



OFFICE OF THE INSPECTOR GENERAL

U.S. NUCLEAR REGULATORY COMMISSION

DEFENSE NUCLEAR FACILITIES SAFETY BOARD

Audit of NRC Region II's Management of Its Metropolitan Atlanta Rapid Transit Authority (MARTA) Transit Subsidy Program

OIG-15-A-21

September 30, 2015



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UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

**OFFICE OF THE
INSPECTOR GENERAL**

September 30, 2015

MEMORANDUM TO: Victor M. McCree
Executive Director for Operations

FROM: Stephen D. Dingbaum */RA/*
Assistant Inspector General for Audits

SUBJECT: AUDIT OF NRC REGION II'S MANAGEMENT OF ITS
METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY
(MARTA) TRANSIT SUBSIDY PROGRAM (OIG-15-A-21)

Attached is the Office of the Inspector General's (OIG) audit report titled *Audit of NRC Region II's Management of Its Metropolitan Atlanta Rapid Transit Authority (MARTA) Transit Subsidy Program*.

The report presents the results of the subject audit. Following the September 28, 2015, exit conference, agency staff indicated that they had no formal comments for inclusion in this report.

Please provide information on actions taken or planned on each of the recommendations within 30 days of the date of this memorandum. Actions taken or planned are subject to OIG followup as stated in Management Directive 6.1.

We appreciate the cooperation extended to us by members of your staff during the audit. If you have any questions or comments about our report, please contact me at (301) 415-5915 or Eric Rivera, Team Leader, at (301) 415-7032.

Attachment: As stated



Office of the Inspector General

U.S. Nuclear Regulatory Commission
Defense Nuclear Facilities Safety Board

OIG-15-A-21

September 30, 2015

Results in Brief

Why We Did This Review

The Federal Government encourages its employees to commute to and from work by public transportation. The U.S. Nuclear Regulatory Commission (NRC) has a transit subsidy benefits program that makes transit subsidies available to employees.

Federal laws, regulations, and standards require managers to establish policies and procedures to ensure program objectives are achieved and assets are safeguarded. In addition, NRC policies and procedures have guidelines to manage a transit subsidy program.

The audit objectives were to (1) evaluate Region II's Metropolitan Atlanta Rapid Transit Authority (MARTA) transit subsidy program and administration, as well as (2) determine the adequacy of internal controls and safeguarding of agency assets.

To meet these objectives, the Office of the Inspector General (OIG) assessed Region II's administration of the MARTA transit subsidy program for compliance with Federal and NRC criteria.

Audit of NRC Region II's Management of Its Metropolitan Atlanta Rapid Transit Authority (MARTA) Transit Subsidy Program

What We Found

Region II management did not provide sufficient oversight of the MARTA transit subsidy program, leading to significant internal control weaknesses and wasting more than \$160,000 of agency funds from May 2011 through April 2015.

Under a 2009 agreement and a 2012 contract between NRC and MARTA, MARTA bills NRC for employee use of public transit based on whether an employee anticipates using MARTA in any particular month. However, while Region II collects and maintains anticipated employee use data in an internal computer tracking system, this information was not communicated to the system of record for MARTA, the MARTA Partner Pages. Only one of six staff involved in program administration recalled receiving formal training from MARTA on the use of the Partner Pages before January 2015.

In addition, (1) Region II staff did not maintain all required documentation related to the MARTA contract as required by the Federal Acquisition Regulation, (2) not all contracting officer representatives (COR) responsible for invoice review had timely written delegations of authority from the contracting officer on file, (3) Region II could not produce copies of the forms used by employees to sign up for the transit subsidy benefit for all MARTA users and none of the available forms had evidence of required supervisory review, and (4) fiscal year 2012 invoice records were incomplete and not all available invoices had evidence of COR review.

What We Recommend

This report makes recommendations that will strengthen internal controls and align this program with agency and governmentwide best practices. Management stated their general agreement with this report and that they have initiated actions to correct the deficiencies identified.

