

Federal Housing Finance Agency
Office of Inspector General



FHFA Needs to Strengthen Controls over its Employee Transportation Benefits Programs

Audit Report • AUD-2018-013 • September 25, 2018



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September 25,
2018

Executive Summary

The Federal Housing Finance Agency (FHFA or Agency), established by the Housing and Economic Recovery Act of 2008, is responsible for the supervision, regulation, and housing mission oversight of Fannie Mae, Freddie Mac, and the Federal Home Loan Bank System. FHFA is an independent agency of the Federal Government with a workforce, excluding the Office of Inspector General (OIG), of approximately 600 examiners, economists, financial and policy analysts, attorneys, and subject matter experts in banking, insurance, technology, accounting, and legal matters. Most FHFA employees are stationed in or around the Washington, DC, metropolitan area. As of December 31, 2017, there were 490 of these non-OIG FHFA employees stationed at its Washington, DC, headquarters building (Constitution Center).

As part of its employee benefits package, FHFA provides a transportation benefit in the form of either a subsidy to those who commute to work using public transportation (transit subsidy program), or parking for those who drive themselves or are part of a carpool (parking program). FHFA employees may elect either a transit subsidy or parking, but cannot participate in both programs.

In this audit, we sought to determine whether FHFA had established sufficient controls over its transportation benefits programs for FHFA employees located in the Washington, DC metropolitan area during calendar year 2017 (audit period). (Our audit excluded OIG's controls over its transportation benefits programs for its employees.)

We found that FHFA's controls over its transportation benefits programs during calendar year 2017 were not sufficient. Our audit found that certain control activities to detect and correct instances of ineligible transit subsidy recipients were not performed, which included: no periodic reconciliation of approved transit subsidy recipients to monthly activity reports produced by the Washington Metropolitan Area Transit Authority (WMATA), no periodic reconciliation of approved transit subsidy recipients to active parking recipients, and no periodic inventory counts of WMATA SmarTrip® cards registered to FHFA and undistributed parking permits. Our audit also identified: a number of employees who received both a transit subsidy benefit and a parking benefit, former employees with access to FHFA transit subsidies, incomplete records for some recipients in FHFA's system to administer transportation benefits programs, and WMATA SmarTrip® cards issued to FHFA for which FHFA could not account. We also found that FHFA guidance for its transportation benefits programs was incomplete. Notwithstanding these control deficiencies, we found that few dollars were at risk and even fewer dollars were improperly claimed during our audit period.



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We make three recommendations in this report. In a written management response, FHFA agreed with the recommendations.

This report was prepared by James Lisle, Audit Director; Marco Uribe, Auditor-in-Charge; and Michael Rivera, Auditor; with assistance from Bob Taylor, Assistant Inspector General for Audits. We appreciate the cooperation of FHFA staff, as well as the assistance of all those who contributed to the preparation of this report.

This report has been distributed to Congress, the Office of Management and Budget, and others and will be posted on our website, www.fhfaoig.gov.

Marla A. Freedman, Deputy Inspector General for Audits /s/

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ABBREVIATIONS

FHFA	Federal Housing Finance Agency
GAO	Government Accountability Office
OCOO	Office of the Chief Operating Officer
OFOM	Office of Facilities Operations Management
OHRM	Office of Human Resources Management
OIG	Federal Housing Finance Agency Office of Inspector General
TBS	Transit Benefits System
WMATA	Washington Metropolitan Area Transit Authority

BACKGROUND

FHFA Transportation Benefits

As part of its employee benefits package, FHFA provides a transportation benefit in the form of either its transit subsidy program or parking program. FHFA employees may elect either a transit subsidy or parking but cannot participate in both programs. Within FHFA, the Office of the Chief Operating Officer (OCOO) administers both programs.

Transit Subsidy Program

FHFA's transit subsidy program pays for a participating employee's commute to work on public transportation providers such as Metrorail and Metrobus, Virginia Railway Express, or Maryland Area Regional Commuter Train Service, including parking costs at the transportation provider's station. The WMATA¹ SmartBenefits[®] tool, available to employers (without a fee), is used by FHFA to fund its transit subsidy program for participating employees. Each FHFA participating employee purchases a rechargeable SmarTrip[®] card and registers it with WMATA's SmarTrip[®]. As discussed more fully below, FHFA uses WMATA's SmartBenefits[®] tool to add a monthly approved transit subsidy to the SmarTrip[®] card for each FHFA participating employee. As of December 31, 2017, 324 FHFA employees participated in its transit subsidy program and the total cost to the Agency for calendar year 2017 was \$524,043.

