

United States
CONSUMER PRODUCT SAFETY COMMISSION
Washington, DC 20814

OFFICE OF INSPECTOR GENERAL

**Review of the Consumer Product Safety Commission's Implementation of the
Federal Transit Benefit Program**

30 September 2010



UNITED STATES
CONSUMER PRODUCT SAFETY COMMISSION
BETHESDA, MD 20814

Memorandum

Date: September 30, 2010

TO : Inez Tenenbaum
Chairman

FROM : Christopher W. Dentel
Inspector General

SUBJECT : Review of the CPSC Federal Transit Benefit Program

The Office of Inspector General has completed its review of the CPSC Federal Transit Benefit Program. A copy of the report is attached.

Management (EXIT) has been briefed regarding the findings and recommendations of this review and given an opportunity to respond to them. Management's response may be found as an attachment to the report. Management concurred with the findings of the review and agreed to implement corrective actions regarding these findings. Many of their corrective actions have already been implemented.

If, after reviewing this report, you concur with the findings and recommendations you may use the memorandum provided under separate cover to direct the Office of the Executive Director to implement the recommendations outlined in the report.

If you have any questions about this report or wish to discuss it, please feel free to contact me at 301-504-7644 or cdentel@cpsc.gov.

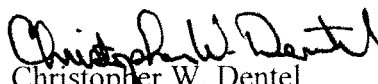

Christopher W. Dentel
Inspector General

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ABBREVIATIONS

CPSC	Consumer Product Safety Commission
DOT	Department of Transportation
FTBP	Federal Transit Benefit Program
GAO	Government Accountability Office
OIG	Office of Inspector General
OMB	Office of Management and Budget
TRANServe	Transportation Services
WMATA	Washington Metropolitan Area Transit Authority

EXECUTIVE SUMMARY

This report summarizes the results of the Office of Inspector General's (OIG) review of Consumer Product Safety Commissions (CPSC) implementation of the Federal Transit Benefit Program (FTBP) as prescribed by the U.S. Department of Transportation's (DOT) Transportation Services (TRANServe) for the period July 2008 – May 2009. The objectives of this review included evaluating if internal controls were adequately designed and properly executed in the management of the FTBP and determining if the CPSC complied with the terms of the FTBP partnership agreement between it and the DOT. This review was completed in accordance with the Quality Standards for Inspections issued by the Council of Inspectors General on Integrity and Efficiency's (CIGIE) Inspection and Evaluation Committee and not the GAGAS standards issued by the GAO.

The OIG found that CPSC management did not fulfill its obligations under the 2008 Transit Benefit Program Partnership Agreement, nor implement internal controls mandated by Office of Management and Budget (OMB), nor execute controls and procedures prescribed in CPSC standard operating procedures (SOP). Internal control design was weak to nonexistent in most aspects of the program's management.

Among our observations, we noted the following concerns during our review:

- SmartBenefit participants (10%) downloaded full transit benefits during periods of time in which they also held a facility parking permit. This is a violation of the transit benefit program partnership agreement.
- SmartBenefit participants failed to return unused benefits or to download reduced benefits for months their benefits exceeded their commuting cost.
- None of the FTBP applications reviewed were properly completed. Applications were frequently found to be missing approvals or other information; although the applicants in question were receiving benefits.
- The agency's exit procedures did not include procedures for ensuring that departing employees ceased to receive program benefits, as required by OMB.
- Weak and incomplete recordkeeping: participant lists were neither routinely updated nor reviewed. We noted retired and terminated employees that were still listed as being eligible to receive transit benefits.¹
- Other noted recordkeeping discrepancies included the following:
 - Program participants receiving benefits despite having no application or a blank application in their file.
 - Applications in the wrong employee folder
 - Required copy of the employee's SmarTrip card not found in files
 - Home addresses not verified

To address the concerns noted above, and other control weaknesses observed, the OIG recommends that CPSC management address the following:

¹ None of these individuals were actually receiving benefits.

Recommendations

Incomplete Applications; Applications not Approved

- Ensure each employee's supervisor verifies all application information submitted by the employee and that the supervisor signs the application.
- Ensure transit benefit applications are complete (including commuting cost calculations) and properly approved before processing the application for program benefits. The FTBP Coordinator should sign the application to document this review and confirm supervisory approval.

Inadequate Monitoring of Active Participants

- Crosscheck the transit benefit participant list with the list of persons who purchased garage parking tags each month to verify employees are not receiving transit benefits and holding a parking tag at the same time. Document the results and actions taken from this review.
- Verify employee addresses on the transit benefit application with Human Resources on an annual basis (i.e., during recertification).
- Establish a more organized, structured monitoring system (e.g., database) to facilitate more timely and complete FTBP participant compliance monitoring.

Weak Recordkeeping

- Ensure names of SmartBenefits participants are current in the FTBP for that given month, whether or not benefits were downloaded, so CPSC records and DOT transit benefit data are complete, accurate, and agree.
- Organize applicant files to aid in retrieval. Establish a system to ensure files are adequately maintained and kept up-to-date.

Participant Training and Program Awareness lacking

- Send out regular (e.g., quarterly) participant reminders on FTBP requirements and responsibilities. Retain documentation on the date and time the reminder was sent, what specific information was sent, and to whom the message was sent.
- Require SmartBenefit participants to complete Integrity Awareness Training that emphasizes internal controls to minimize fraud and abuse, and addresses ramifications of noncompliance. Consider requiring such training annually during recertification.

