



Inspector General's Semiannual Report to the Board of Directors, No. 24



January 1, 2019 – June 30, 2019

INSPECTOR GENERAL'S MESSAGE TO THE BOARD OF DIRECTORS



Geoffrey A. Cherrington

I am pleased to present this *Semiannual Report* on the activities and accomplishments of the Washington Metropolitan Area Transit Authority's (WMATA) Office of Inspector General (OIG) from January 1, 2019, through June 30, 2019.

Our work reflects the Board of Directors' (Board) mandate, which is to identify and address fraud, waste, abuse and corruption through audits, evaluations, and investigations relating to WMATA's programs and operations. The products highlighted in this report demonstrate to the riders, taxpayers and employees we are committed to ensuring safety, reliability, customer service and fiscal responsibility.

During the six months covered by this report, OIG contributed to two criminal convictions, issued six Reports of Investigation (ROIs), issued one interim ROI and received 203 complaints. The ROIs included investigations of alleged procurement fraud and contract mismanagement. The criminal convictions rose from a fraudulent time keeping scheme. OIG issued four Management Alerts associated with the procurement of the new 8000 series railcars, data security, contract management, and employee identification cards. In addition, OIG issued three Management Assistance Reports related to ethics training and disclosures, the 7000 series railcars, and the Metrorail station intercom system.

OIG issued six audit and evaluation reports that identified significant weaknesses in WMATA's procurement processes, cybersecurity controls, asset management practices, and human resource programs. These reports resulted in \$36 million of questioned costs and in funds that could have been put to better use. Management has on-going corrective actions that should correct the issues contained in these audit reports. In addition, OIG issued 40 contract audit reports with \$3.7 million in possible savings.

OIG strives to maintain the highest possible standards of professionalism and quality in investigations, evaluations, inspections and audits. I would like to commend our dedicated and professional staff for their diligence and commitment to the mission of this office.

Finally, I would like to thank WMATA management and their staff for the collaborative efforts in implementing recommended corrective actions in a timely manner.

A handwritten signature in blue ink, consisting of stylized, overlapping loops and a long horizontal stroke at the end, representing the name Geoffrey A. Cherrington.

Geoffrey A. Cherrington
Inspector General

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OVERVIEW OF OIG

Board Resolution 2006-18, which was approved April 20, 2006, established the OIG. On August 19, 2009, the WMATA Compact was amended to recognize OIG by statute. The Inspector General reports to the Board.

Mission Statement

OIG supervises and conducts independent and objective audits, inspections, 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 (GM/CEO) to assist in achieving the highest levels of program and operational performance at 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 three offices -- Investigations (OI); Audits (OA); and Inspections, Evaluations & Special Projects (OE):

OI 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. OI manages the OIG Hotline, including in-take of complaints and determining the appropriate handling of those complaints. Complaints may be investigated by OI, referred to management, to OA for audit consideration, or to another agency, as appropriate. This office is also committed to aggressively pursuing proactive investigations through data analysis, recruiting confidential informants, and mining financial information for fraud detection.

OI also investigates whistleblower retaliation cases. Whistleblower retaliation reports are submitted to the WMATA Whistleblower Panel for review and determination. OIG reports to the Board information on: a) investigations and proceedings, including trends and outcomes; b) Whistleblower Panel actions; c) training of employees and supervisors; and d) regulatory proceedings or litigation that relate or refer to any protected activity or prohibited personnel practices.

OA is comprised of two teams: the financial and contract audit team and the information technology and administration audit team. OIG audits provide independent assessments of WMATA programs and operations, which helps reduce waste, abuse, and mismanagement and promotes economy and efficiency. OIG also oversees audit work done by outside audit firms on behalf of OIG.

Each July, OIG issues an *Annual Audit Plan* that summarizes the audits planned for the coming fiscal year. OIG seeks management input from the GM/CEO and his staff as a part of the planning phase. Unanticipated high-priority issues may arise that generate audits not listed in the *Annual Audit Plan*.

OE conducts management and programmatic inspections and evaluations. These inspections and evaluations provide insight into issues of concern to WMATA and other key stakeholders. In addition, OE conducts preliminary investigations and special projects that address concerns, in an expedited manner, related to WMATA's operations. The expedited assessments alert WMATA management to matters that may either involve safety issues or a non-safety situation that may help WMATA curtail or avoid loss of assets and/or resources.

INVESTIGATIONS

During the past 6 months, OI conducted 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.