Within the OCOO, the Office of Human Resources Management (OHRM) administers the transit subsidy program. OHRM also maintained an inventory of 12 SmarTrip[®] cards during 2017, which were available to employees for temporary use. An employee may request the temporary use of a card if he or she loses their registered card or is a new hire. In total, the 12 cards had a combined annual value of \$31,932, of which \$2,631 was used during calendar year 2017.²

Parking Program

FHFA has 360 parking spaces allotted to it in Constitution Center. For calendar year 2017, FHFA spent \$1,035,000 for 345 parking spaces (15 additional spaces were provided to FHFA

¹ WMATA is the largest and most utilized transit provider in the Washington, DC, metropolitan region, offering Metrorail and Metrobus options to commuters.

² The combined monthly authorized amounts for these 12 cards was \$2,661, which when annualized for calendar year 2017 equaled \$31,932.

under the lease terms). Within OCOO, the Office of Facilities Operations Management (OFOM) administers the parking benefits program.

Of the 360 spaces allotted to FHFA, 238 are available to FHFA employees as a parking benefit; 45 are reserved for temporary employee parking, parking for maintenance contractors, parking for the FHFA car fleet, and special accommodations for employees with injuries or short-term disabilities; and 77 are for use by OIG.³ As of December 31, 2017, 235 (of the 238 available spaces) were assigned to FHFA employees as a parking benefit.

OFOM maintains undistributed parking permits in a locked safe. The 45 reserved parking permits are also controlled by OFOM.

FHFA's Administration of Transportation Benefits to FHFA Employees

FHFA's Transit Benefits System (TBS) facilitates the administration of its transit subsidy and parking programs. FHFA's Office of Technology and Information Management developed TBS and is responsible for maintaining it. FHFA employees have direct access to TBS and can enroll in either the transit subsidy or parking programs using TBS.

Transit Subsidy Program Enrollment and Benefits

When an FHFA employee enrolls in FHFA's transit subsidy program, the employee logs into TBS and chooses the Public Transportation link. The employee selects the desired public transportation and inputs his or her daily transit plan, commuting costs, and SmarTrip® card number. The employee must certify (1) his or her current employment by FHFA and (2) agreement not to obtain FHFA's parking benefits while enrolled in its transit subsidy program. If an employee does not provide both certifications, TBS will not permit the employee to complete the enrollment process.

Once an employee completes his or her enrollment in TBS, OHRM reviews the enrollment to ensure that the employee has provided all required information and certifications. OHRM then determines whether to approve the employee's enrollment in the transit subsidy program. For each FHFA employee whose enrollment in the transit subsidy program is approved by OHRM, TBS maintains the date of enrollment, effective date of the transit subsidy, estimated daily transit costs, SmarTrip® card number, and certifications.

After an employee's enrollment in the transit subsidy program has been approved by OHRM, OHRM enters the employee's name, SmarTrip® card number, and monthly transit subsidy amount approved by FHFA into SmartBenefits®. SmartBenefits® then loads the transit benefit subsidy amount onto that employee's SmarTrip® card on a monthly basis. When an employee

³ OIG reimburses FHFA for its allocated parking spaces. OIG is not within the scope of this audit.

withdraws from the transit subsidy program or separates from FHFA, OHRM is responsible for removing the employee from SmartBenefits®.

WMATA bills FHFA monthly for the total authorized monthly transit subsidy amount for approved employees, less any unused transit subsidy amount from the previous month. WMATA provides FHFA with a monthly report, called the WMATA Benefits/Claims Activity Report (WMATA Monthly Activity Report), which sets forth each employee's monthly authorized transit subsidy amount and the amount of the benefit used that month.

Parking Program Enrollment and Benefits

When an FHFA employee enrolls in FHFA's parking program, the employee logs into TBS, chooses the Parking link, and selects an individual or carpool permit.⁴ The employee must certify (1) his or her current employment by FHFA and (2) agreement not to obtain FHFA's transit subsidy benefits while enrolled in its parking program. OFOM conducts the same review process of employee enrollment in the parking program as OHRM performs for the transit subsidy program. For each FHFA employee whose enrollment in the parking program is approved by OFOM, TBS maintains the date of enrollment, effective date of the parking benefit, parking permit number, and certifications.