Program policy and procedures do not reflect current program

- Update the 2007 CPSC transit benefit SOPs to reflect the current program, which no longer permits the issuance of Metrocheks, etc.
- Add removal from the FTBP to the agency's exit procedures.

CPSC management generally agreed with these recommendations. We included management's responses to the observations as an appendix to this report.

BACKGROUND

Executive Order 13150, “Federal Workforce Transportation,” signed by President Clinton in 2000 required federal agencies to implement, no later than October 1, 2000, a transportation fringe benefit program that offered qualified federal employees the option to exclude, from taxable wages and compensation, employee commuting costs incurred through the use of mass transportation and vanpools,² not to exceed the maximum level allowed by law. In subsidizing the federal employees’ cost of using public transportation to commute to and from work, the FTBP sought to reduce federal employee’s contribution to traffic congestion and air pollution and to expand the use of public transportation.

As of July 2006, the Washington, D.C. National Capital Region³ constituted the largest part of the FTBP with approximately 250,000 participants claiming roughly \$250 million in annual benefits.⁴ The Washington Metropolitan Area Transit Authority (WMATA) issues the transit passes in the form of either Metrocheks, which are paper fare cards, or SmartBenefits, which are electronic deposits to a transit debit card known as a SmarTrip card (See Appendix II). On January 1, 2008, however, federal agencies in the National Capital Region were required to participate in the SmartBenefits Program (i.e., employees electronically download benefits onto SmarTrip cards) and discontinue the use of paper Metrocheks. A warning is printed on SmarTrip cards, as it was on paper Metrocheks, that the cards may only be issued to qualified employees by approved employers, and resale is illegal.

However, inspectors general of various agencies have identified numerous problems related to the transit benefits program, including ineligible employees receiving benefits, and a lack of agency oversight, policies, and procedures to adequately prevent waste, fraud, and abuse.⁵ In an April 2007 report, GAO found instances of Metrochek fraud and abuse by federal employees, citing in one instance an employee who drove to work, parked for free in an agency-provided space, and still collected \$105 per month in Metrocheks, most of which he sold on the Internet auction site, eBay. In other instances, federal employees were discovered selling their benefits on the popular community website, Craigslist. Former employees were found to be receiving transit benefits even after leaving their respective agencies.⁶

² A qualified vanpool is a highway vehicle with seating capacity for at least six adults excluding the driver.

³ Executive Order 13150 defines the National Capital Region as “the District of Columbia; Montgomery, Prince George’s, and Frederick Counties in Maryland; Arlington, Fairfax, Loudoun, and Prince William Counties in Virginia; and all cities now or hereafter existing in Maryland or Virginia within the geographic area bounded by the outer boundaries of the combined area of said counties.”

⁴ The numbers do not include agencies that do not contract with DOT and administer their own programs. Agencies that administer their own programs purchase Metrocheks or SmartBenefits directly from WMATA and manage the distribution in-house. If an agency contracts with DOT, then DOT obtains Metrocheks from WMATA and distributes the passes to employees or initiates the SmartBenefits deposit on an employee’s SmarTrip card. In January 2008, however, the federal agencies in the National Capital Region were required to participate in the SmartBenefits Program and no longer received paper Metrocheks.

⁵ See Treasury Inspector General for Tax Administration, *The Administration of the Public Transportation Subsidy Program Can Be Improved*, 2006-10-062, March 2006; Federal Communications Commission Office of the Inspector General, *Report on Audit of the FCC Transit Benefit Program*, 04-AUD-02-02, September 27, 2004; Department of Defense Office of the Inspector General, *Financial Management: Allegations Concerning Controls Over DoD Transit Subsidies Within the National Capital Region*, D-2004-009, October 14, 2003; U.S. Government Printing Office of the Inspector General, *Report on Improving Controls over the Administering of GPO’s Transit Benefit (Metrochek) Program*, 03-07-156, September 30, 2003.

⁶ GAO, *Federal Transit Benefits Program: Ineffective Fraud and Abuse by Federal Workers*, 07-724T (Washington, D.C., April 24, 2007).

In response to press reports, many agencies notified employees of the proper and improper uses of transit benefits. To prevent further abuse, GAO and other regulators identified additional internal controls that would improve local administration of the FTBP. OMB subsequently requested the heads of departments and agencies confirm the agency had implemented at a minimum 10 internal controls for the FTBP administration by June 2007.⁷

Some of these recommendations were integrated into the transit benefit application and in the mass transit expense worksheet, which assisted employees in calculating their usual monthly mass transit commuting cost (See Appendixes III and IV). Specifically, the inserted application items included employee home address; employee work address; commuting cost breakdown; employee certification of eligibility; and a warning against making false statements in the benefit application. There was also a requirement for the independent verification of eligibility in which the commuting cost was verified by an approving official (e.g., employee's home address validated and commuting costs correctly calculated). Still other required internal controls (not directly noted on the application) included that applicants were checked against parking benefits records, that benefits were adjusted due to travel, leave, or change of address, and that removal from the FTBP was included in the agency's exit procedures.

