

Washington Metropolitan Area Transit Authority  
**Board Action/Information Summary**

Action  Information

MEAD Number:  
202153

Resolution:  
 Yes  No

**TITLE:**

Acceptance of three OIG Reports

**PRESENTATION SUMMARY:**

Two Audit Reports and One Evaluation Report submitted to the Executive Committee for acceptance.

**PURPOSE:**

The Executive Committee's acceptance of three OIG reports entitled:

1. Audit of Metrorail Stations Garage Cleaning
2. Audit of WMATA's SmarTrip Regional Partner Comparative Billing Statements for the Fiscal Years Ended June 30, 2019 and 2018
3. Evaluation of WMATA's Inventory Practices

**DESCRIPTION:**

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**Key Highlights:**

**1. Audit of Metrorail Stations Garage Cleaning**

Situation: OIG observed unsafe and filthy conditions at Metrorail station garages over a 20-month period. These observations included: human feces and bottles of urine in multiple garages; used condoms; significant amounts of trash and debris; broken glass; unsanitary elevators and numerous overflowing trash cans. This filth was not cleaned daily as required by WMATA and remained in place for days, weeks, and even months.

These happened because 84 percent of the time contracted cleaning personnel were not performing their garage cleaning duties. Moreover, some contract employees were not working their full eight-hour shift. The root cause of these issues was the lack of oversight by WMATA and contractor officials. There was also little to no implementation of controls over the garage cleaning process, or of the contract employee's time and attendance.

Impact: Because of these parking garage conditions, risk of harm to the riding public increases; rodents and other vermin are attracted to the parking garages; and WMATA's reputation is jeopardized due to unsightly conditions. In addition, WMATA spent over \$2.2 million for contracted cleaning services that were not performed over a two-year period

Management Solution: Management is doing a thorough cleaning of all Metrorail garages, which should be completed by April 30, 2020. In addition, WMATA is hiring in-house staff to perform the custodial work

## **2. Audit of WMATA's SmarTrip Regional Partner Comparative Billing Statements for the Fiscal Years Ended June 30, 2019 and 2018**

Presentation Summary: OIG'S submittal of the audit opinion SmarTrip Regional Partner Comparative Regional Billing Statements for the Fiscal Years Ended June 30, 2019 and 2018.

Purpose: WMATA has a funding agreement with ten local jurisdictions (the participating jurisdictions) to provide a seamless regional system for transit fare collections for both the service areas of the Authority and the Maryland Transportation Administration using smart card technology. WMATA and the participating jurisdictions have agreed to fund their share of the operating expenses of the SmarTrip system. The agreement defines the regionally shared operating expenses, allocation methods, and funding requirements.

Each year, WMATA is required to prepare SmarTrip Regional Partner Comparative Billing Statements to provide an allocation of the actual operating expenses incurred for the Regional SmarTrip Program for each of the participating jurisdictions for the current and prior fiscal years ended June 30. The actual operating expenses incurred and the allocation to each participating jurisdiction are audited at the end of each fiscal year.

Description: OIG retained RSM US LLP (RSM) to conduct the annual audit of the SmarTrip Regional Comparative Regional Partner Billing Statements.

Key Highlight:  
RSM issued an unmodified opinion.

Background and History:  
N/A

Discussion:  
N/A

## **3. Evaluation of WMATA's Inventory Practices**

The Office of Inspector General (OIG) initiated an evaluation of the Washington Metropolitan Area Transit Authority's (WMATA) supply chain

inventory practices to assess the effectiveness of the overall management of supply chain inventory. OIG determined that WMATA lacked repeatable processes and oversight for effective supply chain inventory management to mitigate opportunities for fraud, waste and abuse. OIG confirmed that WMATA could not accurately account for its total supply chain inventory, determine its value, identify the location of the items and did not have sufficient controls and management oversight in place to safeguard items from potential theft, misuse and to effectively manage inventory obsolescence.

During the review, OIG learned that WMATA was aware of the supply chain management challenges and in 2018, through the Supply Chain Management (SCM) Transformation Initiative, developed the SCM Transformation Program. This is a transformational initiative that if implemented consistent with its goals and objectives, could result in improved inventory management practices and cost savings while shifting some financial risk from WMATA to the selected Vendor Management Inventory (VMI) company.

OIG determined that WMATA, through the SCM program, has established a plan and has taken actions to build a foundation to transform and improve the SCM process. Elements of the plan have been completed as part of the program's implementation. Continued implementation of the remaining program elements is on-going and is being tracked against plan milestones. It is important to the success of the initiative that going forward WMATA implement the remaining program elements timely. However, as SCM implements its program, there will be a continued need for sound governance, training, enabling technology, and stakeholder coordination so the program results are achieved and successful.

WMATA COO Management responded to OIG in a memorandum dated December 4, 2019 and concurs with the OIG recommendations in the report. The OIG will conduct follow-up activities as the program progresses.

### **Background and History:**

When the Executive Committee determines there is no conflict remaining between the IG's findings and recommendations and management's response, it will accept the reports as final, and the reports and corrective action plans shall be deemed approved. Acceptance of the final reports constitute the Board's authorization to post the reports on the WMATA website provided the IG has conferred with the General Counsel and confirmed that any private or confidential information has been redacted in accordance with applicable law and WMATA policy.

### **Discussion:**

The work highlighted in these reports demonstrates OIG's commitment to promoting accountability, efficiency, and effectiveness in WMATA's programs

and operations and keeping the Board of Directors fully and currently informed about deficiencies in WMATA's activities, as well as the necessity for and progress of corrective actions.

There were no conflicts between the IG's findings and recommendations listed in these reports and management's response. The IG has conferred with the General Counsel and confirmed that any private or confidential information has been removed/redacted in accordance with applicable law and WMATA policy.

**FUNDING IMPACT:**

There is no impact on funding.

**TIMELINE:**

Anticipated actions after presentation: Executive Committee's acceptance of OIG's reports.

**RECOMMENDATION:**

Executive Committee accepts OIG's reports.