



**Fiscal 2007 Proposed Budget
Briefing**
Department of Audit Safety and Oversight

**Budget Committee
January 26, 2006**

27 Budgeted Positions



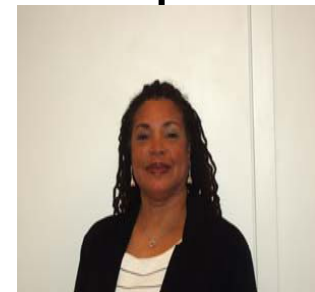
James C. Stewart
Auditor General



William T. Raymond
Manager
Contract Audit



Robin A. Howard
Manager
Internal Audit



Barbara Jackson-Williams
Manager
Control Self Assessment

MISSION STATEMENT: Our vision is to provide value-added quality audit and consultative services that consistently satisfy our customers and that will assist Metro in achieving the highest level of quality performance and excellence.



Operating Expense:

\$ Millions

	FY2006	FY2007	Change	
Labor	\$2.1	\$2.1	\$0.0	
Fringes	0.7	0.7	0.0	
Services	0.0	0.0	0.0	
Materials	0.0	0.0	0.0	
Other	0.0	0.0	0.0	
Total	\$2.8	\$2.9	\$0.1	2.0%

	FY2006	FY2007	Change	
Capital Expense	\$0.0	\$0.0	\$0.0	0.0%

	FY2007	FY2006
Budgeted Positions	27	0

- Labor is the major cost driver for the Office of Auditor General
- No Position Increases
- The major cost driver in non-personnel costs under Other Expenses, is travel (\$22,026) which is necessary for the contract auditors to perform field audits at the Contractor's home office (where the accounting records are maintained)



Workload Indicators:

- Number of audit reports issued
- Amount of recommended reductions in costs on proposals/claims by Contractors
- Number of recommendations on internal audit related reports
- Number of recommendations implemented
- Number of audit reports issued tracks output of the office
- Recommended reductions in costs on proposals/claims tracks recommended savings to WMATA as a result of the contract audit program
- Number of recommendations measures the recommended improvements made in efficiency/effectiveness as a result of internal audit program
- Number of recommendations implemented is a measure of the acceptance/effectiveness of the recommendations made



Work Product/Scope

Management/Administration of Office: 2 Positions

- Coordinate External Audit Activities including GAO, DOT IG and FTA
- Ensure compliance with Intervention/follow-up on Audit Recommendations

Internal Audit: 9 Positions

- Review, Evaluate and Monitor the Risks, Internal Controls and Processes for Cash Processes, Debit/Credit Card Transactions, Parking Lot Revenues, Paratransit Program , Other Revenue Sources and Electronic Processes
- Review Efficiency and Effectiveness of Operating and Administrative Processes

Information Technology Audits: 3 Positions

- Participate as Subject Matter Experts and Review Information Systems under Development including ITRP
- Continue Evaluation of Security Issues Pertaining to Information Systems



Work Product/Scope

Investigations: 2 Positions

- Monitor the General Manager's Efficiency Hotline and Conduct Investigations of Allegations of Fraud, Waste and Abuse as Appropriate

Control Self Assessment: 2 Positions

- Control Self Assessment Program Evaluating Internal Control Issues and Risk Analysis with Participating Employees

Contract Audit: 9 Positions

- Pre-Negotiation Audits of Sole Source Contracts, Modifications/Proposals Proposals and Sole Source Procurements for Construction, Architect/Engineering Contracts and Equipment and Equipment Related Contracts
- Participation/Oversight of Bus and Railcar Purchase/Rehabilitation Contracts, Radio Contract and Bus Fare Box Procurement



Output

- During FY 2005, we issued 185 audit reports as follows:
 - 37 Contract Audit Reports
 - 129 Contract Audit Memoranda on Proposals and Audits of Contractor Overhead/Billing Rates
 - 12 Internal Audit Reports
 - 4 Investigation Reports
 - 2 Information Technology Reports
 - 1 Control Self Assessment Report

- Received 146 calls on the General Manager's Efficiency Hotline which required various actions by our office to include investigations, referrals and advice to the callers.

- Coordinated the external audit and several audits by GAO and FTA.

- Issued 95 contract audit reports/memoranda representing \$110.5 million in proposals/claims and recommended adjustments of \$10 million.



Output

- Made 195 recommendations for improvements on internal audits, investigation reports, control self assessment report and information technology reports.
- 100 of the recommendations have been implemented as of December 31, 2005 and the remaining 95 are in the process of being implemented.

Goals

- Our goals for FY 2007 pertain to issuance of audit reports, recommended adjustments on contract audits of contractors/suppliers, handling of calls to the General Manager's Efficiency Hotline and recommendations for improvement and implementation of the recommendations.



