



*Review of the Internal Revenue Service's
Public Transportation Subsidy Program*

May 18, 2018

Reference Number: 2018-10-033

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HIGHLIGHTS

REVIEW OF THE INTERNAL REVENUE SERVICE'S PUBLIC TRANSPORTATION SUBSIDY PROGRAM

Highlights

Final Report issued on May 18, 2018

Highlights of Reference Number: 2018-10-033 to the Commissioner of Internal Revenue.

IMPACT ON TAXPAYERS

The IRS's Public Transportation Subsidy Program (PTSP) was created to encourage employees to use public transportation when commuting to and from work in order to improve air quality, reduce traffic congestion, and conserve energy by reducing the number of single occupancy vehicles on the road. In Calendar Year 2016, more than 18,000 IRS employees received more than \$17.5 million in public transportation benefits. Controls in place over the program are important to ensure proper stewardship of taxpayer dollars.

WHY TIGTA DID THE AUDIT

The overall objective of this audit was to determine whether the IRS has effective controls in place to prevent, detect, and deter employee misuse of the PTSP.

WHAT TIGTA FOUND

Controls over the application process provided assurance that applications were complete and limited PTSP usage to only those who were approved for the program. In addition, controls over PTSP benefits effectively limited participants to receiving benefits that were less than or equal to the statutory maximum of \$255 per month. Lastly, vendor blocks established by the Department of Transportation effectively prevented purchases from being made at non-transportation-related vendors.

However, the PTSP remained vulnerable to misuse by participants. Based on the results of a statistical sample of program participants, TIGTA estimates that 6,449 participants used almost \$1.6 million more in transportation benefits than necessary for commuting to work

or used benefits while in a nonpay status, on leave, or while teleworking. The IRS does not have effective controls in place to prevent employees from receiving PTSP benefits that are greater than the participant's actual commuting cost.

In addition, more than \$16,000 in PTSP benefits were provided to participants after they separated or transferred from the IRS. For example, participants continued to use benefits for up to four months after separation from the IRS. Further, participants who the IRS identified through its internal audits as misusing the program were not disciplined for the misuse, and employees who were disciplined by the IRS for misusing PTSP benefits were not removed from the program and did not repay the benefits they misused.

WHAT TIGTA RECOMMENDED

TIGTA made several recommendations including that the IRS use TIGTA sample results to improve controls over PTSP benefit use, implement controls to timely terminate benefits to separated employees, and communicate cases of PTSP misuse to the PTSP Program Office for consideration of the participant's removal from the program.

In its response, the IRS agreed with TIGTA's recommendations. The IRS plans to update its procedures for conducting audits of program participants, immediately suspend funds when participants separate from the IRS or transfer to another agency, and establish a protocol for communicating substantiated cases of PTSP misuse to the PTSP Program Office.



TREASURY INSPECTOR GENERAL
FOR TAX ADMINISTRATION

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

May 18, 2018

MEMORANDUM FOR COMMISSIONER OF INTERNAL REVENUE

FROM: Michael E. McKenney
Deputy Inspector General for Audit

SUBJECT: Final Audit Report – Review of the Internal Revenue Service’s Public
Transportation Subsidy Program (Audit # 201710009)

This report presents the results of our review of the Internal Revenue Service’s (IRS) Public Transportation Subsidy Program. The overall objective of this review was to determine whether the IRS has effective controls in place to prevent, detect, and deter employee misuse of the Public Transportation Subsidy Program. This review is included in our Fiscal Year 2018 Annual Audit Plan and addresses the major management challenge of Reducing Fraudulent Claims and Improper Payments.

Management’s complete response to the draft report is included as Appendix V.

Copies of this report are also being sent to the IRS managers affected by the report recommendations. If you have any questions, please contact me or Gregory D. Kutz, Assistant Inspector General for Audit (Management Services and Exempt Organizations).



*Review of the Internal Revenue Service's
Public Transportation Subsidy Program*

Table of Contents

Background	Page 1
Results of Review	Page 6
Transportation Benefit Applications Were Complete and Purchases Were Within Limits at Transportation Vendors	Page 6
Control Weaknesses Resulted in Inappropriate Use of Public Transportation Subsidy Program Benefits	Page 7
Recommendations 1 through 3:	Page 13
Recommendations 4 and 5:	Page 14
 Appendices	
Appendix I – Detailed Objective, Scope, and Methodology	Page 15
Appendix II – Major Contributors to This Report	Page 19
Appendix III – Report Distribution List	Page 20
Appendix IV – Outcome Measure	Page 21
Appendix V – Management’s Response to the Draft Report	Page 23



*Review of the Internal Revenue Service's
Public Transportation Subsidy Program*

Abbreviations

CY	Calendar Year
DOT	Department of Transportation
IRS	Internal Revenue Service
PTSP	Public Transportation Subsidy Program
TIGTA	Treasury Inspector General for Tax Administration



Review of the Internal Revenue Service's Public Transportation Subsidy Program

Background

The Internal Revenue Service's (IRS) Public Transportation Subsidy Program (PTSP) was established as a result of Executive Order 13150,¹ which mandated that all Federal agencies in the National Capital Region² implement a transportation subsidy program by October 1, 2000. The program was created to encourage employees to use public transportation when commuting to and from work in order to improve air quality, reduce traffic congestion, and conserve energy by reducing the number of single occupancy vehicles on the road. On December 18, 2015, new legislation³ was enacted to increase the transit subsidy benefit to an amount equal to the participant's actual monthly commuting cost, up to the maximum of \$255 per month.⁴ If the benefit is overestimated, the balance must be returned. Acceptable modes of public transportation are bus, ferry, train, and public, commercial, or private van pools. Parking expenses are not recoverable and not considered a transit cost under the PTSP.

In Calendar Year (CY) 2016, 18,470 IRS and Office of Chief Counsel employees expensed more than \$17.5 million to use public transportation to commute between their residence and their workplace, including part-time users of public transportation.⁵ There are three main forms of transit subsidy benefits for IRS participants: the TRANServe debit card, the Washington Metropolitan Area Transit Authority SmarTrip® card, and cash reimbursements.⁶ The type of subsidy distributed to the participant depends on the type of transportation used (public or privately owned), the local transit authority's acceptance of the transit subsidy, and the availability of accepted transit subsidy. Transit subsidy distributions take place before incurring commuting costs, while cash reimbursements take place on a quarterly basis after incurring commuting costs. Figure 1 shows each PTSP benefit type and the amount of funds expensed in CY 2016.

¹ 26 U.S.C. § 132 (2000).

² The National Capital Region is defined as the District of Columbia; Frederick, Montgomery, and Prince George's Counties in Maryland; Arlington, Fairfax, Loudon, and Prince William Counties in Virginia; and all cities existing in Maryland or Virginia within the geographic area bounded by the outer boundaries of the combined area.

³ The Consolidated Appropriations Act, 2016, Pub. L. No. 114-113.

⁴ The annual maximum varies from year to year depending on legislation. In Fiscal Year 2015, the annual transit subsidy maximum was \$130, while in Fiscal Year 2016, the annual maximum was raised to \$255.

