
**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**CONTROLS OVER THE
SOCIAL SECURITY ADMINISTRATION'S
TRANSIT SUBSIDY PROGRAM**

September 2008

A-02-08-18050

AUDIT REPORT



Mission

By conducting independent and objective audits, evaluations and investigations, we inspire public confidence in the integrity and security of SSA's programs and operations and protect them against fraud, waste and abuse. We provide timely, useful and reliable information and advice to Administration officials, Congress and the public.

Authority

The Inspector General Act created independent audit and investigative units, called the Office of Inspector General (OIG). The mission of the OIG, as spelled out in the Act, is to:

- Conduct and supervise independent and objective audits and investigations relating to agency programs and operations.**
- Promote economy, effectiveness, and efficiency within the agency.**
- Prevent and detect fraud, waste, and abuse in agency programs and operations.**
- Review and make recommendations regarding existing and proposed legislation and regulations relating to agency programs and operations.**
- Keep the agency head and the Congress fully and currently informed of problems in agency programs and operations.**

To ensure objectivity, the IG Act empowers the IG with:

- Independence to determine what reviews to perform.**
- Access to all information necessary for the reviews.**
- Authority to publish findings and recommendations based on the reviews.**

Vision

We strive for continual improvement in SSA's programs, operations and management by proactively seeking new ways to prevent and deter fraud, waste and abuse. We commit to integrity and excellence by supporting an environment that provides a valuable public service while encouraging employee development and retention and fostering diversity and innovation.



SOCIAL SECURITY

MEMORANDUM

Date: September 11, 1008

Refer To:

To: The Commissioner

From: Inspector General

Subject: Controls over the Social Security Administration's Transit Subsidy Program
(A-02-08-18050)

OBJECTIVE

Our objectives were to (1) determine whether the Social Security Administration's (SSA) Transit Subsidy Program policies and procedures were in compliance with applicable laws, regulations and policies; (2) verify employee compliance with the Program's participation requirements; and (3) ensure the appropriate internal controls were in place and operating as intended.

BACKGROUND

The *Federal Employees Clean Air Incentives Act*,¹ designed to improve air quality, reduce traffic congestion, and expand commuting alternatives, provides for the establishment of programs to encourage Federal employees to commute by means other than single-occupancy motor vehicles. Pursuant to this Act, the Federal transit benefits programs were established by Presidential Executive Order,² "... to reduce Federal employees' contribution to traffic congestion and air pollution and to expand their commuting alternatives." The Executive Order required that all Federal agencies implement a transportation fringe-benefit program no later than October 1, 2000.

SSA has two Transit Subsidy Programs for employees who use mass transportation: the Mass Transportation Subsidy Program (MTSP), for which most employees are eligible, and the National Capital Region Transit Subsidy Program (NCRTSP), which is offered only to employees who work in Washington, D.C., and its suburbs.

¹ Pub. L. No. 103-172.

² Executive Order 13150, April 2000.

Transit Subsidy Program Participant Responsibilities

To be eligible for the Transit Subsidy Programs, SSA employees must currently use, or agree to use, mass transportation or a commuter highway vehicle such as a vanpool to commute to and/or from work on a regular basis. Regular monthly use does not necessarily mean every day of the work week; an employee, for example, might regularly take mass transit 3 days a week and still be eligible for a monthly subsidy. However, regular use does not include periodic or sporadic use of mass transportation. The employee's monthly transit expenses must at least equal the amount of the subsidy received.³

Employees must use the transit subsidies for their own transportation costs to and/or from work and must relinquish any parking passes for a reserved, assigned, or car pool space or a parking subsidy issued by SSA or any other Federal agency, before receipt of the transit subsidy. Also, employees must report changes to actual expenses, office assignment, transportation mode, or home address and must return unused subsidies to the Agency. Subsidies can only be used for the month for which they are received and may not be used for more than 1 month's subsidy at a time. Failure to abide by the transit program requirements, including providing false or fraudulent information to obtain transit benefits, may be grounds for disciplinary action up to and including dismissal, along with civil and criminal penalties and other criminal action⁴