As of May 2009, CPSC had 77 employees in the DC region enrolled in SmartBenefits, claiming \$65,000 in benefits since July 2008. CPSC's Facilities Management and Support Services Branch (hereafter, Facilities Management), which is responsible for administering the FTBP, utilizes the distribution services of TRANServe. At the beginning of each fiscal year, TRANServe entered into customer agreements with CPSC that require the agency to verify the eligibility of its employees to receive transit benefits, determine the amount of benefits to be received, and provide general FTBP program oversight. As with the other participating federal agencies, CPSC has responsibility for internal controls over employee eligibility and benefit amounts paid.

Facilities Management appointed a Transit Benefit Coordinator within its office to administer and monitor the internal controls of the FTBP as well as to serve as a point of contact for TRANServe. Specifically, the Transit Benefit Coordinator receives, reviews, and forwards all transit applications for processing. The Transit Benefit Coordinator provides guidance and serves as the point of contact on transit benefit program questions or issues. The Transit Benefit Coordinator has overall responsibility for the communication, coordination, monitoring, and management of the agency's administration of the FTBP.

⁷ Memorandum to Heads of Departments and Agencies: Federal Transit Benefits Program, Office of Management and Budget, M-07-15, May 14, 2007.

RESULTS OF THE REVIEW

Incomplete Applications; Applications not Approved

Finding #1: None of the FTBP applications we reviewed were properly completed; but all of the applicants in question were receiving benefits. Common mistakes included missing authorizing signatures or other information.

The OIG found that 0% (none) of the SmartBenefit applications it reviewed had been properly or fully completed. In some cases, applications were missing all three required signatures - employee, supervisor, and the Transit Benefit Coordinator. As a result, the employee had not acknowledged agreement to program requirements, the supervisor had not verified the employee's information, nor had the application been approved for benefits. Of the 77 current CPSC119A forms reviewed, the OIG found the following application errors:

- 5% - missing the applicant's signature
- 17% - missing supervisor's signature
- 14% - missing the CPSC program coordinator's signature
- 99% - missing transit system information
- 78% - missing the effective date of the employee's benefits
- 38% - missing agency code information
- 21% - reflected a different commuting cost in the employee's certification statement from the cost calculated in the expense worksheet
- 14% - missing the employee's SmarTrip card information
- 13% - missing or incorrect commuting cost in the employee's certification of eligibility
- 12% - contained errors in the expense worksheet (employee indicated zero commuting cost)
- 5% - missing the application action (whether the application was for new participant, recertification, modification, or cancellation)

The Transit Benefit Coordinator failed to verify that transit benefit applications were properly completed or that application requirements, as mandated by OMB, were met. The coordinator attributed the incomplete applications to a lack of resources in Facilities Management along with his lack of FTBP knowledge.

At the CPSC, per OMB requirements as well as CPSC SOPs, all employees who wish to participate in the FTBP must complete an electronic version of CPSC Form 119 and sign and forward the form to their supervisor. The CPSC Form 119, among other things, asks for the employee's date of birth, monthly transit cost (not including parking) and signature, along with the Transit Benefit Coordinator's signature and benefit amount approved. The employee must also fill out the CPSC119A form which asks for the employee's home address, work address, transit system information, electronic card information, application action (i.e., new action, modification, recertification, or cancellation), commuting cost breakdown (i.e., the expense

worksheet to obtain fare cost), effective date of the benefits, and the certification of eligibility (see Appendixes III and IV for both forms). Supervisors must verify all information, sign, and forward the form to the Transit Benefit Coordinator.

Recommendation #1: Do not process applications for transit benefits until forms are properly and fully completed.

- Ensure each employee’s supervisor verifies all application information submitted by the employee and that the supervisor signs the application.
- Ensure transit benefit applications are complete (including commuting cost calculations) and properly approved before processing the application for program benefits. The FTBP Coordinator should sign the application to document this review and confirm supervisory approval.
- Verify employee addresses on transit benefit applications with Human Resources records annually (i.e., during recertification). Because participants are required to adjust their benefits when changing addresses (along with taking vacation or leave of absence, traveling for work, etc.), the verification of an employee’s address helps to prevent employees from collecting more transit benefits than authorized or spent on commuting.

Inadequate Monitoring of Active Participants

Finding #2: SmartBenefit participants (10% of participants) downloaded full transit benefits while holding a facility parking permit for the same month, violating the transit benefit program partnership agreement.

According to the Partnership Agreement between CPSC and TRANServe (as well as OMB requirements), CPSC is required to ensure that employees are “not named on a worksite parking permit at any federal agency nor otherwise participating in a carpool.”⁸ CPSC assumes the responsibility to verify employees are not receiving parking benefits and are using mass transit for the bulk of their commute to work.⁹ To date, CPSC employees can purchase a monthly parking pass to park at the Monument Parking Co., Inc., garage located directly underneath the East and West building towers occupied by the agency.¹⁰ CPSC employees, who incur the parking cost out-of-pocket, receive more than a 50 percent discount on the cost of the monthly parking pass that is not given to non-CPSC employees and park in the area of the garage that Monument Parking has designated for CPSC employees only.¹¹

⁸ The DOT Account Manager for CPSC also verified employees cannot have a monthly parking pass while participating in the FTBP at a SmartBenefits Program training on July 30, 2009.

⁹ The agency’s Frequently Asked Questions, while not an official policy or guidance, also states to be eligible for FTBP, “Participants must be CPSC employees who use qualified transit facilities (subway, train, bus, etc.) or commuter highway vehicles (vanpool) for at least 50 percent of their regular monthly commuting trips, and who do not purchase monthly parking permit.”

