



**Washington Metropolitan Area Transit Authority  
Inspector General's Semiannual Report to the  
Board of Directors, No. 19  
July 1, 2016 – December 31, 2016**



## **INSPECTOR GENERAL'S MESSAGE TO THE BOARD OF DIRECTORS**

I am pleased to provide this Semiannual Report on the activities and accomplishments of the Washington Metropolitan Area Transit Authority (WMATA) Office of Inspector General (OIG) from July 1, 2016, through December 31, 2016. Our work, highlighted in this report, demonstrates our 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 action.

OIG carries out its mission through its Audit and Investigation Programs. The audits and investigations highlighted in this report demonstrate our commitment to ensuring integrity and efficiency in WMATA's programs and operations.

It was an active 6 months for OIG in furtherance of its obligation to timely identify the most critical risks and vulnerabilities in WMATA programs and operations to allow WMATA to take necessary corrective actions. The work highlighted in this report includes three audits and two evaluations that showed \$1,227,000 in funds that could have been put to better use. To improve WMATA operations, OIG identified vulnerabilities in, and made a number of recommendations to improve, the effective and efficient operation of WMATA programs. We also reviewed pricing information in 26 contractors' proposals with a value of \$82,472,835 and suggested \$7,014,539 in net audit adjustments.

In addition, we issued 13 reports of investigations (ROIs) and received 220 complaints during this time period. The 13 ROIs included 5 Whistleblower retaliations, fraud, complaints regarding unauthorized procurement, and miscellaneous misconduct investigations involving several different WMATA departments/offices. Two of the investigations resulted in WMATA employees being terminated.

OIG remains committed to the integrity, efficiency, and effectiveness of WMATA programs and operations, and our audits, evaluations, and investigations highlighted in this report demonstrate this ongoing commitment. OIG staff continuously strives to maintain the highest possible standards of professionalism and quality in their audits and investigations.

Finally, OIG's success would not be possible without the collaborative efforts between my staff and those of WMATA to address OIG findings and to timely implement recommended corrective actions. I wish to thank them for their dedication and support, and I look forward to their continued cooperation as we work together to ensure the integrity and efficiency of WMATA operations.

**/S/**

Helen Lew  
Inspector General

# TABLE OF CONTENTS

## INSPECTOR GENERAL'S MESSAGE TO THE BOARD OF DIRECTORS

INTRODUCTION .....	4
AUDITS .....	7
Audit and Evaluation Summaries .....	7
Summary of Contract Attestations .....	14
Audits in Progress .....	15
INVESTIGATIONS .....	18
Table 1: Recommendations Described in Previous SARS on Which Corrective Action Has Not Been Completed as of December 31, 2016 .....	19
Table 2: OIG Audit and Evaluation Reports (July 1, 2016, through December 31, 2016).....	19
Table 3: OIG Contract Audit Reports (July 1, 2016, through December 31, 2016).....	20
Table 4: Investigative Activity Statistical Profile (July 1, 2016, through December 31, 2016).....	22

## OVERVIEW OF OIG

On August 19, 2009, the WMATA Compact was amended to recognize the OIG by statute. Board Resolution 2006-18, approved April 20, 2006, originally established the OIG to conduct and supervise audits, program evaluations, and investigations relating to agency activities; promote economy, efficiency, and effectiveness in WMATA activities; detect and prevent fraud and abuse in WMATA activities; and inform WMATA officials and the Board of Directors (Board) about deficiencies in WMATA activities, as well as the necessity for and progress of corrective action. The OIG follows generally accepted government auditing standards for all audits and supervises WMATA's annual independent audit of financial reporting. The Inspector General (IG) reports to the Board through its Audits and Investigations Committee. The IG prepares a Quarterly Report to the Audits and Investigations Committee and a Semiannual Report to the Board.

The OIG began operations on May 14, 2007, when the current IG came on board. A mission statement and core values have been developed for OIG and are provided below.

### **Mission Statement**

The OIG supervises and conducts independent and objective audits, evaluations, investigations, and other activities of WMATA's programs and operations to promote economy, efficiency, and effectiveness, as well as to prevent and detect fraud, waste, and abuse in such programs and operations. We provide advice to the Board and General Manager/Chief Executive Officer to assist in achieving the highest levels of program and operational performance in WMATA.

### **Our Core Values**

Excellence - We have a commitment to excellence in our people, our processes, our products, our impact and in the performance of our mission.

- We value a diverse, educated, and highly trained workforce that reflects independence, initiative, and mutual respect.
- We value operating within an objective code of standards, yet remain open to new innovations.
- We support WMATA's mission to provide safe, equitable, reliable and cost-effective public transit.

Accountability - We insist on high standards of professional conduct from employees at all levels and compliance with professional standards to ensure the Board and management can rely on our products.

- We have confidence in the accuracy of our work and that our results hold up to professional scrutiny.
- We encourage an environment of risk-free communication and promote an open, honest, and respectful exchange of ideas and information.

Integrity - We strive to maintain the highest level of trust and integrity in all of our activities, and the approach we take in accomplishing our mission must reflect fairness, balance, and credibility.

- The personal and professional qualities of our employees include honesty, respect for others, and freedom from bias.
- We value and protect our access to information recognizing that reputations, public confidence, and lives can be affected by our actions.