To receive the transit subsidy, SSA employees must complete a Transit Subsidy Application and Expense Worksheet, which details the employee's transportation costs. Supervisors review and sign the Applications and Worksheets to ensure they are legible, accurately completed and include the employee's signature.⁵

Transit Subsidy Program Management

SSA's National Transit Coordinator (NTC) located at SSA's Headquarters in Baltimore, Maryland, coordinates and oversees the administration of the Agency's Transit Subsidy Programs nationwide, working primarily through Regional/Component Transit Coordinators (RTC). The NTC also serves as the primary liaison with the Department of Transportation (DOT). SSA contracted with DOT to purchase and distribute the transit subsidies to SSA's employees. Lastly, Headquarters maintains the SSA Transit Database System, with input from the RTCs and local transit coordinators, which includes data for every SSA employee who is or was a Transit Subsidy Program participant in either the MTSP or NCRTSP.

The RTCs coordinate the transit programs for all eligible employees who are serviced by the RTC's Servicing Personnel Office. They provide the transit subsidies to the

³ SSA Transit Subsidy Program Coordinator's Handbook.

⁴ *Id.*

⁵ *Id.*

participants in their region or component through local transit coordinators. The subsidies are issued as transit vouchers, which look like debit cards, or paper vouchers, which look like paper checks. DOT contracts with vendors to produce and mail the cards and/or checks to SSA's RTCs.

Each card and check holds a specific dollar amount. Each participant is provided, generally quarterly, enough cards or checks to equal the amount of transit subsidies for which they are eligible for the upcoming quarter. When participants are provided their allotment of cards or checks, they must sign a sheet acknowledging receipt of the subsidy and affirming their information, including their transportation costs, has not changed.

Report on Government-wide Transit Subsidy Misuse

On April 24, 2007, the Government Accountability Office (GAO) issued a report that detailed instances of fraud and abuse of transit subsidies by Federal employees.⁶ Examples of the abuse uncovered by GAO included an employee who drove to work, parked for free in agency-provided parking, and still collected \$105 per month in transit subsidy vouchers, most of which he sold on the Internet. Other Federal employees were also selling their benefits on the Internet. Additionally, some former Federal employees continued receiving transit benefits after they separated from their agencies.

In May 2007, the Office of Management and Budget (OMB) requested that all Federal agencies implement specific internal controls to preserve the transit program's benefits while eliminating the opportunity for fraud, waste, and abuse.⁷ The internal controls requested by OMB included a breakdown of commuting costs for each applicant and independent verification of eligibility, as well as checking applicants against parking benefit records and including steps to ensure individuals are removed from the benefits program when they leave the Agency's employment.

SSA stated in a June 26, 2007 response to OMB's May 2007 memorandum that it was in compliance with all but one of the internal controls OMB requested. SSA explained that it would modify its procedures to address the one outstanding control request by OMB—a process to ensure that employees leaving employment at SSA were removed from the Transit Subsidy Program.

We reviewed the procedures and internal controls SSA created for the two Transit Subsidy Programs. Specifically, we determined whether the internal controls required by OMB for Transit Subsidy Programs were established and working as intended. To accomplish this objective, we reviewed a sample of 50 transit subsidy participants from the population of 11,335 nation-wide MTSP and NCRTSP participants who received

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

⁷ OMB M-07-15, *Memorandum for the Heads of Departments and Agencies: Federal Transit Benefits Program*, May 14, 2007.

subsidies totaling over \$7 million between August 1, 2006 and July 31, 2007. We reviewed the completeness and accuracy of the participants' Transit Subsidy Applications, Expense Worksheets, and Revocation Forms, if applicable. We reviewed the employees' leave use and whether they had a change of duty station during our audit period to ensure they met eligibility requirements. We also reviewed whether these employees were using Government-provided parking while receiving transit subsidies. Lastly, we compared the entire database of 11,335 participants to SSA personnel data to determine whether the Transit Subsidy Program participants were in fact SSA employees and eligible for the subsidies they received when they received them.