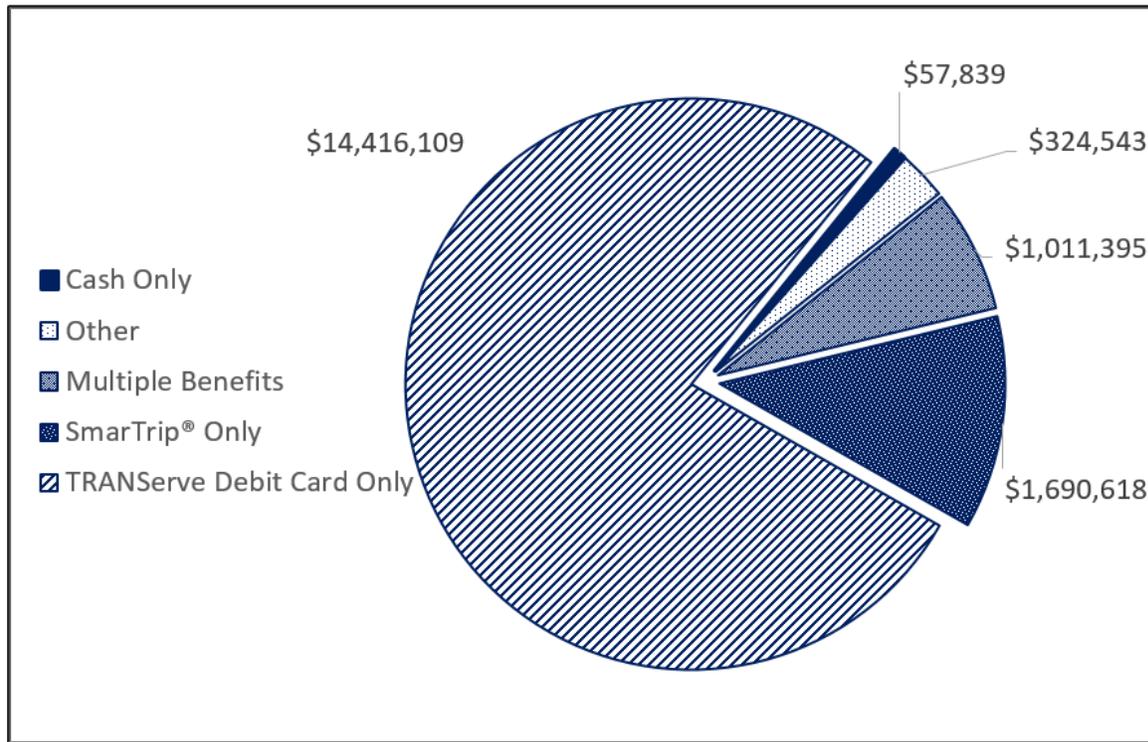
⁵ An eligible employee is not entitled to benefits during any time that they are on detail to a temporary post of duty for less than 90 days; on official business travel; on a full day of leave or Alternative Work Schedule; working a full day from home; on jury duty; using a Government-owned vehicle to commute to work; using an IRS-subsidized parking space or an assigned parking permit; using a carpool to commute to and from work; in nonpay status, furlough, or leave without pay; and exiting the program or leaving the IRS.

⁶ Other transit subsidy benefits for IRS PTSP participants include physical fare media and annual passes for the public transportation systems in Dallas, Texas, and Seattle, Washington. The annual passes were discontinued for IRS employees by the end of CY 2016.



*Review of the Internal Revenue Service's
Public Transportation Subsidy Program*

Figure 1: Total Expensed Amount by PTSP Benefit Type⁷



Source: CY 2016 Department of Transportation (DOT) expenditures report and CY 2016 IRS cash reimbursement data.

The TRANServe debit card is provided to participants through a partnership with the DOT as a method for participants to receive their monthly transit benefit and to purchase fare media. The DOT adds funds, paid for by the IRS, onto the debit cards each month, and unused transit benefits automatically return to the IRS at the end of each monthly period. The TRANServe debit card restricts purchases by merchant category code to only those vendors who provide transportation services.

The Washington Metropolitan Area Transit Authority requires Federal agencies to use a SmarTrip® card as the primary means of providing transit benefits to employees in the Washington, D.C. metropolitan area. Like the TRANServe debit card, funds are loaded onto the SmarTrip® card at the beginning of the month, and unused transit benefits automatically return to the IRS at the end of each month. The SmarTrip® card is accepted only on Metrorail, Metrobus, and regional bus systems.

Cash reimbursements of the actual commuting costs up to the maximum of \$255 per month are issued quarterly in arrears directly from the IRS. Participants receive cash reimbursements when

⁷ The category “Other” represents employees who received physical fare media and annual passes during CY 2016.



Review of the Internal Revenue Service's Public Transportation Subsidy Program

fare media is not readily available. For example, participants may request cash reimbursements when using private van pools in areas where the local transit authority does not accept the TRANServe debit card. Additionally, new PTSP participants may receive cash reimbursements from their transit benefit eligibility date to the date of their first distribution.

The Human Capital Officer,⁸ Public Transportation Subsidy Program Office (hereafter referred to as Program Office), provides program oversight for the IRS's PTSP. The Program Office relies on managers to review and certify the eligibility of the applicants, provide support and assistance, and ensure that participants are using their PTSP subsidy in accordance with applicable guidelines. The Program Office conducts quarterly internal audits on 20 percent of PTSP participants to ensure compliance by determining the participants' daily allowable subsidy amount based on their documented daily commuting cost less any leave and business travel.

In order to participate in the PTSP, IRS employees must submit an application. IRS employees can submit applications at any time; however, they must recertify their applications on a yearly basis. The program is open to all eligible IRS and Office of Chief Counsel employees who use public transportation to commute between their residence and their workplace, including seasonal employees and part-time users of public transportation. However, contractors, contract employees, employees on intermittent work schedules,⁹ and others not on the IRS payroll may not apply for benefits.

Eligible participants are not entitled to benefits during any time that they are:

- On detail to a temporary post of duty for less than 90 days.
- On official business travel.
- On a full day of leave or Alternative Work Schedule day.
- Working a full day from home.
- On jury duty.
- Using a Government-owned vehicle to commute to work.
- Using an IRS-subsidized parking space or an assigned parking permit.
- Using a carpool to commute to and from work.

⁸ The Chief Financial Officer, Financial Management, Travel Services Branch, was responsible for the PTSP program prior to the program realignment under the Human Capital Officer, which took effect on December 10, 2017.

⁹ Intermittent is defined as services performed without a regularly scheduled tour of duty. Intermittent employees are best suited for work that is sporadic and unpredictable, allowing agencies to use them in emergencies or when a work schedule is difficult to define. Temporary intermittent employees are generally ineligible for participation in most Federal employee benefit programs.



Review of the Internal Revenue Service's Public Transportation Subsidy Program

- In nonpay status, furlough, or leave without pay.
- Exiting the program or leaving the IRS.