## **OIG STAFF**

OIG is made up of two components - Audits and Investigations. The Audits component is comprised of three audit teams: contracts, internal operations, and information technology. OIG audits examine the performance of WMATA programs and contractors in carrying out their respective responsibilities and are intended to provide independent assessments of WMATA programs and operations. These assessments help reduce waste, abuse, and mismanagement and promote economy and efficiency throughout WMATA. OIG audits are performed with OIG's own resources, and OIG oversees audit work done by outside audit firms.

The Investigations component of OIG conducts criminal, civil, and administrative investigations of fraud, waste, and abuse related to WMATA programs and operations. OIG investigations can lead to criminal prosecution, civil penalties, disciplinary action, and/or administrative action. The Investigations component handles the OIG Hotline, including intake of complaints and determining the appropriate handling of them. Complaints may be investigated by OIG or referred to management, the Audits component for audit consideration, or another agency, as appropriate. Investigations also tracks and oversees the investigation of Whistleblower retaliation cases. Whistleblower retaliation reports are submitted to the WMATA Whistleblower panel for review and determination.

OIG had 34 full-time employees as of December 31, 2016, the majority of whom do audits. Our staff is comprised of auditors, investigators, a computer specialist, an office manager and an administrative assistant with educational backgrounds and degrees in accounting, finance, cyber security, economics, computer science, law, criminal justice, information management, and business. Some of the staff have professional certifications such as accountants, internal auditors, investigators, fraud examiners, information systems auditors, information systems security professional, information security manager, government financial managers, computer forensic examiner and inspectors general and/or graduate degrees.

## OIG PROGRAMS AND ACTIVITIES

### ***Audit Program***

The OIG Audit Program focuses on WMATA management and financial operations; economy or efficiency with which the WMATA organizations, programs, or functions are managed; and whether the programs achieve intended results. OIG auditors assess the degree to which an organization complies with laws, regulations, and internal policies in carrying out programs, and they test program effectiveness, as well as the accuracy and reliability of financial statements. The overall objective of an audit is to identify ways to enhance WMATA operations and promote greater economy and efficiency. Audits comprise four phases:

- **Survey phase**—the initial phase of the audit process, which is used to gather information, without detailed verification, on the agency’s organization, programs, activities, and functions. An assessment of vulnerable area determines whether further review is needed.
- **Verification phase**—detailed information is obtained to verify findings and support conclusions and recommendations.
- **Reporting phase**—the auditors present the information, findings, conclusions, and recommendations that are supported by the evidence gathered during the survey and verifications phases. Exit conferences are held with management officials to discuss the auditors’ preliminary findings. Management is then provided a draft audit report to comment on. Management’s comments are included in their entirety as an appendix in the published audit report.
- **Corrective action plan**—Positive change results from the process in which management takes action to improve operations based on the recommendations in the published audit report. Management actions are monitored until final action is taken on all recommendations. When management and OIG cannot agree on the actions needed to correct a problem identified in an audit report, the issue can be taken to the General Manager for resolution.

Each December, OIG issues an *Annual Plan* that summarizes the audits planned for the coming year. Unanticipated high-priority issues may arise that generate audits not listed in the *Annual Plan*.

### ***Investigation Program***

OIG’s responsibility for detecting and preventing fraud waste and abuse with WMATA includes investigating possible violations of criminal statutes relating to WMATA programs and activities, investigating misconduct by WMATA employees, and coordinating investigations with Federal, State, and local law enforcement agencies. The Investigations component of the OIG (Investigations) receives and investigates complaints, from within and outside WMATA, or upon its own initiative, concerning alleged fraud, waste, and abuse, as well as safety, service, and management deficiencies. Investigations’ priorities are the detection and deterrence of fraud, and the protection of WMATA assets.

Investigations staff is composed of experienced investigators, several of whom are attorneys and former criminal prosecutors, as well as prior law enforcement officers. In addition to the expertise of the staff, Board Resolution 2006-18 authorizes the OIG full and unrestricted access to all Metro records. This resolution includes the legal right to subpoena witnesses, papers, records, and documents, which are deemed relevant to any legitimate purpose in connection with an OIG criminal, civil, or administrative inquiry.

In October 2016, Investigations added a new staff position of Investigations Analyst. Authorized by the Board of Directors in 2015, this position is responsible for day-to-day functions of the OIG hotline as well as providing a wide range of analytical support for OIG Special Agents. The Investigations Analyst also provides administrative support in the management of the Investigations case management system.

Investigations receives complaints from a variety of sources that include the OIG hotline, telephone, email, walk-in, internal mail, and traditional mail. All complaints are logged into the Investigations case management system and evaluated for further action. Because the OIG accepts anonymous complaints, we often receive complaints that lack sufficient information or detail to warrant further review. Some complaints involve matters not within the purview of the OIG (personnel matters, age discrimination, sexual harassment, etc.) which are referred to the appropriate departments for further action as deemed necessary. If a determination is made that further review is warranted, the complaint is assigned to an investigator.