RESULTS OF REVIEW

We found SSA's Transit Subsidy Programs were designed in accordance with Executive Order 13150, and the Agency's related procedures addressed the internal controls requested by OMB. While we identified some errors and omissions in employees' Transit Subsidy Applications and Expense Worksheets, generally the employees we reviewed were eligible for the subsidies they received, completed the necessary documentation detailing their transportation expenses, and had their Applications and Expense Worksheets reviewed by their supervisors.

While SSA addressed the controls requested by OMB, some improvements to the Transit Subsidy Programs are possible. A few of the Transit Subsidy Applications and Expense Worksheets we reviewed did not have the appropriate signatures, and we identified 34 Transit Subsidy Program participants who received transit subsidies they were not entitled to and did not return. Also, SSA was unable to document that all transit subsidy participants were routinely compared to Agency parking records to ensure participants were not using a private vehicle to commute to work, rather than mass transportation.

Lastly, while SSA had the controls requested by OMB in place at the time of our audit, there was an inherent risk of misuse in the Transit Subsidy Program because some vulnerabilities are outside the scope of the Agency's span of control—especially as it relates to subsidy recipients who continue to drive or carpool and use private parking services. The Agency does not have access to the data it would need to identify participants parking off government property and/or in private parking lots. Accordingly, the Agency has a limited ability to implement detection controls. However, opportunities exist to implement complementary controls, such as preventative and/or deterrent controls. Generally these controls include the employee acknowledging that violation of the rules will result in certain penalties or disciplinary action.

TRANSIT SUBSIDY PROGRAM INTERNAL CONTROLS

Transit Subsidy Documentation

In reviewing the Transit Subsidy Applications and Worksheets, we identified 17 documents that were completed but lacked the signatures of the participants and/or supervisors. In two of these cases, neither the participant nor supervisor signed required documents. Eight documents were missing the supervisor's signature, and seven were missing the employee's signature. We also found one participant made some minor calculation errors on his Expense Worksheet that did not affect the transit benefit amount received since the participant's actual costs were well over the maximum benefit amount provided by SSA.

Government-Provided Parking Privileges

OMB requested that all agencies check Transit Subsidy Program participants against parking benefit records. Generally, participants should be checked against parking records since the use of Government-provided parking, subsidized or freely provided, would indicate that a Transit Subsidy Program participant was using a private vehicle to commute to work, rather than mass transportation. SSA reported that the 50 participants we reviewed did not use parking provided by the Agency. However, not all of the RTCs maintained evidence documenting that routine reviews occurred.

While we requested evidence from all the RTCs that documented the steps they completed to ensure the 50 participants were not also receiving parking privileges, we only received such evidence for the participants who worked at SSA's Headquarters in Baltimore and in two other locations. The NTC at Headquarters reported that the Agency maintained a database of employees with parking passes at the site and regularly compared transit subsidy participants' names to these records. The names of Headquarters employees applying for or renewing their parking passes were checked against the Transit Database System to ensure they were not also receiving transit subsidies. Records were maintained, and shared with us, that documented the checks were being completed routinely. We reviewed the documentation and concluded that SSA's Headquarters had a control in place to ensure Headquarters employees participating in the Transit Subsidy Programs were not also receiving Agency-provided parking privileges. A similar process of comparing a list of current transit subsidy participants with available parking lists was in place at two other locations. We received and reviewed supporting documents to conclude that the transit subsidy participants were not receiving Government sponsored parking benefits.

While most RTCs outside of Headquarters did not provide us evidence, they reported that they verified whether participants were receiving parking privileges in several different ways. For example, they reported checking transit subsidy applications against daily parking logs or relying on their personal knowledge of employees' commutes. Some locations provided preferred parking on a rotational basis, and RTCs for these locations reported taking transit subsidy participants off the preferred parking

rotation. Still, these RTCs were unable to provide documentation detailing these activities. The lack of documentation provided prevented us from testing or confirming the RTC's assertions that the participants were not receiving parking privileges.

