



Office of Inspector General

Follow-up Review of FLRA's Federal
Transit Benefit Program

**FOLLOW-UP REVIEW OF
FLRA'S FEDERAL TRANSIT
BENEFIT PROGRAM**

Report No. MAR-20-04

Federal Labor Relations Authority
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Colleen Duffy Kiko, Chairman

The Federal Labor Relations Authority Office of Inspector General presents the results of our follow-up review of the implementation of recommendations from the prior report, Audit of the Federal Labor Relations Authority's Federal Transit Benefit Program, AR-19-04, that was issued on March 5, 2019. This follow-up review was conducted to verify the implementation and/or other resolution of 11 recommendations that were made as a result of the audit.

Objectives

The objectives of the follow-up review were to determine whether the Federal Labor Relations Authority (FLRA or Authority) acceptably resolved and implemented 11 recommendations from the "Audit of FLRA Federal Transit Benefits Program, AR-19-04," that was issued on March 5, 2019.

Results in Brief

In the prior audit of FLRA's Federal Transit Benefit Program (FTBP), we found compliance weaknesses and a lack of policies and controls over operations. To improve compliance, controls, policies and operating procedures, we made 11 audit recommendations. Based on the review discussed in this report, we determined that FLRA had resolved or came up with acceptable alternate implementation for 8 of the audit recommendations, which were closed. Three of the audit recommendations were not resolved and remain open. The specific recommendations and discussion of their implementation is provided below, under the, "Results of Review."

Background

All Federal agencies in the National Capital Region were directed in April of 2000 by a Presidential Executive Order to initiate a "transit pass" benefit program. The program was established to encourage employees to use mass transit for their home to work commutes so that air pollution and traffic congestion might be reduced. FLRA, through a Federal mandate, in 2018, was required to pay a monthly maximum transit benefit of \$260. FLRA's Administrative Services Division administers the program with the assistance of DOT/TRANServe (TRANServe), under a Memorandum of Agreement (MOA).

In 2019, the FLRA OIG completed an audit of FLRA's FTBP for the 17-month period that ended on February 28, 2018. During that period, FLRA paid \$180,515 in transit subsidies. The purpose of that audit was to determine whether FLRA had adequate

policies and procedures in place to ensure compliance with applicable laws, regulations, and other requirements to prevent and detect waste, fraud and abuse in its FTBP.

Results of Our Prior Audit

In our audit report of the FTBP, issued on March 5, 2019, we reported that FLRA’s Administrative Services Division (ASD) had an MOA with TRANServe to provide assistance in its administration of transit benefits. However, we found essential elements of the MOA unimplemented by ASD. Neither TRANServe’s computerized transit benefit application platform had been implemented, nor had most of its other specified requirements been implemented, relating to benefit applications and appropriate monitoring. In addition, OMB’s transit benefit requirements were also not fully implemented. As a result, we found that FLRA had inadequate policies and practices to manage and control the program, that it had not provided participants the necessary program rules and training, and that the required OMB certification statements were not provided for participants to sign. These issues resulted in employees not understanding how the program operated, overpayments of transit benefits and the incurrence of excess program administrative costs. We made 11 recommendations to address these findings.

Results of Review

Below is a reprint of each recommendation taken from the, “Audit of FLRA’s Federal Transit Benefits Program, AR-19-04.” Under each recommendation is a discussion of management’s corrective action or action still uncompleted (needed), and whether it was acceptable or was not acceptable to resolve and close the recommendation.

- 1. Adapt and implement TRANServe's Integrity Awareness Training for all new Federal transit benefit applicants and require participants take training annually prior to the annual recertification.**

Federal Transit Benefit Integrity Awareness Training for FLRA employees is now available on TRANServe’s website; it has been customized for FLRA’s use. Both FLRA policy¹ and TRANServe’s web application system requires Integrity Awareness Training be taken by new applicants and annually prior to recertification. There is a box within the system that must be checked by the applicant acknowledging that he or she has completed the required Transit Benefit Integrity Awareness Training.

Status: The recommendation has been closed.

