



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D. C. 20503

THE CONTROLLER

APR 27 2012

Mr. Brodi Fontenot  
Deputy Assistant Secretary for Administration  
Department of Transportation  
West Bldg 81-316  
1200 New Jersey Ave, SE  
Washington, DC 20590

Dear Mr. Fontenot:

The Federal Transit Benefit Program is an important tool to help address urban roadway congestion in the National Capital Region and cities across the Nation. The benefit is designed to subsidize employees' cost for using public transportation to travel between their residence and place of employment.

It is important to preserve the benefits of this program while eliminating the opportunity for waste, fraud and abuse. Federal employees are responsible for certifying that the amount of transit benefit subsidy received does not exceed their actual monthly commuting cost. Overestimating transit cost, giving or selling the transit benefit to others, or purchasing fare media from unauthorized sources is prohibited. Also, excludable qualified transportation fringe benefits are calculated on a monthly basis (26CFR1.132-9); therefore, employees are not permitted to accumulate fare media in excess of their actual monthly commuting costs or to use accumulated fare media (acquired with tax-exempt subsidies) to offset commuting costs in subsequent months. Finally, employees who misuse transit benefits are subject to appropriate administrative action, including discipline and disqualification from the Federal Transit Benefit Program.

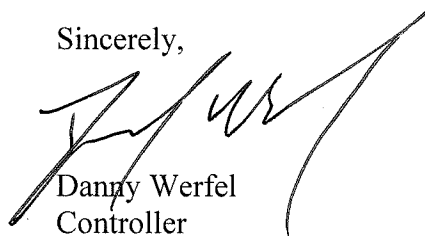
The Office of Management and Budget has been advised that excess transit benefits may be accumulating in the situation where transit benefits are used for vanpool services between the employee's residence and place of employment. The following corrective action is required for any such excess transit benefits that are accumulating on accounts for Federal employees:

- (1) The excess transit benefits must be returned to the Treasury, and
- (2) Federal agencies must strengthen their internal controls to ensure consistent compliance with the provisions of the Federal Transit Benefit Program and with the Internal Revenue Code and the Treasury Regulations.

To facilitate the timely return to the Treasury of excess transit benefits, and to prevent the future accumulation of excess transit benefits, the Office of Management and Budget designates the Department of Transportation, Office of the Assistant Secretary for Administration, as the lead Federal agency to inform commercial vanpool companies of the Federal internal controls that govern the Transit Benefit Program and to assist in the timely return of the Federal funds.

Note that this designation represents managerial direction and does not convey additional legal authority to the Department of Transportation. Pursuant to this direction, we expect the Office of Assistant Secretary for Administration to be responsible for the recovery, to extent practicable, of excess transit benefits provided to van pool riders, including both customers of TransServe and van pool riders received benefits through other channels. As an initial step, the Transportation Department will notify the senior leadership of the relevant Federal agencies of the need for prompt corrective action and provide them a list of the minimal internal controls that are required in order for the agency to operate a compliant program.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Werfel', is written over the typed name and title.

Danny Werfel  
Controller