Other Controls

The TransitChek cards or paper vouchers provided to Transit Subsidy Program participants have some built-in controls to help ensure the cards are only used for appropriate transportation expenses. For example, the debit cards are programmed to be denied if the vendor attempting to use the card for payment is not a legitimate transportation vendor. The paper vouchers include the statement, "Pay to the order of a participating transit operator only." Per this statement, only participating transit operators are eligible to deposit the vouchers for reimbursement into their bank accounts. Also, the paper vouchers cannot be cashed, nor can cash change be given if the entire amount of the voucher is not used.

Per DOT staff, the control on the debit cards can be manually passed if a vendor manually forces the transaction through its debit machine, as opposed to swiping the debit card through it. The vendor who produces the card for DOT receives a report when a card is manually processed to elude the built-in control, though DOT had never requested to review these reports. Since DOT does not receive the reports, SSA is also not receiving the reports related to any ineligible manual transactions for cards provided to SSA Transit Subsidy Program participants.

Lastly, the controls built in the debit cards do not prevent a participant in one region from using a debit card in another region. A participant who works in the New York City metropolitan region could use his debit card in the Chicago metropolitan region (or pass it to someone to use in a different region). As long as the card was used for a valid transportation related expense, the transaction would not be denied, nor would a report be generated with the vendor.

TRANSIT SUBSIDY REMITTANCES

In our review of 50 participants, we identified 1 person who received 1 month of transit benefit (\$60) to which he was not entitled. The employee, now retired, had received a transit subsidy for a month during which he was on leave. We found no indication this subsidy was returned.

Having identified an individual who received subsidies he was not entitled to within the 50 cases we reviewed, we completed a broader test to determine whether ineligible individuals received transit subsidies from SSA. We compared the 11,335 employees in SSA's Transit Subsidy Programs between August 1, 2006 and July 31, 2007 to a list of all of SSA's employees. From this data match, we identified 34 Transit Subsidy Program participants who received a total of \$3,530 in subsidies they were not entitled to and did not return. These participants were generally provided benefits for an upcoming quarter, or 3 month's worth of subsidies, but they separated from the Agency

before the end of the quarter and did not return the balance of the allowance. Some of the participants were temporary employees, typically summer interns, who received the entire 3-month benefit but were only with the Agency, and entitled to the benefit, for 2 months.

SSA had implemented a change to its procedures at the end of our audit period to address this issue. In response to OMB's request for controls in the program, SSA added steps to its Form SSA-2324, *Clearance Of Employees For Separation Or Transfer*, to remove departing employees from the Transit Subsidy Program and return any transit subsidy funds, if applicable. SSA also updated its Transit Subsidy Program website and documentation, including the SSA Transit Subsidy Program Coordinator's Handbook, to include the procedures related to departing employees. Supervisors are instructed to check with the RTCs to verify that departing employees have returned any unused transit subsidies or have reimbursed the Agency for them. If not, the employee must be referred to the Office of Finance to eliminate the debt.

TRANSIT SUBSIDY PROGRAM RISKS

Even though SSA has a number of controls in place to ensure transit subsidies are appropriately used by eligible participants, a risk of misuse still exists in the programs. For example, while participants may assert they are commuting to work on public transportation paid for with the subsidy, they may not actually do so for some or all of the days for which they were provided a transit subsidy. Also, a participant can accept the transit subsidy and drive or be driven to work. This may be more easily done in larger offices and/or larger metropolitan areas where supervisors may not witness how participants actually get to work. While SSA may compare participants to lists of those who receive Agency-provided parking, SSA cannot match participants to those who drive and park on local streets or those who use private parking lots near their places of work.

A recent investigation by our Office of Investigations (OI) demonstrated the risk still inherent in the Transit Subsidy Program. As a result of a complaint brought to the OIG by an individual who witnessed transit subsidy participants using private garage services, OI initiated an investigation. It is estimated that 105 of the 342 transit subsidy participants at the location in question had monthly parking garage contracts with the privately owned and managed parking garage at the worksite. It appears that these employees were driving their private cars to work and not using the subsidies for public transportation needed to get to and from work, so they were not entitled to receive a transit subsidy.

