Example 2: Line 1 Bus from residence to New Carrollton

Line 2 Metro to Navy Archive and return. Bus back to residence.

Attachment 5 FEC Employee Clearance Form



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

Attachment 6 - Prior Audit Corrective Action Plan with Current OIG Status

Audit Recommendation	Audit of FEC's Transit Benefit Program Corrective Action Plan	Responsible Office	Anticipated Completion Date	Final Action	OIG Status
Program Policy Needs Improvement – Finding #1					
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.	FEC management has updated its policy to incorporate guidance related to the SmartBenefits Program. The policy is current under review and is expected to be final March 31, 2008.	OCFO – Brian Duffy, ext. 1230	March 31, 2008	OPEN	Draft policy created to replace Directive 54. OIG comment has been provided. The policy has not been formally approved by management or communicated to FEC staff. The draft policy requires improvement. Refer finding 4 pg. 19.

Audit Recommendation	Audit of FEC's Transit Benefit Program Corrective Action Plan	Responsible Office	Anticipated Completion Date	Final Action	OIG Status
<p>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.</p>	<p>FEC management has updated the policy to incorporate procedures related to this program. The policy is currently under review and is expected to be final March 31, 2008.</p> <p>Also, FEC management will provide training to the primary staff responsible for administering and monitoring the transit subsidy program. FEC has updated the Transit Subsidy application to enhance the management of the program.</p> <p>Finally, FEC management will prepare procedures that each office (e.g., HR, Finance, and Administration) should complete as part of their assigned duties to ensure the objective of the transit subsidy program is being achieved.</p>	<p>HR – James Wilson, ext. 1082 and Brian Duffy, ext. 1230</p>	<p>March 31, 2008</p>	<p>Complete</p> <p>HR has developed a SOP for the operations of the transit benefit program, including new guidance addressed in the policy. Also, appropriate staff will be trained two times per year on their respective roles and responsibilities.</p>	<p>OPEN</p> <p>According to interview with OHR staff, training has not occurred. The SOP is not sufficiently detailed to manage program operations. The SOP does not define detailed operating procedures for daily processing activities such as additions, deletions, suspensions, changes, annual certification, and quality assurance processes/controls to ensure errors do not occur or are detected and corrected in a timely manner. Refer finding 4 pg. 19.</p>

Audit Recommendation	Audit of FEC's Transit Benefit Program Corrective Action Plan	Responsible Office	Anticipated Completion Date	Final Action	OIG Status
Employees Did Not Comply With Program Policy – Finding #2					
<p>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.</p>	<p>FEC management has prepared an updated draft of the policy to address the need for adjustment should an employee's transit subsidy costs incurred be less than that of what they received. Employees will be notified of the revised policy once it has been finalized.</p>	<p>HR – James Wilson, ext. 1082</p>	<p>March 31, 2008</p>	<p>Complete</p> <p>The transit benefit policy has been updated. HR will provide copies to all FEC employees, post an electronic version on the intranet, and incorporate this subject into the New Employee Orientation. HR will send quarterly emails on transit benefits to all FEC employees.</p>	<p>CLOSED</p> <p>The Finance Office included additional statements in the monthly distribution reminder that clarifies the requirement to adjust subsidy for periods of extended travel. This recommendation was closed in 2007. The OIG notes that the statement in the monthly reminder does not appear to be effective in that staff have continued to claim full benefits while on extended travel and leave. Refer finding 8 pg. 33.</p>