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ABBREVIATIONS AND ACRONYMS

COR	Contracting Officer's Representative
DOT	Department of Transportation
FMFIA	Federal Managers' Financial Integrity Act of 1982
FY	Fiscal Year
GAO	Government Accountability Office
GG	General Grade
MARTA	Metropolitan Atlanta Rapid Transit Authority
MD	Management Directive
NRC	U.S. Nuclear Regulatory Commission
OIG	Office of the Inspector General
TRANServe	Office of Transportation Services

I. BACKGROUND

The Federal Government encourages its employees to commute to and from work by public transportation. Congress passed the Federal Employees Clean Air Incentives Act in December 1993 with the goal to improve air quality and reduce traffic congestion. On April 21, 2000, President Clinton signed Executive Order 13150, Federal Workforce Transportation, which directed all Federal agencies to implement a mass transportation and vanpool transportation fringe benefit program no later than October 1, 2000. The current benefit is \$130 per month.

The U.S. Nuclear Regulatory Commission (NRC) has a transit subsidy benefits program available to all employees (see Table 1).

Table 1. NRC Fiscal Year (FY) 2015 Estimated Transit Subsidy Use

Estimated Transit Subsidy Use by Location			
NRC Location	Employees	Subsidy Users	Percent (%)
Headquarters	2,810	840	29.89
Region I	230	2	.87
Region II ¹	300	150	50.00
Technical Training Center	40	0	0.00
Region III	220	4	1.82
Region IV	200	0	0.00
Total	3,800	996	26.21

Source: Office of the Inspector General (OIG) created based on NRC data

Program Guidance

NRC's Management Directive (MD) 13.4, *Transportation Management*,² provides NRC staff with guidelines on the use of Public Transit Subsidy Programs and specifies eligibility requirements for public transit subsidy benefits (i.e., employees using authorized public transportation to commute to and from work). The policy and guidance in this MD apply to all NRC employees and state that Regions I, II, III, and IV have

¹ Region II's subsidy users include an average of 73 Metropolitan Atlanta Rapid Transit Authority (MARTA) monthly pass holders as well as 77 users of other regional transit options.

² The original MD was published in August 2005 and revised as of February 19, 2013.

similar subsidy programs. Regional employees may participate in these programs by completing an application form provided by their Division of Resource Management and Administration.

In accordance with MD 13.4, Region II established its own public transit subsidy program. Regional Office Instruction No. 0290, *Region II Transportation and Facility Management Programs*,³ names the Division of Resource Management and Administration Director as responsible for transportation program implementation and training of Region II employees on the proper use of the program. The Regional Office Instruction further identifies the MARTA as a regional transit partner.

Region II Partnership with MARTA

In December 2009, the Region II Division of Resource Management and Administration Director signed a Partnership Program Agreement with MARTA for discounted transit passes provided via NRC to Region II employees. (See Figure 1 for a partial Region II organization chart.) The agreement identified an NRC program administrator⁴ to monitor and administer the agreement, which states

[NRC] shall be responsible for uploading all monthly card benefits to the Partner Pages⁵ by midnight of the 22nd day of the month prior to the benefit month. These uploads into the Partner Pages include information on the activation and deactivation⁶ of the MARTA monthly pass benefit. The Partner's [NRC in this case] failure to meet this deadline may cause a delay in the activation of benefits and/or incorrect billing.

To support program administrators, MARTA provides the necessary information needed to access MARTA Partner Pages and to manage

³ This document was first published on May 8, 2013.

⁴ This report uses the term program administrator to refer to non-managerial staff serving as program administrator, partner's representative, or project officer. All these titles refer to persons with the same program responsibilities.

⁵ Partner Pages are MARTA's Web interface system that Partnership Program Agreement signatories use to manage and maintain their account.

⁶ MARTA has two statuses for Breeze Cards. "Activated" provides a monthly transit subsidy benefit loaded on a Breeze Card. "Deactivated" is used for cardholders who do not expect to ride MARTA in the upcoming month; thus, no transit subsidy benefit is loaded on a deactivated card.

and maintain an established account. MARTA staff will provide onsite training upon request.