In March 2006, the Treasury Inspector General for Tax Administration (TIGTA) reported¹⁰ that the IRS was in basic compliance with the law and had established procedures to administer the PTSP. A later TIGTA audit¹¹ found that in Fiscal Year 2011, oversight of the PTSP could be further improved. TIGTA recommended that the IRS complete the rollout of the recertification process IRS-wide; update the Internal Revenue Manual¹² to include the specific requirements for recertification, including removal of noncompliant employees; change the automated system for management approval to show the subsidy amount being requested; increase coordination with the DOT to identify an effective process for removing separated employees from the DOT database and reducing the potential loss of the IRS's PTSP funds; and add the following sources of data to the current PTSP review processes to improve the accuracy of the review results:

- Participants' subsidy amounts approved by management.
- Participants' actual daily commuting costs.
- Participants' telecommuting days.
- Participants' adjustments of subsidy for subsequent periods.

TIGTA also recommended that the IRS publish the necessary Internal Revenue Manual procedures to ensure that managers and participants are notified when a review identifies questions concerning the accuracy of the transportation subsidy. Further, the IRS should ensure that the PTSP operating procedures are developed to include requirements for documenting all referrals made to any party external to the Program Office.

This review was performed with information obtained from the Program Offices located in Oakland, California; Tampa, Florida; Andover, Massachusetts; Holtsville, New York; and Houston and Farmers Branch, Texas, during the period March 2017 through February 2018. We also performed 19 in-person interviews with participants and their managers in Holtsville, New York. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a

¹⁰ TIGTA, Ref. No. 2006-10-062, *The Administration of the Public Transportation Subsidy Program Can Be Improved* (Mar. 2006).

¹¹ TIGTA, Ref. No. 2012-IE-R004, *Oversight of the Public Transportation Subsidy Program Can Be Further Improved* (May 2012).

¹² The Internal Revenue Manual serves as the single official compilation of policies, delegated authorities, procedures, instructions, and guidelines related to the organization, functions, administration, and operations of the IRS.



*Review of the Internal Revenue Service's
Public Transportation Subsidy Program*

reasonable basis for our findings and conclusions based on our audit objective. Detailed information on our audit objective, scope, and methodology is presented in Appendix I. Major contributors to the report are listed in Appendix II.



*Review of the Internal Revenue Service's
Public Transportation Subsidy Program*

Results of Review

Transportation Benefit Applications Were Complete and Purchases Were Within Limits at Transportation Vendors

The IRS's controls over the PTSP ensured that applications for participation in the PTSP were complete and received the required management approval, and participants received benefits that were less than or equal to the statutory limit of \$255 per month. Additionally, DOT controls ensured that TRANServe debit card purchases were made at transportation vendors and prevented inappropriate purchases.

Applications for benefits were completed and approved

We reviewed a statistically valid random sample of 77 PTSP participants from a population of 17,513 participants who received or used funds on the TRANServe debit card or the SmarTrip® card during 11 months¹³ of CY 2016.¹⁴ We determined that 77 (100 percent) of the 77 participants in our random sample submitted a complete application for PTSP benefits, including the required management approval.¹⁵ Participants are responsible for ensuring that benefits requested are for the proper amount, and managers are responsible for ensuring that employees are eligible to participate in the PTSP program and approving any PTSP forms in a timely fashion. There is not a requirement for managers to review the requested benefit amount for accuracy. The application and approval process is the first line of defense against inappropriate use of PTSP funds, and the process is being completed as required.

Monthly benefits were within the statutory limit

We reviewed the 18,470 employees who participated in the PTSP program during CY 2016 and found that 18,463 (99.96 percent) employees received benefits that were less than or equal to the statutory limit¹⁶ of \$255 per month. We reviewed participant benefits in the form of the

¹³ We reviewed participants whose cards were funded at any time from January 10, 2016, through December 9, 2016.

¹⁴ We identified and tested subpopulations of PTSP participants consisting of 15,294 who used the TRANServe debit card and 2,219 who used the SmarTrip® card. Our subpopulations of TRANServe and SmarTrip® participants excludes those who received or used funds on both types of cards. We selected 68 TRANServe and nine SmarTrip® participants for review.

¹⁵ The point estimate projection is based on a two-sided 95 percent confidence interval. We are 95 percent confident that the number of participants with an incomplete application is less than 666.

¹⁶ IRS Publication 15-B, *Employer's Tax Guide to Fringe Benefits* (2017).



Review of the Internal Revenue Service's Public Transportation Subsidy Program

TRANServe debit card, the SmarTrip® card, annual passes, physical fare media, and cash reimbursements and determined that seven participants received and used a total of \$714 in excess of the statutory limit in CY 2016. The overpayments were the result of human errors by both the IRS and the DOT and were not indicative of systemic control weaknesses. The Program Office stated that it is working on a process with the Beckley Finance Center¹⁷ to collect funds owed.

Controls prevented unauthorized use of the TRANServe debit card at inappropriate vendors

DOT controls prevented PTSP participants from making inappropriate purchases for non-transportation items from January 1, 2016, through September 8, 2016.¹⁸ In total, 511 IRS employees attempted 1,290 purchases for items such as groceries, electronics, hotels, and cash; however, these purchases were rejected at the point of sale without being processed due to DOT controls placed on the TRANServe debit card. The TRANServe debit card authorizes transactions only with vendors that are identified as Transit Authorities through their merchant category code.¹⁹ The restricted merchant category codes are used to safeguard transit benefits from fraud, waste, and abuse. These controls are effective at safeguarding IRS transit benefit funds from being used with inappropriate vendors.

Control Weaknesses Resulted in Inappropriate Use of Public Transportation Subsidy Program Benefits

Although the IRS's controls over the application process and purchase restrictions were effective in preventing certain types of misuse of transit benefits, control weaknesses resulted in inappropriate use of PTSP benefits by employees receiving benefits in excess of what was required to commute to work. In addition, some employees continued to receive PTSP benefits after separating from the IRS. Finally, employees inappropriately received cash reimbursements, and employees disciplined for PTSP abuse continued to receive PTSP benefits. Participants are responsible for ensuring that the benefit requested and received is the proper amount, and IRS policy does not allow for employees to receive benefits during the time they are exiting the program or leaving the IRS. Further, corrective actions in the event that misuse or abuse is identified are designed to include repayment, termination of PTSP benefits, and discipline.

¹⁷ The Beckley Finance Center processes payments through the Department of the Treasury.

¹⁸ A purchase may be rejected because the card is not activated, the account has insufficient funds, the transaction is with a vendor who has an unauthorized merchant category code, or the cardholder attempts to withdraw cash from an automated teller machine.

¹⁹ A merchant category code is a classification code that is assigned by a payment card organization to a merchant/payee. The payment card organization assigns the merchant a particular code based on the predominant business activity of the merchant.