Audit Recommendation	Audit of FEC's Transit Benefit Program Corrective Action Plan	Responsible Office	Anticipated Completion Date	Final Action	OIG Status
<p>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.</p>	<p>FEC management has updated its policy (formerly Directive 54) to incorporate guidance related to the SmartBenefits Program. The policy is current under review and is expected to be final March 31, 2008</p>	<p>HR – James Wilson, ext. 1082</p>	<p>March 31, 2008</p>	<p>Complete The transit benefit policy has been updated. HR will provide copies to all FEC employees, post an electronic version on the intranet, and incorporate this subject into the New Employee Orientation. HR will send quarterly emails on transit benefits to all FEC employees.</p>	<p>OPEN The draft policy referred to has not been finalized and requires improvements. Quarterly emails have not been sent. The SOP is not sufficiently detailed to manage program operations. The SOP does not define detailed operating procedures for daily processing activities such as additions, deletions, suspensions, changes, annual certification, and quality assurance processes/controls to ensure errors do not occur or are detected and corrected in a timely manner. Application and clearance forms have been posted to the intranet but policy/Directive have not. Refer finding 4 pg. 19.</p>

Audit Recommendation	Audit of FEC's Transit Benefit Program Corrective Action Plan	Responsible Office	Anticipated Completion Date	Final Action	OIG Status
<p>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.</p>	<p>FEC management will ensure all FEC employees receive a copy of the updated policy highlighting the requirements to adjust one's subsidy benefits when necessary. Furthermore, FEC management will send out reminders via e-mail, on a monthly basis, to all employees of this requirement.</p>	<p>HR – James Wilson, ext. 1082</p>	<p>March 31, 2008</p>	<p>Complete</p> <p>The transit benefit policy has been updated. HR will provide copies to all FEC employees, post an electronic version on the intranet, and incorporate this subject into the New Employee Orientation. HR will send quarterly emails on transit benefits to all FEC employees.</p>	<p>OPEN</p> <p>Supervisory review and approval is not occurring on initial application or annual certification. The follow-up review noted few instances where formal review and approval were documented. The reminder is sent on a monthly basis but does not appear to be an effective control/deterrent based on the number and nature of exceptions noted during the follow-up review. The updated policy has not been finalized or provided to staff and has not been posted on the intranet. Refer 9 pg. 37 and finding 8 pg. 33.</p>

Audit Recommendation	Audit of FEC's Transit Benefit Program Corrective Action Plan	Responsible Office	Anticipated Completion Date	Final Action	OIG Status
<p>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.</p>	<p>FEC management will ensure all FEC employees receive a copy of the updated policy. Furthermore, FEC management will send out reminders, on a monthly basis via e-mail, to all employees of this requirement.</p>	<p>HR – James Wilson, ext. 1082</p>	<p>March 31, 2008</p>	<p>Complete</p> <p>The transit benefit policy has been updated. HR will provide copies to all FEC employees, post an electronic version on the intranet, and incorporate this subject into the New Employee Orientation. HR will send quarterly emails on transit benefits to all FEC employees.</p>	<p>OPEN</p> <p>Refer above. Neither the revised draft policy nor the SOP provides sufficiently detailed procedures to follow for performing daily activities. It does not define controls and quality assurance processes needed to prevent fraud, waste and abuse by program participants. It has not been provided to staff. Program staff has not received formal training on the transit system. Refer findings 4, 8 and 10 on pages 19, 33 and 39.</p>

Audit Recommendation	Audit of FEC's Transit Benefit Program Corrective Action Plan	Responsible Office	Anticipated Completion Date	Final Action	OIG Status
7. Program management should develop and implement procedures that include transit benefit restrictions for employees on administrative leave.	FEC management has updated the policy to incorporate guidance related to employees on leave. The policy is current under review and is expected to be final March 31, 2008	HR – James Wilson, ext. 1082	March 31, 2008	<p>Complete</p> <p>The transit benefit policy has been updated. HR has also developed FAQs that include questions on leave.</p>	<p>OPEN</p> <p>Draft policy has not been approved or disseminated to staff. OIG notes inclusion of point on leave in FAQs provided by OHR in conjunction with follow-up review. Have not seen FAQ given to staff and they are not on the OHR intranet. FAQ differs from Directive 54 with respect to 50% rule. FAQ has 10 days while Directive describes >50% of commutable days. It does not appear the guidance is effective as an employee placed on admin leave claimed benefits for two months before being removed.</p>