Investigation Summaries

ROIs

Alleged Procurement Fraud

OIG initiated an investigation into allegations of corrupt procurement practices in the Office of Bus Maintenance (BMNT) after receiving a complaint from a company regarding a bid submitted for a diesel particulate filter cleaning contract. The complainant alleged that while they submitted the lowest bid, the contract was awarded to a vendor who was engaged in business and/or a relationship with members of BMNT management. The investigation found no evidence to indicate inappropriate relationships between BMNT management and the vendor awarded the contract. The complainant and the contract administrator responsible for the contract provided conflicting accounts of the procurement process.

During the investigation, OI found potential violations of WMATA policies relating to proper documentation, contract file maintenance, record retention, and data security procedures within the Office of Procurement and Materials (PRMT). The potential violations included missing procurement documentation and potential data security issues associated with storing and safeguarding sensitive PRMT data.

Alleged Wasteful Procurement Practices

OIG received an anonymous complaint alleging wasteful spending by the Office of Plant Maintenance (PLNT). The complaint alleged a supervisor purchased two custom-built silt filter pumps for use in drainage pumping stations (totaling approximately \$100,000) that did not work and several pallets of valves that were too large for the pumps. Further, the supervisor allegedly hid the items at various WMATA storage locations to cover up his mistake.

During the investigation, OI found that the silt filter pumps were ordered as part of a pilot project to reduce costs associated with hiring outside contractors to remove silt from drainage pumping stations' wet wells. The purchase consisted of two customized hoppers, two pumps, and a few polymer gallon drums, totaling \$35,755. However, on the initial test of one pump, it did not work as intended. The supervisor ultimately had the pumps stored at two different underground locations. PLNT personnel did not consult the manufacturer to troubleshoot or repair them. Both pumps have remained in storage for the past four years – one still in its original packaging. OI recommended that WMATA either use the pumps or sell them as surplus.

Falsified Inspection Reports

On August 31, 2016, a steel bracket support located between the escalator and structure fell from the ceiling of the Rhode Island Avenue – Brentwood Station (RIABS) and on the following day, concrete fell from the RIABS ceiling. An inspection of the RIABS structure completed on May 15, 2016, did not identify the conditions leading to the steel bracket support or concrete falling.

As a result of these consecutive structural deficiencies, the OIG OA performed an evaluation to assess the adequacy of the post-incident inspections, repairs and risk mitigation strategies. OIG auditors found numerous inspection reports contained identical language from previous years' reports and referred the matter to OI to determine whether the structural evaluation technicians included fraudulent information in the RIABS reports.

The investigation confirmed that structural evaluation technicians provided false information in the RIABS inspection reports from August of 2013 through May of 2016. Although this investigation was limited in scope to the RIABS report, OIG uncovered evidence suggested that the behavior was not confined to the RIABS. OIG continues to investigate potential false information in other inspection reports.

Fraudulent Time Keeping Scheme

As documented in a previous semi-annual report, OIG received a complaint alleging that WMATA employees Jean-Jacques Lontchi and Narcisse Tsaba, concurrently employed at Amtrak, engaged in a fraudulent time keeping scheme. Specifically, Lontchi and Tsaba would claim time at one employer while physically reporting to the other. They would then receive pay from both employers for the same hours. Both employees resigned from WMATA.

Lontchi and Tsaba were charged with theft in United States District Court and each employee subsequently pled guilty to one count of theft and agreed to pay restitution. On January 25, 2019, the former employees were sentenced. Lontchi was sentenced to 100-days incarceration (suspended), 18-months' probation, and ordered to pay restitution to Amtrak. Tsaba was sentenced to 100-days incarceration (suspended), 36-months' probation, and ordered to pay Amtrak \$3,779.80 and WMATA \$3,712.21 in restitution.

Contract Overpayment

OIG initiated an investigation based on an employee complaint into a vendor that overbilled WMATA for certain fees in connection with payment card processing services and initially sought to refund these overbillings contingent on WMATA exercising a two-year contract extension. OI confirmed the overbilling and WMATA subsequently renegotiated the extension by requiring the vendor to reimburse the agency over \$286,000 for the overbillings on or before June 30, 2019, extending the contract for one year and making a good faith representation to extend the contract for a second year. The vendor initiated a monthly reimbursement credit effective with the August 2018 invoice. However, OIG later determined, at the current rate, the monthly credit would leave over \$47,670 still outstanding on June 30, 2019. WMATA informed OIG that the vendor agreed to pay the \$47,670. OIG's investigation concluded that both contracting officer's technical representatives failed to identify the overbillings in a timely fashion.