Management’s Response: Management noted the recommendation has been closed.

OIG Comment: We appreciate management’s efforts in resolving this recommendation. See the full text of management’s response in Appendix 2.

¹ FLRA implemented a new policy, the “Federal Transit Benefit Program Policy,” on February 13, 2020.

2. Obtain and retain all reports available from TRANServe, to be held electronically on FLRA servers with appropriate backup for a 3 year period following the end of the year, and for each year thereafter.

Management issued a policy that includes a provision to retain and have TRANServe reports readily available, either locally or remotely on TRANServe servers for 3 years after the end of the year in which the report was produced. The first part of this policy, to keep the reports on TRANServe's servers, was an alternative management plan to address the recommendation. However, when management demonstrated the website's retention of reports, only 2 reports were available. The Executive Director said they would address the issue, and if they could not get the reports posted to the TRANServe website, they would resolve the recommendation by retaining the reports locally.

Status: The recommendation remains open.

Management's Response: Management agreed to retain all reports from TRANServe's system on FLRA servers for a 3 year period.

OIG Comment: Management's response is in accordance with the recommendation. See the full text of management's response in Appendix 2.

3. Obtain data definitions for all report fields for which there is any ambiguity as to their meaning, and obtain all data definitions for the "Quarterly Agency Total's Report" field headers.

Management stated and demonstrated that all but 4 of the data definitions for field headers in the Quarterly report were understood² and that no ambiguities existed in other reports. For the 4 ambiguous data field headers, management was able to obtain from TRANServe the data definitions.

Status: The recommendation has been closed.

Management's Response: Management noted the recommendation has been closed.

OIG Comment: We appreciate management's efforts in resolving this recommendation. See the full text of management's response in Appendix 2.

4. Require participants to submit applications and changes in commuting costs through TRANServe's electronic platform.

FLRA's policies have been written to require that all Federal Transit Benefit applications be submitted via TRANServe's electronic platform. In addition, an e-mail sent out by the Director of ASD, in May of 2019, required all participants to recertify their applications through the TRANServe Website by July 1, 2019, in order to continue to receive benefits.

Status: The recommendation has been closed.

² Management had earlier provided data definitions for 5 other field headers.

Management's Response: Management noted the recommendation has been closed.

OIG Comment: We appreciate management's efforts in resolving this recommendation. See the full text of management's response in Appendix 2.

5. HRD in coordination with the BFD should pursue collection of \$2,677 in erroneous benefits collected by FTBP participants after they separated from the Authority.

FLRA pursued collections of erroneously paid transit benefits in accordance with the recommendation but was able to provide contact information for collection activities for only 11 of the 19 separated employees.³ FLRA management stated collections were received but the total amount collected had not been reported.

Status: The recommendation has been closed.

Management's Response: Management noted the recommendation has been closed.

OIG Comment: We appreciate management's efforts in resolving this recommendation. See the full text of management's response in Appendix 2.

6. HRD in coordination with the BFD should seek recovery of \$206.50 in parking overpayments erroneously collected by employees who received both parking and TRANServe benefits.

FLRA management stated that it has discontinued the practice of providing parking benefits to staff and has determined, due to the de minimis amounts involved, not to pursue these collections.

Status: The recommendation has been closed.

Management's Response: Management noted the recommendation has been closed.

OIG Comment: We appreciate management's efforts in resolving this recommendation. See the full text of management's response in Appendix 2.

7. ASD in coordination with the Information Resource Management Division should implement the entirety of TRANServe's electronic FTBP and fully comply with all requirements of the TRANServe MOA and its best practices as discussed in this report.

FLRA, during the period following the audit of Federal Transit Benefits, began using TRANServe for its applications, recertifications, and training needs; it is considered compliant with the recommendation to fully utilize TRANServe's electronic FTBP platform. FLRA is also complying with the MOA's requirements. However, the last part of the recommendation, the implementation of best practices, including reviews to ensure benefits are adjusted for address changes and for absences (e.g., extended leave and

³ This is per FLRA's correspondence with the U.S. Department of the Treasury's, Bureau of Fiscal Services, who made the collections on FLRA's behalf.

telework),⁴ could not be evaluated. For the period covered by our review of these matters, August 1, 2019 through January 31, 2020, reports were not provided that would allow for a determination of the status of this part of the recommendation's implementation.