Audit Recommendation	Audit of FEC's Transit Benefit Program Corrective Action Plan	Responsible Office	Anticipated Completion Date	Final Action	OIG Status
<p>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.</p>	<p>FEC management has updated current policy to address leave situations. The policy is current under review and is expected to be final March 31, 2008.</p> <p>Furthermore, FEC management will review the current clearance form to incorporate requirements relative to official administrative leave.</p>	<p>HR – James Wilson, ext. 1082</p>	<p>March 31, 2008</p>	<p>Complete</p> <p>The transit benefit policy has been updated. HR has also developed an administrative leave clearance form, similar to the form completed for separating employees.</p>	<p>OPEN</p> <p>OIG provided comment on the clearance form to include guidance on order of operation and additional lines needed to document and communicate the level of transit benefit to be recovered. OIG also provided a calculation worksheet to be used to document the amount of recovery. It is noted that the clearance process for staff placed on administrative leave is the same as those separating from the agency and uses the same form. It is also noted that the form is not always completed depending on whether the staff is physically present when notified of leave. Form creation can be delayed or be completed by management without the employee. Refer finding 5 and 7 on pages 25 and 29.</p>

Audit Recommendation	Audit of FEC's Transit Benefit Program Corrective Action Plan	Responsible Office	Anticipated Completion Date	Final Action	OIG Status
Program's Internal Controls Need To Be Strengthened – Finding #3					
<p>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.</p>	<p>Since October 2007, the Finance Office has been documenting the return of any unused transit subsidy on the current clearance form, as well as maintains a copy of any checks obtained.</p> <p>HR intends to update the separation clearance process to incorporate transit subsidy as an item to check so that it is readily identifiable in order to calculate any unused transit subsidy, as outlined in the policy.</p>	<p>HR – James Wilson, ext. 1082</p>	<p>April 30, 2008</p>	<p>Complete</p> <p>The transit benefit policy has been updated. HR has also updated the exit clearance form to ensure the proper computation and collection of unused transit subsidy from departing employees.</p>	<p>OPEN</p> <p>The OIG provided an example of an exit computation form in April 2008. To date, it does not appear to be in use by OHR. When employees have had transit subsidy calculated and returned, it is not clear how the calculation is derived. It does not appear the process is fully implemented. Refer finding 6 on page 27.</p>

Audit Recommendation	Audit of FEC's Transit Benefit Program Corrective Action Plan	Responsible Office	Anticipated Completion Date	Final Action	OIG Status
<p>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.</p>	<p>FEC management does not believe that monthly reminders are necessary. The updated policy will provides guidance on this matter, as well as the fact that the separation clearance form will be updated to reflect the transit subsidy.</p>	<p>HR—James Wilson, ext. 1082</p>	<p>April 30, 2008</p>	<p>Complete</p> <p>The transit benefit policy has been updated. HR will provide copies to all FEC employees, post an electronic version on the intranet, and incorporate this subject into the New Employee Orientation. HR will send quarterly emails on transit benefits to all FEC employees.</p>	<p>OPEN</p> <p>The information has not been included in the monthly distribution e-mail. It does not appear the clearance form is working as intended. Contrary to the draft policy, Finance rather than OHR calculates the amount based on advice from OHR. How the amount is calculated is not transparent. When no recovery is sought, it is not clear whether that was because no funds were owed or whether Finance or OHR failed to consider or calculate the value. OHR should calculate and use the worksheet provided by OIG to show actual calculation. Refer finding 6 pg. 27.</p>