*Review of the Internal Revenue Service's
Public Transportation Subsidy Program*

Some participant benefits exceeded the amount required to commute to work

During our sample review, we identified issues with participants improperly calculating their monthly subsidies or using benefits during times when they were in a nonpay status, on leave, or while teleworking. We reviewed a statistically valid random sample of 77 PTSP participants from a population of 17,513 participants who received or used funds on the TRANServe debit card or the SmarTrip® card during 11 months²⁰ of CY 2016.²¹ Of the 77 IRS employees in our sample, 28 (36.82 percent)²² misused their benefits by either using more transit benefits than necessary in order to commute from home to work on a monthly basis or using benefits during times in which their certified time and attendance records indicated that the employee was in a nonpay status, on leave, or teleworking.²³ As a result, we project that a total of 6,449 participants misused almost \$1.6 million in PTSP benefits.²⁴ Types of misuse included participants not purchasing the most economical fare²⁵ based on their frequency of commuting to work; participants requesting excess benefits for personal use on non-commuting days, and participants continuing to use PTSP benefits while in extended periods of nonpay status. These participants, when identified, should be forwarded to the TIGTA Office of Investigations or the IRS's Labor and Employee Relations function for disciplinary action. In addition, the PTSP Inappropriate Use Guide dictates that employees found to misuse the PTSP should repay misused benefits and, if they fail to repay benefits within a reasonable time frame, be terminated from the PTSP in order to ensure proper stewardship of taxpayer dollars.

²⁰ We reviewed participants whose cards were funded at any time from January 10, 2016, through December 9, 2016.

²¹ We identified and tested subpopulations of PTSP participants consisting of 15,294 who used the TRANServe debit card and 2,219 who used the SmarTrip® card. Our subpopulations of TRANServe and SmarTrip® participants excludes those who received or used funds on both types of cards. We selected 68 TRANServe and nine SmarTrip® participants for review.

²² This percentage calculation is based on a weighted average of the error rates for the TRANServe (21 of 68) and SmarTrip® (seven of nine) participants. We are 95 percent confident that the error rate is between 26.52 and 47.13 percent.

²³ We reviewed expenditures from January 10, 2016, through December 9, 2016. The program is designed so that these expenditures are to be used in the month following their receipt. We prorated identified misuse for the month of November (November 10 through December 9) by 71.43 percent because six work days of the usage period (December 10 through January 9) for these expenditures fell into January 2017, outside of our audit period.

²⁴ The point estimate projection is based on a two-sided 95 percent confidence interval. We are 95 percent confident that the number of employees who misused PTSP benefits is between 4,644 and 8,254, and the misused dollars from the population is between \$868,079 and \$2,241,223.

²⁵ We used transportation fares posted on public websites to calculate the sampled employees' daily transportation costs. Using employee time and attendance records to determine the number of days the employee commuted into work, we compared the actual monthly commuting costs to the actual monthly expenditures for 11 of 12 months in CY 2016. When expenses exceeded the actual commuting costs by more than 5 percent for the 11-month period, we considered that a failure and calculated the total excess expenditures.



*Review of the Internal Revenue Service's
Public Transportation Subsidy Program*

Case Example – TRANServe Debit Card Inappropriate Use

In CY 2016, one employee received an excess of \$229 in benefits from a total amount of \$374. The employee traveled to and from work using a monthly transit pass. However, the employee used a monthly transit pass while on furlough for more than six consecutive pay periods, which totaled more than three months of inappropriately purchased monthly transit passes.

Case Example – SmarTrip® Inappropriate Use

In CY 2016, one employee misused \$751 out of a total of \$1,211 in CY 2016 PTSP benefits. The employee stated that he or she used the metro to commute from home to work; however, based on his or her home and work addresses, the only transportation method available to the work location was the bus. When we calculated the employee's actual commuting costs, we determined that the employee overestimated transportation costs by \$5.25 per day, and taking into account time and attendance, the employee should have only expensed a maximum of \$460 in CY 2016.

Participants are responsible for ensuring that the benefit requested and received is the proper amount. Eligible participants are not entitled to benefits during the time they are on official business travel, on a full day of sick or annual leave, working a full day from home, or in nonpay status. For our sample cases, the employees who misused their benefits used Government transit benefit funds during times when they teleworked or were in a nonpay status or on leave. In addition, some employees overstated their required transportation costs, requesting and using more in PTSP benefits than necessary to commute to and from work.

The Program Office does have controls in place to detect potential misuse of PTSP benefits. It conducts quarterly internal audits on 20 percent of PTSP participants to ensure compliance by determining the participants' daily allowable subsidy amount based on their documented daily commuting cost less any leave and business travel. In Fiscal Year 2016, the Program Office identified 3,776 (84.74 percent) from 4,456 sampled participants as noncompliant with PTSP guidelines. The Program Office estimated that the employees identified as noncompliant expensed an estimated \$141,140 in error due to incurred commuting expenses during official business travel or leave. However, the Program Office did not take into account employee overestimation of travel expenses by calculating the actual commuting costs based on the method of travel and the travel company's fares, nor did it take into account days that the employee teleworked. Lastly, the Program Office did not refer participants it identified as misusing the PTSP to the TIGTA Office of Investigations or the IRS's Labor and Employee Relations function for disciplinary action, nor did it remove the participants from the program or recover excess benefits paid.



Review of the Internal Revenue Service's Public Transportation Subsidy Program

Separated employees continued to use PTSP benefits

We determined that 108 of 1,191 participants who were separated from the IRS during CY 2016 inappropriately used \$14,598 in PTSP benefits up to four months after separating. In addition, we found that four of 21 participants who transferred to other Federal agencies prior to the end of CY 2016 used \$1,584 in IRS-funded PTSP benefits up to 12 months after transferring. IRS policy states that the Program Office provides oversight for the Agency's PTSP program and will ensure that separating employees will be removed from the program. Additionally, IRS policy does not allow for employees to receive benefits after leaving the program or separating from the IRS. Employees continued to use benefits after separating because they were not removed from the program timely.

The IRS concurred with our findings that the controls in place are not effective to prevent employees from using PTSP benefits after separation, and it stated that it is working with the DOT on a process for withdrawing participants more timely. The IRS also stated that the Program Office is reviewing internal processes and working to pull separation reports more frequently and deactivate benefit cards faster. In response to our May 2012 report,²⁶ the IRS stated it would begin pulling bimonthly separation reports to remove employees from the program and are now working to pull these separation reports on a weekly basis. However, we found that the IRS was only pulling separation reports as part of the annual recertification process.

Cash reimbursements were vulnerable to misuse

Fifteen employees received more than \$27,000 in cash reimbursements in CY 2016, a portion or all of which was inappropriately requested and reimbursed. These employees inappropriately received cash reimbursement for transportation with vendors that accepted the TRANServe debit card; for a taxi service, including Uber; or in an amount that was excessive. Providing cash benefits when the debit card payment mechanism could have been used circumvents controls that are designed to make sure expenses relate to valid transportation needs.

We determined that nine participants received \$16,440 in cash reimbursements in CY 2016 for purchases made from a TRANServe debit card-participating transit company. Of these nine participants, two received a total of \$5,515 in cash reimbursements for transportation using taxis or Uber, which are not public transportation modes allowed by the program. Acceptable modes of reimbursable public transportation are bus, ferry, train, and van pool. Cash reimbursements are generally paid to participants in areas where the local transit authority does not accept the TRANServe debit card or any other form of IRS-provided transportation subsidy. We found that the IRS has a systemic breakdown in the controls over cash PTSP reimbursements. Specifically, the IRS does not verify whether the transit company accepts the TRANServe debit card when

²⁶ TIGTA, Ref. No. 2012-IE-R004, *Oversight of the Public Transportation Subsidy Program Can Be Further Improved* (May 2012).