MARTA Breeze Card

Region II employees ride MARTA by using a monthly Breeze Card, an electronic fare card. MARTA rail has a flat-fee structure and each Breeze Card currently costs NRC \$92.15 per month for all cards activated within the MARTA Partner Pages, regardless of the level of usage. Conversely, NRC does not pay for cards deactivated in the MARTA Partner Pages.



MARTA Breeze Card image (above) source from <http://www.breezecard.com/>

Since April 2010, Region II employees complete a Form 546 and log into the NRC's MARTA Management System⁷ a Web-based application created by Region II, to request a Breeze Card. The program administrator links the serial number of an unassigned Breeze Card to the requesting employee within the NRC's MARTA Management System.

Region II uses NRC's MARTA Management System to collect information about planned Breeze Card use in the following month. The Region II program administrator sends all Breeze Card holders a monthly email reminding users to "opt-in"⁸ or not for the upcoming month in NRC's MARTA Management System and includes the phrase, "Those who do not opt-in will have their breeze card deactivated." This step represents the employee's duty to report planned MARTA use in the following month.

NRC Contract

In 2011, Region II staff worked with NRC Division of Contracts staff to develop a contract between NRC and MARTA. This contract was executed in January 2012 by an NRC contracting officer at NRC headquarters and a MARTA staff member. Similar to the 2009

⁷ NRC's MARTA Management System helps program administrators manage the MARTA transit subsidy program. This application is internal only to NRC and is not linked to MARTA Partner Pages.

⁸ "Opt-in" is an NRC-internal term for the request of a Breeze Card to be activated for the next month within NRC's MARTA Management System.

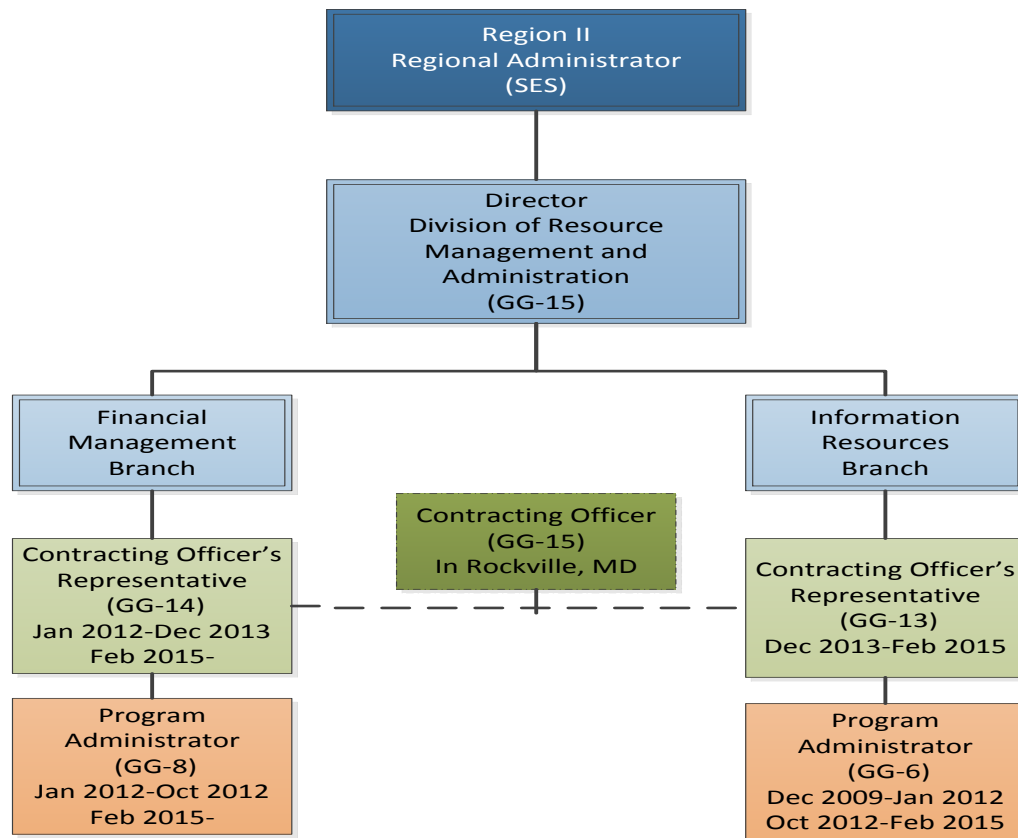
agreement, the 2012 contract also has explicit instructions for placing monthly orders:

Region II authorized officials [Contracting Officer's Representative (COR) or program administrator] will upload participants monthly Breeze Card values via MARTA's website [Partner Pages] in accordance with MARTA Breeze Card guidelines.... The Contractor's [MARTA's] invoice shall reflect the agency's monthly usage based on the information provided.

This step represents NRC's duty to report planned Breeze Card activations and deactivations to MARTA.

In the 2012 contract, COR duties were assigned to a Region II General Grade (GG) 14 manager in the Financial Management Branch. The COR is to place delivery orders, monitor contractor performance, inspect and accept products, and review contractor invoices. The contract also named an additional, non-managerial Financial Management Branch GG-8 employee as program administrator. In September 2012, the duties of the program administrator were transferred to a GG-6 employee in the Information Resources Branch who was not named in the contract. In December 2013, the original COR was replaced by a GG-13 employee who is in the Information Resources Branch. In February 2015, the COR and program administrator duties were reassigned to the Financial Management Branch (see Figure 1).

Figure 1: Region II Contract Administration Organization Chart



Source: OIG created from NRC information

Issue Identified

In December 2014, an alternate COR, from the Information Resources Branch, noticed some inconsistencies in the ordering procedures and invoice totals. When the alternate COR was asked to approve an invoice in January 2015, similar discrepancies were noted. The alternate COR reported the issue to Region II management. This led to an internal review by Region II staff that identified some issues related to Region II's management of the MARTA transit subsidy program. On February 9, 2015, Region II management asked the OIG to complete a more indepth review.

II. OBJECTIVES

The audit objectives were to (1) evaluate Region II's MARTA transit subsidy program and administration, as well as (2) determine the adequacy of internal controls and safeguarding of agency assets. The report appendix contains information on the audit scope and methodology.

III. FINDING

Region II's MARTA transit subsidy program has significant internal control weaknesses and deviations from best practices.

In addition, related to contract administration issues, OIG proposes to address this topic in a planned FY 2016 audit, Audit of NRC's Contract Administration Process.

Significant Internal Control Weaknesses and Deviations from Best Practices

Region II management did not provide sufficient oversight of the MARTA transit subsidy program, leading to significant internal control weaknesses. As a result, Region II wasted more than \$160,000 of agency funds.

What Is Required

Federal laws, regulations, and standards require managers to establish policies and procedures to ensure program objectives are achieved and assets are safeguarded. In addition, NRC policies and procedures have guidelines to manage a transit subsidy program. Moreover, other Federal agencies' best practices provide insight into an opportunity for NRC to better manage its transit subsidy program.

Federal Laws, Regulations, and Standards

The U.S. Government Accountability Office (GAO) *Standards for Internal Control in the Federal Government*⁹ states that internal controls are an integral component of an organization's management that provides reasonable assurance that operations are effective, efficient, comply with applicable laws and regulations, and financial reporting is reliable. To support internal controls, management needs to identify appropriate knowledge and skills needed for various jobs, and provide needed training and guidance.

Internal control standards also state that control activities should be effective and efficient in helping to accomplish the agency's control objectives. Examples of key control activities include ensuring that transactions and other significant events are authorized and executed only by persons acting within the scope of their authority. Management must provide top level reviews of actual performance, establish proper segregation of duties, and ensure the accurate and timely recording and retention of documentation supporting transactions and events. With regard to information systems, management is responsible to ensure that only authorized users have access to systems and networks.

Internal control standards further require management to ensure that the organization has relevant, reliable, and timely communications related to internal as well as external events and that the information is identified, captured, and distributed in a form and time frame that permits people to perform their duties efficiently. Managers need both operational and financial data to determine whether they are meeting their goals related to effective and efficient use of resources.