Audit Recommendation	Audit of FEC's Transit Benefit Program Corrective Action Plan	Responsible Office	Anticipated Completion Date	Final Action	OIG Status
<p>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.</p>	<p>FEC management intends to update the separation clearance process to incorporate the Finance Office to calculate any unused transit subsidy, as outlined in the policy. Training will also be provided, as necessary.</p>	<p>HR – James Wilson, ext. 1082</p>	<p>April 30, 2008</p>	<p>Complete</p> <p>The transit benefit policy has been updated. HR has also updated the exit clearance form to ensure the proper computation and collection of unused transit subsidy from departing employees. Appropriate staff will be trained two times per year on their respective roles and responsibilities.</p>	<p>OPEN</p> <p>No training has occurred. Policy says OHR calculates rate. The clearance form does not have space to show the calculation of repayment. Where no repayment is sought, it is not clear how that was determined. OHR should calculate the amount based on system and timesheet data. Finance should collect the amount shown on the clearance form. Refer finding 6 pg. 27.</p>

Audit Recommendation	Audit of FEC's Transit Benefit Program Corrective Action Plan	Responsible Office	Anticipated Completion Date	Final Action	OIG Status
<p>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.</p>	<p>FEC management will provide additional training to the Finance Office as it pertains to processing employees separating from the agency.</p>	<p>HR – James Wilson, ext. 1082 and OCFO – Brian Duffy, ext. 1230</p>	<p>April 30, 2008</p>	<p>Complete HR has developed a SOP for the operations of the transit benefit program, including new guidance addressed in the policy. Also, appropriate staff will be trained two times per year on their respective roles and responsibilities.</p>	<p>OPEN The SOP is not sufficiently detailed to manage program operations. The SOP does not define detailed operating procedures for daily processing activities such as additions, deletions, suspensions, changes, annual certification, and quality assurance processes/controls to ensure errors do not occur or are detected and corrected in a timely manner. No training has occurred yet. It is unclear who will provide the training.</p>

Audit Recommendation	Audit of FEC's Transit Benefit Program Corrective Action Plan	Responsible Office	Anticipated Completion Date	Final Action	OIG Status
<p>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.</p>	<p>FEC management has updated its current policy to address the unused subsidy. Since Metro does not accept partially used Metrocheks, it has been determined to ensure consistency between Metrochek users and SmarTrip users that any unused subsidy must be returned via a personal check or through a payroll offset. The policy is currently under review and is expected to be final March 31, 2008.</p> <p>Finance Office documents the return of unused subsidy on the current separation clearance form and maintains a copy of the personal check submitted by an employee.</p>	<p>OCFO – Brian Duffy, ext. 1230</p>	<p>October 2007</p>	<p>Completed</p>	<p>OPEN</p> <p>This process is in place with respect to Finance. The only question is whether it is done consistently and transparently for all staff. Where the clearance form has no documentation showing transit subsidy is owed, there is no other documentation showing the calculation that none is owed (i.e. commuted days time daily cost is greater than the amount collected for the month). Refer finding 6 pg. 27.</p>

Audit Recommendation	Audit of FEC's Transit Benefit Program Corrective Action Plan	Responsible Office	Anticipated Completion Date	Final Action	OIG Status
<p>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.</p>	<p>FEC management does not agree with this recommendation, given the fact that Metro does not accept partially used Metrocheks any longer. Furthermore, FEC management is trying to reduce the amount of Metrocheks maintained on hand, as the SmarTrip/card is more widely accepted.</p>	<p>OCFO – Brian Duffy, ext. 1230</p>	<p>January 2008</p>	<p>Completed</p>	<p>CLOSED Metrochek supply has decreased 33% from prior levels. Vouchers will be used in the future and it is expected that levels will decrease as only commuters using certain busses will be required to use vouchers. Staff who use mass transit for official local travel will need to submit an expense form for reimbursement. Refer finding 15 pg. 50.</p>