Status: The recommendation remains open.

Management's Response: Management agreed to continue to implement best practices, including reviews to ensure benefits are adjusted for address changes and absences, and noted that the inability to receive TRANServe's reports timely was preventing the agency from fully implementing the recommendation. Also, that going forward, FLRA would retain the TRANServe reports locally for 3 years.

OIG Comment: Management's response is in accordance with the recommendation. See the full text of management's response in Appendix 2.

8. HRD in coordination with ASD should implement a process to ensure that all separated employees, upon exiting, who participated in the transit benefit program, have been promptly removed from TRANServe database and obtain any unused FTBP funds remaining.

For timely cessation of transit benefits program payments for separated employees, management provided a plan that included: a check-out sheet to ensure employees are removed as part of FLRA's exit procedures, automated removal from the benefits program via TRANServe's system, and quarterly audit procedures to address participants not removed by other procedures. However, in reviewing the TRANServe "Auto-Withdrawn" report, listing 23 employees withdrawn, we found 16 employees that were not dropped within 100 days⁵ of their "last pickup" (management's planned latest time frame was no later than 90 days, with both 30 and 60 day options). For 7 employees that had separated more recently, between August 1, 2019 and January 31, 2020, we found 2 former employees that were untimely dropped by TRANServe's auto drop system after approximately 3 months, 3 former employees that were dropped via an e-mail to TRANServe only after the audit follow-up meeting was in the process of being scheduled, and another former employee that appears to still be a participant, after separating from employment approximately 5 months earlier. One participant appears to have self-withdrawn appropriately. Also, no evidence of recoveries for any unused transit benefit funds was provided.

Status: The recommendation remains open.

Management's Response: Management concurred with the recommendation, and that having the TRANServe reports in-house will facilitate the implementation of the recommendation

OIG Comment: Management's response is in accordance with the recommendation. See the full text of management's response in Appendix 2.

⁴ Also, a best practice concerns, addressing overpayments to separated employees, this is discussed under item 8.

⁵ Per the report, most of those employees that were auto-withdrawn had a "last pickup" that was more than 200 days.

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- 9. ASD should develop and implement FLRA FTBP policies applicable to both Smart Benefit users and TRANServe Debit Card holders to include applicable best practices, including evidence of an applicant's transit benefit costs for direct supervisory approval, and FTBP processing time frames.**

Management has developed and adopted Federal Transit Benefit Policies that include applicable best practices, except that they do not require evidence of an applicant's transit benefit costs, and ASD will be providing the approval in lieu of the direct supervisor. These items are discussed in more detail under item 10 below.

Status: The recommendation has been closed.

Management's Response: Management noted the recommendation has been closed.

OIG Comment: We appreciate management's efforts in resolving this recommendation. See the full text of management's response in Appendix 2.

- 10. ASD should require participants submit supporting documentation for TRANServe applications and ensure that the application: (a) requires participants to provide a breakdown of commuting costs in accordance with OMB guidelines; and (b) includes a supervisory certification that the application had been reviewed for verification of eligibility and commuting costs.**

Management determined that it would not require supporting documentation be submitted for commuting expenses as it ran contrary to the concept of a paperless TRANServe system that would house all transit program information. Instead, FLRA policies require that applications (including the "Expense Worksheet," which provides a commuting cost breakdown) will be reviewed for reasonableness.

In addition, as mentioned under item 9 above, supervisory certification of transit benefits will not be implemented; but instead, ASD will be provide this certification (this is also consistent with TRANServe's best practices).⁶ Supporting documentation for applications and supervisory approval of applications are best practices, i.e., not a federal requirement; and therefore, no exceptions were taken to management's alternate implementation of the recommended procedures.

Status: The recommendation has been closed.

Management's Response: Management noted the recommendation has been closed.

