

March 11, 2008

In accordance with Board Resolution 2006-18, I am pleased to submit to the Board of Directors and stakeholders this Semiannual Report on the activities of the Office of Inspector General for the seven and one-half (7½) month period ending December 31, 2007. This report highlights our work for this period and reflects our strong commitment to assisting WMATA in improving its programs and operations.

I look forward to working with you in furthering OIG's mission and core values.

/s/

Helen Lew
Inspector General

Enclosure



**Washington Metropolitan Area Transit Authority
Inspector General's Semiannual Report to the
Board of Directors, No. 1
May 14, 2007 – December 31, 2007**



Washington Metropolitan Area Transit Authority
Office of Inspector General



Semiannual Report to the Board of Directors, No. 1
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INSPECTOR GENERAL'S MESSAGE TO THE BOARD OF DIRECTORS

March 11, 2008

We are pleased to provide our first Semiannual Report on the activities and accomplishments of the Washington Metropolitan Area Transit Authority (WMATA) Office of Inspector General (OIG), from May 14, 2007,¹ through December 31, 2007. The audits, investigations, and other activities highlighted in this report illustrate our on-going commitment to promoting accountability, efficiency, and effectiveness in WMATA's programs and operations.

Board Resolution 2006-18 created the OIG as an independent office within WMATA to conduct and supervise audits, program evaluations, and investigations relating to its activities and to detect and prevent fraud and abuse in its activities. We are to keep the Board of Directors fully and currently informed about deficiencies in WMATA activities, as well as the necessity for and progress of corrective action.

Shortly after the OIG began operations on May 14, 2007, we prepared an OIG budget and work plan for fiscal year 2008, as well as an organizational staffing plan. We then discussed these and other items, including our mission statement, core values, and plans for developing policies and procedures for the OIG with the Board of Directors. During this reporting period, we issued 179 audit products and suggested audit adjustments totaling \$1,376,313 to contract proposals and contractor cost and pricing data. We also closed two investigations and referred 22 complaints. These and other accomplishments are discussed in more detail in this report.

Lastly, I would like to thank the Board of Directors and the General Manager for their support these first seven and one-half (7½) months and look forward to working with them in furthering our mission and values, as well as achieving WMATA's vision of "The Best Ride in the Nation."

/s/

Helen Lew
Inspector General

¹ The reporting period of this Semiannual Report begins with the date the OIG began operations on May 14, 2007.

INTRODUCTION

Board Resolution 2006-18, approved April 20, 2006, established the Office of Inspector General (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 about deficiencies in WMATA activities, as well as the necessity for and progress of corrective action. The OIG shall follow generally accepted audit practices for all audits, and shall supervise WMATA's annual independent audit of financial accounts. The Inspector General (IG) shall report to the Board of Directors (Board) and head the OIG. The IG shall appoint an Assistant Inspector General for Audits and an Assistant Inspector General for Investigations. The IG shall report periodically to a committee of the Board designated by the Board, and semiannually to the Board of Directors.

The OIG began operations on May 14, 2007, when the IG came on board. In accordance with the Board Resolution, the OIG assumed the staff in the previous Office of the Auditor General. A mission statement and core values have been developed for OIG and are provided below.

Mission Statement

OIG supervises and conducts independent and objective audits, 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 to assist in achieving the highest levels of program and operational performance in WMATA.

Our Core Values are:

Excellence in our people, our processes, our products, and our impact;

Accountability and compliance with professional standards; and

Integrity in everything we do, ensuring that our products are fair, balanced, and credible.

Excellence - We have a commitment to excellence 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 vision of achieving "The Best Ride in the Nation" and its values of safety, professionalism, integrity, continuous improvement, and respect for all.

