

Washington Metropolitan Area Transit Authority
Board Action/Information Summary

<input checked="" type="radio"/> Action <input type="radio"/> Information	MEAD Number: 100609	Resolution: <input type="radio"/> Yes <input checked="" type="radio"/> No
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TITLE:

Forensic Accounting Services

PURPOSE:

Request Board approval to award a contract for forensic accounting services to support Metro`s property insurance claim, including business interruption and extra expense, as a result of the June 22, 2009 Red Line accident.

DESCRIPTION:

This request supports Metro`s goal of using resources wisely. It seeks to maximize Metro`s recovery under the property insurance program. Metro will enlist a professional forensic accounting firm to mine Metro payroll and accounting databases and other information sources for documentation to support Metro`s claim for physical damage, business interruption and extra expense as a result of the June 22, 2009 accident. Multimillion dollar property claims require outside expertise to accurately assemble all supporting documentation required by the insurance company to justify and maximize claims. Most importantly, the use of an outside expert to put the claim package together should expedite interim claim payments from the insurer to Metro to help close the current fiscal year budget gap.

Efforts lead by the Office of the Treasurer produced an assessment on:

1) the systems and processes Metro currently has in place to track and capture all of the relevant expenses from the accident; and 2) reviewed Metro`s property insurance program to determine if detailed forensic accounting efforts were needed to help us maximize the insurance recovery. The assessment determined that Metro`s property policy does provide business interruption and extra expense coverage, as well as reimbursement for the cost of outside services to assess and assemble the claim. To maximize the property insurance recovery it is recommended that Metro utilize forensic accounting efforts. Due to the urgent nature and required timing of a claims recovery for this year, staff immediately issued an RFP to gather the required information.

Five proposals were received offering to perform forensic accounting services

and to develop Metro`s property claim for physical damage, business interruption and extra expense resulting from the June 22, 2009 accident on the Red Line. The chosen Contractor will assemble the claim, quantify and accurately document the claims and implement a strategy to expedite settlement and maximize the insurance recovery. The Office of the Treasurer expects to receive a complete and well documented claim for submission to the insurance adjuster within eight months of contract award date; and receive interim claim payments within three months of contract award.

FUNDING IMPACT:

Budget: **Operating Budget, Fiscal 2010**

Office: **Treasurer**

Account: SVS PRO Other Consultants(recovered funds)

This Action: **Not to Exceed \$400,000**

Remarks: The cost of this action is expected to be reimbursed in the claim settlement.

	FY2010
Budget:	\$400,000
This Action:	Not to Exceed \$400,000
Prior Approval:	\$ 0
Remaining Budget:	\$ 0

RECOMMENDATION:

Approval to award forensic accounting services contract to maximize Metro`s property insurance recovery from the June 22, 2009 Red Line accident.