¹⁰ Monument Parking Co., Inc. is a private parking service company which offers parking services to a range of business and government organizations in Washington, D.C., Maryland, and Virginia. It operates a parking facility at CPSC Headquarters.

¹¹ Under the agency’s agreement with Building Management (2003), the parking vendor made available a total of 270 parking permits to CPSC, including 215 self-parking (regular) permits and 55 tandem parking permits.

The Transit Benefit Coordinator claimed to compare monthly Monument Parking garage parking records with the list of SmartBenefit participants, who downloaded monthly benefits, on a quarterly basis. However, he could not provide evidence of these reviews or how violations were addressed.¹²

As a result, without crosschecking both the transit and parking lists, the opportunity to misuse benefits for personal use or give or sell the SmartTrip card to someone else increases. Crosschecking is further necessitated due to the difficulty in determining when employees purchase parking garage passes. In interviews with the OIG, some employees admitted to parking at the garage while receiving transit benefits but could not recall when or how often.¹³

Recommendation #2: Crosscheck the transit benefit participant list with the list of persons who purchased garage parking tags each month to verify employees are not receiving transit benefits and holding a parking tag at the same time. Document the results and actions taken from this review.

- a. Crosscheck Monument Parking's monthly permit list with the list of SmartBenefit participants who have downloaded benefits for that month on a monthly basis. Because SmartBenefit participants are able to purchase a monthly parking pass for any month, crosschecking the two lists on a monthly basis as opposed to a bi-monthly or tri-monthly cycle will help minimize program participation discrepancies.
- b. Document and maintain records on the nature and scope of participant monitoring conducted, any findings of these reviews, and how issues were resolved.

Finding #3: SmartBenefit participants failed to return unused benefits or download reduced benefits for months their benefits exceeded their commuting cost.

The OIG learned that the Transit Benefit Coordinator informed some SmartBenefit participants that they could park in the garage half the time and use their SmartBenefits half of the time, something that was inconsistent with policy. The Transit Benefit Coordinator admitted that he did not fully understand the FTBP rules, although he attended program training in April 2007 and participated in drafting the agency SOPs in July 2007. This led to SmartBenefits participants receiving inconsistent transit program guidance.

The Partnership Agreement between CPSC and TRANServe also gave CPSC responsibility to ensure that employees were aware of their responsibility to ensure that "the amount of transit benefits received does not exceed actual monthly commuting cost by public transportation" and that they were "personally responsible for adjusting the transit benefit amount upon changes to commuting methods or work schedules such as extended leave or telecommuting." For the ten percent of SmartBenefit participants with monthly parking passes, driving into work resulted in them receiving more benefits than the fare cost certified on the transit benefit application. The

¹² The Transit Benefit Coordinator informed the OIG an employee had purchased a parking permit and was collecting full benefits and, as a result, the individual's transit benefits were reduced. Upon OIG's request for the date of occurrence, the name of the individual, and whether any follow-up was conducted, the Transit Benefit Coordinator was unable and unwilling to provide the information to the OIG.

¹³ The OIG initiated investigations of these employees.

OIG found that none of these participants adjusted their transit benefit amount when they altered their commuting method. These same individuals also failed to return unused benefits, or download reduced benefit amounts at the next distribution.

Recommendation #3: Ensure participants are aware of the limitations and requirements of the transit benefit program.

- a. Develop and require SmartBenefit participants to complete some form of Integrity Awareness Training. The Integrity Awareness Training should emphasize the participants' responsibilities, the internal controls in place to minimize fraud and abuse and address the ramifications of noncompliance. Such training should be required annually; possibly as part of the recertification process.
- b. Update the CPSC's 2007 SOPs regarding the FTBP. These SOPs address the issuance and safekeeping of Metrocheks although electronic fare media is now required for all transit benefit participants within the Nation Capital Region. The required CPSC119 form is also not covered.
- c. Clarify the FTBP recertification policy. Recertification is crucial because participants confirm their eligibility to continue to receive the transit subsidy and self-assess the benefit amounts they need to commute to work. The new recertification policy should clarify when recertification should occur, how long employees have to recertify, and the ramifications of failing to recertify within the allotted time.

Finding #4: Termination of program benefits was not included in the agency's exit procedures as prescribed by OMB.

One of the ten minimum internal controls required by OMB includes the removal from the FTBP in the agency's exit procedures. Additionally, CPSC SOPs state "employees must turn in unused Metrocheks if they leave the agency or withdraw from the program...If employees are in the SmartBenefits Program, they must repay the federal government by check." The OIG, however, found CPSC does not include the removal from the FTBP as part of its exit procedures. The OIG noted, of employees who left the agency within the review period, 15 percent were transit benefit participants and, from this group, only one participant returned unused benefits.¹⁴ Having the removal from the FTBP as part of the agency's clearance procedures for separating employees would help to ensure that former CPSC employees do not receive transit benefits after they leave the agency.

Recommendation #4: Add removal from the transit benefit program to agency exit procedures.

¹⁴ The employee returned \$75.35 in September 2008.

Inadequate Recordkeeping

Finding #5: Weak and incomplete recordkeeping. Participant lists were neither routinely updated nor actively reviewed. We noted retired and terminated employees were still listed as eligible to receive benefits.