OIG Comment: We appreciate management's efforts in resolving this recommendation. See the full text of management's response in Appendix 2.

⁶ TRANServes best practices allow for either, "a supervisor or person of authority [to] sign the application verifying costs were reviewed for reasonableness." U.S. Department of Transportation, TRANServe. Oversight Guidelines for Program Coordinators. <https://www.transportation.gov/transerve/oversight-guidelines-program-coordinators>.

11. ASD should put in place a process to require participants to annually recertify their eligibility and commuting costs (i.e., complete a new/update transit benefit program application).

FLRA's new policies and TRANServe's web application system both require participants to annually recertify their eligibility and commuting costs.

Status: The recommendation has been closed.

Management's Response: Management noted the recommendation has been closed.

OIG Comment: We appreciate management's efforts in resolving this recommendation. See the full text of management's response in Appendix 2.

Appendix 1: Scope and Methodology

This follow-up review of recommendation implementation for the “Audit of FLRA Federal Transit Benefits Program, AR-19-04,” was conducted at FLRA’s offices in Washington, DC during the period from May 3, 2019 through February 28, 2020 and encompassed activity for that entire period.⁷

The work started with a review of management’s proposed Corrective Action Plan (CAP), which provided the recommendations and management’s plan to implement each, or alternative plans and comments. As part of the review of the CAP plan, management was provided a response concerning each recommendation’s implementation plan for which there was a concern with its implementation or for other relevant matters.

Meetings were held with ASD and/or the Executive Director on three occasions to discuss the implementation of the recommendations, with one meeting focused on FTBP policy development. For the other 2 meetings, ASD presented information to try and provide substantiation for the review of its recommendation implementation. After both meetings, discussions and/or written information was provided to management regarding the status and acceptability of the recommendations’ implementation. Feedback on policies was also provided to management on different occasions that relate to the audit report’s recommendations or to address policy redundancy.

For the last meeting on the FTBP report’s recommendations’ implementation, we asked that management provide some type of documentation to support each one of the recommendations it implemented. Also, as a follow-up to the last meeting, ASD was asked to provide information about activities surrounding employee separations and address changes for the 6 month review period mentioned in the footnote below. In addition, ASD was asked to provide TRANServe Quarterly reports and also to provide documentation for any recapture of transit benefit funds for the separating employees. For testing/criteria purposes, HRD was asked to provide name and date information (also for the same 6 month review period previously mentioned) for employee separations and information about employee address changes. Exit clearance forms were also requested. Using HRD information, we cross checked ASD activity to understand the timeliness and/or completeness of its activities for separated employees, and whether participant address changes were occurring within the TRANServe system. We had planned to use quarterly reports to scan for employee benefit changes for those participant’s not purchasing daily fares, but the reports were not provided. ASD had not retained the reports and could not obtain them from TRANServe.

After completing our follow-up review work, we issued a preliminary draft (a discussion draft) report for management comment. In response, management provided additional information relating to recommendation 5’s implementation of collection activity, for which changes were made to the report and the recommendation’s status was closed. Another report was issued in draft for management’s formal written comments. However, additional comments were received about recommendation 8’s implementation and why it was not closed. In response, the report was modified slightly to clarify the unresolved issues. Management’s formal written comments are incorporated into the final report, and report changes were made where appropriate.

⁷ Some review and testing of oversight of changes that affected or should have affected transit benefit accounts and/or payments was limited to the period from August 1, 2019 through January 31, 2020. See matters pertaining to recommendations 7 and 8.

Appendix 2: Management Response



UNITED STATES OF AMERICA
FEDERAL LABOR RELATIONS AUTHORITY

March 12, 2020

MEMORANDUM

TO: Dana Rooney
Inspector General

FROM: Michael Jeffries
Executive Director

SUBJECT: Management Response to the Draft Report MAR-20-04 – Follow-up review Audit of Federal Labor Relations Authority's Federal Transit Benefit Program

The purpose of this memorandum is to provide management response regarding the audit recommendations pertaining to the Federal Labor Relations Authority's (FLRA) Federal Transit Benefit Program. The recommendations are addressed separately below. I personally reviewed the audit findings and recommendations, and the Office of the Executive Director looks forward to collaborating with your office as we work to ameliorate our program to address the findings in this audit.