The Federal Managers' Financial Integrity Act of 1982 (FMFIA) requires ongoing evaluations and reports of the adequacy of the systems of internal accounting and administrative control of each executive agency. Specifically, FMFIA requires that the agency annually provide reasonable assurance that funds are safeguarded against waste and loss.

The Federal Acquisition Regulation is the primary guidance used by all Federal agencies to acquire supplies and services. Contracting officers

⁹GAO Standards for Internal Control in the Federal Government GAO/AIMD-00-21.3.1, November, 1999.

shall designate and authorize in writing a COR to perform specified contract administration duties. COR duties may not be redelegated.

The Federal Acquisition Regulation also has specific documentation requirements related to the procurement and administration of contracts. Documentation includes the basis for the contract award, such as acquisition planning and assignment of contract administration, including payment responsibilities. The file must include invoices, records of payments, and other pertinent documents. These files must be readily accessible to principal users and retained for at least 3 years after the final payment on the contract.

NRC Guidance

NRC's MD 13.4, *Transportation Management*, specifies eligibility requirements for employees using public transportation subsidies to commute to and from work. All employees who wish to receive public transportation subsidy benefits must complete a Form 546, *NRC Transit Subsidy Benefits Program Application*. Employees certify their home address, duty location, and work schedule. Supervisors sign the form to certify duty hours. MD 13.4 provides that employees who have a monthly parking pass at an NRC building may not receive a transit subsidy benefit.

Region II's Regional Office Instruction No. 0209, effective May 8, 2013, references MD 13.4 and states that the Division of Resource Management and Administration Director is responsible to the Regional Administrator for transportation program implementation and training of Region II employees on the proper use of NRC's traffic mitigation programs, including transit subsidy use.

Best Practices

Federal agencies throughout the United States use the Department of Transportation's (DOT) Office of Transportation Services (TRANServe) debit card program. In 1998, TRANServe began offering transit benefit distribution services to other Federal entities participating in the Federal Government's transit benefit program. In 2011, TRANServe began distributing transit benefits via debit cards in place of paper vouchers where accepted by transit authorities. MARTA participates in the TRANServe program. In FY 2014, TRANServe distributed transit subsidy

benefits to over 202,000 transit-benefit participants employed by 106 Federal entities nationwide, mostly through the TRANServe debit card. On May 29, 2015, GAO released a report, *Federal Transit Benefit Program: DOT's Debit-Card Internal Controls Are Designed to Be Consistent with Federal Standards*, GAO-15-497, which found that the program's internal controls align with GAO's *Standards for Internal Control in the Federal Government*.

What We Found

Significant Internal Control Weaknesses

Region II's MARTA transit subsidy program has significant internal control weaknesses. Specifically, staff overseeing the program did not (1) have sufficient training and guidance related to the public transportation subsidy program and contract administration, (2) maintain required contract documentation, and (3) reconcile transit service invoices to Region II actual MARTA use.

Training and Guidance

Program staff had insufficient training and guidance for contract administration. There is no record that the Region II Division of Resource Management and Administration Director who signed the 2009 agreement received formal contracting officer training. Five of the six non-managerial staff designated as program administrators did not receive COR training. The NRC contract signed in 2012 authorized the COR and four additional program administrators to place delivery orders under this contract. In September 2012, program administration tasks were assigned to an individual not named in any contractual documents.

In addition, staff had insufficient training and guidance for program administration. Only one of six staff recalled receiving formal training from MARTA on the use of their Partner Pages before January 2015. Further, the written policies and procedures available to Region II staff regarding the transit subsidy program were silent on communicating planned Breeze Card activations and deactivations to MARTA.

Documentation

Region II staff did not maintain all required documentation related to MARTA contractual agreements as required by the Federal Acquisition Regulation. Region II staff and management interviewed in May and June 2015 did not know of the existence of the December 2009 Partnership Program Agreement with MARTA and could not produce a copy when asked by the auditors about possible prior contractual arrangements. The warrant¹⁰ for the Division of Resource Management and Administration Director who signed the agreement is limited to purchases that do not exceed \$25,000 in the aggregate. Further, the contract file reviewed by the auditors had inadequate evidence of market research¹¹ to support the choice of the contract vehicle used in the January 2012 contract.

