



Results in Brief

OIG 19-07
January 18, 2019

Audit of WMATA's Employee Separation Process

Why We Did This Review

The Department of Human Resources (HR) is organized to reflect six functional areas of responsibility: Talent Acquisition, Employee Relations, Talent Management, Information Management, Compensation & Benefits, and Project Management.

The Office of Accounting (ACCT) is committed to producing quality, timely, and accurate financial information.

The Department of Information Technology (IT) provides information technology and telecommunication services to support the Washington Metropolitan Area Transit Authority's (WMATA) strategic goals including safety, customer service, transparency and decision support.

Upon receipt of an employee's intent to separate from WMATA, managers and supervisors are required to follow the administrative requirements for employee separation.

The Office of Inspector General (OIG) performed the audit to assess the effectiveness of employment separation controls and asset recovery processes.

What We Found

OIG identified opportunities to strengthen the employee separation and asset recovery processes. Specifically, improvements are needed in (1) collecting outstanding claims to include notifying HR and ACCT/Payroll Branch when an employee separates from WMATA and owes monies/assets, (2) removing network/email access, (3) tracking WMATA property, and (4) deactivating direct deposits.

Because of weak employee separation and asset recovery processes, separated employees owe \$339,759.14 in outstanding claims. In addition, employees could possibly access WMATA systems after separation, could separate with WMATA property, and be erroneously paid after separation.

This report makes 11 recommendations to improve the employment separation controls and asset recovery processes.

Management's Response

The Chief of Internal Business Operations, Chief Operating Officer, and Chief Financial Officer generally concurred with the findings and recommendations in written comments provided on January 10th and January 15th, 2019 (see Appendix B). OIG considers management's comments responsive to each recommendation, and corrective actions taken or planned should resolve the issues identified in this report.

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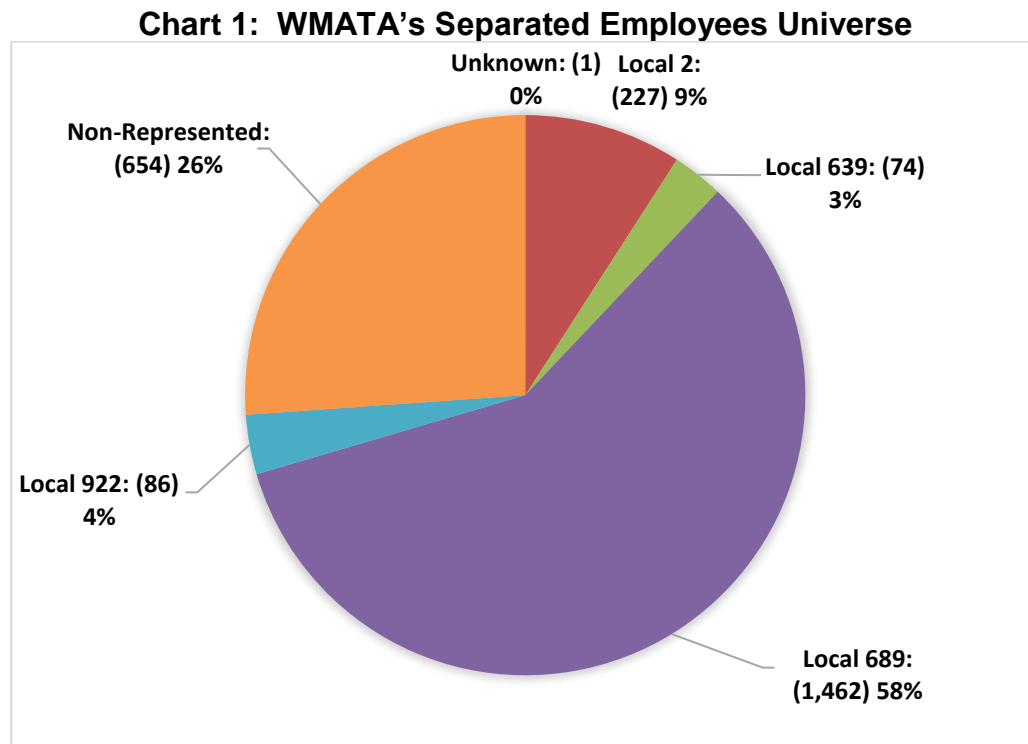
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ABBREVIATIONS AND ACRONYMS

ABBREVIATION	DESCRIPTION
ACCT	Office of Accounting
AR	Accounts Receivable
FTA	Federal Transit Administration
GM/CEO	General Manager/Chief Executive Officer
HR	Human Resources
IT	Information Technology
OIG	Office of Inspector General
P/I	Policy Instruction
QICO	Quality Assurance, Internal Compliance & Oversight
WMATA	Washington Metropolitan Area Transit Authority

BACKGROUND

As part two of the *Audit of WMATA's Employee Separation Process*, the OIG assessed the effectiveness of employment separation controls and the asset recovery processes. In 2016, WMATA implemented Policy Instruction (P/I) 7.3.3/2 *Separation from Employment* to establish the process and procedures by which employees are separated from employment with "Metro." According to P/I 7.3.3/2, a separation is a voluntary¹ or involuntary² action severing the employment of a represented or non-represented employee with "Metro." From April 1, 2016 through April 30, 2018, 2,504³ employees separated from WMATA as seen in Chart 1:



Prior Reviews

On August 1, 2018, OIG issued an *Audit of WMATA's Separated Employees' Unearned Annual Leave Overpayments* (OIG 19-01) focusing on unearned annual leave paid to non-represented employees who separated from WMATA. We found WMATA paid 429 employees over \$1.9 million in unearned annual leave overpayments over a 24-month period.