## AUDITS

To help WMATA improve its effectiveness and efficiency during this period, OIG completed five performance audits or evaluations, which resulted in recommendations to WMATA management. In addition, the auditors oversaw the financial statement audit that was conducted by an independent public accounting firm under contract to OIG. These reports are summarized in this section. Auditors also reviewed pricing information in contractors' proposals with a value of \$82,472,835 and suggested \$7,014,539 in net audit adjustments.

### Audit and Evaluation Summaries

#### *Audit of Trapeze Scheduling and Dispatch System*

WMATA Strategic Goal: Meet or Exceed Expectations by Consistently Delivering Quality Service

MetroAccess Service (MACS) is a division of WMATA's Department of Access Services (ACCS), and provides the region's complementary paratransit services offered in **accordance with the Americans with Disabilities Act.**



MACS manages the fourth highest ridership paratransit system in the nation, and has daily responsibility of scheduling over 8,000 passenger trips with a fleet of over 675 vehicles. MACS has internal operations that provides oversight for the MACS program, such as fleet management, financial operations, MetroAccess Operations Control Center (MACS-OCC), service delivery and quality assurance. Trapeze is the computer application that is used to schedule and dispatch the MetroAccess vehicles.

The objective of the audit was to determine whether the Trapeze Scheduling and Dispatch System is meeting functional, technical, and contract requirements in an efficient and effective manner.

***Audit Results:***

Trapeze is meeting its functional and technical requirements. ACCS management has controls in place to efficiently and effectively administer and manage Trapeze. However, ACCS management has not adequately monitored contract requirements related to the operations of Trapeze. Specifically, OIG found:

- lack of an IT manager for the operations center,
- inadequate system maintenance, and
- lack of adherence to data administration requirements.

As a result of not monitoring contract requirements, WMATA has overpaid \$173,000 for IT management services, is using operating software applications with known security vulnerabilities, and using unreliable data to perform daily reconciliation and archiving.

The report makes recommendations to WMATA management to improve ACCS controls in monitoring the contractor, and ensure the Contract Officer Technical Representative (COTR) is accountable for monitoring contractor's performance requirements. When implemented, these recommendations will strengthen ACCS controls in monitoring MV's contract requirements and performance.

ACCS management concurred with the findings and recommendations in this report. ACCS management was particularly pleased with the overall results, which indicated that Trapeze is meeting its functional and technical requirements, and that ACCS management has controls in place to efficiently and effectively manage Trapeze.

***Evaluation of WMATA's Rail Fare Activities***

WMATA Strategic Goals: Improve Regional Mobility and Connect Communities, Meet or Exceed Expectations by Consistently Delivering Quality Service, and Ensure Financial Stability and Invest in our People and Assets.

Historically, WMATA's fare policy objectives and related fare changes primarily were focused on cost recovery and maintaining social equity. WMATA has a time and distance based fare structure, which generally results in a higher farebox recovery ratio, and provides the opportunity for higher social equity which the Board of Director's have favored over simplicity.





In recent years WMATA has seen its ridership decline for a variety of reasons, including a decline in service and safety reliability. These declines prompted a decision to forego fare increases in FY 2017. Strategies to increase ridership and revenue without a broad-based fare increase include changes to make Metrorail passes more attractive and University Pass programs for local university students.

The objective of the evaluation was to determine the effectiveness of WMATA's Rail Fare activities. Specifically, how effective is WMATA in budgeting its rail revenues, setting a reasonable fare structure for rail, and managing its rail fare evasion efforts to meet its goals, objectives, and expectations.

### ***Evaluation Results:***

WMATA's overall activities for budgeting its rail revenues and setting a reasonable fare structure for rail are effective in assisting in the advancement of WMATA's goals and objectives; however, opportunities exist to enhance fare change processes, rail ridership and revenue forecasting, and rail fare evasion efforts. Specifically:

- Consider a continuous process to identify, process, assess and implement fare concepts and processes;
- Developing standard operating procedures to reflect the rail forecasting process and continue discussions on calibrating a new ridership and revenue forecasting model; and
- Enhance the rail fare enforcements efforts to include a comprehensive framework to quantify revenue losses related to rail fare evasion, assess related risks, and measure the effectiveness of mitigation and enforcement efforts.

The report makes recommendations to WMATA management to review and update standard operating procedures related to current rail revenue forecasting methodologies and maintain supporting documentation of the forecast results; and to develop and implement a comprehensive framework to assess, manage and combat rail fare evasion. Management concurred with the findings and provided corrective action plans.

### ***Audit of WMATA's Degaussing/Wiping of Electronic and Magnetic Media***

WMATA Strategic Goal: Build and Maintain a Premier Safety Culture and System

WMATA policy requires hard drives and other electronic media be erased of all information and data before transfer or disposal. The objective of this audit was to follow-up on a prior OIG audit report.<sup>1</sup>

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<sup>1</sup>Review of WMATA's Software/Hardware Acquisition Process (IT 12-002) dated May 25, 2012.