FHFA's Guidance over its Transportation Benefits Programs

Office of Management and Budget (OMB) Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, defines management's responsibility for internal control in Federal agencies. The circular emphasizes the need to integrate and coordinate risk management and strong and effective internal control into existing business activities. It also establishes an assessment process based on the *Standards for Internal Control in the Federal Government*⁵ (known as the Green Book) that management must implement to assess and improve internal controls. The Green Book provides an overall framework for establishing and maintaining an effective internal control system. Among other things, it states that management should implement control activities through documented

⁴ FHFA holds an annual "open season" for employees to request a parking permit. When the number of employees requesting parking permits exceeds the number of parking spaces available, FHFA uses a ranking process to allocate individual parking permits. For 2017, the number of available parking spaces available to individuals exceeded the number of individual parking permits requested so FHFA did not use the ranking process.

⁵ Section 3512(c) and (d) of Title 31 of the United States Code requires the Comptroller General to issue standards for internal control in the federal government. The Green Book is published by the Government Accountability Office; see GAO-14-704G (Sep. 2014) (online at www.gao.gov/products/GAO-14-704G). The Green Book adapts for the government environment the principles related to the five components of internal control (Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring) introduced by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

policies. In May 2007, OMB issued Memorandum M-07-15, *Federal Transit Benefits Program*, in which it identified a minimum set of internal controls that should be in place at agencies that offer transit subsidy programs, including employee certification of eligibility to receive the benefit and a cross check of transit subsidy applicants against agency parking benefits records.

FHFA has implemented this guidance through written guidance for its transportation benefits programs. *Transit Benefits Processing Standard Operating Procedure* (May 2016) prescribes certain procedures and discusses responsibilities for managing and operating the transit subsidy program, and *Transit Benefits System User Guide* and *Transit Benefits System Administrator Guide* (both issued in March 2017) provide instructions and information on how to use TBS, for both employees and the program administrators. FHFA also issued its *Parking Policy* (June 2013), supplemented by OFOM's *Temporary and Permanent Parking Procedures* (July 2017), to provide guidance on the parking program for participating employees and the program administrator.

FACTS AND ANALYSIS

During our audit, we identified control weaknesses in FHFA's transportation benefits programs, including weaknesses that allowed individuals to receive a transit subsidy and a parking benefit at the same time. While control weaknesses exist, we found that few dollars were at risk during our audit period and even fewer dollars were improperly claimed.

Testing Identified Inadequate Internal Controls over FHFA's Transit Subsidy Program, Which Resulted in the Enrollment of Ineligible Individuals

Based on information learned during our interviews with OHRM and OFOM personnel, we found that control activities to detect and correct instances of ineligible individuals were not in place. OHRM and/or OFOM personnel acknowledged that they did not perform:

- Periodic reconciliation of approved transit subsidy recipients in TBS to FHFA transit subsidy recipients listed on WMATA Monthly Activity Reports;
- Periodic reconciliation of approved transit subsidy recipients to active parking recipients; and
- Periodic inventory counts of SmarTrip® cards registered to FHFA and undistributed parking permits.

We performed five audit tests to assess the adequacy of FHFA's controls over its transportation benefits programs.

- Compare FHFA employees identified in the WMATA Monthly Activity Report for December 2017 as receiving a transit subsidy to the TBS list of FHFA employees identified as recipients of parking benefits as of December 31, 2017.

Result of Test: As of December 31, 2017, our review found eight employees shown as active transit subsidy recipients on the WMATA Monthly Activity Report and as recipients of parking benefits (e.g., held a parking permit) in TBS, in violation of FHFA policy and their certification in TBS. In response to our questions, OHRM and OFOM reported that five of these eight employees received parking permits in October 2017 and were also active transit recipients and the other three employees were dual recipients of parking permits and transit subsidies for all of 2017. None of these employees had been removed from SmartBenefits® as of December 31, 2017.

To quantify the ineligible transit subsidies available to these employees, we reviewed all 2017 WMATA Monthly Activity Reports and determined that these eight employees with both transit subsidies and parking benefits had access to \$7,077 in transit subsidies. However, only five of the eight claimed any transit subsidies, which totaled \$267. The OHRM individual responsible for administering the transit benefits program (the transit benefits administrator) told us that after we brought this to FHFA's attention, the eight employees were removed from SmartBenefits®.

- For a sample of 40 individuals receiving transit subsidies, compare the name of each individual against an FHFA employee roster and the employee certification in TBS.