The OIG found that SmartBenefit participant record updates, which are provided by the DOT Transit Benefit System, were not incorporated into CPSC records during the 10 months of our review. The CPSC participant list we reviewed included employees who had withdrawn from the program or retired, including one employee who had withdrawn from the program two years ago and another employee who had left the agency more than a year earlier. The OIG noted an average of 9% of participants on the DOT SmartBenefit list were not active participants, an error found in each month of the review period. Because DOT received participant updates from CPSC, updates not made by CPSC are, in turn, not reflected on DOT's SmartBenefits Participants Report, resulting in inaccuracies in both agencies' official lists. Further illustrating the weak recordkeeping and reconciliation, we could not find one participant, who had appropriately returned unused benefits, listed in any SmartBenefit participant records for the few months before her departure.

We examined the electronic transit benefit database where employee transit benefit applications were stored and found the following types of recordkeeping errors:

- Missing applications for current participants
- Blank applications
- Applications in the wrong employee folder
- Required copy of the employee's SmarTrip card not on file

The organization of the database was inefficient. All folders were stored in one location. Upon initial review, it was impossible to distinguish an employee who recertified an application versus one who had not recertified, or had withdrawn their application. This further added to the difficulty in determining who was and was not complying with the FTBP requirements.

Recommendation #5: Records should be updated monthly. This will help ensure that the names of SmartBenefits participants are current in the FTBP database, whether or not the participant has downloaded benefits that month. This will also help to ensure that CPSC records and DOT transit benefit data are complete, accurate, and synchronized.

- Organize applicant files to aid in retrieval. Establish a system to ensure files are adequately maintained and kept up-to-date.
- Establish a more organized, structured monitoring system (e.g., database) to facilitate more timely and complete FTBP participant compliance monitoring.

CONCLUSION

Overall, CSPC's internal controls over the FTBP were not adequately implemented or properly monitored. The agency did not fully meet the requirements of the 2008 Transit Benefit Program Partnership Agreement nor did it implement the internal controls prescribed by OMB and CPSC's own SOPs.

We believe that in order to ensure adequate oversight of this employee benefit program management should address these issues as soon as possible.

We appreciate the cooperation of agency management and staff during our review.

**APPENDIX I
MANAGEMENT'S RESPONSE**



UNITED STATES
CONSUMER PRODUCT SAFETY COMMISSION
WASHINGTON, DC 20207

Memorandum

November 4, 2009

TO : Christopher Dentel
Office of the Inspector General

THROUGH Patrick D. Weddle, Assistant Executive Director,
Office of Technology Services

Terry Bard, Director
Technology Services Division

FROM : Iris J. Parks, Chief,
Facilities & Support Services Branch

SUBJECT : The OIG's Review of the CPSC's Implementation of the Federal Transit
Benefit Program

The Facilities Management and Support Services Branch (TSFS) has reviewed the Office of Inspector General's Review of the CPSC's Implementation of the Federal Transit Benefit Program dated September 2009. The TSFS generally agrees with the OIG's findings and recommendations.

The TSFS Branch has been understaffed during the past two years and subsequently its workload that was once performed by five full-time-employees was performed by two full-time-employees in an effort to provide an array of administrative services to our staff. TSFS has recently hired an employee to administer and coordinate Agency's Federal Transit Benefit Program. TSFS submits the following response to the OIG's recommendations:

1. The Transit Benefit Coordinator crosscheck the transit and parking lists on a monthly basis to ensure employees are not receiving transit benefits and purchasing a monthly parking pass for the same month. In addition, because it is difficult to monitor daily pass purchases, the Transit Benefit Coordinator should send out reminders on the requirements for participation in the FTBP. The Transit Benefit Coordinator should also document and maintain records on the nature and scope of the crosschecks conducted and its findings.

TSFS agrees with the OIG's recommendations and has implemented them. The new Transit Benefit Coordinator reconciles the monthly parkers reports from Monumental Parking with reports from Department of Transportation (DOT) to ensure that participants are not receiving both, transit subsidy benefits and purchasing parking tickets at the same time. The Transit Benefit Coordinator is documenting and maintaining records of the monthly parkers and transit benefit participant reconciliations.

2. CPSC should develop and require SmartBenefit participants to complete an Integrity Awareness Training which emphasizes the internal controls in place to minimize fraud and abuse and address ramifications of noncompliance. Such training should be taken annually during recertification.

TSFS agrees with the OIG's recommendation and has implemented an on-site annual training until we are able to implement the Integrity Awareness Training. TSFS is researching the Integrity Awareness Training.

3. CPSC needs to update its 2007 SOPs to reflect changes to the FTBP program such as the switch from Metrocheks to Smartrip cards only.

TSFS agrees with the OIG's recommendation and has implemented it. The new Transit Benefit Coordinator has updated the Standard Operating Procedures (SOP) and distributed it to the participants during the Transit Benefit Presentation on July 30, 2009. Also, new participants are provided a complete informational package on our Transit Benefit Program.

4. CPSC should clarify its recertification policy as to how long employees have to recertify and the ramifications of failing to recertify within the allotted time.

TSFS agrees with the OIG's recommendation and has implemented it. The new Transit Benefit Coordinator has set forth August 15th as the deadline for participants to submit their annual recertification applications. The ramification of failing to recertify within the allotted time will result in removal from the program.

5. The Transit Benefit Coordinator needs to ensure that the employee's supervisor verifies all application information submitted by the employee before the supervisor signs the application.

TSFS agrees with the OIG's recommendation and has implemented it. The new Transit Benefit Coordinator is verifying all application information and does not accept transit benefit applications without the supervisor's signature.