**Audit Results:**

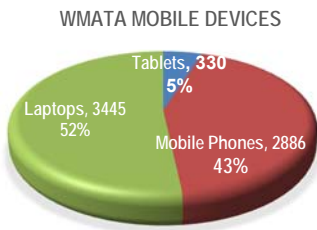
During the OIG Audit of WMATA’s Mobile Computing Security Program it came to our attention WMATA had not securely erased two personal computer hard drives. While this observation was outside the scope of the mobile computing audit, it is similar to a finding identified in a May 25, 2012 OIG report. That report provides there was “inadequate verification of data removed from computer hard drives prior to public auction.” The repeat discovery of this condition suggests weak information technology security controls. The hard drives that were analyzed during this audit contained WMATA business data and user personally identifiable information, which in the wrong hands, could be used for other than legitimate purposes.

The report makes recommendations to develop and implement a security and process controls over wiping electronic storage media prior to transfer or disposal. The Chief of Internal Business Operations fully concurred with the findings and recommendations and agreed to implement internal controls and take appropriate corrective actions.

**Audit of WMATA’s Mobile Computing Security Program**

WMATA Strategic Goal: Build and Maintain a Premier Safety Culture and System

Mobile devices are key components of WMATA’s information technology infrastructure. Mobile devices include smartphones, notebooks, portable digital assistants, thumb drives, and laptops.



Mobile devices have been called the weakest link in a network. Mobile devices can contain a vast amount of sensitive and personal information and are connected to WMATA’s networks. As such, mobile devices make attractive targets for criminals seeking to exploit the devices.

The audit objective was to determine whether WMATA had implemented adequate security controls over the management, administration, and operation of mobile computing devices.

**Audit Results:**

WMATA does not have adequate controls over its mobile devices. Specifically:

- mobile device program guidance needs improvement,
- WMATA did not have an accurate inventory of mobile devices,
- mobile device management system security parameter settings did not fully comply with WMATA or industry configuration standards,
- mobile phone utilization and phone plan selection were not optimized,
- controls over removable storage devices were inadequate, and
- mobile device awareness training needs improvement.

These deficiencies increase the opportunity for theft, loss, and misuse of mobile devices and the data they contain. Further, these deficiencies may have resulted in approximately \$1,054,900 in costs that could have been avoided or put to better use.

The report makes recommendations to improve the controls over the usage and administration of its mobile devices. When implemented, these recommendations will strengthen WMATA’s security over mobile devices and the information contained in the attached networks. Management fully concurred with the report and agreed to implement controls over the custody of mobile devices and implement a comprehensive mobile device program that is responsive to the findings and recommendations.

**Evaluation of WMATA’s Safety Measurement System (SMS)**

WMATA Strategic Goal: Build and Maintain a Premier Safety Culture and System

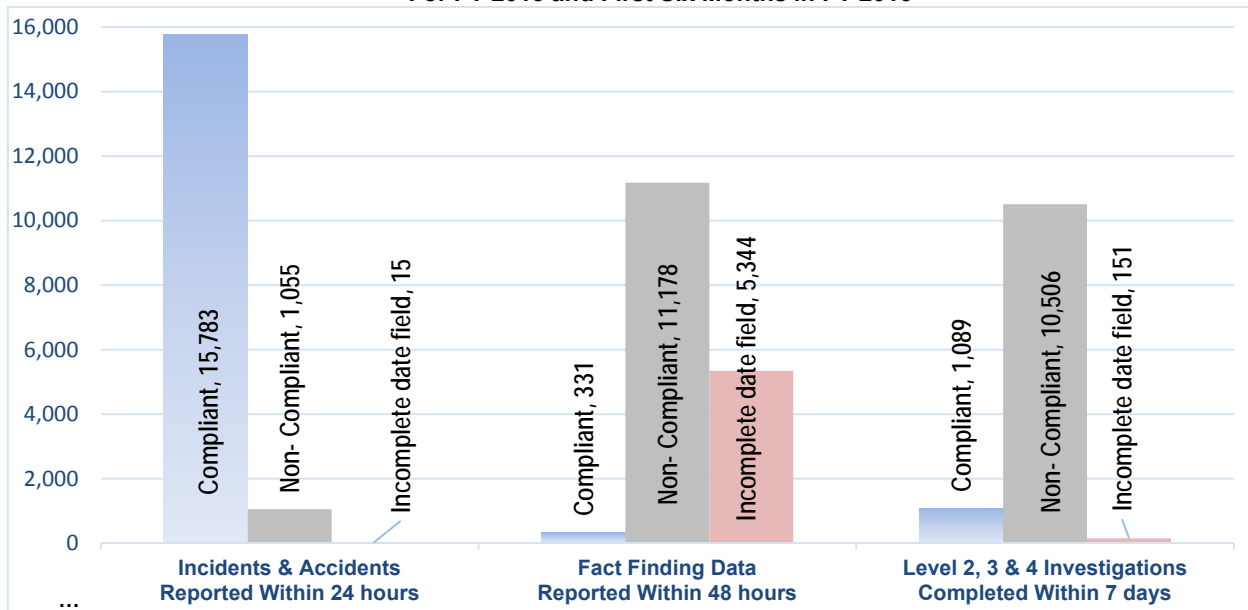
WMATA’s SMS requires incidents and accidents that take place in WMATA’s facilities and operational work areas to be reported and investigated in a centralized database. The Department of Safety and Environmental Management (SAFE) is responsible for administering SMS to enhance the safety of the Authority’s customers and employees. WMATA’s desire to improve its safety performance requires that all departments utilize SMS in accordance with policies and procedures.