Contract Mismanagement

OIG received a referral from OA indicating that WMATA spent approximately \$500,000 maintaining a single self-cleaning toilet located at the Huntington Metro Station. OIG conducted an investigation into this matter and found evidence to substantiate that WMATA spent \$416,789.32 based on known invoices between 2003 and 2017. Neither PLNT nor PRMT were able to provide OIG with all invoices, so the known total spent does not include the years of 2007, 2012, 2013 and 2014. Based on spending from the previous years, it is probable that WMATA spent over \$500,000 on the self-cleaning toilet that has been out-of-service since the fall of 2017.

Alleged Contract Steering

OIG received an anonymous complaint alleging executive staff in BMNT were steering business to preferred vendors. Specifically, the complaint alleged that an engineer at BMNT consulted vendor representatives during the drafting of a statement of work for bus coolant. The complaint also alleged that a different senior manager in BMNT was steering business to a former employer where his/her spouse currently works.

OIG found sufficient evidence to substantiate that the engineer consulted with a vendor during the drafting of the statement of work on the coolant contract. During the investigation, the engineer admitted that he never informed PRMT about consulting with the vendor nor about changing the statement of work based on the vendor's recommendations. The vendor was ultimately awarded the contract in November 2017. While OIG concluded that an appearance of impropriety existed, the investigation did not establish that the senior manager was receiving a direct benefit from WMATA contracting with the spouse's employer.

Alleged Whistleblower Retaliation

OIG received a complaint from a former senior manager in the Office of Management and Budget Services alleging whistleblower retaliation. The employee alleged that a supervisor initiated a spurious hostile work environment investigation after the employee raised multiple concerns about vendor performance on the Hyperion software integration project, which the employee believed would result in gross waste of WMATA funds. The employee also alleged that the employee was subsequently removed from the Hyperion software integration project. On January 28, 2019, the employee resigned from WMATA. The OIG investigation did not substantiate the employee's allegation of whistleblower retaliation.

Interim ROI

Alleged Procurement Fraud

OIG received a complaint that alleged the Office of Quality Assurance, Internal Compliance & Oversight (QICO) improperly awarded a \$44 million staff augmentation contract to a specific vendor because of a close relationship between a WMATA employee and a high-level official with the vendor.

OIG found evidence that during the solicitation process and evaluation of the bidders, a QICO staff member emailed several WMATA employees sensitive documents concerning the solicitation to his personal Gmail account. The employee then used this personal email account to communicate with the vendor during the solicitation process. The employee provided sensitive and confidential information to this vendor, including the independent pricing schedule prior to the final bid offer from the vendor.

OIG also uncovered evidence that during the solicitation development and award for the contract, the QICO staff member was communicating with an official from a subcontractor of the vendor. These communications included suggested requirements for the solicitation, as well as potential future job offers. The investigation continues.

Table 1: Investigative Activity Statistical Profile

Complaint Type	No.
Complaints Received	203
<ul style="list-style-type: none"> • Investigations Initiated from Complaints • Whistleblower Complaints • Pending Assignment for Investigation • Pending Review • Referred to Management or Other Entity • Closed Administratively 	<p style="text-align: right;">1</p> <p style="text-align: right;">7</p> <p style="text-align: right;">0</p> <p style="text-align: right;">46</p> <p style="text-align: right;">112</p> <p style="text-align: right;">37</p>
Investigations Closed ¹	8

EVALUATIONS

During the past 6 months, OE conducted work resulting in the issuance of a Management Alert related to the procurement of the new 8000 series railcars. In addition, OE issued three Management Assistance Reports (MARs) focusing on the 7000 series railcars; ethics training and disclosures; and the Metrorail Station intercom system. WMATA management agreed with all recommendations on the 7000 series railcars and ethics training and disclosures and its response is still pending on the other MAR.

Evaluations and Special Projects in Progress

Evaluation of WMATA’s Inventory Management Practices

WMATA has approximately \$144 million in inventory located in 23 warehouses. This inventory is tracked and managed in the automated MAXIMO system. Effective inventory practices help to ensure that assets are protected from theft or waste. Currently, WMATA is considering new approaches to inventory management. OIG will evaluate those approaches and offer alternatives that may assist in the protection of these assets. In addition, the OIG will evaluate the accuracy of the inventory records and the reporting of inventory financial information.

The objective of this evaluation is to determine the effectiveness of WMATA’s inventory practices and supply chain management.

¹Includes investigations initiated in previous reporting periods.