Audit Recommendation	Audit of FEC's Transit Benefit Program Corrective Action Plan	Responsible Office	Anticipated Completion Date	Final Action	OIG Status
<p>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.</p>	<p>FEC management contacted WMATA regarding unused Metrocheks. WMATA indicated that they do not accept any unused Metrocheks for reimbursement or credit to FEC's account. Accordingly, the Finance Office was able to exchange the partially used Metrocheks at Metro Center for full cards to be issued under the transit subsidy program. The Finance Office has implemented a procedure to accumulate partially used Metrocheks and trade them in at Metro Center on a semi-annual basis or when the amount of the Metrocheks accumulated exceeds \$500, whichever comes first. Partially used Metrocheks will only occur now when someone uses a full Metrochek for FEC business and returns the unused portion.</p>	<p>OCFO – Brian Duffy, ext. 1230</p>	<p>March 31, 2007</p>	<p>Completed</p>	<p>CLOSED Returned subsidy was placed into distribution. Finance requires separating employees to return excess subsidy in the form of check or money order. FEC staff no longer receives Metrocheks for local travel. Employees must submit a request for expense reimbursement.</p>

Audit Recommendation	Audit of FEC's Transit Benefit Program Corrective Action Plan	Responsible Office	Anticipated Completion Date	Final Action	OIG Status
Former Participants Listed as Eligible Recipients – Finding #4					
<p>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.</p>	<p>FEC management has also provided additional training to the HR staff ensuring they are aware of this procedure.</p> <p>FEC management has updated its procedures currently in place to ensure to suspend or remove separated employees from receiving additional SmarTrip benefits. The policy is current under review and is expected to be final March 31, 2008.</p>	<p>HR – James Wilson, ext. 1082</p>	<p>March 31, 2008</p>	<p>Complete</p> <p>HR has developed a SOP for the operations of the transit benefit program, including new guidance addressed in the policy. Also, appropriate staff will be trained two times per year on their respective roles and responsibilities. HR will send quarterly emails on transit benefits to all FEC employees.</p>	<p>OPEN</p> <p>Audit follow-up testing shows separated employees are not removed timely. The SOP provided is not sufficiently detailed to ensure timely removal. It does not detail management monitoring and quality assurance activities. OHR staff has not received formal training. Refer finding 5 on page 25.</p>

Audit Recommendation	Audit of FEC's Transit Benefit Program Corrective Action Plan	Responsible Office	Anticipated Completion Date	Final Action	OIG Status
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.	FEC management will assess the costs compared to the benefits to collect any overpayment of funds. Furthermore, FEC management will ensure any collection is done in accordance with the Debt Collection Improvement Act, as amended.	OCFO – Brian Duffy, ext. 1230	April 30, 2008	OPEN	The FEC did not seek recovery of prior funds and has not consistently sought to recover excess benefits received by separating employees since the prior audit report was issued. Refer finding 6 pg. 27.

Audit Recommendation	Audit of FEC's Transit Benefit Program Corrective Action Plan	Responsible Office	Anticipated Completion Date	Final Action	OIG Status
<p>18. HRO management should also ensure that all program staff receives proper training on the procedures for managing the FEC's SmartBenefits account.</p>	<p>FEC management has provided the HR staff that are primarily responsible for managing the SmartBenefits.</p> <p>Furthermore, FEC management has updated its policy to incorporate guidance related to the SmartBenefits Program. The policy is current under review and is expected to be final March 31, 2008.</p>	<p>HR – James Wilson, ext. 1082</p>	<p>March 31, 2008</p>	<p>Complete</p> <p>HR has developed a SOP for the operations of the transit benefit program, including new guidance addressed in the policy. Also, appropriate staff will be trained two times per year on their respective roles and responsibilities.</p>	<p>OPEN</p> <p>According to interview with OHR staff, training has not occurred. It is unclear who would provide the training. The one-page SOP is not sufficiently detailed to manage program operations. The SOP does not define detailed operating procedures for daily processing activities such as additions, deletions, suspensions, changes, annual certification, and quality assurance processes/controls to ensure errors do not occur or are detected and corrected in a timely manner.</p>

