

Washington Metropolitan Area Transit Authority

Board Action/Information Summary

☒ Action ☐ Information

MEAD Number:
202374

Resolution:
☐ Yes ☒ No

TITLE:

Acceptance of OIG's Report

PRESENTATION SUMMARY:

Audit of WMATA's Health and Welfare Plan Management

PURPOSE:

The Executive Committee's acceptance of OIG's report entitled:
Audit of WMATA's Health and Welfare Plan Management

DESCRIPTION:

n/a

Key Highlights:

Situations: Management of WMATA's health and welfare plans could be strengthened by (1) improving the governance over the L689 Health and Welfare Plan, and (2) making accurate contribution payments to L689 and L922 Health and Welfare Plans.

These conditions resulted because:

- the trustees did not establish a governance program, and
- internal controls were not required by the union plans or the collective bargaining agreements (CBAs) that created them, and there were either no controls or weak controls over plan contribution payments for L689 and L922.

Impact: Without appropriately managing the health and welfare plans, WMATA cannot ensure optimal plan performance. In addition, OIG questioned WMATA plan contribution payments totaling \$4 million and found that L689 health and welfare accounting records had inaccurately identified employee direct payment contributions of \$27 million.

Management Solution: The EVP-IBOP and EVP-CFO agreed with the findings and recommendations. Except for recommendation 8, management concluded that implementing the remaining recommendations would require

the agreement of the plan's trustees and administrators during the collective bargaining process.

Although OIG acknowledges that some of the recommendations require union negotiations during the collective bargaining process, other recommendations can be addressed and implemented sooner. OIG will follow up during the Corrective Action Plan process on the progress of open recommendations.

Background and History:

The audit objective was to determine if WMATA's health and welfare plans for Local Union 689 and Local Union 922 were appropriately managed, including examining the plan contribution rates and payments.

Discussion:

There were no conflicts between OIG's findings and recommendations listed in this report and management's response. WMATA management will take the necessary corrective actions.

FUNDING IMPACT:

There is no impact on funding.

TIMELINE:

Anticipated actions after presentation: Executive Committee's acceptance of this report.

RECOMMENDATION:

Executive Committee accepts OIG's report.

Acceptance of the final report constitutes the Board's authorization to post the report on the WMATA website provided the Inspector General 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.