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 authorized 27 full-time equivalent (FTEs) employees for fiscal year 2008 (July 1, 2007 – June 30, 2008). As of December 31, 2007, we have 16 FTEs on board. During this reporting period, we had four personnel turnovers—three retirements and one resignation. At the same time, we hired Ellen Bass as Counsel to the Inspector General and Assistant Inspector General for Investigations and Andrew C. Clemmons as Assistant Inspector General for Audits. Both individuals have extensive audit and/or investigative backgrounds from the federal government and/or private sector. We are in the process of hiring additional audit managers, auditors, and investigators.

Our staff is comprised of auditors, investigators, and an office administrator with educational backgrounds in accounting, management information systems, business, personnel, and law. Three of our auditors have graduate degrees in Business Administration; and more than half of the auditors have professional certifications as accountants, internal auditors, fraud examiners, information systems auditors, and inspector general.

OIG is made up of two components—audit and investigation. The audit component is comprised of three audit teams: contracts, internal operations, and information technology. The investigation component includes the OIG Hotline.

A summary of our audits and investigations, as well as other accomplishments from May 14, 2007, through December 31, 2007, are provided in the following sections of this report.

AUDITS

During this reporting period, we issued 179 audit products in the form of audit reports, alternative products (attestations), other reports (alert memoranda and a management letter), and other audit products (contract certifications, invoice certifications, and waivers).

Summary of Audit Reports Issued

We issued five audit reports² during this reporting period. These reports are listed in Table 1 and are summarized below.

- **Review of Bus Revenue**—(AUD 07-112, issued on June 25, 2007) - This was a follow-up audit to the Bus Revenue Report (AUD 05-046), issued on June 29, 2005, by the previous Office of Auditor General. We evaluated the cash collection processes and procedures, evaluated whether policies and procedures were adhered to, determined the adequacy of training and staffing levels, evaluated the adequacy of internal controls, and followed up on the status of implementation of the recommendations from the prior audit report. We found that the Office of the Treasurer has controls in place to safeguard bus revenue. Also, while Bus Services (BUS) has controls in place to collect and protect revenue, the controls could be improved. Based on our review, we made a number of recommendations for improvement in these areas. We found that supervisors did not adequately review the fare box pullers' worksheets; some fare box pullers did not complete their worksheets and other paperwork correctly; all revenue buses were not probed and vaulted daily; fare box puller training needed improvement; and responsibility and accountability for operating, maintaining, and reviewing surveillance cameras located in the fare box lanes should be established. We made 11 recommendations for improvements in these areas. BUS Management agreed with our recommendations.
- **Review of Internal Controls Related to Accounts Payable**—(Internal Operations No. 08-002, issued on December 28, 2007) - We reviewed the accounts payable function in the Office of Accounting (Accounting) within the Department of Finance and determined that (1) internal controls pertaining to the processing, recording, and reporting of accounts payable transactions in PeopleSoft are adequate, and (2) goods and services are properly received, reviewed, approved, recorded, and paid timely. However, our review identified

² This number includes three financial audit-related reports that were prepared by the external auditors; OIG monitored the external auditors' efforts during these audits.

two areas that WMATA can improve in its accounts payable function. Specifically, we found that the Office of Procurement and Materials (Procurement) list of WMATA employees who are authorized to approve requisitions and purchases is not current. We also found that Procurement does not properly notify Accounting of vendor credits.

We recommended that the Chief Financial Officer: (1) develop standard operating procedures for establishing and maintaining a list of employees authorized to create and/or approve requisitions and purchase orders in PeopleSoft; (2) work with other members of the Executive Leader Team, especially the Assistant General Manager for Workforce Services and the Chief Information Officer in the Department of Information Technology, to ensure that information on separated employees are processed in a timely manner to remove their access to PeopleSoft; (3) develop and implement standard operating procedures requiring appropriate employees to use the Return-to-Vendor function in the Accounts Payable Module to notify Accounting of vendor credits on returned goods; and (4) in conjunction with the Chief Information Officer, provide training to appropriate employees who have access to or responsibility for the Return-to-Vendor function in the Accounts Payable Module. The Chief Financial Officer generally agreed with our findings and recommendations.