Result of Test: For 24 of the 40 individuals shown on the WMATA Monthly Activity Report as receiving transit subsidies, we verified that all 24 were FHFA employees and made the required certification in TBS.

For the remaining 16 individuals:

- We determined that 2 were no longer employed by FHFA, and TBS had no record of their certifications. The transit benefits administrator explained that former employees' records were deleted from the system upon their departure from FHFA. One of these individuals had separated from FHFA in 2014 and the other in 2015, but they had not been removed from SmartBenefits® as of December 31, 2017. Although these two individuals together could have claimed up to \$5,412 in FHFA transit subsidies during the audit review period, neither made any claims. Once this issue was brought to FHFA's attention, the former employees were removed from SmartBenefits®.

- We determined that 14 individuals were current FHFA employees but TBS had no record of their certifications. The transit benefits administrator reported that some employee records were removed from TBS during a “system clean-up” in 2016.⁶
- Conduct an unannounced inventory count of the 19 SmarTrip[®] cards registered to FHFA in SmartBenefits[®].

Result of Test: Our unannounced inventory count found:

- For 16 SmarTrip[®] cards registered to FHFA, the transit benefits administrator had custody or could otherwise account for the cards.
- For the other 3 SmarTrip[®] cards registered to FHFA, the administrator neither had custody nor could account for the cards. The total amount of accessible transit subsidies during 2017 for the 3 unaccounted for cards was \$8,292, of which \$1,682 was used and could not be explained. During our audit, the transit benefits administrator removed the 3 cards from SmartBenefits[®].
- For a sample of 35 individuals receiving parking benefits as of December 31, 2017, compare the names of the individuals against an FHFA employee roster and the TBS record of certification.

Results of Test: We found that all 35 parking benefit recipients selected for our eligibility test were FHFA employees and had made the required certification.

- Conduct an unannounced inventory count of FHFA’s undistributed parking permits.

Results of Test: We found that the parking administrator accounted for all undistributed parking permits.

Transportation Benefits Program Policies and Procedures Are Incomplete

The Green Book provides broad guidance on internal control and states that management should design and document in policies control activities to achieve objectives and respond to risk. These controls may be documented in management directives, administrative policies, or operating manuals.

FHFA has issued guidance for its transportation benefits program in four different documents: the *Transit Benefits Processing Standard Operating Procedure* prescribes procedures and

⁶ According to documentation provided, the system clean-up was recommended by system developers to resolve issues with employees trying to apply for parking who had previously applied for a transit subsidy.

identifies responsibilities for managing and operating the transit subsidy program; the *Transit Benefits System User Guide* provides instructions and information for employees on how to use TBS; the *Transit Benefits System Administrator Guide* provides instructions and information for transit benefits administrators and parking administrators; and OFOM's *Temporary and Permanent Parking Procedures*. Our review of this guidance found it to be incomplete because it does not describe a number of FHFA's control activities and the reasons for such controls. For example, FHFA's *Transit Benefit Processing Standard Operating Procedure* did not detail the control activities needed to ensure accurate SmartBenefits® data, TBS data integrity, or safeguarding SmarTrip® cards registered to FHFA. Similarly, OFOM's *Temporary and Permanent Parking Procedures* did not detail control activities for safeguarding undistributed parking permits and performing periodic inventory counts.

Finally, we noted that at least two obsolete transportation benefit forms remained (at the time of our fieldwork) on FHFA's intranet: the FHFA Transit Benefit Application (FHFA Form #042, November 2009) and the FHFA Bicycle Commuting Certification Form (FHFA Form #069, March 2009). The transit benefits administrator told us that the FHFA Transit Benefit Application has been replaced by the TBS transit subsidy benefits request process and the FHFA Bicycle Commuting program was an initiative that was not approved by FHFA management and never implemented.

FINDINGS

During our audit we found that FHFA's transportation benefits programs lacked sufficient controls to detect and correct instances of ineligible transit subsidy recipients. Specifically, we found:

- Control activities to detect and correct instances of ineligible individuals with access to transit or parking subsidies were not in place;
- Control activities to detect and correct instances where current employees received both a transit subsidy and a parking benefit were not in place; and
- Control activities to account for WMATA SmarTrip® cards registered to FHFA and undistributed parking permits were not in place.