Five of the 105 employees were interviewed by OI and admitted to knowingly abusing their transit subsidies. These employees reported saving the transit subsidies they were provided for possible future use, using them on occasion, or giving the subsidy away to family members. While the parking garage was located in the same building as the SSA office, the garage was privately managed, and SSA did not have access to its records.

This investigation demonstrated employee noncompliance with the program requirements, as well as the Program's inherent susceptibility to misuse. Much of the data that would inform the Agency of misuse is outside SSA's control. To that end, the Agency has a limited ability to implement detection controls. However, there are options for implementing complementary controls such as preventative/deterrent controls. Generally, these controls include the employee acknowledging that violation of the rules will result in certain penalties or disciplinary action.

In reviewing the Agency's Transit Subsidy Program, we found limited language related to prescribed disciplinary action for violating program rules. The Transit Subsidy Application contains a section entitled "Certification by Applicant" above the applicant's signature line. This section states,

- By signing and submitting this application, I certify that I am an eligible SSA employee and the information I have furnished is accurate and truthful to the best of my knowledge and belief. I agree to abide by the rules and requirements of the Mass Transportation Subsidy Program and notify my immediate supervisor if any information supplied above should change.
- Verified falsification of an application or failure to report a change in eligibility will result in immediate termination from the Program and may subject the employee to disciplinary action.
- Upon receipt, voucher/fare media become the property and responsibility of the authorized participant and can only be used by the participant. SSA will not provide a refund, replacement, redemption, or exchange of any kind for any reason or circumstance. Unused vouchers must be returned. If they cannot be returned, the Agency must be reimbursed. Debt collection procedures will be initiated against those employees who do not return unused vouchers or reimburse the Agency.

The application does not include a statement acknowledging the consequences of misusing transit subsidies. Additionally, SSA's Transit Coordinator's Handbook does not specifically define transit "misuse" and has limited language on the consequences of "misuse." Specifically, the Employee Responsibility Letter, which is included as an appendix in the Transit Coordinator's Handbook, states "Any misuse of your transit benefits may be grounds for disciplinary action up to and including dismissal, along with civil and criminal penalties and other criminal action." The Transit Coordinators' Handbook does not mandate that employees receive, or acknowledge receipt of, this letter and it does not include a signature line for employees.

SSA staff reported that disciplinary actions for the misuse of Transit Subsidy Program benefits are administered locally and are based upon supervisors' discretion depending on the circumstances. In an environment with an inherent risk of misuse, the absence of clear disciplinary guidelines and procedures further impairs the Agency's ability to deter such behavior.

CONCLUSION AND RECOMMENDATIONS

While SSA had many controls in place, we found that some participants and supervisors did not sign required documentation, and SSA reported using various methods to determine whether participants were also receiving Agency-provided parking subsidies. Also, we identified some individuals who received subsidies for which they were not entitled. However, SSA implemented a change to its procedures at the end of our audit period to help ensure employees leaving the Agency returned unused portions of transit subsidies. Lastly, we determined that even with the controls SSA has in place, there is an inherent risk of misuse in the program. The data that would inform the Agency of violations is often outside the control of the Agency. To that end, the Agency has limited ability to detect such violations and it must take the necessary steps to ensure that preventative controls are in place to deter such activities, and, once violations are detected, appropriate corrective action taken. Based on these findings, we recommend that SSA:

1. Provide annual reminders to employees and to supervisors on the responsibilities under the transit subsidy benefit programs, including the requirement for supervisors to review and sign all appropriate documentation.
2. Develop standardized procedures to ensure transit subsidy participants do not also use Agency-provided parking privileges.
3. Coordinate with DOT to receive vendor reports related to ineligible manual transactions for TransitChek cards provided to SSA employees.
4. Confirm and retrieve transit subsidy funds due from the 34 individuals identified in this report.
5. Periodically match the database of Transit Subsidy Program participants to personnel records to ensure that departing employees return subsidies for which they are ineligible.
6. Develop and implement appropriate procedures that define transit subsidy misuse and corresponding disciplinary actions that will be taken if misuse occurs.
7. Update the Transit Subsidy Application's "Certification by Applicant" section to include an acknowledgement that misuse of transit subsidies will result in the disciplinary action developed to implement the previous recommendation.