Review of the Internal Revenue Service's Public Transportation Subsidy Program

processing cash reimbursements, and management is not required to review applications for cash reimbursement and certify that participants are using their PTSP benefits appropriately in accordance with applicable guidelines. As a result, participants received cash reimbursement when they could have been using the TRANServe debit card. PTSP participants are required to use program-provided debit cards at transportation vendors whenever possible because of the additional controls those debit cards provide.

Case Example – Cash Reimbursement Inappropriate Use

In CY 2016, one employee received \$2,835 in cash reimbursement for a transit company that accepts the TRANServe debit card. The employee certified his or her mode of transportation was a bus. We determined that this bus accepts the TRANServe debit card, so cash reimbursement should not have been permitted. In addition, the employee stated in an interview that his or her request for cash reimbursement also included expenses for taxis and Uber, which are not allowed at all under the PTSP.

We also determined that at least \$5,608 of the \$25,185 received by 13 participants exceeded their commuting cost due to leave, business travel, or teleworking.²⁷ Cash reimbursements are allowed for the actual quarterly commuting costs, up to the maximum of \$255 per month. Eligible participants are not entitled to benefits for the days they do not use public transportation to commute to and from their assigned workplace, during the time they are on official business travel, on a full day of leave or Alternative Work Schedule day, working a full day from home, on jury duty, or in nonpay status. We examined travel and time and attendance records to identify instances when the employee requested cash reimbursement and did not commute to work. We found that participants do not have a requirement to track their commuting days and costs in a standardized format to be submitted with their application for cash reimbursement, and management is not required to review or certify that the requests for cash reimbursement take into account non-commuting days. In cases of excess subsidy, the participant is required to return the unused transit subsidy or request fewer subsidies at the next distribution. The Program Office stated that it is working with the Beckley Finance Center to ensure that the overage would be deducted from the next future claim.

Disciplinary process for PTSP misuse did not result in removal from the PTSP program or repayment of misused benefits

In CY 2016, 14 employees were disciplined²⁸ for PTSP misuse without the IRS removing the employees from the PTSP program or having the employees reimburse the misused benefits. Some of the violations for which the employees received discipline include expensing

²⁷ Seven of the 13 participants were mentioned previously for also requesting cash reimbursements for expenses with TRANServe debit card-participating companies.

²⁸ Employees received disciplinary actions such as reprimands, admonishments, and suspensions of 14 days or less for violating the rules of the PTSP.



Review of the Internal Revenue Service's Public Transportation Subsidy Program

PTSP benefits while using a parking garage paid for by the IRS or while absent without leave, selling PTSP benefits to friends, and allowing family to use their PTSP benefits. According to the Program Office's records, seven of the 14 employees with substantiated PTSP violations discontinued using the PTSP program; however, it was not due to the Program Office's controls. When asked why these seven employees discontinued use of the program, the IRS stated that employees are withdrawn from the program in a variety of ways, but these employees were not removed at the request of management and are not required to provide a reason when they self-withdraw.

Although seven of the 14 employees disciplined for PTSP violations discontinued use of the program, the other seven continued to receive a total of \$8,486 in transit benefits in CY 2016 and were not removed from the program or required to repay the amount of PTSP funds misused.

Case Example – PTSP Violation

Between April and August CY 2016, one employee reported for work on only two occasions. However, the employee improperly claimed and received \$634 in PTSP benefits during the same time frame. The employee received a discipline of suspension of 14 days or less but was not removed from the program or required to repay the benefits. The employee received a total of \$1,186 in PTSP benefits in CY 2016.

According to the PTSP Inappropriate Use Guide, corrective actions in the event that misuse or abuse is identified include repayment, termination of PTSP benefits, and discipline. When asked why the individuals were permitted to remain in the program despite their substantiated violations of the program, the Program Office stated that it was never notified about the misuse. Rather, the IRS relies on the manager to contact the Program Office to have the employee withdrawn from the program. Managers of some of the employees who violated the program stated that they are not aware of the PTSP Inappropriate Use Guide and therefore did not know that they could recommend additional corrective action beyond the disciplinary process. Additionally, the Program Office and the Labor and Employee Relations function do not communicate, which results in the Program Office being unaware of employees who are violating the program and the Labor and Employee Relations function being unaware of the PTSP Inappropriate Use Guide. The Program Office stated that it is working to establish a relationship with the Labor and Employee Relations function to ensure that it is alerted when PTSP cases are adjudicated. Without enforcement of penalties for PTSP misuse, the IRS is failing to establish a deterrent for future or repeat offenders.



Review of the Internal Revenue Service's Public Transportation Subsidy Program

Recommendations

Recommendation 1: The Human Capital Officer should use the results of TIGTA's sample testing to update existing IRS procedures for its quarterly internal PTSP audits to ensure that daily commuting costs are calculated correctly and to ensure that benefits are used by PTSP participants only during days that participants commute to their post of duty.

Management's Response: The IRS agreed with this recommendation. The Director, Payroll and Personnel Systems, plans to review the results and methodologies of the TIGTA audit and update IRS procedures for conducting audits of program participants, particularly the calculation of daily commuting costs.

Recommendation 2: The Human Capital Officer should coordinate with the DOT to implement additional controls to timely terminate benefits to employees who separate or transfer from the IRS.

Management's Response: The IRS agreed with this recommendation. The IRS plans to implement a new feature made available by the DOT that enables an immediate suspension of funds on the TRANServe card. If the participant attempts to use the card, the card will automatically decline. This functionality was not available to the IRS in 2016, as the participant may have been scheduled to be withdrawn from the system; however, the funding remained on the card until the 10th of each month. The same functionality will apply to transferred (to another agency) participants, as they will need to apply for the PTSP benefit with their new agency. The IRS also plans to increase the frequency of updates (separated, transferred, *etc.*) to the active PTSP participants list from monthly to every two weeks.

Recommendation 3: The Human Capital Officer should provide the following additional oversight of the cash reimbursement program:

- Verify that employees who are eligible for a TRANServe debit card are not requesting cash reimbursement for use of transit companies that accept the TRANServe debit card.
- Require managers to review and certify Form 11664-D, *Public Transportation Subsidy Program Cash Reimbursement Certification*.
- Require participants to submit receipts for cash reimbursement. For participants whose transportation vendors do not provide receipts, create a tracking tool for participants to itemize their daily commuting cost to and from the assigned workplace and document days when they are on official business travel, on a full day of leave or Alternative Work Schedule day, or teleworking.

Management's Response: The IRS agreed with this recommendation. The Director, Payroll and Personnel Systems, plans to work with the DOT and the transit websites to ensure that the IRS has current information on which transit authorities accept the



*Review of the Internal Revenue Service's
Public Transportation Subsidy Program*

TRANServe debit card and implement a quarterly review of participating transit authorities. The IRS will also require PTSP participants to submit receipts or a log of expenses for cash reimbursement requests and have managers review the submissions.