Special Project – Review of Issues Surrounding the Dulles Corridor Metrorail Project Silver Line – Phase 2

Phase 2 of the Silver Line is being constructed by the Metropolitan Washington Airport Authority (MWAA). The project extends the Silver Line to Dulles Airport/Route 772 in Loudoun County, Virginia. Under design/build contracts, let and managed by MWAA, the project will add additional track, six stations and a new rail yard. Upon completion of construction and acceptance by WMATA, WMATA would then own, operate and maintain the rail line and rail yard. As reported, there have been issues associated with concrete and other areas within the project, which may impact WMATA's operation and maintenance of the Silver Line Phase 2, including costs to operate and maintain.

The objective of this special project is to assess the issues with Phase 2 of the Silver Line and assess the impact of future operations and maintenance prior to acceptance by WMATA.

AUDITS

Audit work focuses on areas of concern such as financial and IT security and management; contracts; human capital; administrative issues; and high-risk programs that impact the safe operation of the transit system. During this reporting period, OIG issued six audit and evaluation reports that identified \$36 million in questioned costs and in funds that could have been put to better use. An additional seven audits were in progress as of June 30, 2019. Auditors also reviewed pricing information in one contractor's proposal with a value of \$20,960,926 and identified \$3.7 million in possible savings.

Audit Summaries

Audit of Vendor Master File (VMF)

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

The VMF is a foundational element of the Accounts Payable and Procurement processes. The VMF contains vital information about vendors and facilitates their engagement in transactions for the procurement of goods and services. It is essential to effectively maintain this file to avoid unauthorized or inappropriate activity, duplicate payments, and inefficiencies. To safeguard resources over the procurement of goods and services, mechanisms should be in place to ensure that valid vendors exist to provide quality goods and services at competitive prices in a timely manner to meet business objectives.

The objective of this audit was to evaluate the internal controls over vendor validation, setup, maintenance, and clean-up processes.

Audit Results:

OIG identified (1) ineffective vendor verification, set-up procedures, vendor maintenance, lack of clean-up procedures; and (2) a lack of separation of duties.

As a result of these issues, incorrect or incomplete payment information in VMF could cause an improper payment to a WMATA vendor. Also, the lack of validation of information and the lack of separation of duties increases the risk of unauthorized or inappropriate activity, duplicate payments, and inefficiencies. For the 37 vendors selected for audit fieldwork, all had at least one internal control issue within the VMF process. In addition, 8,655 of the 14,931 vendors in the VMF (58 percent) had no activity for 18 or more months as of September 30, 2017.

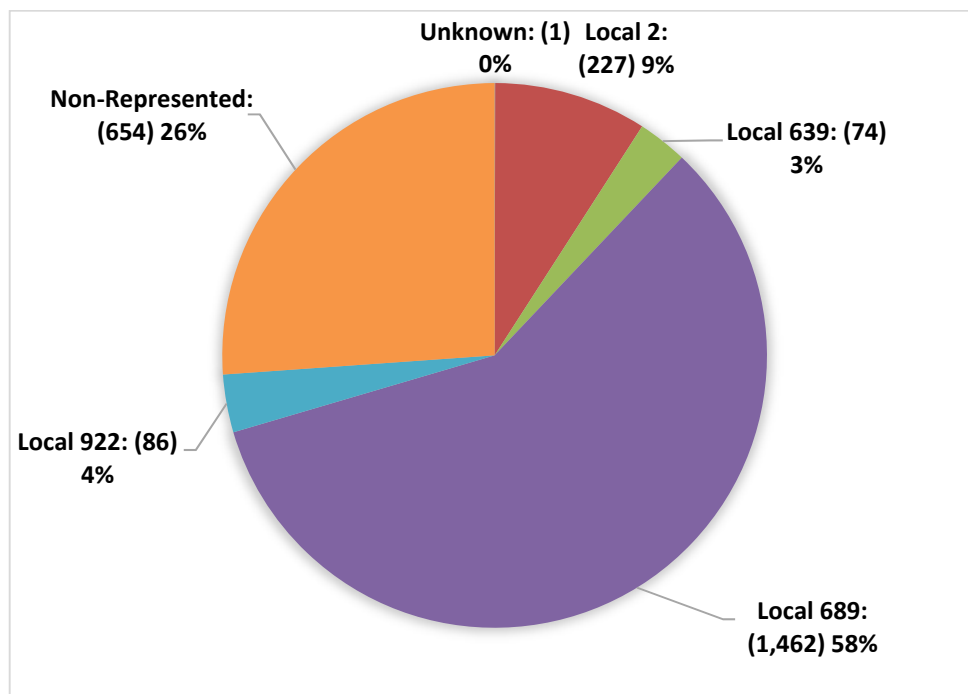
WMATA management concurred with the findings and recommendations and has initiated corrective actions.