- **Financial Statement Audit-Related Reports** - In December 2007, we received three financial statement audit-related reports— WMATA's ***Basic Financial Statements Years ended as of June 30, 2007 and 2006 with Independent Auditors' Report, The 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 Accounting Standards*** and the ***Single Audit Report Year ended June 30, 2007 (With Independent Auditors' Report Thereon)***. KPMG, LLP, Certified Public Accountants (KPMG) and F.S. Taylor & Associates, P.C., conducted the audits, and we performed limited oversight and monitoring procedures to ensure completion of audit deliverables. Management concurred with the auditors' findings and recommendations and proposed corrective actions to address them.

Specifically, WMATA received an unqualified or "clean" opinion on its comparative financial statements. ***The 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*** contained one significant deficiency in controls over construction-in-progress. The audit found that controls over construction-in-progress could be improved by periodic reviews of the accounts to ensure costs related to completed construction projects are timely transferred into transit facilities and equipment.

In addition, KPMG and F.S. Taylor & Associates, P.C., produced a Single Audit Report of WMATA's major federal programs in accordance with *Office of*

Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations for fiscal year 2007. The audit found that bus facility security enhancements needed improvement. The external auditors found that federally funded property may not be adequately safeguarded to prevent loss, damage or theft due to the lack of installed security controls such as perimeter fencing, surveillance equipment, video monitors or restrictive entry equipment. Recommendations were also made to improve internal controls and operating efficiency in the areas of implementation of accounting standards, segregation of duties, change control procedures and documentation and approval of policies and procedures.

Summary of Alternative Products Issued

From May 14, 2007, through December 31, 2007, we issued 81 alternative products (attestation reports). Our attestation engagements are performed within the context of their stated scope and objective(s) and can cover a broad range of financial and non-financial subjects. They can also be part of a financial audit or performance audit. They include the examination, review, or performance of agreed-upon procedures on a subject matter, or an assertion about a subject matter and the reporting on the results. Because these reports involve contractor proprietary information, the reports are not publicly distributed. A compilation of our attestation reports appears in Table 1.

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

- Pre-negotiation Attestation 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, complete and ties back to the contractor's accounting systems. We issued 20 pre-negotiation attestation reports. We reviewed contract proposals with a requested value of \$18,101,463 and suggested \$718,321 in audit adjustments.
- Billing Rate Attestation Reports - At the request of Procurement, we review the billing rates submitted by contractors and subcontractors to Procurement 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 Procurement for use in the negotiation process. We issued 25 billing rate attestation reports.

- Pre-award Attestation 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 OIG for evaluation. We conduct an agreed-upon procedures 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. We issued 14 pre-award attestation reports.
- Buy America Attestation Reports - The Federal Transit Administration (FTA) requires a pre-award and post-delivery certification that the manufacture of the rolling-stock vehicles (rail and bus) is in compliance with the FTA Buy America Act regulations. The pre-award audit is conducted prior to the contract award and the notice-to-proceed. The post-delivery audit is conducted prior to delivery of the rolling-stock vehicle. At the end of the reviews, certifications are issued stating whether the manufacture is in compliance with the FTA Buy America regulations. We issued eight Buy America attestation reports.
- Other Attestation Reports - We also perform other attestation services as requested by contracting officers, including advisory memoranda on cost and pricing data, attestation reviews of contractors’ proposals for sole source procurements and attestation reviews of contractor claims. We issued 14 other attestation reports. We reviewed cost and pricing data with a requested value of \$3,994,286 and suggested \$657,992 in audit adjustments.

We also received two agreed-upon procedures reports. Both reports were prepared by KPMG. We provided oversight to ensure timely completion. One covered WMATA’s National Transit Database submission. The purpose of the engagement was to perform certain agreed-upon procedures specified in the National Transit Database 2007 Reporting Manual to assist users in evaluating management’s assertion about WMATA’s compliance with the Uniform System of Accounts and Records and Reporting System Final Rule, as specified in 49 CFR Part 630, Federal Register, January 15, 1993.