¹Voluntary separation occurs when an employee voluntarily separates from employment with "Metro."

²Involuntary separation is an action taken by "Metro" that severs the employment relationship.

³The universe of separated employees does not include WMATA Contractors.

On June 10, 2014, the Federal Transit Administration (FTA) issued a *Financial Management Oversight Review* of WMATA. In Advisory Comment IV.1, the FTA found that changes in employees' status are not always communicated timely. The FTA recommended that WMATA document and implement procedures to ensure pay rate and payroll status changes are communicated with HR and are processed in a timely manner.

On April 27, 2016, WMATA's Office of Management Audits, Risk and Compliance (MARC), formally the Office of Internal Compliance, issued a follow-up review of the results from FTA's Financial Management Oversight Review. MARC identified six findings in the areas of timeliness, availability, adequacy, effectiveness, and accuracy. These findings resulted in six recommendations, which are closed.

AUDIT OBJECTIVE AND RESULTS

Audit Objective

The audit objective was to assess the effectiveness of employment separation controls and asset recovery processes.

Audit Results

OIG identified opportunities to further strengthen the employee separation and asset recovery processes. Specifically, improvements are needed in (1) collecting outstanding claims to include notifying HR and ACCT/Payroll Branch when an employee separates from WMATA and owes monies/assets, (2) removing network/email access, (3) tracking WMATA property, and (4) deactivating direct deposits.

Because of weak employee separation and asset recovery processes, separated employees owe \$339,759.14 in outstanding claims. In addition, employees could possibly access WMATA systems after separation, could separate with WMATA property, and be erroneously paid after separation.

This report makes 11 recommendations to improve the employment separation controls and the asset recovery processes.

FINDINGS AND RECOMMENDATIONS

Finding 1 – Uncollected Outstanding Claims

As of December 31, 2017, there were 154 outstanding claims⁴ owed by separated employees, but not deducted from their final paychecks as they were not reported on time. In addition, from December 31, 2017 to August 31, 2018, 51 of those employee outstanding claims have been written-off. This occurred because (1) ACCT/Payroll branch receives untimely notifications of employee separations from respective Program Office personnel and HR, (2) managers and/or supervisors did not reconcile leave balances before employees separate from WMATA, and (3) WMATA has no language in its procedure to deduct outstanding claims from separating employees' final paychecks. As a result, WMATA has not recovered \$339,759.14⁵ in outstanding claims and there have been \$55,920.40 in account write-offs.

What Is Required

WMATA's (P/I) 7.3.3/2,⁶ *Separation from Employment*, dated September 1, 2016:

Section 4.03 states, "Final pay will include any recorded overtime, non-exempt compensatory time and unused annual leave, less any Outstanding Claims."

Appendix A states:

- "Manager or Supervisor validates leave balances for sick and annual leave and compensatory time against current balances; any discrepancies require notification to Payroll."
- "ACCT/PAYROLL reviews accounting records to determine the existence of outstanding claims."
- "ACCT/PAYROLL establishes an accounts receivable to recover outstanding claims if employee's final pay is not sufficient to cover the monies owed to Metro."

The ACCT Procedures Manual, *Collection of Delinquent Accounts Receivable*, dated June 30, 2016,

⁴According to P/I 7.3.3/2, Outstanding Claims are monies and monetary value of property owed to Metro that are deducted from the final pay that include, but are not limited to, negative annual or sick leave balances, outstanding travel and/or relocation expenses, tuition reimbursement, unreturned Metro property, and uniforms.

⁵This figure does not include \$88.11 that WMATA owes to a separated employee.

⁶P/I 7.3.3/2 was revised to 7.3.3/3, on November 29, 2018, but did not impact the findings in this report.

Procedure 6.6:

- Section 3.2 states, “120 Days Past Due: Mail letter stating account has been referred to Legal for action.”
- Section 3.6 states, “All accounts that are recommended for write-off must be approved in accordance with paragraph 4.7 before the customer balances may be removed from the AR aging.”
- Section 4.7 states, “Monthly, the AR Supervisor shall propose to the GL [General Ledger] Manager transactions considered uncollectible and/or ready for write-off. The GL Manager will review the documentation and, if sufficient, will authorize the GL supervisor to draft a memo to the following individuals for review and approval based on the thresholds below.”

Amount of Transaction	Approval of Uncollectible (Allowance for Doubtful Accounts)	Approval to Write Off (Removal from AR subsidiary ledger)
<= \$1,000	General Ledger Manager	Comptroller
> \$1,000 and <=\$50,000	Comptroller, Counsel	Comptroller, CFO
> \$50,000 and <\$100,000	Comptroller, CFO, and Counsel	Comptroller, CFO, Counsel, General Manager
>= \$100,000	Comptroller, CFO, and Counsel	Comptroller, CFO, Counsel, and General Manager, Board of Directors

The ACCT Procedures Manual, *Final Paycheck Administration*, dated January 31, 2013,

Procedure 8.8:

- Section 4.1.6 states, “The Payroll Branch forwards a copy of the Separated Personnel Action Request (SPAR) to Accounts Receivable and Accounts Payable branches in the Office of Accounting, to verify if any monies are owed WMATA or due to the terminated employee from WMATA.”
- Section 4.1.7 states, “The Payroll Branch conducts the following steps before the final pay check is processed: (1) Review documents to determine if the employee owes money to WMATA, and ... (5) Notifies the Accounts Receivable branch if the final pay is insufficient to cover amounts owed to WMATA....”
- Section 4.1.8 states, “The Accounts Receivable branch sets up a receivable account due to WMATA from the separated employee and makes efforts to recover any monies due.”