In addition, not all CORs assigned to this contract had timely written delegations of authority from the contracting officer on file. There is no written record of a delegation to all staff named as program administrators in the contract file.

Region II staff did not maintain all required documentation related to the MARTA public transit subsidy program. Region II staff could not provide copies of the Forms 546 for all persons using the MARTA Breeze Card. Region II staff eventually provided forms for 115 of 132 identified Breeze Card holders. None of the Forms 546 provided had evidence of supervisory review of hours of work. Furthermore, Region II staff could not produce copies of all invoices paid to MARTA and not all available invoices had evidence of COR review.

Lastly, before June 2015, NRC's MARTA Management System did not retain archival data for staff who left NRC. Thus, it is not possible to verify actual past MARTA use by former NRC employees.

Data Reconciliation

There was no documentation provided to auditors to indicate operational data sources were reviewed for Region II employee compliance with

¹⁰ Warrant is an official document designating an individual as a contracting officer.

¹¹ "Market research" means collecting and analyzing information about capabilities within the market to satisfy agency needs.

program requirements and that operational data was reconciled to financial data.

For example, there is no evidence to support that program administrators confirmed staff had a valid Form 546 on file before issuing a MARTA Breeze Card. Two Region II employees used NRC's transit subsidy benefit before completing a Form 546. Region II staff indicated they did not compare Forms 546 to the parking list to verify whether staff concurrently received employer provided parking and transit subsidy. OIG determined that four individuals received both for a sum total of 18 months over a 4-year period.

There was no reconciliation between financial data, namely invoices, and operational data, namely usage data. Specifically,

- "Opt-in" information was not properly communicated within Region II and to MARTA. Changes in employee Breeze Card anticipated use were recorded via the "opt-in" process in NRC's MARTA Management System, but this information was not transferred to the system of record for MARTA, the MARTA Partner Pages.
- "Opt-in" information in the NRC's MARTA Management System was not compared to invoice amounts.
- "Opt-in" information was not compared to actual ridership information available from the MARTA Partner Pages.

NRC program staff was confused by the similarity of the names of NRC's MARTA Management System and the MARTA Partner Pages. Staff did not understand that information in the NRC developed MARTA Management System was not automatically recorded in the MARTA Partner Pages. Finally, non-program administrator staff accessed NRC's MARTA Management System and made changes to the MARTA "opt-in" data.

Why This Occurred

Lack of Management Oversight

Region II management did not provide sufficient oversight and follow best practices for procurement of transit subsidy services and for managing the MARTA transit subsidy program. Management was unaware of

- Inadequate training and inadequate policies and procedures for contracting and program staff.
- Alternative contractual mechanisms to provide transit subsidy services such as the DOT Debit-Card program.
- Lack of evidence of supervisory review on Forms 546, an agency best practice.
- Available operational data sources and the lack of operational and financial data reconciliation.
- Inadequate document retention policies and practices.
- Lack of periodic audits of administrator access of NRC's MARTA Management System.
- Staff confusion between NRC's MARTA Management System and the MARTA Partner Pages.
- COR redelegation of contract administration tasks to poorly trained staff.

These internal control weaknesses were not found until after December 2014; therefore, they were not reported in previous Region II FMFIA submissions. Region II management acknowledges these weaknesses and stated that they are working on correcting the issues.

Why This Is Important

Weak internal controls over this program led to errors in contracting and program administration, and wasted more than \$160,000 of agency funds (see Table 2).¹² Without correcting these significant internal control

¹² The estimate of wasted funds is conservative due to lack of documentation for the entire period. Region II was unable to provide invoices for all months under review. MARTA was able to provide additional invoices, but not

issues, Region II will continue wasting agency funds and mismanaging the program.

