

Washington Metropolitan Area Transit Authority

Board Action/Information Summary

☒ Action ☐ Information

MEAD Number:
203380

Resolution:
☐ Yes ☒ No

TITLE:

Acceptance of OIG's Reports

PRESENTATION SUMMARY:

~Audit of WMATA's Defined Benefit Pension Plans

~Annual Audit and Special Projects Plan Fiscal Year 2023

PURPOSE:

The Executive Committee's acceptance of OIG's report entitled: *Audit of WMATA's Defined Benefit Pension Plans*

The Executive Committee's acceptance of the Inspector General's *Annual Audit and Special Projects Plan for Fiscal Year 2023*

DESCRIPTION:

N/A

Key Highlights:

~Audit of WMATA's Defined Benefit Pension Plans

Situation: WMATA's Define Benefit Pension Plans were not adequately managed. Specifically, improvements are needed in:

- Governance over the pension plans, and
- Examining alternative retirement plans for new employees.

Impact: Without appropriately managing pension plans and pursuing alternatives, WMATA cannot ensure optimal pension plan performance. Without change, the underfunded status of the pension plans could increase in the future and potentially make the pension plans unsustainable and severely impact retiree benefits.

Management Solution: WMATA agreed with the findings and recommendations and provided a completion date of 2024 as follows.

The Executive Vice President for Internal Business Operations indicated that WMATA Human Capital:

- Is developing four standard operating procedures to improve controls over pension claims processing and payments to be completed by June 30, 2022;
- Is developing 14 additional standard operating procedures to improve controls over Human Capital-managed pension plan processes by November 15, 2022;
- Will develop and implement a database to maintain all retiree data by June 30, 2022; and
- Is implementing a pension management system to be completed by June 2024.

In addition, WMATA management provided a copy of the report to Labor Relations for consideration and prioritization during the next round of negotiations scheduled to take place in 2024.

~Annual Audit and Special Projects Plan for FY 2023

This FY 2023 Annual Plan sets forth sets forth the Office of Inspector General's strategy for identifying priority issues and managing its workload and resources. Our planned work is organized around several focus areas:

- Safety, Reliability, and Customer Service
- Financial Management
- Information Technology and Procurement
- Human Capital and Asset Management

We are currently in unprecedented times as WMATA continues to recover its ridership and revenue from the COVID-19 pandemic. In October 2021, WMATA suffered a derailment which further impacted operations. We will continue to focus on high risk and high impact areas including safety, cybersecurity, procurement, and workforce issues. In addition, we will focus on the recently passed Infrastructure Investment and Jobs Act (IIJA) which includes \$150 million of direct funding for WMATA for each of fiscal years 2022 to 2030. We plan to cover capital funding, asset management and cybersecurity issues as well as other topics outlined specifically in the IIJA.

New to the Plan this year, we have included reviews that will be performed by our Special Projects Division.

Background and History:

~Audit of WMATA's Defined Benefit Pension Plans

The audit objective was to determine if WMATA's five defined benefit pension plans were appropriately managed and if alternative pension plans (cash balance and hybrid pension) were examined.

Discussion:

~Audit of WMATA's Defined Benefit Pension Plans

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

~Annual Audit and Special Projects Plan for FY 2023

The work highlighted in this Plan demonstrates OIG's commitment to promoting accountability, efficiency, and effectiveness in WMATA's programs and operations and in 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.

The Inspector General 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 these reports.

RECOMMENDATION:

Executive Committee accepts OIG's reports.

Acceptance of the final reports constitutes the Board's authorization to post them on the WMATA OIG website provided the Acting 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.