Recommendation 4: The Human Capital Officer should distribute the PTSP Inappropriate Use Guide to the managers of program participants to ensure that managers are aware of requirements to remove employees from the PTSP when the employees misuse the program.

Management's Response: The IRS agreed with this recommendation. The PTSP Program Office plans to e-mail the Inappropriate Use Guide to the supervisors of program participants annually. In addition, the IRS plans to post the guide on the IRS iManage website, which contains resources for supervisors, included in the Frontline Manager Training Program checklist, and the IRS plans to publish an article providing a link to the guide, annually, in the IRS Leader's Alert newsletter.

Recommendation 5: The Labor and Employee Relations function should communicate substantiated cases of PTSP misuse to the Program Office for consideration of the participant's removal from the program.

Management's Response: The IRS agreed with this recommendation. The Director, Payroll and Personnel Systems, plans to coordinate with the Human Capital Officer, Workforce Relations Division, to establish a protocol for communicating substantiated cases of PTSP misuse to the PTSP Program Office. In addition, the IRS plans to identify a central point of contact in the Workforce Relations Division for PTSP specialists to work with.



*Review of the Internal Revenue Service's
Public Transportation Subsidy Program*

Appendix I

Detailed Objective, Scope, and Methodology

Our overall objective was to determine whether the IRS has effective controls in place to prevent, detect, and deter employee misuse of the PTSP. To accomplish our objective, we:

- I. Obtained a data extract for CY 2016 from the following sources:
 - A. PTSP database. We determined that the data were reliable for our purposes by reviewing related PTSP documentation; interviewing knowledgeable agency officials; tracing a statistical sample of 77 records to or from the source; conducting electronic or manual data testing for missing data, outliers, or obvious errors; and confirming results with knowledgeable agency officials.
 - B. TRANServe debit card database. We determined that the data were reliable for our purposes by conducting electronic or manual data testing for missing data, outliers, or obvious errors, and confirming results with knowledgeable agency officials.
 - C. Government Relocation Assistance System. We determined that the data were reliable for our purposes by reviewing related documentation; interviewing knowledgeable agency officials; conducting electronic or manual data testing for missing data, outliers, or obvious errors; and confirming results with knowledgeable agency officials.
 - D. Concur travel system. We determined that the data were reliable for our purposes by reviewing related documentation; interviewing knowledgeable agency officials; conducting electronic or manual data testing for missing data, outliers, or obvious errors; and confirming results with knowledgeable agency officials.
 - E. Single Entry Time and Reporting system. We determined that the data were reliable for our purposes by reviewing related PTSP documentation; interviewing knowledgeable agency officials; conducting electronic or manual data testing for missing data, outliers, or obvious errors; and confirming results with knowledgeable agency officials.
 - F. Automated Labor and Employee Relations Tracking System. We determined that the data were reliable for our purposes by reviewing and validating a select number of fields within the overall data; tracing and verifying a random sample of 30 records to the live Automated Labor and Employee Relations Tracking System database; and conducting electronic or manual data testing for missing data, outliers, or obvious errors.



*Review of the Internal Revenue Service's
Public Transportation Subsidy Program*

- G. Cash reimbursements database. We determined that the data were reliable for our purposes by reviewing related PTSP documentation; interviewing knowledgeable agency officials; tracing a judgmental sample¹ of 25 records to or from the source; conducting electronic or manual data testing for missing data, outliers, or obvious errors; and confirming results with knowledgeable agency officials.
- H. Treasury Integrated Management Information System. We determined that the data were reliable for our purposes by interviewing knowledgeable agency officials; conducting electronic or manual data testing for missing data, outliers, or obvious errors; and confirming results with knowledgeable agency officials.
- II. Assessed the effectiveness of the administration of transit benefits by determining whether participants receive transit benefits based on the eligibility criteria outlined in the Internal Revenue Manual.
- A. Selected a statistically valid random sample² of 77 PTSP participants from a population of 17,513 participants who received or used funds on the TRANServe debit card or the SmarTrip® card during 11 months³ of CY 2016. We identified and tested subpopulations of PTSP participants consisting of 15,294 participants who used the TRANServe debit card and 2,219 participants who used the SmarTrip® card. Our subpopulations of TRANServe and SmarTrip® participants excluded those who received or used funds on both types of cards. We selected 68 TRANServe and nine SmarTrip® participants for review. We selected statistical samples to ensure that each participant had an equal chance of being selected. The contracted statistician assisted with reviewing the sampling plan and developing projections.
1. Reviewed the employee application and approval for transit benefits to determine whether they were processed correctly.
 2. Determined whether employees used benefits while teleworking, on leave, in nonpay status, or on jury duty.⁴
 3. Validated the amount of PTSP benefits paid by calculating the commuting cost between the employee's home and post of duty.

¹ A judgmental sample is a nonprobability sample, the results of which cannot be used to project to the population.

² Our sample size was determined using a confidence level of 95 percent, an expected error rate of 5 percent, and a precision of ± 5 percent.

³ We reviewed participants whose cards were funded at any time from January 10, 2016, through December 9, 2016.

⁴ The program is designed so that expenditures are to be used in the following month. We prorated identified misuse for the month of November (November 10 through December 9) by 71.43 percent because six work days of the usage period (December 10 through January 9) for these expenditures fell into January 2017, outside of our audit period.



*Review of the Internal Revenue Service's
Public Transportation Subsidy Program*

- B. Performed analysis on the entire population of CY 2016 PTSP participants to check for program eligibility, fraud, and abuse.
1. Determined whether indications of fraud or abuse exist for employees who received cash reimbursements by reviewing the cash reimbursement database for risk factors such as employees who received the maximum dollar amount or more, received more than three quarterly payments, or had incomplete records of cash reimbursement, *i.e.*, lacking a vendor name. We selected a judgmental sample⁵ based on the identified risk factors; requested documentation to support the reimbursements; evaluated compliance with the program; and referred the employees to the IRS Human Capital Officer, PTSP Office or TIGTA Office of Investigations as appropriate.
 2. Determined whether any employees received transit benefits that exceeded the monthly statutory limit, including those who received multiple types of benefits, using the PTSP database, TRANServe debit card database, and cash reimbursement database.
 3. Determined whether separated employees continued to receive transit benefits by comparing the PTSP database to Treasury Integrated Management Information System records.
 4. Determined whether any employees were disciplined for PTSP abuse in CY 2016 and continued to receive PTSP benefits after the date of discipline.
- C. For those employees identified as having potentially violated the program, determined whether the employee had been previously disciplined for PTSP abuse or any related misuse of Government funds using the Automated Labor and Employee Relations Tracking System database; requested the employee's PTSP documentation to verify that the employee's manager approved the transit benefit application; and referred the employees to the IRS Human Capital Officer, PTSP Office or TIGTA Office of Investigations as appropriate.
- III. Determined whether the TRANServe debit card is vulnerable to employee misuse.
- A. Analyzed vendor names and transaction amounts to identify employees who potentially used the debit card to make purchases at vendors that do not offer public transportation to the employee's workplace.