What We Found

The Accounts Receivable branch has 154 outstanding claims owed by separated employees on the Accounts Receivable Aging Report as of December 31, 2017. We selected a judgmental sample of 10 outstanding claims to test in detail. Of these 10 outstanding claims, there are four separated employees that owe WMATA more than \$14,000 each. Specifically, employees who separated from WMATA on:

- December 1, 2008, owes \$25,344.47 in salary overpayments;
- March 1, 2010, owes \$14,639.21 from having a negative leave balance;
- February 28, 2013, owes \$15,030.15 in salary overpayments; and
- October 2, 2017, owes \$20,289.93 in salary overpayments.

From December 1, 2017 to August 31, 2018, 51 outstanding claims belonging to separated employees have been written-off. The accounts that were written-off included salary overpayments, unpaid insurance premiums, and unpaid balances for uniform purchases.

Why This Occurred

The following causes contributed to the conditions cited in this finding:

- *Untimely Notification* – ACCT/Payroll Branch is not notified by respective Program Office personnel and HR of employee separations in a timely manner, often after the employee has already separated from WMATA. Therefore, ACCT/Payroll Branch is unable to obtain the outstanding claims in time to collect them from the employees' last paycheck. As a result, outstanding claims accumulate on ACCT/Accounts Receivable (AR's) Aging Report.
- *Not Reconciling Leave Balances* – Managers and/or supervisors are not validating leave balances for impending employee separations. Instead, management relies on the Payroll Branch to reconcile leave balances.
- *No Language in its Procedure to Deduct Outstanding Claims* – There is no policy and procedure that mandates the Payroll Branch to deduct outstanding claims from separating employees' final paychecks. If the Payroll Branch proactively deducted outstanding claims from the final paychecks, it would significantly reduce the total number of outstanding claims owed to WMATA.

Why This Is Important

As of December 31, 2017, WMATA has not recovered \$339,759.14 due to outstanding claims from separated employees. From December 31, 2017 to August 31, 2018, there have been \$55,920.40 in account write-offs.

Recommendations

We recommend the General Manager/Chief Executive Officer (GM/CEO):

1. Revise P/I 7.3.3/2 Appendix A and ACCT Procedures Manual to include the number of business days the Payroll Branch has to coordinate with ACCT to verify if any monies owed to WMATA or due to the separating employee. (Action: Chief Human Resources Officer & Chief Financial Officer)
2. Develop and implement procedures that mandate the ACCT/Payroll Branch deduct the outstanding claims from the separated employee's final paycheck. (Action: Chief Human Resources Officer & Chief Financial Officer)
3. Ensure Program Office personnel and HR reconcile leave balances before an employee separates from WMATA and notify ACCT/Payroll Branch. (Action: Chief Human Resources Officer & Chief Operating Officer)
4. Pursue action to include utilizing collection agencies and other measures deemed appropriate to recover outstanding claims from separated employees. (Action: Chief Financial Officer)

Finding 2 – Untimely Network/Email Access Removal

Twenty-four employees' network/email access was not removed until several days after their separation from WMATA. This occurred because WMATA's P/I 7.3.3/2 Appendix A is implicit and unclear/outdated. Removing employee/network access at separation reduces the likelihood of unauthorized access to WMATA systems.

What Is Required

WMATA's P/I 7.3.3/2, *Separation from Employment*, dated September 1, 2016, Appendix A states:

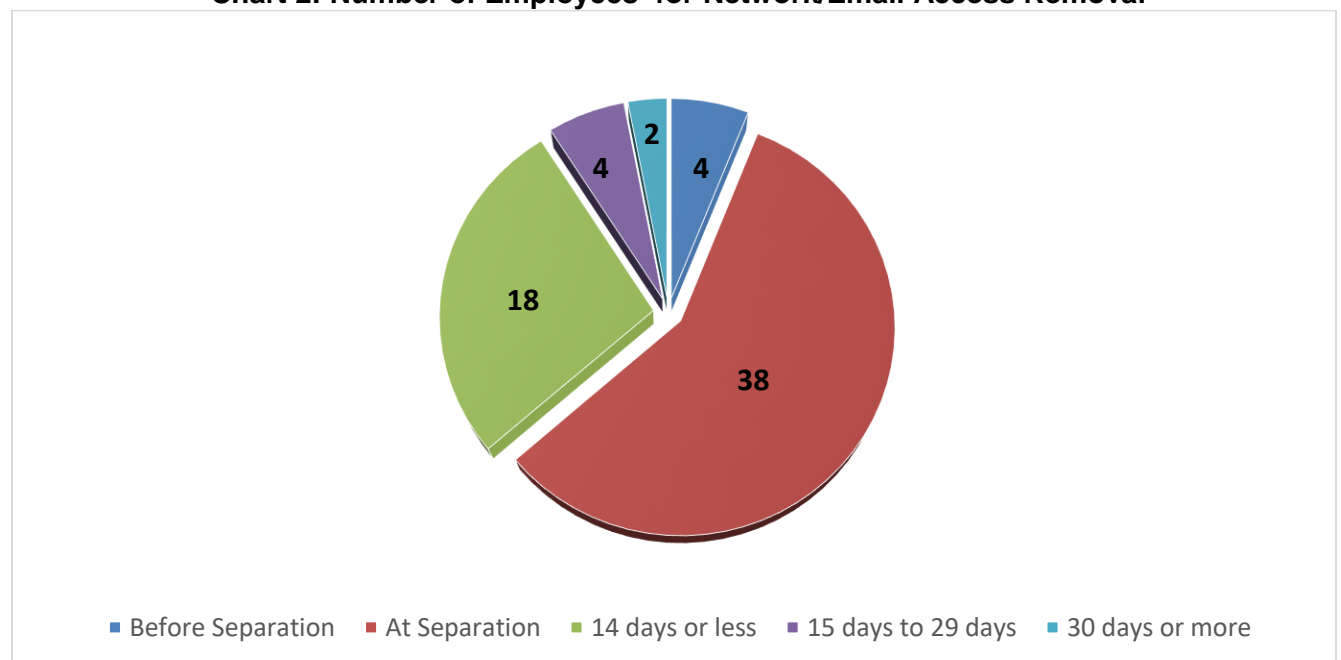
- Notify IT that network access removal is required
- Network access removal: IT_Security@wmata.com