Recommendations

Recommendation 1.

Adapt and implement TRANServe's Integrity Awareness Training for all new Federal transit benefit applicants and require participants take training annually prior to the annual recertification.

Management Response: The recommendation has been closed.

Recommendation 2.

Obtain and retain all reports available from TRANServe, to be held electronically on FLRA servers with appropriate backup for a 3 year period following the end of the year, and for each year thereafter.

Management Response: The FLRA concurs with the recommendation and will retain all reports available from the TRANServe system electronically on FLRA servers for a 3 year period. Please note, the FLRA initially implemented this recommendation with the option of the

DOT Transit Benefits team, per the MOA, maintaining all of the FLRA reports and they would be readily available for recall at any time on the TRANServe system for 3 years. However, we were not able to retrieve the reports from the system, timely. As a result, we will house all reports internally going forward.

Recommendation 3.

Obtain data definitions for all report fields for which there is any ambiguity as to their meaning, and obtain all data definitions for the "Quarterly Agency Total's Report" field headers.

Management Response: The recommendation has been closed.

Recommendation 4.

Require participants to submit applications and changes in commuting costs through TRANServe's electronic platform.

Management Response: The recommendation has been closed.

Recommendation 5.

HRD in coordination with the BFD should pursue collection of \$2,677 in erroneous benefits collected by FTBP participants after they separated from the Authority.

Management Response: The recommendation has been closed.

Recommendation 6.

HRD in coordination with the BFD should seek recovery of \$206.50 in parking overpayments erroneously collected by employees who received both parking and TRANServe benefits.

Management Response: The recommendation has been closed.

Recommendation 7.

ASD in coordination with the Information Resource Management Division should implement the entirety of TRANServe's electronic FTBP and fully comply with all requirements of the TRANServe MOA and its best practices as discussed in this report.

Management Response: The Agency will continue to implement best practices, including reviews to ensure benefits are adjusted for address changes and for absences (e.g., extended leave and telework). The inability to receive TRANServe reports timely was preventing the Agency from fully implementing this recommendation. Going forward, the Agency will maintain reports locally for 3 years.

Recommendation 8.

HRD in coordination with ASD should implement a process to ensure that all separated employees, upon exiting, who participated in the transit benefit program, have been promptly removed from TRANServe database and obtain any unused FTBP funds remaining.

Management Response: The FLRA concurs with the recommendation and will ensure that separated employees, upon exiting, who participated in the transit benefit program, have been promptly removed from TRANServe database and obtain any unused FTBP funds remaining. Having the TRANServe reports in house will facilitate this process.

Recommendation 9.

ASD should develop and implement FLRA FTBP policies applicable to both Smart Benefit users and TRANServe Debit Card holders to include applicable best practices, including evidence of an applicant's transit benefit costs for direct supervisory approval, and FTBP processing time frames.

Management Response: The recommendation has been closed.

Recommendation 10.

ASD should require participants submit supporting documentation for TRANServe applications and ensure that the application: (a) requires participants to provide a breakdown of commuting costs in accordance with OMB guidelines; and (b) includes a supervisory certification that the application had been reviewed for verification of eligibility and commuting costs.

Management Response: The recommendation has been closed.

Recommendation 11.

ASD should put in place a process to require participants to annually recertify their eligibility and commuting costs (i.e., complete a new/update transit benefit program application).

Management Response: The recommendation has been closed.

Appendix 3: Report Distribution

Federal Labor Relations Authority

Ernest DuBester, Member

James Abbott, Member

Michael Jeffries, Executive Director

Xavier Storr, Director, Administrative Services Division

CONTACTING THE OFFICE OF INSPECTOR GENERAL

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EMAIL: OIGMAIL@FLRA.GOV
CALL: (202)218-7970 FAX: (202)343-1072
WRITE TO: 1400 K Street, N.W. Suite 250, Washington,
D.C. 20424

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Office of Inspector General

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