Audit Recommendation	Audit of FEC's Transit Benefit Program Corrective Action Plan	Responsible Office	Anticipated Completion Date	Final Action	OIG Status
Program Staff Did Not Always Follow the Provisions of FEC Directive 54 – Finding #5					
<p>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.</p>	<p>FEC management will ensure all FEC employees receive a copy of the updated policy. Furthermore, the policy will be updated to clarify when an employee is eligible to receive benefits and when he/she is not.</p> <p>The Administrative Division will also provide Finance a list identifying individuals receiving parking passes each month, which will be compared to the transit subsidy lists to ensure that individuals do not receive both.</p>	<p>HR – James Wilson, ext. 1082</p>	<p>March 31, 2008</p>	<p>Complete</p> <p>The transit benefit policy has been updated. HR will provide copies to all FEC employees, post an electronic version on the intranet, and incorporate this subject into the New Employee Orientation. HR will send quarterly emails on transit benefits to all FEC employees.</p>	<p>OPEN</p> <p>Policy has not been approved and shared with staff. Admin Division does not maintain sufficient documentation to identify those who are passengers in cars with FEC paid parking or those who pay to park in the garage. Parking information is not routinely shared with OHR to ensure those who receive transit benefit do not also receive parking benefits. Refer finding 11 pg. 42.</p>

Audit Recommendation	Audit of FEC's Transit Benefit Program Corrective Action Plan	Responsible Office	Anticipated Completion Date	Final Action	OIG Status
<p>20. The Administrative Division should maintain a current list of employees who commute in a 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.</p>	<p>FEC management has also updated the Transit Subsidy application in an effort to capture this information.</p> <p>Administrative Division receives a report from LAZ of all FEC employees that commute to work and have received a parking permit for the FEC garage. FEC management will develop a form that requires parking permit holders to certify, on an annual basis, whether or not they have carpoolers. The form will require the permit holder to identify the individuals that are carpoolers.</p>	<p>Admin -- Diane Cappuccio, ext. 1245 and Brian Duffy, ext. 1230</p>	<p>April 30, 2008</p>		<p>OPEN Transit application form contains an acknowledgement and certification that employee is not a member of a car pool or received disability or executive parking privileges. The LAZ parking information was not in the possession of FEC Admin staff and was obtained by OIG. Admin has not established process to obtain the information monthly or disseminate it to OHR. Refer finding 11 pg. 42.</p>

Audit Recommendation	Audit of FEC's Transit Benefit Program Corrective Action Plan	Responsible Office	Anticipated Completion Date	Final Action	OIG Status
<p>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.</p>	<p>Admin Division will develop a form that requires parking permit holders to certify, on an annual basis, whether or not they have carpoolers. The form will require the permit holder to identify the individuals that are carpoolers.</p> <p>The Finance Office will modify its policies to incorporate a comparison between the list of parking permit holders (prepared for the Administration Division) to the required annual certification form to the Transit Subsidy Eligibility List (prepared by HR).</p> <p>FEC management will provide additional training to the program staff to ensure that they are aware of this procedure.</p>	<p>HR – James Wilson, ext. 1082</p>	<p>March 31, 2008</p>	<p>Complete (HR)</p> <p>HR has developed a SOP for the operations of the transit benefit program, including new guidance addressed in the policy. Also, appropriate staff will be trained two times per year on their respective roles and responsibilities.</p>	<p>OPEN</p> <p>Training has not occurred. The SOP is not sufficiently detailed to manage program operations. The SOP does not define detailed operating procedures for daily processing activities such as additions, deletions, suspensions, changes, annual certification, and quality assurance processes/controls to ensure errors do not occur or are detected and corrected in a timely manner. Parking information has not been provided on a regular basis. Refer finding 11 pg. 42.</p>