What We Found

While 38 out of 66 randomly sampled employees' network/email access was removed on the separation dates, OIG found that 24⁷ separated employees' network/email access was not removed on the official separation date.

The chart below shows the number of employees in each timeframe:

Chart 2: Number of Employees' for Network/Email Access Removal



⁷This number does not include the four employees whose network/email access was removed before their official separation dates.

Why This Occurred

The following causes contributed to the conditions cited in this finding:

- *Policy is Implicit* – P/I 7.3.3/2 implies that the network/email access should be removed on the date of separation. However, the policy does not provide a specific timeframe when network/email access should be removed. In reviewing a separated employee's status in PeopleSoft, we found that there was a disparity between the "Effective (separation) Date" and the "Date Created" (Refer to Figure 1).

While conducting management interviews, OIG learned that management removes network/email access in PeopleSoft, not IT. OIG determined that management has the ability to back-date the effective date in PeopleSoft.

Figure 1: Employee Status in PeopleSoft

Employee Empl Record: 0

Work Location Find First 1 of 14 Last

*Effective Date: 01/06/2018 Go To Row + -

Effective Sequence: 0 *Action: Termination

HR Status: Inactive Reason: Resignation

Payroll Status: Terminated *Job Indicator: Primary Job

Position Number: [Redacted] Override Position Data

Position Entry Date: 11/30/2014 Position Management Record

Regulatory Region: USA United States

Company: 05 Wash Metro Area Transit Auth

Business Unit: WMATA Wash Metro Area Transit Auth

Department: 73300 LAND Station Area Plan

Department Entry Date: 11/30/2014

Location: 0150 DC-Jackson Graham Bldg-5th Fl

Establishment ID: WMATA Washington Metro Area Transit Date Created: 02/05/2018

- *Policy is Outdated* – P/I 7.3.3/2 implies that the network/email access is removed by IT. However, IT automated the network/email access removal process in PeopleSoft around October 2013. As a result, managers/supervisors have been removing network/email access in PeopleSoft themselves. In addition, the P/I provides an inactive email address for network removal.

Why This Is Important

Removing employee network/email access at separation reduces the likelihood of unauthorized access to WMATA systems.

Recommendations

We recommend the GM/CEO:

5. Revise P/I 7.3.3/2 Appendix A to include the number of business days required to remove network/email access for separated employees after receiving notification of a separation. (Action: Chief Human Resources Officer)
6. Revise P/I 7.3.3/2 Appendix A to include management's responsibility to remove network/email access in PeopleSoft and remove the invalid network access removal email address. (Action: Chief Human Resources Officer)

Finding 3 – Absence of Standardized Departmental Tracking Mechanism

The majority of departments in our sample are not tracking issued and returned property. This occurred because P/I 7.3.3/2 does not require departments to utilize a standardized checklist for issuing and receiving property in return. In addition, WMATA's Administrative Requirements for the Employee Separation checklist is excluded from the P/I. Lastly, for all items that apply, a signature was not obtained by the applicable department/office designee attesting the return of property and other items. As a result, some employees separate with WMATA's property.

What Is Required

WMATA's P/I 5.16/0, *Accountability for Capital Sensitive Assets*, dated March 30, 2018:

- Section 4.03 states, "Employees shall be responsible for capital and sensitive assets in their possession including: ... (b) Maintaining the proper use, handling, care, and safeguarding of the assets issued to or assigned for the employee's use at, or away from, the office or workstation ... and (d) understanding that they may be held financially liable for the loss, theft, misuse damage or destruction of assets if lost or damage is due to the employee's carelessness or negligence."
- Section 4.04 states, "Heads/Departments Offices shall be ultimately responsible and accountable for capital and sensitive assets assigned to their respective departments/offices, including: ... (b) Establishing documenting internal procedures for the proper recording and safeguarding assets, ... (f) taking administrative or disciplinary action when asset management procedures are not followed and the damage or loss of assets occur, and (g) taking responsibility for assets that cannot be located during the periodic inventory counts by accepting a charge to the department/office budget for the replacement of such missing assets."

WMATA's P/I 6.10/5, *Metro Employee Identification Cards*, dated May 18, 2011:

- Section 5.05(b) states, "SmarTrip® ID Cards issued to Employees...shall be surrendered to a supervising official ... upon termination of employment or card holder eligibility."
- Section 5.07 states, "When an Employee has resigned or is terminated, it is the responsibility of that Employee's immediate supervisor/manager to ensure that the Employee's SmarTrip® ID Card is returned to the ID Office for final processing. If the supervisor/manager is unable to retrieve said Employee's SmarTrip® ID Card, then ID Office personnel must be notified by said Employee's supervisor/manager within 24 hours of the Employee's departure."