The evaluation objective was to determine whether WMATA’s SMS is producing results consistent with the system’s goals, objectives, and expectations.

**Evaluation Results:**

WMATA has made progress in implementing the SMS for reporting and investigating incidents and accidents, and is continuing to enhance the system. However, improvements are needed in SMS. Specifically incident and accident data is not always entered into SMS in a timely manner, investigations are not always completed timely, and some workers’ compensation data is not in the SMS Return to Work Module.

**Timeliness of Incident and Accident Data in SMS  
For FY 2015 and First Six Months in FY 2016**



Failure to meet the timeliness requirement for reporting incidents and accidents in SMS delays corrective actions. Failure to include all incidents and accidents in SMS may prevent WMATA from: promptly correcting Occupational Safety and Health Administration (OSHA) codes, reducing the number of on-the-job injuries suffered by employees, and ensuring a commensurate drop in worker's compensation claims. Additionally, without timely information in monthly, quarterly, and annual reports, management's ability to make informed decisions may be compromised. This information is contained in their information systems, but the information must be extensively manipulated to produce usable reports. This is inefficient, especially when SMS can be easily configured to produce the reports.

The report makes recommendations to improve the integrity of SMS, and facilitate investigation of incidents and accidents by WMATA departments. Management fully concurred with the findings and recommendations in the report and provided a list of specific actions being taken to correct the issues noted in the report. Corrective actions are expected to be completed in calendar year 2017.

### **Results of the Audit of WMATA's Financial Statement for FYs 2016 and 2015**



The WMATA Compact, Section 70, states that an audit shall be made of the financial accounts of the Authority, shall be prepared in accordance with generally accepted accounting principles, and shall be filed with the Chairman and other officers as the Board shall direct. The Board, through the adoption of Board Resolution #2006-18, established the responsibility for the supervision of WMATA's annual independent audit of financial accounts by the Office of Inspector General.

The objective of this audit is to:

- Expresses opinions on the authority's financial statements,
- Reviews compliance with applicable laws and regulations,
- Reviews the controls in WMATA's computer systems that are significant to the financial statements, and
- Assesses WMATA's compliance with OMB Uniform Guidance.

OIG oversees the external auditor's performance.

#### ***Audit Results:***

RSM US LLP conducted the audits, and we performed oversight and monitoring procedures to ensure completion of the audit deliverables. In October 2016, we received the following reports – WMATA's Financial Report for the years ended June 30, 2016 and 2015, and WMATA's Single Audit Report for the year ended June 30, 2016. Management generally concurred with the auditors' findings and recommendations and proposed corrective actions to address them.

Specifically, WMATA received an unmodified "clean" opinion on the FY2016 and 2015 financial statements. In addition, WMATA received an unmodified opinion on the FY2016 Independent Auditors' "Report on Internal Control Over Financial Reporting and on Compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards and Report on Compliance for each major federal program: Report on Internal Control Over Compliance." The audits resulted in two material weaknesses, three significant deficiencies and one finding which relates to both a

significant deficiency and an identified matter of non-compliance. All six findings are repeats from the FY2015 audit that had a total of 15 findings. A brief summary of some of the areas that resulted in the findings are fixed assets, reporting Schedule of Expenditures of Federal Awards, inventory, and journal entries. Management concurred with the findings and provided corrective action plans.

## Summary of Contract Attestations

From July 1, 2016, through December 31, 2016, OIG issued 26 attestation reports.

Attestation engagements are performed within their stated scope and objective(s) as agreed with management and can cover a broad range of financial and non-financial subjects. Because these reports generally involve contractor proprietary information, the reports are not posted on the OIG website and are not publicly distributed. A compilation of our attestation reports/certifications appears in Table 3.

Some key types of attestation reports issued by OIG include pre-negotiation, billing rate, and pre-award reviews. These are described more fully below along with the number of such reports issued this reporting period.

- **Pre-negotiation Attestation Reports** (2 reports)

This type of report generally relates to a review and analysis of a contractor's proposal to determine if the pricing information is current, accurate, and complete and ties back to the contractor's accounting systems. During the reporting period July 1, 2016, through December 31, 2016, we reviewed pricing information with a proposed value of \$82,472,835 and suggested \$7,014,539 in net audit adjustments. Some of the suggested adjustments involved unallowable cost, inflated cost, unsupported cost, etc.

- **Billing Rate Attestation Reports** (22 reports)

At the request of WMATA's Office of Procurement and Materials (PRMT), we review the billing rates submitted by contractors and subcontractors to PRMT for approval. The primary objective of this review is to verify the basis of the billing rates and the support for the cost elements (base wage rates and overheads) included in the contractor's proposal and to ensure that the pricing information is current, accurate, and complete. The results of our review are sent to PRMT for use in the negotiation process.

- **Pre-award Attestation Reports** (2 reports)

Prior to the final determination of a contract award, the Contracting Officer sends financial data (Income Statements, Balance Sheets, Retained Earnings Statements, Source and Application of Funds and related notes), submitted by the prospective contractor to the OIG for evaluation. We conduct an agreed-upon procedure review to determine if the contractor has adequate financial resources (going concern) and whether the contractor meets the applicable standards for a responsible prospective contractor.