Audit Recommendation	Audit of FEC's Transit Benefit Program Corrective Action Plan	Responsible Office	Anticipated Completion Date	Final Action	OIG Status
Other Matters to be Reported – Finding #6					
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.	FEC management has updated its current transit subsidy application to incorporate pertinent information. Furthermore, the policy will be updated to indicate that “if any of the key information changes, an employee is required to submit a new application.”	HR – James Wilson, ext. 1082	March 31, 2008	Complete (HR) HR has developed a SOP for the operations of the transit benefit program, including new guidance addressed in the policy. Also, appropriate staff will be trained two times per year on their respective roles and responsibilities.	OPEN Policy has been updated but not disseminated. The one page SOP provided is not sufficiently detailed to direct program operations. Form has been updated. Noted that very few of the forms submitted by staff have indication of OHR supervisory review and approval and none had OHR staff processing field completed. Refer finding 10 pg. 39.
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.	The Finance Office will evaluate the usage of Metrocheks on a regular basis, no less than annually. Based on this evaluation, the Accounting Officer will determine is the stock level can be reduced.	OCFO – Brian Duffy, ext. 1230	April 30, 2008		CLOSED Since OHR began requiring staff to accept SmartBenefit is their commute allowed, Finance has reduced the amount of Metrocheks held by 33 percent. It will continue to reduce Metrochek holdings until they have been exhausted and are replaced by the new voucher system. Refer finding 15 pg. 50.

Audit Recommendation	Audit of FEC's Transit Benefit Program Corrective Action Plan	Responsible Office	Anticipated Completion Date	Final Action	OIG Status
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.	The Finance Office researches the cause for significant differences and documents the reasons accordingly. The results of the research are documented directly on the monthly distribution list and any related correspondence is attached. The documentation is maintained by the Assistant Accounting Officer.	OCFO – Brian Duffy, ext. 1230	June 30, 2007	Completed	OPEN OIG noted that variances existed for three months in the period reviewed (January 2007 to August 2008). Documentation on effort to research the variances was not included in the monthly distribution file. Refer finding 16 pg. 50.

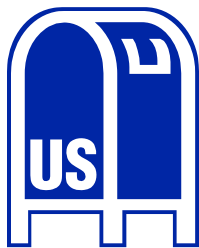
Audit Recommendation	Audit of FEC's Transit Benefit Program Corrective Action Plan	Responsible Office	Anticipated Completion Date	Final Action	OIG Status
<p>25. Program management should encourage Metrochek recipients who utilize transit carriers that accept SmarTrip cards to switch their monthly subsidy to SmarTrip cards.</p>	<p>HR will develop communication to encourage FEC employees to utilize transit carriers that accept SmarTrip cards and to switch their monthly subsidy to SmarTrip cards. For those employees that are bargaining unit, management will work through the FEC union to ensure the communication occurs.</p>	<p>HR – James Wilson, ext. 1082</p>	<p>June 30, 2007</p>	<p>Complete The transit benefit policy has been updated. HR will provide copies to all FEC employees, post an electronic version on the intranet, and incorporate this subject into the New Employee Orientation. HR will send quarterly emails on transit benefits to all FEC employees.</p>	<p>OPEN OHR updated the transit policy but it has not been disseminated to FEC staff. OHR reviewed the listing of employees who use Metrocheks and identified those who could use SmarTrip for their commute. It notified those staff and required transition to the electronic program. Refer finding 4 pg. 19.</p>

CONTACTING THE OFFICE OF INSPECTOR GENERAL

The success of the OIG mission to prevent fraud, waste, and abuse depends on the cooperation of FEC employees (and the public). There are several ways to report questionable activity.



Call us at **202-694-1015** (a confidential or anonymous message can be left 24 hours a day/7 days a week) **or toll-free at 1-800-424-9530** (press 0; then dial 1015 - Monday - Friday 8:30am – 5:00pm).



Write or visit us - we are located at: **Federal Election Commission
Office of Inspector General
999 E Street, N.W., Suite 940
Washington, D.C. 20463**

Mail is opened by OIG staff members only.



You can also fax (202-501-8134) or contact us by e-mail at: **oig@fec.gov**.
Website address: **<http://www.fec.gov/fecig/fecig.shtml>**

Individuals may be subject to disciplinary or criminal action for knowingly making a false complaint or providing false information.