WMATA's P/I 7.3.3/2, *Separation from Employment*, dated September 1, 2016, Appendix A states, "Collects Metro property to include ID, DOT card, parking permits, electronic equipment, uniforms, etc., as applicable."

What We Found

While HR and IT have implemented policies on asset accountability, some departments do not track issuance and/or collection of WMATA property. OIG tested property returned for the randomly sampled 66 separated employees. We found the following:

- Twenty employees⁸ did not return their WMATA IDs;
- Six employees did not return their Department of Transportation (DOT) ID cards;
- One employee did not return a tablet which was valued at \$1,200; and
- One employee did not return a portable global positioning system which was valued at \$80.

In addition, we found:

- Information concerning two employees' WMATA IDs were conflicting in nature⁹;
- Uniform voucher returns for 13 employees were not tracked/unsupported which is valued at \$216.71 each;
- Parking pass returns for six employees were not tracked/unsupported; and
- DOT ID card returns for seven employees were not tracked/unsupported.
- For all items that apply, a signature was not obtained by the applicable department/office designee attesting the return of property and other items.

Our discussions with the separated employees' department managers identified that only two departments, the Office of Quality Assurance, Internal Compliance & Oversight and the Department of System Safety and Environmental Management, used internal checklists to track the issuance and return of WMATA's property. In addition, Application Development & Operations and Data Center & Infrastructure used internal checklists to track only the return of WMATA's property. None of the departments we interviewed were aware of WMATA's checklist.

Why This Occurred

The following causes contributed to the conditions cited in this finding:

- *No Requirement to Utilize Checklist* – P/I 7.3.3/2 does not require departments to utilize a standardized checklist for issuing and receiving WMATA property.
- *Checklist not Attached to P/I 7.3.3/2* – The Administrative Requirements for Employee Separation checklist (see Appendix C) was not attached to P/I 7.3.3/2.
- *No Requirement to Obtain Signatures for Returned Items* – P/I 7.3.3/2 does not require departments to obtain a signature by the applicable department/office designee attesting the return of property and other items.

⁸The ID Office's system crashed which caused the month of July 2017 data to be lost. As a result, data for three employees who separated from WMATA July 2017 was lost.

⁹The ID Office's records showed that two employees' WMATA IDs were not returned. However, the employees' managers stated the WMATA IDs were returned.

Why This Is Important

Utilizing a standardized checklist increases the likelihood employees do not separate with WMATA's property.

Recommendations

We recommend the GM/CEO:

7. Revise P/I 7.3.3/2 Appendix A to require departments to utilize a standardized checklist to track issuance and return of WMATA's property. (Action: Chief Human Resources Officer)
8. Attach the Administrative Requirements for Employee Separation checklist to P/I 7.3.3/2. (Action: Chief Human Resources Officer)
9. Obtain signatures on the checklist from the applicable department/office designee attesting the return of property and other items. (Action: Chief Human Resources Officer)

Finding 4 – Active Direct Deposits in PeopleSoft

Twenty-nine employees' direct deposit function was still active in PeopleSoft after their separation from WMATA. This occurred because (1) P/I 7.3.3/2 does not provide a timeframe to deactivate the direct deposit, and (2) the Payroll Branch did not follow policies and procedures. Failing to deactivate the direct deposit function may present the risk of erroneously deposited electronic funds into a separated employee's account.

What Is Required

WMATA's P/I 7.3.3/2, *Separation from Employment*, dated September 1, 2016, Appendix A states, ACCT/Payroll, "Terminates the employee's direct deposit."

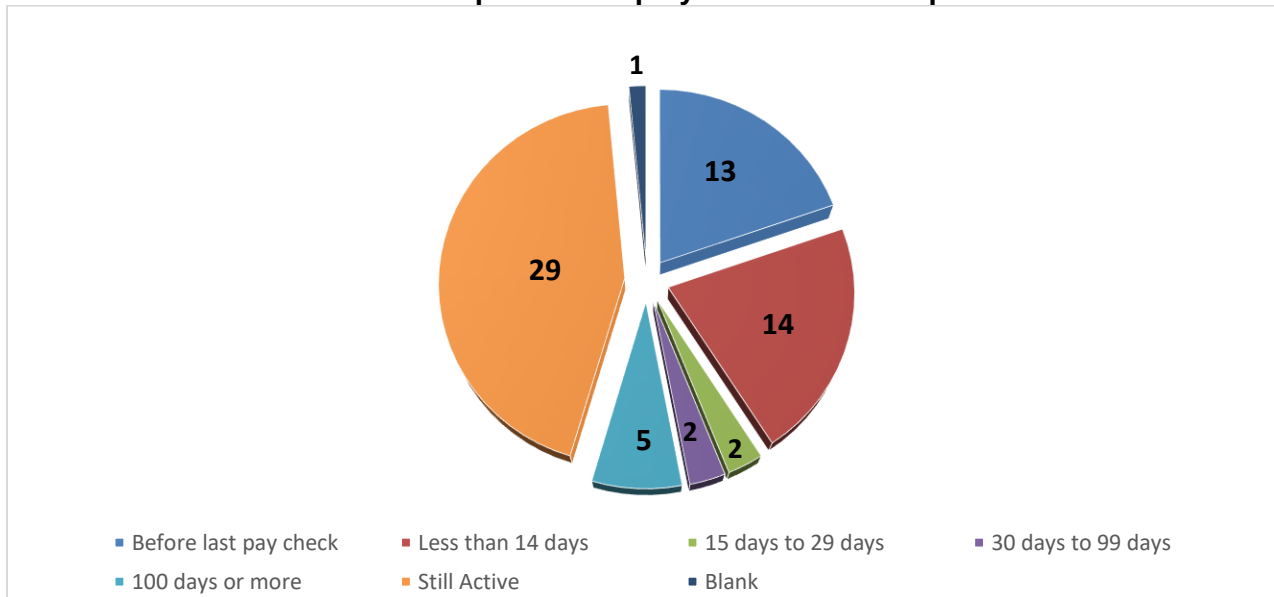
The ACCT Procedures Manual, *Final Paycheck Administration*, dated January 31, 2013, Procedure 8.8, Section 4.1.7 states, "The Payroll Branch conducts the following step before the final pay check is processed: ... (3) Terminates the employee's direct deposit after processing the final payment."