AGENCY COMMENTS

The agency agreed with all of our recommendations. The Agency provided a technical comment, which was incorporated into the report. The Agency's comments are included in Appendix C.

A handwritten signature in black ink, appearing to read "Patrick P. O'Carroll, Jr."

Patrick P. O'Carroll, Jr.

Appendices

[**APPENDIX A**](#) – Acronyms

[**APPENDIX B**](#) – Scope and Methodology

[**APPENDIX C**](#) – Agency Comments

[**APPENDIX D**](#) – OIG Contacts and Staff Acknowledgments

Appendix A

Acronyms

DOT	Department of Transportation
GAO	Government Accountability Office
MTSP	Mass Transportation Subsidy Program
NCRTSP	National Capital Region Transit Subsidy Program
NTC	National Transit Coordinator
OI	Office of Investigations
OIG	Office of the Inspector General
OMB	Office of Management and Budget
Pub. L. No.	Public Law Number
RTC	Regional/Component Transit Coordinator
SSA	Social Security Administration

Scope and Methodology

To accomplish our objectives, we:

- Reviewed relevant legislation, as well as the Social Security Administration's (SSA) regulations, rules, policies, procedures, and relevant reports regarding SSA's Transit Subsidy Programs, including:
 - Government Accountability Office, *Federal Transit Benefits Program: Ineffective Controls Result in Fraud and Abuse by Federal Workers* (GAO-07-724T), April 24, 2007.
 - Federal Register / Vol. 65, No. 81 / Wednesday, April 26, 2000 / Presidential Documents page 24613.
 - *Transportation Equity Act for the 21st Century* (Pub. L. No. 105–178).
 - Section 1911 of the *Energy Policy Act of 1992* (Pub. L. No. 102–486).
 - Section 531(a)(1) of the *Deficit Reduction Act of 1984* (Pub. L. No. 98-369).
 - *Federal Employees Clean Air Incentives Act* (Pub. L. No. 103–172).
 - SSA Transit Coordinators' Handbook.
- Compared SSA's transit policies and written procedures with Executive Order 13150 and with Department of Transportation guidance for Transit Subsidy Programs.
- Reviewed and confirmed that the participation requirements as indicated by the Office of Management and Budget were met.
- Obtained a data file of SSA transit data containing records for 11,335 participants in the Mass Transportation Subsidy Program or the National Capital Region Transit Subsidy Program between August 1, 2006 and July 31, 2007.
- Compared the data file of Transit Subsidy Program participants with the available human resource personnel file of all SSA employees.
- Reviewed a random sample of 50 employee transit applications, expense worksheets, time sheets and personnel data to determine compliance with participation requirements. Also, we requested documentation of the data used and/or tests completed by SSA to ensure the 50 employees were also not receiving

Government-provided parking privileges. While SSA provided documentation demonstrating that such tests occurred for employees at its Headquarters complex in Baltimore and two other locations, it did not provide evidence for employees who worked at most other locations. Accordingly, we were unable to independently verify if Transit Subsidy Program participants who worked at most locations were properly excluded from Government-provided parking.

- Determined whether employees received subsidies for which they were not eligible.
- Reviewed the Office of the Inspector General, Office of Investigations' Report of Investigation related to transit subsidy violations.
- Reviewed SSA's controls and the results of a recent Office of Investigations' investigation to identify an inherent risk of misuse in the Transit Subsidy Program. While SSA had controls in place over the Program, the controls did not address and could not prevent employees from accepting transit subsidies and also routinely commuting to work in a private vehicle. While SSA's controls were established to identify employees receiving transit subsidies and parking privileges at the same time,¹ which would indicate the use of a private vehicle, SSA did not have access to records of private parking services and could not systematically identify those who drove to work and parked near the office (but off Agency property). While the results of a recent Office of Investigations' investigation identified this condition at one locale, the extent of this type of misuse is unknown. We were unable to develop tests that would quantify the extent of this type of misuse.