⁵ We selected a judgmental sample of 25 PTSP participants from a population of 877 participants who received cash reimbursement based on the identified risk factors. A judgmental sample was used to focus on cases identified as most likely to include misuse of PTSP benefits.



*Review of the Internal Revenue Service's
Public Transportation Subsidy Program*

Internal controls methodology

Internal controls relate to management's plans, methods, and procedures used to meet their mission, goals, and objectives. Internal controls include the processes and procedures for planning, organizing, directing, and controlling program operations. They include the systems for measuring, reporting, and monitoring program performance. We determined that the following internal controls were relevant to our audit objective: Federal laws and regulations; Department of the Treasury directives; and IRS policies, procedures, and practices for administering the PTSP. We evaluated these controls by interviewing IRS personnel responsible for the PTSP, reviewing applicable documentation, testing the effectiveness of PTSP oversight, and analyzing selected employees to determine whether the PTSP is vulnerable to employee misuse or abuse.



*Review of the Internal Revenue Service's
Public Transportation Subsidy Program*

Appendix II

Major Contributors to This Report

Gregory D. Kutz, Assistant Inspector General for Audit (Management Services and Exempt Organizations)
Jonathan T. Meyer, Director
Deanna G. Lee, Audit Manager
Meghann L. Noon-Miller, Lead Auditor
Gene A. Luevano, Senior Auditor
Zachary P. Orrico, Senior Auditor
Lara E. Phillippe, Senior Auditor



*Review of the Internal Revenue Service's
Public Transportation Subsidy Program*

Appendix III

Report Distribution List

Deputy Commissioner for Operations Support
Human Capital Officer
Deputy Human Capital Officer
Director, Workforce Relations Division
Director, Office of Audit Coordination



*Review of the Internal Revenue Service's
Public Transportation Subsidy Program*

Appendix IV

Outcome Measure

This appendix presents detailed information on the measurable impact that our recommended corrective actions will have on tax administration. This benefit will be incorporated into our Semiannual Report to Congress.

Type and Value of Outcome Measure:

- Inefficient Use of Resources – Potential; \$1,589,327 in misused PTSP benefits (see page 7).

Methodology Used to Measure the Reported Benefit:

We selected a statistically valid random sample of 77 participants from a population of 17,513 participants who received funds for use on the TRANServe debit card or the SmarTrip® card during 11 months¹ of CY 2016.² We reviewed the participants' PTSP documentation, their time and attendance records, and their telework agreements where applicable. We also calculated actual commuting costs for each participant and compared it to the proposed, approved, and expensed commuting costs.³ Based on our projected error rate of 36.82 percent,⁴ we estimate that 6,449 employees misused \$1,554,651 in PTSP benefits⁵ by using more benefits than necessary in order to commute from home to work on a monthly basis or in months in which they recorded leave, business travel, or telework.

Additionally, we requested data on employees who separated from the IRS or transferred to another Federal agency during CY 2016. We compared the list of separated employees to the list

¹ We reviewed participants whose cards were funded at any time from January 10, 2016, through December 9, 2016.

² We identified and tested subpopulations of PTSP participants consisting of 15,294 who used the TRANServe debit card and 2,219 who used the SmarTrip® card. Our subpopulations of TRANServe and SmarTrip® participants excludes those who received or used funds on both types of cards. We selected 68 TRANServe and nine SmarTrip® participants for review.

³ The program is designed so that expenditures are to be used in the following month. We prorated identified misuse for the month of November (November 10 through December 9) by 71.43 percent because six work days of the usage period (December 10 through January 9) for these expenditures fell into January 2017, outside of our audit period.

⁴ This percentage calculation is based on a weighted average of the error rates for the TRANServe (21 of 68) and SmarTrip® (seven of nine) participants. We are 95 percent confident that the error rate is between 26.52 and 47.13 percent.

⁵ The point estimate projection is based on a two-sided 95 percent confidence interval. We are 95 percent confident that the number of employees who misused PTSP benefits is between 4,644 and 8,254 and the misused dollars from the population is between \$868,079 and \$2,241,223.



*Review of the Internal Revenue Service's
Public Transportation Subsidy Program*

of employees who received PTSP benefits in CY 2016. Our comparison determined that participants who separated from the IRS inappropriately used \$14,598 in PTSP benefits after separating, and participants who transferred to another Federal agency used \$1,584 in IRS-funded PTSP benefits after transferring.

Lastly, we requested data on employees who received cash reimbursements for commuting costs in CY 2016. We compared the list of employees who received cash reimbursements to the list of employees who received PTSP benefits in CY 2016. Our comparison determined that 15 employees received \$18,494⁶ in inappropriate cash reimbursements by requesting reimbursements for transportation with vendors that accepted the TRANServe debit card, for a taxi service such as Uber, or in an amount that was excessive.

⁶ This amount is derived from the nine participants who received \$16,440 in cash reimbursements for purchases made from a TRANServe debit card-participating transit company and six of the 13 participants who exceeded their commuting cost by \$2,053 due to leave, business travel, or teleworking. The amounts associated with the other seven of the 13 participants who exceeded their commuting costs are included within the nine participants who received reimbursements for purchases from TRANServe debit card-participating companies.



*Review of the Internal Revenue Service's
Public Transportation Subsidy Program*

Appendix V

Management's Response to the Draft Report



Human Capital Office

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, DC 20224

APR 27 2018

MEMORANDUM FOR MICHAEL E. MCKENNEY
DEPUTY INSPECTOR GENERAL FOR AUDIT

FROM: Katherine M. Coffman 
IRS Human Capital Officer

SUBJECT: Draft Audit Report – Review of the Internal Revenue Service's
Public Transportation Subsidy Program (Audit #201710009)

Thank you for the opportunity to respond to the subject draft audit report. In accordance with Executive Order 13150, the Internal Revenue Service's (IRS) Public Transportation Subsidy Program (PTSP) encourages the use of public transportation when commuting to and from work to improve air quality, reduce traffic congestion, and conserve energy. Over 18,000 employees participate in the program annually, collectively saving millions of single occupancy vehicle trips.

The IRS is committed to ensuring that we have effective controls in place to deter participants from misusing the benefit and avoiding fraud, waste and abuse. As noted in your report, IRS' current controls ensure that applications are complete and that PTSP usage is limited to only those who were approved to participate in the program. In addition, they effectively limited participants to less than or equal to the statutory maximum of \$255 per month and prevented purchases from being made at non-transportation related vendors.

We also appreciate your insights on how our controls and self-audit methodology can be further strengthened. Your findings align closely with several recent initiatives that we have undertaken to improve our program administration and oversight, including:

- Moving to the Department of Transportation's (DOT) TRANServe website for managing the program application and recertification process. TRANServe offers several improvements from the previous system, including requiring participants to break down their number of days in the office per month and systemically calculating daily commuting costs.



Review of the Internal Revenue Service's Public Transportation Subsidy Program

- Implementing a new feature made available by the DOT that enables an immediate hold to be placed on PTSP participant's funds. We also now refresh the active participants list each pay period, so that employees in non-work status or that separate from IRS are identified more quickly and prevented from continuing to use any remaining funds.
- The IRS is in the process of developing and implementing a Cash Reimbursement SharePoint site. This will automate the processing of Form 11664-D, *Public Transportation Subsidy Program Cash Reimbursement Certification*, enable us to require that managers certify participants' requests, and provide better data and oversight on cash reimbursements.
- We are also developing an online tool kit and resources for managers of program participants to help them better understand program requirements and their role in ensuring that funds are used appropriately.