OIG estimated waste by comparing NRC's Breeze Card "opt-in" information as shown in the NRC's MARTA Management System to the number of cards billed as "activated" on the MARTA invoice for the corresponding month. The difference represents the estimate of waste. This waste occurred because while NRC internally tracked which employees "opt-in," NRC did not communicate this information to MARTA. Thus, MARTA charged NRC for all activated cards each month per MARTA records. OIG evaluated only months for which both NRC's MARTA Management System data and MARTA invoices were available. Months with incomplete data are not included in the chart.

Table 2: Estimated Waste

FY ¹³	NRC Information		MARTA Invoices		Difference	
	Number of "opt-in" Breeze Cards	Cost	Number of Activated Breeze Cards	Cost	Number of Breeze Cards	Cost
2011	306	\$ 20,183.76	459	\$ 30,275.64	153	\$ 10,091.88
2012	599	\$ 55,197.85	976	\$ 89,938.40	377	\$ 34,740.55
2013	752	\$ 69,296.80	1,257	\$115,832.55	505	\$ 46,535.75
2014	783	\$ 72,153.45	1,355	\$124,863.25	572	\$ 52,709.80
2015	470	\$ 43,310.50	675	\$ 62,201.25	205	\$ 18,890.75
Total	2,910	\$260,142.36	4,722	\$423,111.09	1,812	\$162,968.73

Source: OIG created from Region II and MARTA data

In addition to the financial impact, weak policies regarding system access controls led to access of NRC's MARTA Management System as an administrative user by an employee who was not assigned program administrator duties at the time. These weak administrative user access controls increase the likelihood of fraud, waste, and abuse.

for the entire period. Additionally, because NRC's MARTA Management System does not retain archival information related to staff who have left NRC service, the count of Region II Breeze Card users may be misstated.

¹³ For FY 2011, five MARTA invoices, from May through September 2011, were available for review. For FY 2012, 10 MARTA invoices, December 2011 to September 2012, were available. For FY 2013 and FY 2014, all 12 MARTA invoices were available. For FY 2015, seven MARTA invoices, October 2014 through April 2015, were reviewed.

Recommendations

OIG recommends that the Executive Director for Operations

1. Establish guidance for managing the MARTA transit subsidy program, including detailed policies, procedures, and training for both Contracting Officer's Representatives and other staff who work on or utilize the transit benefit subsidy program.
2. Conduct a cost-benefit analysis on the use of alternative contracting mechanisms employed by other Federal agencies, such as the Department of Transportation's Debit-Card program.
3. Implement supervisory review of the Forms 546, NRC's MARTA Management System "opt-in" data, the MARTA Partner Pages usage data, and MARTA invoices.
4. Perform reconciliation of transit data including
 - Persons who park at Region II headquarters to persons receiving a transit subsidy benefit.
 - Forms 546 to persons receiving a transit subsidy benefit.
 - Monthly count of persons "opting-in" in NRC's MARTA Management System to the MARTA usage report from the MARTA Partner Pages for the corresponding month.
 - Monthly count of persons "opting-in" in NRC's MARTA Management System to the number of Breeze Cards billed on the corresponding monthly invoice from MARTA.
5. Maintain records such as the contract file (contract, delegation letters, invoices, communication with vendor) per records retention requirements in the Federal Acquisition Regulation, and maintain Forms 546 for as long as the employee receives a transit subsidy benefit.
6. Periodically audit system access of administrative users in the NRC's MARTA Management System.

7. Change the name of the NRC's MARTA Management System to clearly differentiate and indicate that this application belongs to NRC and is not part of MARTA.
8. Include the issues found in this audit in Region II's review for its FY 2015 Federal Manager's Financial Integrity Act submission.

IV. AGENCY COMMENTS

An exit briefing was held with the agency on September 28, 2015. Prior to this meeting, agency management reviewed a discussion draft and provided comments that have been incorporated into this report as appropriate. As a result, agency management stated their general agreement with this report and chose not to provide formal comments for inclusion in this report.

In addition, at the exit briefing, agency management highlighted some of the corrective actions taken before and during the audit to mitigate issues identified in this report.