The second agreed-upon procedures report covered WMATA’s Capital Program Funding Status. The purpose of the engagement was to perform certain agreed-upon procedures in accordance with attestation standards established by the American Institute of Certified Public Accountants to assist management in evaluating the Capital Program Funding Status Report.

Summary of Other Reports Issued

During this reporting period, we also issued three other reports. These are discussed below and listed in Table 2.

- We issued two Alert Memoranda - These pertain to matters that are either outside the objectives of an on-going audit or are identified while engaged in work not related to an on-going assignment and require immediate management action.
- We received a Management Letter prepared by KPMG and F.S. Taylor & Associates, P.C., as part of the Financial Statement Audit, which contained 14 recommendations for improvement in internal control and operating efficiency. The recommendations related to implementation of accounting standards, segregation of duties, change control procedures and documentation and approval of policies and procedures.

Summary of Other Audit Products

During this reporting period, we issued 90 other audit products. These are summarized below.

- We issued 18 contract closeout certifications. We review and examine the contract records, memoranda, and other documentation prior to closeout. We examine the contract documentation and verify that the project manager's records are adequate and the recommendations for financial settlements are correct.
- We issued 18 waivers. These involve requests from contracting officers to waive audits of cost and pricing information when this information is available and considered adequate. We review the supporting documentation to determine whether to grant the waiver or not.
- We issued 54 invoice certifications. We review and examine the supporting documentation relating to contractor invoices to determine if the documentation supports the amount billed and is in accordance with the provisions of the contract.

INVESTIGATIONS

During the period May 14, 2007, through December 31, 2007, we received 57 allegations through the OIG Hotline, in writing and in person. They involved a combination of complaints about fraud and abuse in WMATA activities within the scope of OIG's responsibility under Board Resolution 2006-18, along with management or personnel issues not appropriate for OIG review. We referred 22 matters directly to WMATA management for action and to our Audit component. We opened 10 investigations and closed two investigations. Table 3 contains a statistical summary of investigative activity during this reporting period.

In addition, during this reporting period, a former WMATA employee was ordered by a federal district court to pay over \$10,000 in restitution to WMATA based upon her guilty plea to theft from an agency that received federal program funds (18 USC § 666); the plea grew out of an investigation conducted in part by the previous Office of Auditor General. The termination of another employee in connection with this investigative case was also upheld by an Arbitration Board during this period.

OTHER OIG ACCOMPLISHMENTS

The following section highlights some other OIG accomplishments during this reporting period:

- From September to December 2007, OIG senior management participated in weekly *New Employee Orientations* training to acquaint recently hired employees with the role and mission of the OIG and to provide them with contact information.
- An OIG audit manager conducted an internal controls training course for Office of Accounting personnel on November 30, 2007. This individual also gave the training on December 6, 2007, to managers and supervisors as part of the Department of System Safety and Risk Management safety training.
- The Inspector General met with members of the President's Council on Integrity and Efficiency Audit Committee on October 24, 2007, to discuss the Government Accountability Office's (GAO) April 2007 testimony³ on the federal transit benefits program and requested that they consider conducting an audit or inspection of their agencies' federal transit benefit program. GAO cited weaknesses in the design of program controls as contributing factors to abusive use by federal employees of transit benefits received from their agencies.
- A member of our Investigations office staff participated in a task force with other WMATA offices to assess vulnerabilities in the storage and maintenance of bus transfers. This effort contributed to a report transmitted to the Assistant General Manager for Bus and the Deputy General Manager dated October 2, 2007.
- Two of our auditors successfully passed the Institute of Internal Auditors Certified Internal Auditor examination.

