

FEDERAL ELECTION COMMISSION

OFFICE OF INSPECTOR GENERAL



EXECUTIVE SUMMARY

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

February 2007

AUDIT ASSIGNMENT OIG-06-01

EXECUTIVE SUMMARY

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

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

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

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

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

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

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