Our audit identified a number of employees who received both a transit subsidy benefit and a parking benefit, former employees with access to FHFA transit subsidies, incomplete records for some recipients in FHFA's system to administer transportation benefits, and WMATA SmarTrip® cards issued to FHFA for which FHFA could not account.

We also found that FHFA guidance for its transportation benefits programs was incomplete.

CONCLUSION AND RECOMMENDATIONS

The Green Book states that management should design, and document in policy, control activities to achieve objectives and respond to risk. These controls may include verifications, reconciliations, authorizations and approvals, physical control activities, and supervisory activities, and may be documented in management directives, administrative policies, or operating manuals. We found that FHFA’s controls over transportation benefits programs for non-OIG employees located in the Washington, DC, metropolitan area during calendar year 2017 were not sufficient. While control weaknesses existed, we found that few dollars were at risk during our audit period and even fewer dollars were improperly claimed. However, the Agency should strengthen controls over the transportation benefits programs to maintain proper stewardship over resources to ensure that only current FHFA employees are receiving transportation benefits and that no employee is inappropriately receiving both a transit subsidy benefit and parking benefit at the same time.

We recommend that FHFA:

1. Develop, document, and implement control activities to ensure that (a) only current FHFA employees are receiving transportation benefits, (b) no employee is improperly participating in both transportation benefit programs, (c) TBS has a record/certification for each employee who receives a transportation benefit, and (d) SmarTrip® cards are physically controlled. Such control activities include periodic reconciliation of approved transit subsidy recipients in TBS to FHFA transit subsidy recipients listed on WMATA Monthly Activity Reports, periodic reconciliation of approved transit subsidy recipients to active parking permit recipients, and periodic inventory counts of SmarTrip® cards registered to FHFA and undistributed parking permits.
2. Ensure that TBS has accurate and up-to-date records of, and current certifications for, each FHFA employee who receives a transportation benefit.
3. Should FHFA identify, through these newly implemented controls, any individuals who improperly used transit subsidies to which they were not entitled, FHFA should determine whether to recover the amounts (taking cost/benefit into consideration).

FHFA COMMENTS AND OIG RESPONSE.....

OIG provided FHFA an opportunity to respond to a draft report of this audit. In its management response, which is provided as an Appendix to this report, FHFA agreed with all three of our recommendations and detailed the following planned corrective action.

1. OHRM will work with OFOM to develop, document, and implement controls designed to ensure that only current FHFA employees are receiving transportation benefits; no employee is benefiting from both the transit and parking programs simultaneously; records and certifications are in place for employees receiving transportation benefits; and SmarTrip® cards are physically controlled by March 31, 2019.
2. OHRM and OFOM will review the certifications for employees who receive transit benefits to confirm the records are current and accurate and determine if process enhancements are needed by March 31, 2019.
3. OHRM will implement control enhancements in response to Recommendation 1 and establish a threshold for initiating recovery action. If FHFA identifies individuals who improperly used transit benefits to which they were not entitled, FHFA will make a determination whether to recover the amounts by June 30, 2019.

We consider FHFA’s planned corrective actions responsive to our recommendations.

OBJECTIVE, SCOPE, AND METHODOLOGY

We conducted this audit to determine whether FHFA had established sufficient controls over its transportation benefits programs. The scope of this audit was FHFA employees who participated in the transit subsidy program or the parking program at Constitution Center, during calendar year 2017. The audit excluded OIG employees.

To accomplish our objective, we:

- Reviewed the following documentation:
 - OMB M-07-15 – *Federal Transit Benefits Program*. Memorandum for the Heads of Departments and Agencies (May 14, 2007)
 - GAO-14-704G, *Standards for Internal Control in the Federal Government* (September 2014)