We found data used for this audit were sufficiently reliable to meet our objectives. The entities audited were the Offices of Human Resources and Budget, Finance and Management. We performed our work at the New York Audit Division, New York, New York, from March through May 2008. We conducted our 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

¹ While we requested evidence from SSA that documented the steps completed to ensure the 50 participants we reviewed were also not receiving parking privileges, we only received such evidence for the participants who worked at SSA's Headquarters in Baltimore, and two other locations. While most SSA staff outside Headquarters did not provide us evidence, they reported that they verified whether participants were receiving parking privileges. However, we were unable to verify their claims due to the absence of evidence.

Appendix C

Agency Comments



SOCIAL SECURITY

MEMORANDUM

Date: August 27, 2008

Refer To: S1J-3

To: Patrick P. O'Carroll, Jr.
Inspector General

From: David V. Foster /s/
Executive Counselor to the Commissioner

Subject: Office of the Inspector General (OIG) Draft Report, "Controls over the Social Security Administration's Transit Subsidy Program" (A-02-08-18050)—INFORMATION

We appreciate OIG's efforts in conducting this review. Our response to the report findings and recommendations is attached.

Please let me know if we can be of further assistance. Please direct staff inquiries to Ms. Candace Skurnik, Director, Audit Management and Liaison Staff, at extension 54636.

Attachment:
SSA Response

COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL (OIG) DRAFT REPORT, "CONTROLS OVER THE SOCIAL SECURITY ADMINISTRATION'S (SSA) TRANSIT SUBSIDY PROGRAM" (A-02-08-18050)

Thank you for the opportunity to review and comment on the draft report. We concur with the proposed draft. We believe that the report correctly identifies possible areas for abuse and believe the recommendations will improve and strengthen the integrity of our Transit Subsidy Program. We fully support the efforts to control and eliminate incidences of abuse in this program. While several transit coordinators at the component and regional levels have procedures in place, we recognize the need for improvement, consistency, and enforcement. Our responses to the specific recommendations are as follows.

Recommendation 1

Provide annual reminders to employees and to supervisors on the responsibilities under the transit subsidy benefit programs, including the requirement for supervisors to review and sign all appropriate documentation.

Comment

We agree. We will develop and distribute an agency-wide annual reminder for participants and supervisors by November 2008. While we have completed this at the component level, we will ensure that all participants receive one reminder each year. For example, the Office of Disability Adjudication and Review (ODAR), has implemented this recommendation with respect to all of its eligible employees and their supervisors. On May 28, 2008, ODAR released a memorandum to employees and a separate memorandum to supervisors as a reminder of the employee responsibilities under the transit subsidy benefit program. Additionally, ODAR is planning to provide biannual reminders in early November and May of each year.

Recommendation 2

Develop standardized procedures to ensure transit subsidy participants do not also use agency-provided parking privileges.

Comment

We agree, where parking privileges are provided. We will develop procedures, in collaboration with the regional transit coordinators, to ensure participants do not use agency-provided parking privileges. We plan to implement these procedures by December 2008.

Recommendation 3

Coordinate with the Department of Transportation (DOT) to receive vendor reports related to ineligible manual transactions for TransitChek cards provided to SSA employees.

Comment

We agree. We contacted DOT several months ago and again on August 1, 2008, to request that it provide us with the vendor reports relating to ineligible manual transactions for TransitChek cards. We expect that it will provide us with the requested information.

Recommendation 4

Confirm and retrieve transit subsidy funds due from the 34 individuals identified in this report.