6. The Transit Benefit Coordinator needs to ensure the transit benefit application is completed properly and that all information has been verified, including the commuting cost, before approving the application. The Coordinator needs to sign the application to signify the application has been approved.

TSFS agrees with the OIG's recommendations and has implemented them. The new Transit Benefit Coordinator is checking to make sure that the participants commuting cost matches the commuting cost on the Washington Metropolitan Area Transit Authority's (WMATA) website and signs/approves the applications.

7. The Transit Benefit Coordinator should verify employees' addresses on transit benefit applications with Human Resources on an annual (i.e., during recertification) or bi-annual basis.

TSFS agrees with the OIG's recommendation and will implement it during recertification. The new Transit Benefit Coordinator has requested addresses for the current participants from the Office of Human Resources to verify employee's home address and the media fare amount that the employee requests on their application and verify the commuting cost. We will continue to do this bi-annually.

8. The CPSC's clearance procedures should be revised to ensure that employees stop receiving benefits under the FTBP when they are no longer employed by the CPSC.

TSFS agrees with the OIG's recommendation and will implement it. The Transit Benefit Coordinator has been added to the employee departure clearance form process. The coordinator receives a departing employee notification message for all federal employees to reconcile unused media fare amount, collect checks and remove participants from the program.

9. The Transit Benefit Coordinator needs to ensure that the records regarding who is or is not participating in the FTBP are kept current.

TSFS agrees with the OIG's recommendation and has implemented it. The new Transit Benefit Coordinator keeps electronic and hard copies of all applications readily available.

10. The Transit Benefit Coordinator needs to establish a more organized, structured database that will properly monitor participants' compliance with the FTBP. The participants' applications also need to be logged or stored in a manner which allows them to be easily accessed and verified.

TSFS agrees with the OIG's recommendations and has implemented them. The new Transit Benefit Coordinator has established a more organized structured database that properly monitors participants' compliance with the FTBP. TSFS keeps an electronic copy and hardcopies on file and a running tally on who is new, modified, cancelled or recertified in the program.

APPENDIX II OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

The objectives of this review included evaluating if internal controls were adequately designed and properly executed in the management of the FTBP, and determining if the CPSC complied with the terms of the FTBP partnership agreement.

Scope

The review included CPSC transit benefit participant records for the period July 2008 – May 2009. This review was completed in accordance with CIGIE Inspection and Evaluation Quality Standards for Inspections and not in accordance with GAGAS

Methodology

We interviewed the agency's Transit Benefit Coordinator and SmartBenefit participants. We reviewed transit benefit applications and examined the FTBP database where applications were updated and stored. The OIG reviewed the minimum internal controls prescribed by OMB, the 2008 Transit Benefit Program Partnership Agreement between CPSC and TRANServe, and CPSC's SOPs, and the requirements related to each.

APPLICABLE GUIDANCE

OMB Memorandum

On May 14, 2007, OMB issued a memorandum to the heads of departments and agencies requiring them to implement (at a minimum) certain internal controls for the administration of the FTBP. OMB mandated that some of these processes be consistent, including the application for benefits and requirement for an agency Transit Benefit Coordinator. The internal controls included:

- Application Requirements
 - Employee Home Address
 - Employee Work Address
 - Commuting Cost Breakdown
 - Employee Certification of Eligibility
 - Warning Against Making False Statements on Application

- Independent Verification of Eligibility – Commuting Cost Verified by Approving Official (e.g., employee's home address validated and commuting costs correctly calculated)

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

Transit Benefit Program Partnership Agreement

CPSC agreed to the following under the Transit Benefit Program Partnership Agreement (2008) with TRANServe:

- CPSC will verify federal employees meet the requirements for participation in the transit benefit program as outlined in Executive Order 13150 and related statutory, regulatory, and administrative criteria.¹⁵ This includes a determination that employees are not receiving parking benefits and are using mass transit for the bulk of their commute to work.
- CPSC is required to ensure employees are fully aware of their responsibilities for participation in the program, such as:
 1. Understanding the limitations of the transit benefit program;
 2. Prohibitions against transferring or selling the fare media to anyone;
 3. Potential penalties for misuse of, or making a false claim in obtaining, a transit benefit;
 4. Not being named on a worksite parking permit at any federal agency nor otherwise participating in a carpool;
 5. Being authorized to use the transit benefit only for their regular home to work transportation;
 6. Ensuring that the amount of transit benefits received does not exceed actual monthly commuting cost by public transportation;
 7. It is a violation of law to provide false or fraudulent information to obtain transit benefits, to transfer, or to sell the transit benefit;
 8. Being personally responsible for adjusting the transit benefit amount upon changes to commuting methods or work schedules such as extended leave or telecommuting.
- CPSC will provide program oversight including identification of any participants making false claims, selling, illegally transferring, or otherwise violating benefit requirements.
- CPSC is responsible for taking appropriate action for participants found to be violating program requirements.

¹⁵ The Economy Act of 1932, as amended, 31 U.S.C. § 1535; 26 CFR 1.132-9 (Revised as of April 1, 2003); IRS Publication 15-B (Revised February 2007); Federal Employees Clean Air Incentives Act, 5 U.S.C. § 7905, P.L. 103-172, December 2, 1993.