OBJECTIVES, SCOPE, AND METHODOLOGY

Objectives

The audit objectives were to (1) evaluate Region II's MARTA transit subsidy program and administration, as well as (2) determine the adequacy of internal controls and safeguarding of agency assets.

Scope

This audit focused on adequacy of internal controls over NRC's MARTA transit subsidy program and administration, and safeguarding of agency assets. OIG analyzed contractual agreements between NRC and MARTA dated December 2009 and January 2012, and transaction information from FYs 2011 to 2015. OIG developed audit procedures to address specific areas of internal control over Federal transit subsidy benefits specifically those related to Breeze Cards, based on document reviews and interviews with staff at headquarters, Region II, and MARTA officials.

OIG conducted this performance audit at NRC headquarters in Rockville, Maryland, and Region II and MARTA offices located in Atlanta, Georgia, from May 2015 through August 2015. OIG reviewed and analyzed internal controls related to the audit objectives. Throughout the audit, auditors were aware of the possibility of fraud, waste, and abuse in the program.

Limitations on the Scope of Our Work

There were limitations on the scope of our audit work; namely, there are missing invoices that neither Region II nor MARTA were able to provide. Prior to June 2015, NRC's MARTA Management System did not retain "opt-in" data related to MARTA riders who subsequently left NRC employment. These scope limitations result in our inability to accurately estimate the amount of wasted payment by Region II to MARTA.

Methodology

To accomplish the audit objectives, OIG reviewed relevant Federal laws, regulations, and guidance including

- General Services Administration, Department of Defense, and National Aeronautics and Space Administration, *Federal Acquisition Regulation*, March 2005.
- Government Accountability Office, *Standards for Internal Control in the Federal Government* version GAO/AIMD-00-21.3.1, November 1999.
- Executive Order 13150, *Federal Workforce Transportation*.

In terms of NRC guidance, OIG staff also reviewed

- MD 11.1, *NRC Acquisition of Supplies and Services*.
- MD 13.4, *Transportation Management*.
- NRC Form 546, *NRC Transit Subsidy Benefits Program Application*, last updated in June 2015.
- Region II policies and procedures specific to management of its transit subsidy program.

OIG analyzed the following documents and data for completeness, gaps, discrepancies, and violations of policy and regulations:

- Two contractual documents between NRC and MARTA: one dated December 2009, and the other dated January 2012.
- Delegation of authority documents between contracting officers and CORs.
- Region II's parking benefit report.
- NRC's MARTA Management System data.
- MARTA Partner Pages data.
- Region II's Forms 546.
- MARTA invoices.

OIG interviewed staff from NRC's Office of the General Counsel, Office of Administration, and Region II to obtain insights on the agency's process for internal controls over transit subsidy program management. OIG interviewed MARTA officials to obtain their perspective on the MARTA Partnership Program.

OIG reviewed the transit subsidy programs in NRC headquarters, Region I, and Region III for insight into agency public transit subsidy program administration.

OIG benchmarked transit subsidy management programs with other Federal offices located in Atlanta, Georgia. OIG reviewed transit subsidy program management options including the DOT Debit-Card program. We also reviewed GAO's report, *Federal Transit Benefit Program: DOT's Debit-Card Internal Controls Are Designed to Be Consistent with Federal Standards*, GAO-15-497, May 2015.

We conducted this performance audit in accordance with generally accepted Government auditing standards (except as noted earlier with regard to invoice access and NRC's MARTA Management System historical data). Those standards require that we plan and perform the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. Except for the scope limitation regarding access to invoices and NRC's MARTA Management System historical data, we believe that the evidence obtained provides a reasonable basis for our finding and conclusions based on our audit objectives.

The audit was conducted by Eric Rivera, Team Leader; Mary Meier, Audit Manager; Tincy Thomas, Senior Auditor; Jimmy Wong, Management Analyst; Chanel Stridiron, Auditor; and Elan Becker, Student Intern.

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Rockville, MD 20852

COMMENTS AND SUGGESTIONS

If you wish to provide comments on this report, please email OIG using this [link](#).

In addition, if you have suggestions for future OIG audits, please provide them using this [link](#).