Audit of WMATA’s Employee Separation Process

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

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 voluntary² or involuntary³ action severing the employment of a represented or non-represented employee with Metro. From April 1, 2016 through April 30, 2018, 2,504⁴ employees separated from WMATA as seen in Chart 1:

Chart 1: WMATA’s Separated Employees Universe



The objective of this audit was to determine the effectiveness of the separation controls and asset recovery processes.

²Voluntary separation occurs when an employee voluntarily separates from employment with Metro.

³Involuntary separation is an action taken by Metro that severs the employment relationship.

⁴The universe of separated employees does not include WMATA contractors.

Audit Results:

OIG identified opportunities to strengthen the employee separation and asset recovery processes. Specifically, improvements are needed in (1) collecting outstanding claims to include notifying the Department of Human Resources and the Office of Accounting/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, separate with WMATA property, or be erroneously paid after separation.

WMATA management agreed with the findings and recommendations and has initiated corrective actions.

Review of Cybersecurity Requirements in WMATA's Procurements

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



During the audit of WMATA's *Cybersecurity over Rail Industrial Control Systems*, OIG became aware of cybersecurity risks in rail procurements. The contract for 7000 series railcars did not contain specific cybersecurity requirements. As such, contractors are not obligated to address cybersecurity. At the time of this review, the Request for Proposal for the 8000 series railcars also did not contain cybersecurity requirements.

Consequently, WMATA may be vulnerable to (1) cyberattacks and data breaches resulting from compromised third-party systems and services, and (2) manipulation of rail software that could adversely impact the safe operation of Metro's rail system.

WMATA management agreed with the finding and recommendations and has initiated corrective actions.

Audit of WMATA's Kronos Implementation Project

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



In 2014, the Federal Transit Administration (FTA) issued the Financial Management Oversight Review, which recommended, among other things, that WMATA improve its processes for timekeeping and payroll. WMATA chose Kronos to satisfy FTA's requirements and recommendations. Kronos enforces timekeeping policies, collective bargaining agreement time and labor clauses, and processes in using payroll and timekeeping data. The Kronos Project began in 2016 with initial deployment in February 2018. Due to numerous payroll issues, Kronos deployment was suspended in July 2018 and corrective action was initiated.

The audit objective was to assess the initial deployment and re-deployment of Kronos.

Audit Results:

WMATA deployed Kronos without: (1) performing a study of alternative solutions prior to procuring Kronos; (2) understanding and validating all timekeeping processes, practices and business rules; and (3) adequately completing all test cases and scenarios.

After spending \$18.4 million on the initial deployment, Kronos implementation was suspended. The configuration errors resulted in employees not being paid or being inaccurately paid. After Kronos was suspended, WMATA spent an estimated \$1.6 million to fix and validate payroll errors.

Planned redeployment of Kronos in October 2020 is expected to cost an additional \$17.7 million. WMATA is projected to spend a total of \$37.7 million to implement Kronos – 1.88 times more than the original budget. A successful redeployment is facilitated by WMATA adhering to the IT Project Lifecycle Management processes, including reconfirming that Kronos is the best timekeeping solution, developing a project plan, implementing requirements, and adequately performing tests. In total, OIG identified \$24.6 million in questioned costs and in funds that could have been put to better use.

WMATA management agreed with the findings and recommendations and has initiated corrective actions.

Audit of WMATA’s End-of-Service Life (EOSL) Operating System Software

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



The Software Asset Management Program is defined as “...all of the infrastructure and processes necessary for the effective management, control and protection of the software assets...throughout all stages of their lifecycle.” Our scope included unsupported operating system software that does not and cannot receive patches and updates from the software provider in response to security threats from newly discovered vulnerabilities.

The audit objective was to assess WMATA’s management of software reaching or that has reached EOSL.

Audit Results:

WMATA had operating systems and contractor-owned systems that were running EOSL operating system software. The end of vendor support had, in some cases, ended years earlier.

When vendors stop supporting older versions of their products, those products pose significant security risks because updates are no longer available. These vulnerabilities increase the opportunities for cyberattack, data breaches, and vulnerability exploits. If left unaddressed and thereafter exploited, these vulnerabilities could have monetary impacts, impair operations, endanger public safety, and damage WMATA’s reputation. Further, EOSL operating system software may: (1) prevent WMATA from using more current, effective, and efficient devices and solutions; (2) decrease productivity; (3) increase maintenance costs; and (4) decrease reliability.

WMATA management agreed with the findings and recommendations and has initiated corrective actions.

Audit of Software Asset Management

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



A Software Asset Management (SAM) Program provides centralized software management and administration. Software financial and operational data assists organizations in managing and navigating the risks and vulnerabilities associated with software lifecycle management and maintenance.