Improvements Resulting From Proposed Budget:

- Recommended savings in contract audit reports helps to reduce capital expenses, reduces opportunity for contractors to charge excessive amounts on claims/changes and improves the administration of the procurement process
- Internal audit recommendations help to improve efficiency/effectiveness of the operations of WMATA
- Control Self Assessment workshops enable employees involved with the work processes to identify areas in need of improvement and have a say in what is needed to improve efficiency/effectiveness of operations
- Operation of the General Manager's Efficiency Hotline enables employees, customers and others to report instances of fraud, waste and abuse for investigation and/or referral



Fred C. Goodine
Assistant General Manager



Kevin Lyons

Director, Passenger, Vehicle,
Fire/Life Safety & Emergency
Management



Ron Edwards

Manager, Occupational
Safety and Training



Jean Matthews

Manager, Workers'
Compensation



Rich Buettner

Director, Quality
Assurance

51 Budgeted Positions



The Department of System Safety and Risk Protection (SARP) is responsible for providing system safety and quality assurance oversight and technical support for bus and rail operations, and construction from initial design to planning, acquisition, construction, operation and disposition.

The overarching goal is to ensure the safety and health of customers, employees and contractor personnel by:

- Working with operating departments to identify and resolve risks in order to prevent accidents and the associated costs of losses;
- Monitoring adherence to government regulations, and compliance and accountability of internal safety rules and procedures;
- Providing, coordinating mandatory employee and contractor safety and health training;
- Conducting internal and external program and project conformance reviews, inspections, and tests to ensure quality products, services, construction, and internal work performance, and
- Administering a progressive worker's compensation program in accordance with government regulations while minimizing lost time and associated costs.



FY2007 Proposed Budget

Operating Expense:

\$ Millions

	FY2006	FY2007	Change	
Labor	\$4.7	\$4.8	\$0.1	
Fringes	8.4	14.9	6.5	
Services	3.1	2.8	(0.3)	
Materials	0.5	0.6	0.0	
Other	0.1	0.1	0.0	
Total	\$16.9	\$23.2	\$6.3	37%

	FY2006	FY2007	Change	
Capital Expense	\$0.8	\$0.7	(\$0.1)	0%

	<i>Change From</i>	
	<i>FY2007</i>	<i>FY2006</i>
Budgeted Positions	51	0

Change Detail N/A

- Fringes includes two-part increase for Workers' Compensation:

\$5.1 million for a planned increase to ramp up reserve fund contributions following a 2 year funding holiday

\$1.4 million for MD/DC/VA required workers' compensation assessments

- No change in staffing levels



Work product/output:

- Develop and issue safety policy and procedures, safety and emergency preparedness awareness materials
- Conduct safety design reviews of contracts and safety certification for compliance with specifications
- Conduct and coordinate accident investigations, monitoring completion of corrective action
- Serve as primary point of contact with Tri-State Oversight Committee (TOC) , NTSB, FTA, OSHA and other Agencies
- Provide employee safety training, training of local, state and federal first responders, training of national and international transit agencies, development and execution of emergency preparedness exercises
- Perform industrial hygiene and environmental studies and audits, review and approval of MSDS and hazardous chemicals

Work effort supported by this budget. How will service be improved?

- Enhances customer, vehicle, public and employee safety
- Enables more effective responses to Metro emergencies
- In addition to preventing accidents, work efforts will result in reduction of service delays.

Statistical listing of major assets operated:

- Emergency Training Facility, including training tunnel
- Four (4) rail cars for training purposes
- Rail car roll-over simulator (under construction)



Performance measures:

SARP is mandated by OSHA, FTA, TOC, National Transit Database (NTD) to fulfill the following reporting requirements to:

Measure	FY05***	FY06***
No. of rail passenger injuries	19	22
No. of bus passenger injuries	154	138
No. of escalator passenger injuries	59	66

*** Data as of 1st half of both FY05 and FY06

Note: SARP also proactively tracks the:

- Number of MSDS Reviews (84 YTD) **
- Number of Safety Accident/Incident Investigations (39 YTD) **
- Number of Emergency Preparedness Drills (5 YTD) **
- Number of Hazards Identified (157 YTD) **
- Number of Safety Engineering Contract Reviews (184 YTD) **
- Number of Public Outreach Programs, Events (34 YTD) **
- Number of Safety Certifications (9 YTD) **

** Data for 1st half of FY06

SARP tracks the aforementioned measures for trends:

- Number of customers injured on trains (transported to medical facility)
- Number of customers injured on buses (transported to medical facility)
- Number of customers injured on escalators (transported to medical facility)



Work product/output:

- Provide Occupational and Construction Safety Oversight for WMATA employees for DOT, NFPA, OSHA and EPA compliance
- Provide mandatory training to WMATA employees for compliance with CFR 1910 (i.e. General Industry) and CFR 1926 (i.e. Construction) for OSHA compliance

Work effort supported by this budget:

- Continue to train 2000+ WMATA employees per year via the Safety Training Academy and On-Site Specialized Training as mandated by OSHA via CFR 1910 and CFR 1926
- Eliminate/control hazard areas identified during data analysis and on-site safety inspections in order to prevent physical loss and injuries
- Conduct Industrial Accident Review Panel

Injury Prevention and Cost Reduction Initiatives:

- Fare Box Pads Program - installed on the entire WMATA Bus Fleet to eliminate Worker Exposure to knee injuries while entering and exiting the Operators' Seat
- Safety Shoe Program - reduces the number of foot injuries sustained by providing appropriate Personal Protective Equipment (PPE) to those WMATA employees – approximately 2000 deemed to be “At Risk”.
- Back Injury Prevention Program – educates WMATA employees on proper lifting techniques and provides them with exercises to reduce tension and aches



Performance measures:

- **Measures Accidents by Region (The goal is to reduce number of accidents by 5%)**
- **Measures OSHA Incident Rate (The goal is to reduce rate by 5%)**
- **Measures Compliance to Mandatory Training (The goal is to train a minimum of 2000 employees, as per 1000 Day Plan, Priority 3.)**
- **Measures Construction Lost Time Injury Rate (The goal is to remain 25% below National Average)**

OSHA mandates that SARP:

- **Tracks severity and frequency of Workplace Accidents and Incidents (This is done by region, department, location and part of body.)**
- **Tracks number of WMATA on-duty injuries and number of man hours worked for OSHA Incident Rate by department**
- **Tracks number of WMATA employees trained annually by department and course (957 YTD) ****
- **Tracks Lost Time Injury Rate (LTIR) for Construction Contractors by number of man hours worked and number of lost work days (1.8 in FY05, 1.55 in FY06) ****

Interdepartmental Linkage to RAIL:

- **Links to an objective of COOR's Safety Performance Goal of reducing workplace accidents by 25%**

** Data for 1st half of FY06



Work product/output:

- **Manages Third Party Administrator (TPA)**
- **Review TPA's performance quarterly**
- **Services injured employees to ensure timely payment and case management**
- **Manages Light/Modified Work Programs**
- **Issues reports to track WC Program Costs to line management to ensure accountability**

Work effort supported by this budget:

- **Evaluate technical skills of claims adjusters to target areas for improvement**
- **Reduce number of employees incapacitated by costly back injuries thus maintaining a healthy workforce**
- **Increase ergonomic assessments to decrease number of occupational injuries while reducing the number of workers' compensation claims**
- **Promote via Management Training, Coaching and the *Safety First Newsletter* on WC procedures and costs in an effort to reduce WC claims**
- **Issue WC reports to assist WMATA employees in tracking and reducing injuries and associated costs**
- **Reduce Lost Time Claims, Fraudulent claims, Repeaters and enhance Union Partnership**
- **Charge Back System - cost of lost time injury program to shore up accountability and serve as a disincentive to line management**
- **Conduct a Settlement Review Panel to ensure proper case management**



Performance measures:

- Produce Detail WC Injury Report
(The goal is to reduce number of injuries by 5%)
- Produce Quarterly WC Status Report
- Produce Monthly WC Cost Report

Each measure tracks:

Measure	FY05***	FY06***
No. of Lost Time Claims	245	244
Average Cost per Lost Time Claim	\$21,321	\$14,676
No. of Repeater Claims	211	209
Amount Saved as result of Light Duty Program	N/A	\$219,386

Benefits of Performance Measurements:

- Reduce overtime costs
- Reduce number of positions backfilled

*** Data for 1st half of both FY05 and FY06



Work product/output:

- **Manages Quality Assurance (QA) Programs to provide WMATA management adequate confidence that products or services will satisfy given/stated requirements for improvement and monitor the corrective action process until resolved**
- **Develops Quality Control (QC) Programs (policy and procedures) to assist the Department of Operations in defining and implementing their own effective quality control programs**
- **Performs Quality Oversight of contracts to verify effective execution of quality assurance/quality controls**

Work effort supported by this budget:

- **QUAL's Programs improve the quality, safety, reliability, longevity, and cleanliness for RAIL and BUS.**
- **QC Programs ensure that effective quality controls are incorporated to improving the availability and reliability of equipment for service.**
- **The purpose of the Quality Oversight Program is to provide an independent assessment for WMATA management and, when appropriate, FTA representatives by ensuring contract compliance in Project Management Oversight (PMO).**

Benefit of work efforts:

- **The work efforts of QUAL ensures that all RAIL and BUS Operations receives a product that meets the Authority's standards and enables the receipt of a consistent product.**



Performance measures:

- **Conduct Quality Assurance reviews (The goal is to increase number of reviews by 5%)**
- **Produce Non-conformance reports to ensure vendor compliance to contract specifications**
- **Assist OPER in developing Quality Control programs (e.g. Bus Condition Cards) (The goal is to first establish internal quality controls in each program/department)**
- **Review contract specifications and Engineering Modification Instruction (EMI) (The goal is to reduce QUAL's turn around time by 20%)**

Each measure tracks:

- **Tracks effectiveness of office's work processes**
- **Ensures that corrective actions are completed to minimize recurrences (240 Non-Conformance Reports YTD) ****
- **Provides procedure to perform a task in a consistent manner to ensure quality (6 QC Procedures YTD) ****
- **Tracks contract compliance with WMATA specifications and completeness of Engineering Modification Instruction (EMI) (115 QA reviews YTD) ****