Comment

We agree. We have confirmed the debts. Of the 34 employees who owe money to the agency, only two are active employees. We will work with the transit coordinators to retrieve the funds from these two employees. Information on the 32 separated employees will be provided to the Office of Finance by September 2008, so it may invoke the agency's administrative debt collection procedures. We will consider the dollar thresholds included in the procedures to determine how actively to pursue the debt.

Recommendation 5

Periodically match the database of Transit Subsidy Program participants to personnel records to ensure that departing employees return subsidies for which they are ineligible.

Comment

We agree. Several of our components have measures in place to ensure that we remove separating/transferring employees from this program. However, we will develop and implement agency-wide procedures to ensure that consistent action is taken to address this matter. We plan to run a periodic report that matches data in the agency's personnel records with data in our transit subsidy database starting in October 2008.

Recommendation 6

Develop and implement appropriate procedures that define transit subsidy misuse and corresponding disciplinary actions that will be taken if misuse occurs.

Comment

We agree. We will develop and implement the appropriate guidance and procedures that define transit subsidy misuse and the correlating disciplinary action. We will implement guidance and procedures by December 2008.

Recommendation 7

Update the Transit Subsidy Application's "Certification by Applicant" section to include an acknowledgement that misuse of transit subsidies will result in the disciplinary action developed to implement the previous recommendation.

Comment

We agree. We will update the application to include an acknowledgement that the misuse of transit subsidies may result in disciplinary action. This update will be in place by September 2008.

[In addition to the information listed above, SSA also provided technical comments which have been addressed, where appropriate, in this report.]

Appendix D

OIG Contacts and Staff Acknowledgments

OIG Contacts

Tim Nee, Director, New York Audit Division, (212) 264-5295

Victoria Abril, Audit Manager, (212) 264-0504

Acknowledgments

In addition to those named above:

Denise Molloy, Senior Program Analyst

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The Office of the Inspector General (OIG) is comprised of an Office of Audit (OA), Office of Investigations (OI), Office of the Counsel to the Inspector General (OCIG), Office of External Relations (OER), and Office of Technology and Resource Management (OTRM). To ensure compliance with policies and procedures, internal controls, and professional standards, the OIG also has a comprehensive Professional Responsibility and Quality Assurance program.

Office of Audit

OA conducts financial and performance audits of the Social Security Administration's (SSA) programs and operations and makes recommendations to ensure program objectives are achieved effectively and efficiently. Financial audits assess whether SSA's financial statements fairly present SSA's financial position, results of operations, and cash flow. Performance audits review the economy, efficiency, and effectiveness of SSA's programs and operations. OA also conducts short-term management reviews and program evaluations on issues of concern to SSA, Congress, and the general public.

Office of Investigations

OI conducts investigations related to fraud, waste, abuse, and mismanagement in SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, third parties, or SSA employees performing their official duties. This office serves as liaison to the Department of Justice on all matters relating to the investigation of SSA programs and personnel. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

Office of the Counsel to the Inspector General

OCIG provides independent legal advice and counsel to the IG on various matters, including statutes, regulations, legislation, and policy directives. OCIG also advises the IG on investigative procedures and techniques, as well as on legal implications and conclusions to be drawn from audit and investigative material. Also, OCIG administers the Civil Monetary Penalty program.

Office of External Relations

OER manages OIG's external and public affairs programs, and serves as the principal advisor on news releases and in providing information to the various news reporting services. OER develops OIG's media and public information policies, directs OIG's external and public affairs programs, and serves as the primary contact for those seeking information about OIG. OER prepares OIG publications, speeches, and presentations to internal and external organizations, and responds to Congressional correspondence.

Office of Technology and Resource Management

OTRM supports OIG by providing information management and systems security. OTRM also coordinates OIG's budget, procurement, telecommunications, facilities, and human resources. In addition, OTRM is the focal point for OIG's strategic planning function, and the development and monitoring of performance measures. In addition, OTRM receives and assigns for action allegations of criminal and administrative violations of Social Security laws, identifies fugitives receiving benefit payments from SSA, and provides technological assistance to investigations.