## Audits in Progress

### ***Audit of WMATA's Workers' Compensation Program***



WMATA Strategic Goal: Build and Maintain a Premier Safety Culture and System

WMATA has approximately 750 workers' compensation claims per year costing about \$4 million annually. However, these costs have been rising. WMATA contracts with a Third Party Administrator (TPA) to process workers' claims. After the TPA completes its investigation to determine whether the case is compensable or non-compensable, WMATA reviews the case and approves their decision.

The audit objective was to determine the effectiveness and efficiency of the Workers' Compensation Program.

### ***Audit of WMATA's Buy America Act Activities***



WMATA Strategic Goal: Ensure Financial Stability and Invest in our People and Assets

According to the Federal Transit Administration (FTA), the objective in implementing Buy America Requirements and Pre-Award and Post-Delivery Audits of Rolling Stock Purchases is to support U.S. jobs and the U.S. manufacturing industry.

FTA generally defines rolling stock as transit vehicles, such as buses, vans, cars, railcars, locomotives, trolley cars, ferryboats, as well as vehicles used for support services.

As a condition to receiving FTA grant funds for rolling stock procurements, WMATA must certify compliance with Buy America and its pre-award and post-delivery audit requirements. The Buy America Act requires WMATA to either verify that the vehicles will contain more than 60 percent domestic content, by cost, and final assembly of the vehicles will take place in the United States or to obtain a FTA waiver letter exempting the procurement from these requirements. Failure to comply with the Buy America Act can result in contract breaches and FTA sanctions and the withholding of Federal funds.

The objective of this audit is to determine whether WMATA has adequate controls and oversight over its Buy America procurements for rolling stock.

### ***Audit of Payroll Operations***

WMATA Strategic Goal: Ensure Financial Stability and Invest in our People and Assets

Metro employs approximately 13,000 union and non-union workers. Labor expenses in FY16 were approximately \$752 million, which accounted for 28.6% of operating expenses.<sup>2</sup> The Payroll Branch within the Chief Financial Officer's organization has the responsibility to ensure that pay checks are processed and distributed in a timely manner by accurately calculating gross wages, tax and garnishment withholdings and other deductions. In other words, it is

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<sup>2</sup>Washington Metropolitan Area Transit Authority Financial Report – June 30, 2016

responsible for collecting, reviewing, processing, and reporting of all documentation required to support payroll for all WMATA employees. In order to perform this process, the Payroll Branch is divided into two sections, Salaried Payroll and Hourly Payroll.

The objective of this audit is to determine whether WMATA's internal controls over payroll are effective and efficient.

### ***Audit of Tunnel Inspection Program***



WMATA Strategic Goal: Meet or Exceed Expectations by Consistently Delivering Quality Service

The tunnel inspection program consists of inspecting 91 miles of tunnels and 87 MetroRail stations. The objective of the program is to provide a positive daily commute for WMATA's customers by providing a safe and reliable rail system. The program is run by the Office of Track and Structures with a staff of about 600, an operating budget around \$46 million, and a capital budget around \$82 million. Maintenance of structures adheres to OAP 208-02, Structures Maintenance Management, and Maintenance of Way. The comprehensive inspection of all structures or structural appurtenance are performed as prescribed in WMATA's Structural Design Standards, WMATA's Maintenance plan for Metrorail Structures and the Bridge Inspector's Reference Manual 2002.

On August 31, 2016, a piece of metal and concrete debris fell from the ceiling of the Rhode Island Avenue Metro Station, causing delays and trains to bypass the station. On September 1, 2016, Rhode Island Avenue Station officials reported pieces of concrete were falling about 40 feet away from the location of the August 31, 2016 debris repairs.

We completed an investigation of tunnel inspection reports in September 2015, and found inspection remarks were being copied and pasted from year to year, making it difficult to verify if a new inspection was done. Inspectors were not using current photos of tunnels, instead archived photos were being used. There was no standard inspection procedures manual in place at the time.

The audit objective is to assess the effectiveness of the tunnel inspection program in maintaining MetroRail.

### ***Audit of Information Technology (IT) Incident Response Process***



WMATA Strategic Goal: Build and Maintain a Premier Safety Culture and System

Incident response is an important component of WMATA's Information Technology (IT) programs. The nature of security-related threats potentially can become harmful and disruptive to WMATA's IT environment, and incidents are occurring more frequently. Risk management can lower the number of incidents, but not all incidents can be prevented. Continuous monitoring is necessary for rapidly detecting and analyzing incidents. The incident response process is necessary for minimizing loss and destruction, mitigating the weaknesses that were exploited, and restoring computing services. New threats and vulnerabilities are continuously occurring, which requires constant updating of security software – sometimes on a daily basis.

As can be seen by the Sony Pictures hack, the Office of Personnel Management hack, and the recent hack of the Democratic National Committee, intrusions into IT systems can have a tremendous monetary as well as public relations impact. The Chief Business Officer recently stated that there are hundreds of attempts to penetrate WMATA every day. Consequently, this is a high risk area that has not been previously audited.

The audit objective is to determine the effectiveness of WMATA's incident response process.

