



**Treasury
Inspector
General for
Tax
Administration**

Inspections and Evaluations

Highlights

Highlights of Report Number: 2012-IE-R004 to the Internal Revenue Service's Chief, Agency-Wide Shared Services.

WHY TIGTA DID THIS STUDY

This project was initiated as a follow-up review to determine whether the Internal Revenue Service (IRS) had implemented corrective actions and established the necessary controls to ensure that the Public Transportation Subsidy Program (Program) is properly monitored and effectively administered.

WHAT TIGTA RECOMMENDED

TIGTA recommended that the Chief, Agency-Wide Shared Services, ensure that the IRS completes the rollout of the recertification process IRS-wide; and that the Internal Revenue Manual is updated to include the specific requirements for recertification. Additionally, the Chief should increase coordination with the Department of Transportation to identify an effective process for removing separated employees from the Department of Transportation database in order to reduce the potential loss of IRS Program funds. Further, the Chief should modify the current review processes by including additional data sources to improve the accuracy of the review results.

TIGTA also recommended that the Chief 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; and that Program operating procedures are developed that include requirements for documenting all referrals made to any party external to the Travel Services Branch staff.

Issued on May 22, 2012

OVERSIGHT OF THE PUBLIC TRANSPORTATION SUBSIDY PROGRAM CAN BE FURTHER IMPROVED

WHAT TIGTA FOUND

TIGTA found, in March 2006, that the IRS was in basic compliance with the law and had established procedures to administer the Program. However, to enhance Agency-Wide Shared Services processes and controls, TIGTA recommended that Agency-Wide Shared Services: establish an annual recertification process for all employees participating in the Program; require employees to certify their actual commuting costs when picking up their transit subsidies; develop a better process to ensure that separated employees are removed promptly from the Department of Transportation database; and periodically match a valid statistical sample of IRS subsidy recipients to the Department of Transportation invoices to ensure that the invoices are limited to employees. IRS management agreed to these recommendations. However, TIGTA found that the Agency-Wide Shared Services management has implemented only portions of the corrective actions proposed to address each of the recommendations made in 2006.

The IRS initiated a computerized application for the initial program enrollment, management approval, and subsequent subsidy change requests. Some employees are completing annual recertification, but this requirement is not yet in place IRS-wide. When picking up the subsidy, participants certify by their signature the actual commuting expenses for the previous period. Travel Services Branch staff members access multiple internal data sources to enhance the identification and removal of separated employees from the Program database. Also, Travel Services Branch staff members select a monthly statistical sample of participants for review to determine that only IRS employees receive the benefit and to identify any potential abuse within the Program. However, the reviews could be more accurate if additional data sources were used. Further, records of the cases that the Travel Services Branch staff members may have referred to TIGTA's Office of Investigations were not always maintained, and the results of the Program reviews are not shared with either the affected employees or their managers.

READ THE FULL REPORT

To view the report, including the scope, methodology, and full IRS response, go to:

<http://www.treas.gov/tigta/iereports/2012reports/2012ier004fr.pdf>