³ *Federal Transit Benefits Program: Ineffective Controls Result in Fraud and Abuse by Federal Workers*, (GAO-07-724T), April 24, 2007.

**Table 1: OIG Audit Reports and Alternative Products on WMATA Programs and Activities
May 14, 2007, through December 31, 2007**

| Report Number | Report Title | Date Issued | Questioned Costs | Unsupported Costs | No. of Recommendations |
|--|--|-------------|------------------|-------------------|------------------------|
| AUDIT REPORTS | | | | | |
| <u>Internal Operations</u> | | | | | |
| OIG 07-112 | Review of BUS Revenue | 06/18/07 | | | 11 |
| OIG 08-002 | Review of Internal Controls Related to Accounts Payable | 12/28/07 | | | 4 |
| <u>External Audits</u> | | | | | |
| | Basic Financial Statements Years ended as of June 30, 2007 and 2006 with Independent Auditors' Report | 9/28/07 | | | |
| | The 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 Accounting Standards | 9/28/07 | | | 1 |
| | Single Audit Report Year ended June 30, 2007 (With Independent Auditors' Report Thereon) | 9/28/07 | | | 5 |
| ALTERNATIVE PRODUCTS | | | | | |
| <u>Contract Audit</u> | | | | | |
| <u>Pre-Negotiation Attestation Reports</u> | | | | | |
| AUD 07-113 | Revised Subcontractor's Proposal, Contract FM8205 Modification No. 006, Upgrade of the Fire Alarm System at the Jackson Graham Building | 5/23/07 | | | |
| AUD 07-114 | Contractor's Revised Proposal Contract FM8205 - Modification No. 006, Upgrade of the Fire Alarm System at the Jackson Graham Building | 5/23/07 | | | |
| AUD 07-115 | Contractor's Proposal, Contract FN5089 - PCO 009, Amazite Flooring | 5/23/07 | | | |
| AUD 07-116 | Contractor's Revised Proposal, MEAD 99696, Integration of the new EMC ² Technologies and Capabilities in Support of WMATA's IT Integration Program | 5/25/07 | | | |
| AUD 07-117 | Contractor's Proposal, Contract FN3032 - PCO 002, Deletion of Painting at Three Barrier Walls | 6/4/07 | | | |

Semiannual Report to the Board of Directors: No. 1

| Report Number | Report Title | Date Issued | Questioned Costs | Unsupported Costs | No. of Recommendations |
|---|--|-------------|------------------|-------------------|------------------------|
| <u>Pre-Negotiation Attestation Reports (Cont'd)</u> | | | | | |
| OIG 08-001 | Contractor's Nine Proposals, Contract C05108 - PCO No. 017, Related to Metro Access Service | 7/10/07 | | | |
| OIG 08-002 | Contractor's Revised Proposal, Contract TC6000, WMATA Change No. 071, Install Variable Attenuators for the WMATA Radio System | 7/24/07 | | | |
| OIG 08-004 | Contractor's Change Order Requests - Contract CO5034, Change Order Requests 017, 019, 020, 021, 022, 023, 024 and 025 | 7/25/07 | | | |
| OIG 08-006 | Contractor's Revised Proposal, PO 19576, Software Maintenance Renewal Contract in Support of the WMATA IT Integration Program | 8/15/07 | | | |
| OIG 08-007 | Contractor's Proposal, Contract CO4006 - Modification No. 11, Assessment and Design Study to Determine the Requirements to Support the Rail Operations Control Center Move to the Carmen Turner Facility | 8/24/07 | | | |
| OIG 08-008 | Subcontractor's Proposal, Contract FM8205 - Modification No. 007, Reconfigure 27 Deluge Valves at Metro Rail Stations including Installation of Conduit, Boxes and Wire | 10/12/07 | | | |
| OIG 08-009 | Contractor's Proposal, Contract FN4086, Installation of All New Rail Communications Control Panels for 1000 through 5000 Series Railcars | 10/22/07 | | | |
| OIG 08-010 | Contractor's Proposal, Contract FM8205 Modification No. 007, Reconfigure 27 Deluge Valves at Metro Rail Stations including Installation of Conduit, Boxes and Wire | 10/23/07 | | | |
| OIG 08-011 | Contractor's Proposal, Contract FN4087- PCO No. 003, Fort Totten Police Facility Differing Site Conditions and Time Extension | 10/24/07 | | | |