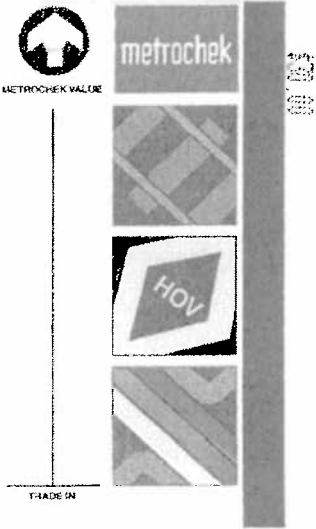
CPSC Standard Operating Procedure (SOP)

Complementing the internal controls required by OMB and the responsibilities found in the TRANServe Partnership Agreement, Facilities Management issued SOPs in July 2007 on the management, utilization, issuance, and accountability of the FTBP. The procedures underscored the internal controls that help to preserve the program benefits while eliminating opportunities for waste, fraud, and abuse. The procedures included:

- All employees must properly complete an electronic version of CPSC119A form, sign and forward the form to their supervisor. The supervisor, in turn, must verify all information, sign, and forward the form to the Transit Benefit Coordinator.
- The CPSC Transit Benefit Coordinator and the employee's supervisor are responsible for verifying all application information.
- Employee's daily expenses will be verified using the WMATA website by the Transit Benefit Coordinator.
- Employee's home address will be verified through the Human Resource Department by the Transit Benefit Coordinator.
- Employees must fill out a new CPSC119A form if their address changes and they need to increase or decrease their benefits.
- If employees are going to be on extended leave, business travel, or vacation, they must subtract the number of days they are in such status from the following month.
- Employees must return unused SmartBenefits if leaving the agency or withdrawing from FTBP participation.

**APPENDIX III
METROCHEK AND SMARTRIP CARD**

A. Metrochek



B. SmarTrip Card



APPENDIX IV
CPSC119 FORM

Metro Rail, Metro Bus and or Registered Vanpool Smart Benefits Application



What type of Mass Transportation do you use

Metro Rail Metro Bus (SmarTrip reader installed) Registered Vanpool

What Federal agency are you employed by Consumer Product Safety Commission

Van Pool Operator/Company _____

Van Pool registration number with WMATA _____

All information required below must be clearly legible to assure accurate data processing of program participation

First /Last Name: _____ DOB: mm/dd/yy _____

Work E-Mail Address: _____

Address (must match Smartrip card registration address,

including zip code) _____

Last Four SSN: _____ Work Phone: _____

Applicant Signature:

Monthly Transit Cost **NOT** including parking: \$ _____

Registered Smartrip card # _____

5 digit password for SmarTrip card registration in WMATA _____

Please attach a copy of the back of your SmarTrip card with the serial number showing clearly with this application.

To be filled out by
Agency Transit Coordinator

Authorizing Signature _____

Authorized Smart Benefit Subsidy Amount _____

PRIVACY ACT STATEMENT: This information is solicited under authority of Public Law 101-509. Furnishing the information on this form is voluntary, but failure to do so may result in disapproval of your request for a public transit fare benefit. The purpose of this information is to facilitate timely processing of your request, to ensure your eligibility, and to prevent misuse of the funds involved. This information will be matched with lists at other Federal agencies of Government-assigned parking to ensure consistency with mode of transportation checked.

APPENDIX V CPSC119A FORM

U.S. Consumer Product Safety Commission Public Transportation Subsidy Benefit Program Application

1. Application Action Requested: New Modification Recertification Cancel Effective Date: _____

2. Applicant Information (Please print or type):

Last Name: _____ First Name: _____ MI: _____

Home Address: _____

City: _____ State: _____ Zip Code: _____

CPSC Organization Code: _____

Work Address: _____

City: _____ State: _____ Zip Code: _____

Work Telephone Number: _____ CPSC SSN # (Last 4 digits): _____

3. Transit System Information:

- Prior to applying for this benefit, did you use some form of mass transit? (yes or no) _____
- Please identify the name of the transit company/system(s) that you will use. _____
- Please identify the type of pass or fare media that you will use. _____
- Modes of Transportation to be used to and from your workplace: (check modes you will use)
 Bus Light Rail Subway Train Ferry Van Pool Other _____

4. Electronic Card Information (if applicable):

- Smart Trip Card Serial Number (Washington, D.C. Metrorail only): _____

5. Employee Certification:

(Warning) I understand and agree that false statements I make in this application may result in disciplinary action taken against me by CPSC, up to and including dismissal from employment and possible prosecution under Federal Law. The following certificates are under U.S.C. Title 18.

- I certify that I am a Federal employee. I certify that I will use the benefit for commuting to and from work via public transportation and will not give, sell or transfer it to anyone else. I certify that the monthly transit benefit I will receive does not exceed my actual monthly commuting costs. I certify that in any given month, I will not use the Government-provided transit benefit in excess of the statutory limit (currently \$230.00). If my commuting costs per month on mass transit exceed the monthly statutory limit, then I will supplement those additional costs with my own funds rather than use a Government-provided transit benefit designated for use in a future month. I certify that if I receive/collect more than I use or are on extended sick leave or are on temporary duty elsewhere, I will return the unused benefits or receive an appropriately reduced benefit amount at the next distribution. I certify that my usual monthly public transportation commuting costs are: \$ _____.