What We Found

While 36 out of 66 separated employees' direct deposits were deactivated, OIG found that 29¹⁰ separated employees' direct deposits were still active.

The chart below shows the number of employees in each timeframe:

Chart 3: Number of Separated Employees for Direct Deposit Deactivation



¹⁰This number does not include the blank direct deposit status in PeopleSoft because the employee did not report to duty on the first day of work.

Management stated that when a direct deposit is deactivated, electronic funds transfers will no longer process to the employee's bank account. However, it is still possible to issue a paper pay check to separated employees.

Why This Occurred

The following contributed to the conditions cited in this finding:

- *Absence of Timeframe* – P/I 7.3.3/2 does not require the direct deposits to be deactivated after the final pay check has been processed.
- *Not Following Policies and Procedures* – The Payroll Branch did not adhere to the ACCT Procedures Manual's requirement to deactivate the direct deposit after the final pay check was processed.

Why This Is Important

Failure to deactivate the direct deposit function represents a breach in policy and procedures. In addition, failure to deactivate the direct deposit may present the risk of erroneously deposited electronic funds into a separated employee's account.

Recommendations

We recommend the GM/CEO:

10. Revise P/I 7.3.3/2 Appendix A to require the direct deposit to be deactivated after processing the final payment. (Action: Chief Human Resources Officer)
11. Enforce compliance with the ACCT Procedures Manual. (Action: Chief Financial Officer)

CONSOLIDATED LIST OF RECOMMENDATIONS

We recommend the GM/CEO:

1. Revise P/I 7.3.3/2 Appendix A and ACCT Procedures Manual to include the number of business days the Payroll Branch has to coordinate with ACCT to verify if any monies owed to WMATA or due to the separating employee. (Action: Chief Human Resources Officer & Chief Financial Officer)
2. Develop and implement procedures that mandate the ACCT/Payroll Branch to deduct the outstanding claims from the separated employee's final paycheck. (Action: Chief Human Resources Officer & Chief Financial Officer)
3. Ensure Program Office personnel and HR reconcile leave balances before an employee separates from WMATA and notify ACCT/Payroll Branch. (Action: Chief Human Resources Officer & Chief Operating Officer)
4. Pursue action to include utilizing collection agencies and other measures deemed appropriate to recover outstanding claims from separated employees. (Action: Chief Financial Officer)
5. Revise P/I 7.3.3/2 Appendix A to include the number of business days required to remove network/email access for separated employees after receiving notification of a separation. (Action: Chief Human Resources Officer)
6. Revise P/I 7.3.3/2 Appendix A to include management's responsibility to remove network/email access in PeopleSoft and remove the invalid network access removal email address. (Action: Chief Human Resources Officer)
7. Revise P/I 7.3.3/2 Appendix A to require departments to utilize a standardized checklist to track issuance and return of WMATA's property. (Action: Chief Human Resources Officer)
8. Attach the Administrative Requirements for Employee Separation checklist to P/I 7.3.3/2. (Action: Chief Human Resources Officer)
9. Obtain signatures on the checklist from the applicable department/office designee attesting the return of property and other items. (Action: Chief Human Resources Officer)
10. Revise P/I 7.3.3/2 Appendix A to require the direct deposit to be deactivated after processing the final payment. (Action: Chief Human Resources Officer)
11. Enforce compliance with the ACCT Procedures Manual. (Action: Chief Financial Officer)

SUMMARY OF MANAGEMENT'S RESPONSE

OIG received management's comments dated January 10th and January 15th, 2019 (Appendix B). The Chief of Internal Business Operations, Chief Operating Officer, and Chief Financial Officer generally concurred with the findings and recommendations. Management agreed to take appropriate actions in response to each recommendation. OIG considers management's comments responsive to each recommendation, and corrective actions taken or planned should resolve the issues identified in this report.

APPENDIX A

OBJECTIVE, SCOPE, AND METHODOLOGY**Objective**

The audit objective was to assess the effectiveness of employment separation controls and asset recovery processes.

Scope

The scope of the audit was from April 1, 2016 through August 31, 2018. The total population of separated employees was 2,504. A random sample of 66 was drawn from the total population of separated employees. In addition, a judgmental sample of 10 was drawn from the total population of separated employees with outstanding claims.

This audit was the second phase of the announced audit entitled, *Audit of WMATA's Human Resources Separation Process*. The first audit focused on unearned annual leave overpayments.