## INVESTIGATIONS

During the past six months, Investigations engaged in both criminal and administrative investigations involving allegations of fraud, waste, and abuse. OIG investigations often involve highly sensitive information pertaining to personnel and business operations. To ensure the confidentiality and integrity of sensitive information, a summary of the wide variety of inquiries and investigations conducted is provided.

From July 1, 2016, through December 31, 2016, OIG received 220 complaints and issued 13 ROIs. Of the 220 complaints received, 130 complaints were referred to management or other entities, and 30 were closed without further action by OIG. We opened 11 investigations, and as of December there are 21 investigations pending. An Investigative Activity Statistical Profile is provided in Table 4.

These investigations involved employees from the Office of the Chief Engineer, Metro Access, BUS, RAIL, the Office of the Chief Financial Officer, and Internal Business Operations. Two investigations resulted in the terminations of WMATA personnel. Other investigations resulted in less severe disciplinary actions, administered at the discretion of managers in their respective departments/offices.

### **Whistleblower Retaliation**

WMATA Policy/Instruction 7.8.1/1 delegates full authority to the OIG with respect to preventing whistleblower retaliation. It also requires the OIG to maintain records regarding Prohibited Personnel Practices and Investigations and Proceedings and report on this information to the Board. The policy requires OIG to report to the Board (in executive session, as appropriate) information on the following: a) Investigations and proceedings, including trends and outcomes; b) Panel actions on OIG Reports of Investigation (as provided by the Panel); c) report of training of Employees and supervisors (as provided by the Department of Human Resources (HR)); and d) report on regulatory proceedings or litigation that relate or refer to any Protected Activity or Prohibited Personnel practices (as provided by the Office of General Counsel (COUN)). The OIG AIGI presented this information to the Board, in executive session, in September 2016.

During this period, OIG received 7 complaints of Whistleblower retaliation. Of the 13 reports of investigation issued during this period, 5 were Whistleblower retaliation investigations. OIG has 2 active investigations of Whistleblower retaliation.

In addition to investigating allegations of whistleblower retaliation, the OIG, in collaboration with the Department of Human Resources and the Office of General Counsel, facilitated training sessions for supervisory and management personnel on preventing whistleblower retaliation. As of December 31, 2016, WMATA facilitated 22 "Preventing Whistleblower Retaliation" training sessions and trained 397 supervisors/managers.



**Table 1: Recommendations Described in Previous SARs on Which Corrective Action Has Not Been Completed as of December 31, 2016**

Report Number	Report Title	Date Issued	Number of Recommendations		Latest Target Date (Per WMATA Corrective Action Plan)
			Open	Complete	
IO 16-001	Follow-up Review of Findings and Recommendations from 2014 Evaluation of WMATA's Disadvantaged Business Enterprise Program	12/22/15	2		12/31/16*
IO 16-003	Audit of WMATA's Invoice Certification and Payment Process	1/13/16	1	5	12/31/16*
IT 16-001	Audit of WMATA's Network Security Operations	12/18/15	3	1	12/31/16*
IT 16-002	Review of WMATA's Maximo Asset Management System	12/22/15	1	2	03/31/18*
CA 15-001	Review of WMATA's Local Jurisdictional Subsidies	04/28/15	1	1	12/31/16*
CA 16-001	Audit of WMATA's Office of Procurement and Materials Noncompetitive Contract Actions	12/17/15	3	4	03/31/17*

\*Expected Completion Date Changed from Previous Report

**Table 2: OIG Audit and Evaluation Reports (July 1, 2016 through December 31, 2016)**

Report Number	Report Title	Date Issued	Funds Put to Better Use
OIG-17-01	Audit of Trapeze Scheduling and Dispatch System	12/7/16	\$173,000
OIG-17-02	Evaluation of WMATA's Rail Fare Activities	11/10/16	
OIG-17-03	Audit of the Degaussing/wiping of Electronic and Magnetic Media	11/21/16	
OIG-17-04	Audit of WMATA's Mobile Computing Security Program	11/21/16	\$1,054,900
OIG-17-05	Evaluation of WMATA's Safety Measurement System	12/29/16	