The audit objective was to determine the adequacy of WMATA's SAM Program.

Audit Results:

WMATA has not implemented a comprehensive SAM Program capable of managing software assets across the enterprise. WMATA developed some policies, informally assigned responsibilities, and conducted some scanning. However, other critical program requirements were not implemented including a software risk assessment, software resources, software inventory controls, detailed standard operating procedures, and quality assurance controls.

A comprehensive SAM program would allow WMATA to fully manage software, and lessen WMATA's risks of exposure to cyberattacks, data breaches, and other exploits.

WMATA management agreed with the finding and recommendation and has initiated corrective action.

Table 2: OIG Audit & Evaluation Reports

Report Number	Report Title	Date Issued
OIG-19-06	Audit of WMATA's Vendor Master File	01/17/19
OIG-19-07	Audit of WMATA's Employee Separation Process	01/17/19
OIG-19-08	Review of Cybersecurity Requirements in WMATA's Procurements	03/05/19
OIG-19-09	Audit of WMATA's Kronos Implementation Project	04/17/19
OIG-19-10	Audit of WMATA's End-of-Service Life Operating System Software	05/01/19
OIG-19-11	Audit of WMATA's Software Asset Management Program	06/19/19

Audits in Progress

Audit of Contracting Officer Technical Representative's (COTR) Function

WMATA Strategic Goal: Ensure financial stability and invest in our people and assets.

Individuals appointed as COTRs are responsible for the administrative functions of a contract specifically delegated to them. This includes timely notification to the contracting officer of all significant events affecting contract performance, delivery, or price. COTRs approve contractor invoices for payment.

The objective is to determine whether WMATA's COTRs are performing adequate oversight of contract activities.

Audit of WMATA's Financial Statements for FY 2019



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 statements by OIG.

The objective of this audit is to:

- Express opinions on the Authority's financial statements,
- Review compliance with applicable laws and regulations,
- Review the controls in WMATA's computer systems that are significant to the financial statements, and
- Assess WMATA's compliance with Office of Management and Budget's Uniform Guidance.

Audit of Garage Cleaning Services

WMATA Strategic Goal: Build and maintain a premier safety culture and system.

WMATA contracts services for the cleaning of certain garages at Metro Stations and for landscaping. These garages are in Washington, D.C., Virginia and Maryland. Customers want facilities to be clean and want to feel safe throughout their journey. WMATA contractors provide cleaning services.

The objective is to assess WMATA's oversight of its garage cleaning contractors.

Audit of Cybersecurity over Rail

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

Metrorail uses many electronic systems to ensure the safe and efficient operation of the rail transit system. Critical activities operated through the rail systems include: control of trains, power, station ventilation, voice and data communications, and monitoring of gas and fire sensors. Metrorail has also been designated by the Department of Homeland Security as a critical infrastructure.

The objective is to determine whether cybersecurity measures are in place and effective to protect the Metrorail against cyber threats.

Audit of WMATA’s Data Compromise Response Capability

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

Cyber intrusion response is an important part of an Information Technology program and Operations Technology program. While mitigating factors based on the results of risk assessments can lower the number of incidents, not all incidents can be prevented. Organizations can reduce the impact of a cyber intrusion by having an incident response plan.

The audit objective is to determine the effectiveness of WMATA’s data compromise response capability.

Audit of Control and Accountability of Fuel

WMATA Strategic Goal: Ensure financial stability and invest in our people and assets.



WMATA manages over 1,500 non-revenue vehicles and spends about \$1.2 million on fuel each year. The audit will examine fuel purchases to ensure fuel for WMATA vehicles is being properly used and accounted for. Topics will include the cost of fuel and whether bulk discounts are being provided. Because this is a high value asset susceptible to theft, control and accountability is essential.

The audit objective is to determine whether WMATA has adequate controls and accountability of fuel.

Rail Performance Monitoring (RPM) System

WMATA Strategic Goal: Build and maintain a premier safety culture and system.

WMATA has approximately 1,260 rail cars with 8 rail yards. The RPM System was designed to track the location of individual rail cars and allow authorized users to perform rail yard and rail terminal management.

The audit objective is to determine whether the RPM System is functioning as intended.

Corrective Actions on Audit Recommendations

OIG tracks and documents the status of audit recommendations and WMATA corrective action plans.

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. Listed below are recommendations issued more than 6 months ago that are still outstanding. In every case listed, management’s ongoing actions will correct the deficiency identified during the audit.