Methodology

To accomplish our audit objective, OIG:

1. Reviewed relevant documents dating back to 2013, including WMATA Policy Instructions;
2. Interviewed and/or obtained information from ACCT, Department of Bus Services, Office of the Chief Operating Officer, Department of Customer Service, Communications and Marketing, Office of Elevators and Escalators, Department of Fair Practices, Department of Human Resources, Department of Information Technology, Office of Real Estate and Parking, Office of Plant Maintenance, Quality Assurance, Internal Compliance & Oversight, MARC, Department of Rail Services, Department of Safety & Environmental Management, Office of Track and Structures, and Office of the Treasurer personnel to obtain an understanding of the employee separation process;
3. Reviewed internal controls over employee separation and asset recovery processes, including feasibility of recovering \$339,759.14 in outstanding claims from separated employees;
4. Completed the test of property returned by utilizing a data collection instrument to track returned/unreturned items from separated employees. We obtained property return information from the aforementioned departments;

5. Obtained information from PeopleSoft to complete the (1) test of direct deposit termination, (2) test of network/email access removal, and (3) test of outstanding claims.
6. Conducted a site visit to Transit Employees' Health & Welfare Plan in Forestville, MD to obtain benefit termination dates for the Local 689 employees in our sample.
7. Obtained benefit termination dates from Carday Associates for the Local 922 employees in our sample. Obtained benefit termination dates from HR for the Local 2 employees in our sample; and
8. Extracted from IBM Cognos Business Intelligence Reporting the universe of separated employees during the audit period. The universe of separated employees did not include Contractors.

OIG assessed the data for accuracy, sufficiency, and appropriateness. We calculated the sample size using a 90 percent confidence level and a 10 percent precision rate. We randomly selected 66 employees from the universe of separated employees using IDEA software. We judgmentally selected 10 separated employees from the universe of outstanding claims. We also selected a separated OIG employee and tested specific elements including reason for separation and date of separation.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our objective.

APPENDIX B

MANAGEMENT'S RESPONSE

M E M O R A N D U M



SUBJECT: Response to OIG's Draft Audit –
19-XX, Audit of WMATA's Employee
Separation Process

DATE: January 10, 2019

FROM: CFO – Dennis Anosike [REDACTED]

THRU: GM/CEO – Paul J. Wiedefeld [REDACTED]

TO: OIG – Geoffrey A. Cherrington

The following represents the Chief Financial Officer's response to OIG's draft audit, *Audit of WMATA's Employee Separation Process*.

OIG Recommendation 1:

Revise P/I 7.3.3/2 Appendix A and ACCT Procedures Manual to include the number of business days the Payroll Branch has to coordinate with ACCT to verify if any monies owed to WMATA or due to the separating employee.

Management's Response:

Management accepts this recommendation. ACCT is updating the ACCT Procedures Manual, Section 8.8 – Final Paycheck Administration, to reflect that Payroll will coordinate with the Accounts Payable and Accounts Receivable Branches within 2 business days of receiving notification of separation to verify if monies are owed from the separated employee. The completion date for the finalized procedures is January 31, 2019. ACCT will work with the CHRO to determine the appropriate update to P/I 7.3.3/2, Separation from Employment.

OIG Recommendation 2:

Develop and implement procedures that mandate the ACCT/Payroll Branch to deduct the outstanding claims from the separated employee's final paycheck.

Management's Response:

Management accepts this recommendation. ACCT is updating the ACCT Procedures Manual, Section 8.8 – Final Paycheck Administration, to reflect that the Payroll Branch will deduct any outstanding claims from separated employees' final paychecks. The completion date for the finalized procedures is January 31, 2019.

OIG Recommendation 4:

Pursue action to include utilizing collection agencies and other measures deemed appropriate to recover outstanding claims from separated employees.

Washington
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Management's Response:

Management accepts this recommendation. ACCT currently collects outstanding claims from separated employees in accordance with Accounting Procedures Manual 6.6 – Collection of Delinquent Accounts Receivable. In collaboration with COUN and PRMT, ACCT will research other collection options such as utilizing collection agencies or reporting to credit bureaus. The feasibility of utilizing any of the proposed collection methods, as applicable, will be determined by June 30, 2019.

Recommendation 11:

Enforce compliance with the ACCT Procedures Manual.

Management's Response:

Management has addressed this recommendation. To ensure compliance with the ACCT Procedures Manual's requirement to deactivate direct deposits after the final pay check is processed, ACCT management incorporated a checklist into the process, which is reviewed and approved by the Payroll Supervisor.

M E M O R A N D U M



SUBJECT: Response to OIG's Draft Audit –
19-XX, Audit of WMATA's Employee
Separation Process

DATE: January 15, 2019

FROM: IBOP – John Kuo [REDACTED]

THRU: GM/CEO – Paul J. Wiedefeld [REDACTED]

TO: OIG – Geoffrey A. Cherrington

The following represents the Chief of Internal Business Operation's response to OIG's draft audit, *Audit of WMATA's Employee Separation Process*.

Recommendation #3:

Ensure Program Office personnel and HR reconcile leave balances before an employee separates from WMATA and notify ACCT/Payroll Branch. (Action: Chief Human Resources Officer & Chief Operating Officer)

Management Response #3:

Management partially accepts this recommendation. HR has no ability to reconcile leave balances, as the PeopleSoft Absence Management Module is owned by ACCT/Payroll. HR will revise Appendix A to require coordination between Payroll and the Program Office personnel to ensure proper reconciliation of leave balances, including sign-off by the Program Office verifying leave balance accuracy. The completion date for the revised appendix is January 31, 2019.