- FHFA OHRM Standard Operating Procedure for Transit Benefits Processing (OHRM-16-05) (May 20, 2016)
- FHFA’s Transit Benefits System User Guide and Transit Benefits System Administrator Guide
- FHFA’s Parking Policy (Policy No. 703) (June 14, 2013)
- FHFA OFOM Temporary and Permanent Parking Procedures (July 2017)
- Compared FHFA transit subsidy recipients listed on the WMATA Monthly Activity Report in March, June, September, and December 2017 to the December 31, 2017, TBS list of active parking recipients to identify employees who may have been enrolled in both the transit subsidy and parking programs during 2017.
- Selected a non-projectable, random sample of 40 transit subsidy recipients (about 12 percent) from a population of over 300 employees listed on each of the WMATA Monthly Activity Reports for March, June, September, and December 2017. Ten (10) transit subsidy recipients were selected from each WMATA Monthly Activity Report. We reviewed FHFA documentation to determine whether the transit subsidy recipients were FHFA employees and had certified that they would not participate in any parking benefits program while receiving a transit subsidy benefit.
- Made inquiries regarding 19 SmarTrip® cards registered to FHFA (rather than an FHFA employee) in the December 2017 WMATA Activity Report. We assessed FHFA’s controls over the cards, reviewed available documentation to determine whether FHFA could account for each SmarTrip® card registered to FHFA, and conducted an unannounced inventory count of the cards designated for temporary use.
- Selected a non-projectable, random sample of 35 active parking benefit recipients (about 15 percent) from the population of 235 active parking benefit recipients in TBS as of December 31, 2017. We reviewed FHFA documentation to determine whether the active parking recipients were FHFA employees and had certified that they would not participate in the transit subsidy program while receiving the parking benefit.
- Obtained a record of temporary parking permit activity in 2017 and made inquiries regarding any patterns of unusually frequent use.
- Observed FHFA’s controls over undistributed parking permits, conducted an unannounced inventory count of undistributed parking permits, and reviewed documentation to determine whether FHFA could account for all parking permits.

- Interviewed FHFA personnel to gain an understanding of the transit subsidy and parking programs and the controls in place over those programs.

We conducted this performance audit from March 2018 through September 2018 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 the 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.



Federal Housing Finance Agency

MEMORANDUM

TO: Marla Freedman, Deputy Inspector General for Audit

FROM: Andrew M. Wasilisin, Director, Office of Human Resources Management
Katrina Jones, Associate Director for Agency Operations, Office of Facilities Operations Management

SUBJECT: Draft Audit Report: *FHFA Needs to Strengthen Controls over Its Employee Transportation Benefits Programs*

DATE: September 21, 2018

This Memorandum transmits the management response of the Federal Housing Finance Agency (FHFA) to the FHFA Office of Inspector General's (OIG) draft audit report entitled, *FHFA Needs to Strengthen Controls over Its Employee Transportation Benefits Programs* (Report).

Recommendation 1

Develop, document, and implement control activities to ensure that (a) only current FHFA employees are receiving transportation benefits, (b) no employee is improperly participating in both transportation benefit programs, (c) TBS has a record/certification for each employee who receives a transportation benefit, and (d) SmarTrip® cards are physically controlled. Such control activities include periodic reconciliation of approved transit subsidy recipients in TBS to FHFA transit subsidy recipients listed on WMATA Monthly Activity Reports; periodic reconciliation of approved transit subsidy recipients to active parking permit recipients; and periodic inventory counts of SmarTrip® cards registered to FHFA and undistributed parking permits.

Management Response to Recommendation 1

FHFA agrees with this recommendation. The Office of Human Resources Management (OHRM) will work with the Office of Facilities Operations Management (OFOM) to develop,

document, and implement controls designed to ensure that only current FHFA employees are receiving transportation benefits; no employee is benefitting from both the transit and parking programs simultaneously; records and certifications are in place for employees receiving transportation benefits (see response to Recommendation 2); and SmarTrip cards are physically controlled by March 31, 2019.

Recommendation 2

Ensure that TBS has accurate and up-to-date records of, and current certifications for, each FHFA employee who receives a transportation benefit.

Management Response to Recommendation 2

FHFA agrees with this recommendation. OHRM and OFOM will review the certifications for employees who receive transit benefits to confirm the records are current and accurate and determine if process enhancements are needed by March 31, 2019.

Recommendation 3

Should FHFA identify, through these newly implemented controls, any individuals who improperly used transit subsidies to which they were not entitled, FHFA should determine whether to recover the amounts (taking cost/benefit into consideration).

Management Response to Recommendation 3

FHFA agrees with this recommendation. OHRM will implement control enhancements in response to Recommendation 1 and establish a threshold for initiating recovery action. If FHFA identifies individuals who improperly used transit benefits to which they were not entitled, FHFA will make a determination whether to recover the amounts by June 30, 2019.

cc: John Major, Internal Controls and Audit Follow-up Manager
Larry Stauffer, Acting Chief Operating Office

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- Fax: 202-318-0358
- Visit: www.fhfaoig.gov/ReportFraud
- Write:

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Attn: Office of Investigations – Hotline
400 Seventh Street SW
Washington, DC 20219