Table 3: Recommendations Described in Previous SARs on Which Corrective Action Has Not Been Completed as of June 30, 2019

Report Number	Report Title	Date Issued	Number of Recommendations		Latest Target Date (Per WMATA Corrective Action Plan)
			Open	Complete	
IT 16-002	Review of WMATA's Maximo Asset Management System	12/22/15	1	2	09/30/19
OIG-17-02	Evaluation of WMATA's Rail Fare Activities	11/10/16	1	1	12/31/19
OIG-17-05	Evaluation of WMATA's Safety Measurement System	12/29/16	1	2	12/31/19
OIG-18-06	Manual Payroll Systems are Prone to Data Input and Process Errors	03/30/18	3	0	06/30/19
OIG-18-07	Evaluation of Rhode Island – Brentwood Station Incidents	04/05/18	3	3	08/31/19
OIG-18-08	Audit of WMATA's IT Incident Response Process	06/20/18	3	4	12/31/19
OIG-19-02	Audit of WMATA's Security Over Publicly Accessible Web Applications	09/05/2018	8	0	07/31/19
OIG-19-03	Audit of Blanket Purchase Agreements	09/27/2018	1	6	06/01/19

Summary of Contract Audits

Contract audits 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.

From January 1, 2019, through June 30, 2019, OIG issued 40 contract audit reports.

Table 4: Contract Audit Reports

Report Number	Report Title	Date Issued
CAM 19-053	Independent Review of Proposed Delay Claim for Contract FQ13087, Additional Project Management Costs	1/3/2019
CAM 19-054	Independent Review of Proposed Delay Claim for Contract FQ13087, Additional Project Management Costs	1/3/2019
CAM 19-055	Independent Review of Proposed Rates for Contract FQ18033, General Architectural and Engineering Consultant Services – Program Management, Construction Management, and Engineering Support Services IDIQ	1/7/2019
CAM 19-056	Independent Review of Proposed Rates for Contract FQ18033, General Architectural and Engineering Consultant Services – Program Management, Construction Management, and Engineering Support Services IDIQ	1/16/2019
CAA 19-007	Post- Delivery Buy America Audit for Contract FQ12269, Mod 019, Part 2, “Procurement of Heavy-Duty Transit BRT Low Floor 40FT CNG, 40FT BRT Hybrid/Electric and 60FT Hybrid/Electric Articulated Buses”	1/18/2019
CAM 19-057	Independent Review of Proposed Rates for Contract FQ18033, General Architectural and Engineering Consultant Services – Program Management, Construction Management, and Engineering Support Services IDIQ	1/23/2019
CAM 19-058	Independent Review of Proposed Rates for Contract FQ18033, General Architectural and Engineering Consultant Services – Program Management, Construction Management, and Engineering Support Services IDIQ	1/29/2019
CAM 19-059	Independent Review of Proposed Rates for Contract FQ15190-D, Architect-Engineering (A/E) General Planning Services	2/1/2019
CAM 19-060	Independent Review of Proposed Rates for Contract FQ18033, General Architectural and Engineering Consultant Services – Program Management, Construction Management, and Engineering Support Services IDIQ	2/1/2019
CAM 19-061	Independent Review of Proposed Rates for Contract FQ18033, General Architectural and Engineering Consultant Services – Program Management, Construction Management, and Engineering Support Services IDIQ	2/4/2019
CAM 19-062	Independent Review of Proposed Rates for Contract FQ15190-A, Architect-Engineering (A/E) General Planning Services	2/13/2019
CAA 19-008	Post-Delivery Buy America Audit for Contract FQ18001, “40 Foot/60 Foot Clean Diesel and 40 Foot/60 Foot Compressed Natural Gas (CNG) Bus Rapid Transit (BRT) style Heavy Duty Transit Buses”	2/21/2019
CAM 19-063	Independent Review of Pre-Award for Contract FQ18125, “Manufacture of New Escalator Steps for Westinghouse Escalators”	2/22/2019
CAM 19-064	Independent Review of Proposed Rates for Contract FQ18033, General Architectural and Engineering Consultant Services – Program Management, Construction Management, and Engineering Support Services IDIQ	2/26/2019
CAM 19-065	Independent Review of Economic Price Adjustment for Option 2 for Contract RC7000, Modification 22 – Economic Price Adjustment	3/1/2019
CAM 19-066	Independent Review of Proposed Rates for Contract FQ18033, General Architectural and Engineering Consultant Services – Program Management, Construction Management, and Engineering Support Services IDIQ	3/6/2019
CAM 19-067	Independent Review of Proposed Rates for Contract FQ18033, General Architectural and Engineering Consultant Services – Program Management, Construction Management, and Engineering Support Services IDIQ	3/20/2019
CAM 19-068	Independent Review of Proposed Rates for Contract FQ18033, General Architectural and Engineering Consultant Services – Program Management, Construction Management, and Engineering Support Services IDIQ	4/11/2019
CAA 19-009	Post-Delivery Buy America Audit for Contract FQ16020/JWC “Specialized Five Passenger Paratransit Vehicles Modified OEM Vans”	4/18/2019
CAM 19-069	Independent Review of Proposed Rates for Contract FQ18033, General Architectural and Engineering Consultant Services – Program Management, Construction Management, and Engineering Support Services IDIQ	4/19/2019
CAM 19-070	Independent Review of Proposed Rates for Contract FQ18033, General Architectural and Engineering Consultant Services – Program Management, Construction Management, and Engineering Support Services IDIQ	4/26/2019
CAA 19-010	Post- Delivery Buy America Audit for Contract FQ18001, “40 Foot/60 Foot Clean Diesel and 40 Foot/60 Foot Compressed Natural Gas (CNG) Bus Rapid Transit (BRT) style Heavy Duty Transit Buses”	4/26/2019
CAM 19-071	Independent Review of Proposed Rates for Contract FQ15192, Architectural and Engineering Consultant Services – Facilities IDIQ	5/9/2019