OIG Recommendation #5:

Revise P/I 7.3.3/2 Appendix A to include the number of business days required to remove network/email access for separated employees after receiving notification of a separation.

Management's Response #5:

Management accepts this recommendation. HR is updating Appendix A to clarify timeframes within which network/email access must be removed when employees are separated from employment. The completion date for the revised appendix is January 31, 2019.

Response to OIG's Draft Audit
Page 2

OIG Recommendation #6:

Revise P/I 7.3.3/2 Appendix A to include management's responsibility to remove network/email access in PeopleSoft and remove the invalid network access removal email address.

Management Response #6:

Management accepts this recommendation. HR is updating Appendix A to clarify responsibilities for initiating terminations within PeopleSoft Manager Self Service, which will automatically revoke network/email access. The appendix will include both audit and reporting functions to improve compliance. The completion date for the revised appendix is January 31, 2019.

Recommendation #7:

Revise P/I 7.3.3/2 Appendix A to require departments to utilize a standardized checklist to track issuance and return of WMATA's property. (Action: Chief Human Resources Officer)

Management Response #7:

Management accepts this recommendation. Appendix A and the checklist will be revised to require the Program Office to complete the checklist to track issuance and return of WMATA's property. The Program Office will be required to complete and sign the checklist and submit it to ACCT/Payroll. The completion date for the revised appendix is January 31, 2019.

Recommendation #8:

Attach the Administrative Requirements for Employee Separation checklist to P/I 7.3.3/2. (Action: Chief Human Resources Officer)

Management Response #8:

Management accepts this recommendation. The Employee Separation Checklist form will be revised and posted along with the policy and appendices. The completion date for the revised appendix is January 31, 2019.

Recommendation #9

Obtain signatures on the checklist from the applicable department/office designee attesting the return of property and other items. (Action: Chief Human Resources Officer)

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Page 3

Management Response #9:

Management accepts this recommendation. Appendix A and the checklist will be revised to require the Program Office to complete the checklist that will also include the leave balance reconciliation amount. The Program Office will be required to complete and sign the checklist and submit it to ACCT/Payroll. The completion date for the revised appendix is January 31, 2019.

Recommendation #10:

Revise P/I 7.3.3/2 Appendix A to require the direct deposit to be deactivated after processing the final payment. (Action: Chief Human Resources Officer)

Management Response #10:

Management accepts this recommendation. Appendix A will be revised to require the direct deposit to be deactivated after processing the final payment. The completion date for the revised appendix is January 31, 2019.

M E M O R A N D U M



SUBJECT: Response to OIG Draft Audit - 19-XXX, Audit of WMATA's Employee Separation Process. DATE: January 15, 2019

FROM: COO - Joseph Leader

THRU: GM/CEO - Paul J. Wiedefeld

TO: Geoffrey A. Cherrington

The following represents the Chief Operating Officer's (COO) response to the OIG draft Audit of WMATA's Employee Separation Process.

OIG Finding 1 Recommendation 3:

Ensure Program Office personnel and HR reconcile leave balances before an employee separates from WMATA and notify ACCT/Payroll Branch. (Action: Chief Human Resources Officer & Chief Operating Officer)

Management Response:

COO management partially accepts this recommendation. COO's organization will implement all applicable HR policies, including revised P/I 7.3.3/2 immediately upon issuance. This includes any requirement to reconcile leave balances with HR before an employee separates from WMATA, understanding that COO management's impact on sick, annual and compensatory balances is limited to ensuring PeopleSoft time reporting is correct. Additionally, there are instances when separations can occur quickly, with almost no notice. In these cases, leave balances may not be reconciled before an employee is actually separated, but will be reconciled before the employee's final paycheck is issued.

APPENDIX C

WMATA'S ADMINISTRATIVE REQUIREMENTS FOR EMPLOYEE SEPARATION CHECKLIST



ADMINISTRATIVE REQUIREMENTS FOR EMPLOYEE SEPARATION

Name (Last, First, Middle) _____ Forwarding Address (Street, City, State, Zip Code) _____ Forwarding Area Code and Telephone Number _____	<u>Type of Separation</u> <input type="checkbox"/> Workforce Reduction <input type="checkbox"/> Resignation <input type="checkbox"/> Involuntary Separation <input type="checkbox"/> Retirement Grade/Step _____ <input type="checkbox"/> NRP <input type="checkbox"/> L689 <input type="checkbox"/> L922 <input type="checkbox"/> L2 <input type="checkbox"/> FOP Department/Office _____ Office Code _____ SSN (Last 4 digits) _____ EMPLOYEE ID _____
--	--

EMPLOYEE CHECKLIST

<u>Organizational Element/Asset</u>	<u>Issued</u>	<u>Recovered</u>
Computer	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Laptop	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Cellular Telephone# _____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Mobile Devices _____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Other Devices _____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Parking Pass# _____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
WMATA ID Card _____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Uniforms# _____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Office Keys _____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Desk Keys _____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Credit Card _____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Travel Card _____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Tools/Equipment _____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
_____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
SMARTRIP Card _____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No

LEAVE RECONCILIATION

Annual Leave Balance _____	Sick Leave Balance _____
Time Not Recorded _____	Time Not Recorded _____

REMARKS

Provide remarks (if applicable) _____

Supervisor Signature/Date _____

TO REPORT FRAUD, WASTE, OR ABUSE

Please Contact:

Email: wmata-oig-hotline@verizon.net

Telephone: 1-888-234-2374

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