**Table 3: OIG Contract Audit Reports  
(July 1, 2016 through December 31, 2016)**

Report Number	Report Title	Date Issued
<b>CONTRACT AUDIT REPORTS</b>		
CAA 17-001	Independent Review of Cost Proposal for Contract FQ13087, PCO No. 006 – Andrews Federal Center Bus Facility	08/30/2016
CAM 17-001	Independent Review of Pre-Award Financial Data for Contract No. FQ16058 – Bus I and Bus II Facility Improvements at CTF	07/07/2016
CAM 17-002	Independent Review of Proposed Rates for Contract FQ15191, General Architectural and Engineering Consultant Services – Facilities Indefinite Delivery Indefinite Quantity	07/15/2016
CAM 17-003	Independent Review of Proposed Rates for Contract FQ15191, General Architectural and Engineering Consultant Services – Facilities Indefinite Delivery Indefinite Quantity	07/15/2016
CAM 17-004	Independent Review of Proposed Rates for Contract FQ15191, General Architectural and Engineering Consultant Services – Facilities Indefinite Delivery Indefinite Quantity	08/02/2016
CAM 17-005	Independent Review of Proposed Rates for Contract FQ15191, General Architectural and Engineering Consultant Services – Facilities Indefinite Delivery Indefinite Quantity	08/03/2016
CAM 17-006	Independent Review of Proposed Rates for Contract FQ15191, General Architectural and Engineering Consultant Services – Facilities Indefinite Delivery Indefinite Quantity	08/04/2016
CAM 17-007	Independent Review of Proposed Rates for Contract FQ15191, General Architectural and Engineering Consultant Services – Facilities Indefinite Delivery Indefinite Quantity	08/04/2016
CAM 17-008	Independent Review of Proposed Rates for Contract FQ15191, General Architectural and Engineering Consultant Services – Facilities Indefinite Delivery Indefinite Quantity	08/16/2016
CAM 17-009	Independent Review of Proposed Rates for Contract FQ15191, General Architectural and Engineering Consultant Services – Facilities Indefinite Delivery Indefinite Quantity	08/16/2016
CAM 17-010	Independent Review of Proposed Rates for Contract FQ15191, General Architectural and Engineering Consultant Services – Facilities Indefinite Delivery Indefinite Quantity	09/09/2016
CAM 17-011	Independent Review of Proposed Rates for Contract FQ15191, General Architectural and Engineering Consultant Services – Facilities Indefinite Delivery Indefinite Quantity	09/22/2016
CAM 17-012	Independent Review of Proposed Rates for Contract FQ15192, General Architectural and Engineering Consultant Services – Systems IDIQ	09/28/2016
CAM 17-013	Independent Review of Proposed Rates for Contract FQ15191, General Architectural and Engineering Consultant Services – Facilities Indefinite Delivery Indefinite Quantity	09/30/2016
CAM 17-014	Independent Review of Proposed Rates for Contract FQ15191, General Architectural and Engineering Consultant Services – Facilities Indefinite Delivery Indefinite Quantity	10/05/2016
CAM 17-015	Independent Review of Proposed Rates for Contract FQ15191, General Architectural and Engineering Consultant Services – Facilities Indefinite Delivery Indefinite Quantity	10/18/2016
CAM 17-016	Independent Review of Proposed Rates for Contract FQ15191, General Architectural and Engineering Consultant Services – Facilities Indefinite Delivery Indefinite Quantity	11/01/2016
CAM 17-017	Independent Review of Proposed Rates for Contract FQ15191, General Architectural and Engineering Consultant Services – Facilities Indefinite Delivery Indefinite Quantity	11/02/2016
CAM 17-018	Independent Review of Proposed Rates for Contract FQ15191, General Architectural and Engineering Consultant Services – Facilities Indefinite Delivery Indefinite Quantity	11/09/2016
CAM 17-019	Independent Review of Proposed Rates for Contract FQ15191, General Architectural and Engineering Consultant Services – Facilities Indefinite Delivery Indefinite Quantity	11/16/2016

Report Number	Report Title	Date Issued
CAM 17-020	Independent Review of Proposed Rates for Contract FQ15191, General Architectural and Engineering Consultant Services – Facilities Indefinite Delivery Indefinite Quantity	11/23/2016
CAM 17-021	Independent Review of Pre-Award Financial Data for Contract No. FQ16048 – “T29 Montgomery Bus Maintenance Bldg. Roof Replacement”	12/02/2016
CAM 17-022	Independent Review of Proposed Rates for Contract FQ15191, General Architectural and Engineering Consultant Services – Facilities Indefinite Delivery Indefinite Quantity	12/09/2016
CAA 17-002	Independent Review of Cost Proposal for Contract FQ15000 – 700 MHz Radio System	12/12/2016
CAM 17-023	Independent Review of Proposed Rates for Contract FQ15191, General Architectural and Engineering Consultant Services – Facilities Indefinite Delivery Indefinite Quantity	12/14/2016
CAM 17-024	Independent Review of Proposed Rates for Contract FQ15191, General Architectural and Engineering Consultant Services – Facilities Indefinite Delivery Indefinite Quantity	12/22/2016

**Table 4: Investigative Activity Statistical Profile  
(July 1, 2016, through December 31, 2016)**

Statistic	No.
Total Complaints Received	220
<ul style="list-style-type: none"> <li>• Investigations Initiated From Complaints</li> </ul>	11
<ul style="list-style-type: none"> <li>• Whistleblower Cases (included above)</li> </ul>	2
<ul style="list-style-type: none"> <li>• Pending Assignment for Investigation<sup>3</sup></li> </ul>	21
<ul style="list-style-type: none"> <li>• Whistleblower Cases (included above)</li> </ul>	0
<ul style="list-style-type: none"> <li>• Referred to Management or Other Entity<sup>4</sup></li> </ul>	130
<ul style="list-style-type: none"> <li>• No Action Taken<sup>5</sup></li> </ul>	30
Investigations Closed <sup>6</sup>	13

<sup>3</sup>Does not include pending assignments from previous reporting periods.

<sup>4</sup>Includes referrals that require management response.

<sup>5</sup>Complaint did not fit criteria for investigation or referral to management or other entity.

<sup>6</sup>Includes investigations initiated in previous reporting periods.