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CAM 19-072	Independent Review of Proposed Rates for Contract FQ18033, General Architectural and Engineering Consultant Services – Program Management, Construction Management, and Engineering Support Services IDIQ	5/10/2019
CAM 19-073	Independent Review of Proposed Rates for Contract FQ15192, Architectural and Engineering Consultant Services – Facilities IDIQ	5/10/2019
CAM 19-074	Independent Review of Proposed Rates for Contract FQ18033, General Architectural and Engineering Consultant Services – Program Management, Construction Management, and Engineering Support Services IDIQ	5/14/2019
CAM 19-075	Independent Review of Proposed Rates for Contract FQ15190-A, Architect-Engineering (A/E) General Planning Services	5/15/2019
CAA 19-011	Pre-Award Buy America Audit for Contract FQ18001, “40 Foot/60 Foot Clean Diesel and 40 Foot/60 Foot Compressed Natural Gas (CNG) Bus Rapid Transit (BRT) style Heavy Duty Transit Buses”	5/15/2019
CAM 19-076	Independent Review of Proposed Rates for Contract FQ18033, General Architectural and Engineering Consultant Services – Program Management, Construction Management, and Engineering Support Services IDIQ	5/30/2019
CAA 19-012	Independent Review of Pre-negotiation Proposal for Contract No. FQ18155/RSC Type A1, A2 and Type C Customer Information Electronic Display Signs (CIEDS) and Related Services	6/20/2019
CAM 19-077	Independent Review of Proposed Rates for Contract FQ18033, General Architectural and Engineering Consultant Services – Program Management, Construction Management, and Engineering Support Services IDIQ	6/21/2019
CAM 19-078	Independent Review of Proposed Rates for Contract FQ18117, Station Platform Rehabilitation – Contract 1	6/21/2019
CAM 19-079	Independent Review of Pre-Award for Contract FQ19006, Complete Rehabilitation of Escalators (89)	6/21/2019
CAM 19-080	Independent Review of Proposed Rates for Contract FQ18033, General Architectural and Engineering Consultant Services – Program Management, Construction Management, and Engineering Support Services IDIQ	6/21/2019
CAM 19-081	Independent Review of Pre-Award for Contract FQ19039, Furniture and Delivery Installation	6/24/2019
CAM 19-082	Independent Review of Proposed Rates for Contract FQ18033, General Architectural and Engineering Consultant Services – Program Management, Construction Management, and Engineering Support Services IDIQ	6/25/2019
CAM 19-083	Independent Review of Proposed Rates for Contract FQ18033, General Architectural and Engineering Consultant Services – Program Management, Construction Management, and Engineering Support Services IDIQ	6/25/2019
CAM 19-084	Independent Review of Proposed Rates for Contract FQ18033, General Architectural and Engineering Consultant Services – Program Management, Construction Management, and Engineering Support Services IDIQ	6/27/2019
CAM 19-085	Independent Review of Proposed Rates for Contract FQ18033, General Architectural and Engineering Consultant Services – Program Management, Construction Management, and Engineering Support Services IDIQ	6/27/2019
CAA 19-013	Pre-Award Buy America Audit for Contract FQ18001, “40 Foot/60 Foot Clean Diesel and 40 Foot/60 Foot Compressed Natural Gas (CNG) Bus Rapid Transit (BRT) style Heavy Duty Transit Buses”	6/27/2019