Applicant Signature: _____ Date: _____

Privacy Act Statement: Privacy Act Statement: The information on this form is solicited under authority of Public Law 101-509 and is covered by Department of Transportation Privacy Act System of Records DOT/ALL 8, Employee Transportation Facilitation. Furnishing the information on this form is voluntary, but failure to do so may result in disapproval of your request for a public transit fare benefit. The purpose of this information is to facilitate timely processing of your request, to ensure your eligibility, and to prevent misuse of funds involved. Access to the information will be provided to fare subsidy management offices and may be provided to other entities in accordance with the Privacy Act and as provided in the above referenced system of records. This information will be stored in hard copy or electronically at the Department of Transportation, Transportation Administrative Service Center (TASC), Facilities Service Center, Parking Management Office, 400 Seventh Street, SW, Washington, DC and in the Directorate for Administration, Consumer Product Safety Commission. Questions concerning the use of this information may be directed to the Transportation Services Section, TASC Facilities Services Center, DOT, 400 Seventh Street, SW, Room P2-0327, Washington, DC 20590, telephone (202) 366-2090.

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

6. Coordinator Review:

Name: _____ Title: CPSC Public Transit Subsidy Coordinator

Signature: _____ Date: _____

**APPENDIX V (cont.)
CPSC119A FORM**

MASS TRANSIT EXPENSE WORK SHEET									
<p>NOTE: DDC Application for Public Transit Fare Benefit, requires DDC participants to calculate their usual monthly mass transit commuting cost to the nearest dollar for their <u>daily</u>, <u>weekly</u> or <u>monthly</u> to work. This work sheet must be completed to receive subsidy benefits and will assist employees in computing their usual monthly mass transit commuting cost.</p> <p>INSTRUCTIONS: Calculate your <u>Total Monthly Mass Transit Expenses</u> by the way you pay for commutes. List your mode of mass transportation, and how much it cost you, <u>daily</u>, or if paid <u>weekly</u>, or if purchased as <u>monthly</u> passes. Then using the work sheet below, convert all costs to a total monthly amount. It is possible that an employee may have a combination of <u>daily</u>, <u>weekly</u> or <u>monthly</u> expenses in computing their total monthly mass transportation expenses.</p> <p>REMEMBER: Parking fees are not allowed and cannot be included when computing monthly transit costs. If you are a person with a disability or senior citizen receiving reduced fare rates, you must calculate the reduced rates you pay.</p>									
MODE OF TRANSPORTATION			DAILY EXPENSE	WEEKLY PASS EXPENSE	MONTHLY PASS EXPENSE				
BUS TO WORK <i>(Lease)</i>	NAME OF COMPANY		\$						
BUS FROM WORK <i>(Lease)</i>	NAME OF COMPANY		\$	\$	\$				
OTHER BUS MODE TO WORK <i>(Commuter or Company)</i>	NAME OF COMPANY		\$						
OTHER BUS MODE FROM WORK <i>(Commuter or Company)</i>	NAME OF COMPANY		\$	\$	\$				
RAIL TO WORK <i>(Light Rail or Subway)</i>	FROM WHAT STATION		\$						
RAIL FROM WORK <i>(Light Rail or Subway)</i>	FROM WHAT STATION		\$	\$	\$				
COMMUTER RAIL TO WORK <i>(Train)</i>	NAME OF COMPANY		\$						
COMMUTER RAIL FROM WORK <i>(Train)</i>	NAME OF COMPANY		\$	\$	\$				
OTHER <i>(Specify)</i>	LIST MODE TO WORK	NAME OF COMPANY	\$						
	LIST MODE FROM WORK	NAME OF COMPANY	\$	\$	\$				
VAN POOL COST PER MONTH	NAME OF COMPANY								
TOTAL **									
CONVERTING DAILY AND WEEKLY COST TO MONTHLY COST									
40-HOUR WORKWEEK SCHEDULE CONVERSION									
EIGHT HOUR WORK DAY CONVERSION			NINE HOUR WORK DAY CONVERSION			TEN HOUR WORKDAY CONVERSION			
DAILY COST	NO. DAYS WORKED	TOTAL DAILY COST PER MONTH	DAILY COST	NO. DAYS WORKED	TOTAL DAILY COST PER MONTH	DAILY COST	NO. DAYS WORKED	TOTAL DAILY COST PER MONTH	
\$	X	\$	\$	X	\$	\$	X	\$	
LESS THAN 40-HOUR WORKWEEK SCHEDULE CONVERSION					WEEKLY PASS CONVERSION				
Complete if you work less than 40-hours per week (Telecommuter, part-time, etc.)					WEEKLY PASS COSTS	NUMBER OF WEEKS PER MONTH	TOTAL WEEKLY COST PER MONTH		
DAILY MASS TRANSIT COST	NUMBER OF DAYS WORKED PER MONTH	TOTAL DAILY COST PER MONTH			\$	X 4			
\$	X	\$			\$				
NOTE: If the scheduled number of hours you work per month changes, see your Transit point of contact.									
NAME OF EMPLOYEE <i>(Please print your name clearly)</i>					TOTAL DAILY COST PER MONTH (if any) **				
					TOTAL WEEKLY COST PER MONTH (if any) **				
SIGNATURE OF EMPLOYEE					TOTAL MONTHLY COST PER MONTH (if any) **				
					GRAND TOTAL COST PER MONTH (if any) **				
MY GRAND TOTAL MONTHLY MASS TRANSIT COMMUTING COSTS ROUNDED TO THE NEAREST DOLLAR <i>(Please enter up or down to nearest dollar)</i>					** \$				