The TIGTA report indicates there is a potential risk for misuse of the PTSP benefit in the amount of \$1.6 million, however, with the corrective actions cited above in place we believe the *potential* for misuse will be greatly reduced.

We agree with all five recommendations in your report and will develop and implement the corrective actions detailed in the attached response.

If you have any questions, please contact me at (202) 317-7600, or a member of your staff may contact Michele Nelson, Deputy Director, Payroll and Personnel Systems at (512) 460-2465. Thank you.

Attachment



*Review of the Internal Revenue Service's
Public Transportation Subsidy Program*

Attachment 1

RECOMMENDATION 1:

The IRS Human Capital Officer should use the results of Treasury Inspector General Tax Administration's (TIGTA) sample testing to update existing IRS procedures for its quarterly internal Public Transportation Subsidy Program (PTSP) audits to ensure that daily commuting costs are calculated correctly and to ensure that benefits are used by PTSP participants only during days that participants commute to their post of duty.

CORRECTIVE ACTION:

We agree with this recommendation. The Director, Payroll and Personnel Systems (P&PS) will review the results and methodologies of the TIGTA audit and update the IRS procedures for conducting audits of program participants, particularly the calculation of daily commuting costs.

IMPLEMENTATION DATE:

December 15, 2018

RESPONSIBLE OFFICIAL:

Director, P&PS

CORRECTIVE ACTION MONITORING PLAN:

We will enter accepted Corrective Actions into the Joint Audit Management Enterprise System (JAMES), monitor progress towards completion on a monthly basis, and upload supporting documentation into JAMES with Form 13872 *Planned Corrective Action (PCA) Status Update for TIGTA/GAO/MW/SD/TAS/REM*.

RECOMMENDATION 2:

The IRS Human Capital Officer should coordinate with the DOT to implement additional controls to timely terminate benefits to employees who separate or transfer from the IRS.

CORRECTIVE ACTION:

We agree with this recommendation. IRS has implemented a new feature made available by the DOT that enables an immediate suspension of funds on the TRANServe card. If the participant attempts to use the card, the card will automatically decline. This functionality was not available to our agency in 2016 as the participant



Review of the Internal Revenue Service's Public Transportation Subsidy Program

may have been scheduled to be withdrawn from the system, however the funding remained on the card until the 10th of each month. The same functionality will apply to transferred (to another agency) participants as they will need to apply for the PTSP benefit with their new agency. We have increased the frequency of updates, (separated, transferred, etc.) to the active PTSP participants list from monthly to every two weeks.

IMPLEMENTATION DATE:

June 15, 2018

RESPONSIBLE OFFICIAL:

Director, P&PS

CORRECTIVE ACTION MONITORING PLAN:

We will enter accepted Corrective Actions into the Joint Audit Management Enterprise System (JAMES), monitor progress towards completion on a monthly basis, and upload supporting documentation into JAMES with Form 13872 *Planned Corrective Action (PCA) Status Update for TIGTA/GAO/MW/SD/TAS/REM*.

RECOMMENDATION 3:

The IRS Human Capital Officer should provide the following additional oversight of the cash reimbursement program:

- Verify that employees who are eligible for a TRANServe debit card are not requesting cash reimbursement for use of transit companies that accept the TRANServe debit card.
- Require managers to review and certify Form 11664-D, *Public Transportation Subsidy Program Cash Reimbursement Certification*.
- Require participants to submit receipts for cash reimbursement. For participants whose transportation vendors do not provide receipts, create a tracking tool for participants to itemize their daily commuting cost to and from the assigned workplace and document days when they are on official business travel, on a full day of leave or Alternative Work Schedule day, or teleworking.

CORRECTIVE ACTION:

We agree with this recommendation. The Director, P&PS will work with the DOT and the transit websites to ensure we have current information on which transit authorities accept the TRANServe debit card, and implement a quarterly review of participating transit authorities.



*Review of the Internal Revenue Service's
Public Transportation Subsidy Program*

In addition, the PTSP program will update their procedures to require that participants requesting cash reimbursement submit receipts or an itemized expense log, and for their managers to review and certify Form 11664-D. A Cash Reimbursement SharePoint site will be established to track managerial review and approval, and house receipts and Cash Reimbursement Transit Subsidy Log Expense worksheet.

IMPLEMENTATION DATE:

February 15, 2019

RESPONSIBLE OFFICIAL:

IRS Human Capital Officer

CORRECTIVE ACTION MONITORING PLAN:

We will enter accepted Corrective Actions into the Joint Audit Management Enterprise System (JAMES), monitor progress towards completion on a monthly basis, and upload supporting documentation into JAMES with Form 13872 *Planned Corrective Action (PCA) Status Update for TIGTA/GAO/MW/SD/TAS/REM*.

RECOMMENDATION 4:

The IRS Human Capital Officer should distribute the PTSP *Inappropriate Use Guide* to the managers of program participants to ensure that managers are aware of requirements to remove employees from the PTSP when the employees misuse the program.

CORRECTIVE ACTION:

We agree with this recommendation. The PTSP program office will email the *Inappropriate Use Guide* to the supervisors of program participants annually. In addition, the guide will be posted on the IRS iManage website, which contains resources for supervisors, included in the Frontline Manager Training Program checklist and an article providing a link to the guide will be published annually in the IRS Leader's Alert newsletter.

IMPLEMENTATION DATE:

December 15, 2018

RESPONSIBLE OFFICIAL:

Director, P&PS



*Review of the Internal Revenue Service's
Public Transportation Subsidy Program*

CORRECTIVE ACTION MONITORING PLAN:

We will enter accepted Corrective Actions into the Joint Audit Management Enterprise System (JAMES), monitor progress towards completion on a monthly basis, and upload supporting documentation into JAMES with Form 13872 *Planned Corrective Action (PCA) Status Update for TIGTA/GAO/MW/SD/TAS/REM.*

RECOMMENDATION 5:

The Labor and Employee Relations function should communicate substantiated cases of PTSP misuse to the Program Office for consideration of the participant's removal from the program.

CORRECTIVE ACTION:

We agree with this recommendation. The Director, P&PS, will coordinate with the HCO Workforce Relations Division (WRD) to establish a protocol for communicating substantiated cases of PTSP misuse to the PTSP Program Office. In addition, a central Point of Contact in WRD will be identified for PTSP specialists to work with.

IMPLEMENTATION DATE:

September 15, 2018

RESPONSIBLE OFFICIAL:

Director, P&PS

CORRECTIVE ACTION MONITORING PLAN:

We will enter accepted Corrective Actions into the Joint Audit Management Enterprise System (JAMES), monitor progress towards completion on a monthly basis, and upload supporting documentation into JAMES with Form 13872 *Planned Corrective Action (PCA) Status Update for TIGTA/GAO/MW/SD/TAS/REM.*