Semiannual Report to the Board of Directors: No. 1

| Report Number | Report Title | Date Issued | Questioned Costs | Unsupported Costs | No. of Recommendations |
|---|--|-------------|------------------|-------------------|------------------------|
| <u>Pre-Negotiation Attestation Reports (Cont'd)</u> | | | | | |
| OIG 08-012 | Attestation Report of Contractor's Proposal, Contract F05032, Traction Motor Repairs and New GE Stator Winding, VPI Testing on WMATA Railcars | 08/22/07 | | | |
| OIG 08-014 | Contractor's Revised Proposal, Contract FN5008 - PCO No. 005, Screw Replacement Tracks 6 & 7 South - Metro Matters Greenbelt Shop/Yard Expansion Program | 11/16/07 | | | |
| OIG 08-015 | Subcontractor's Proposal, Contract FJ0957 - PCO No. 080, Remote Monitoring System Electrician Support | 11/16/07 | | | |
| OIG 08-016 | Contractor's Proposal, Contract FN4086, Provision of Communication Control Panels for Railcars | 12/11/07 | | | |
| C 08-010 | Contractor's Proposal, Contract FR 4477, Strategic Plan Working Sessions | 08/09/07 | | | |
| C 08-019 | Contractor's Proposal, Contract CQ7092/KPN, RAILSIM Site License Upgrade | 09/17/07 | | | |
| <u>Billing Rate Attestation Reports</u> | | | | | |
| C 07-126 | Contractor's Rates, P.O. 0000009017, FY 2007 Information Technology Renewal Program | 5/16/07 | | | |
| C 07-132 | Subcontractor's Rates, Contracts FG1451 and C05102, FY 2007 Consulting Services | 6/4/07 | | | |
| C 07-133 | Subcontractor's Rates, Contracts FG1451 and C05102, FY 2007 Consulting Services | 6/18/07 | | | |
| C 07-134 | Contractor's Rates, Contracts FG1451 and C05102, FY 2008 Consulting Services | 6/26/07 | | | |
| C 08-003 | Contractor's Rates, RFP CQ7075/CLE, System Wide Survey Mapping Services | 7/18/07 | | | |
| C 08-004 | Contractor's Rate, P. O. 0000019004, Network Communications Project Management | 7/19/07 | | | |

Semiannual Report to the Board of Directors: No. 1

| Report Number | Report Title | Date Issued | Questioned Costs | Unsupported Costs | No. of Recommendations |
|--|--|-------------|------------------|-------------------|------------------------|
| <u>Billing Rate Attestation Reports (Cont'd)</u> | | | | | |
| C 08-005 | Subcontractor's Rates, Contract SF5070, Fiscal Year 2008, General Architect/Engineering Consulting Services | 7/28/07 | | | |
| C 08-008 | Contractor's Rates, Contract SF5070, Fiscal Year 2006 and 2007 General Architect Engineering Consulting Services | 8/2/07 | | | |
| C 08-011 | Contractor's Rates, Contract F05140, Fiscal Year 2008, Information Technology ReNEWAL Program | 8/15/07 | | | |
| C 08-014 | Contractor's Rates, P.O. 0000009017, FY 2008 Information Technology Renewal Program | 8/24/07 | | | |
| C 08-015 | Subcontractor's Rates, RFP CQ7075/CLE, System Wide Survey Mapping Services | 8/30/07 | | | |
| C 08-016 | Subcontractor's Rates, RFP CQ7075/CLE, System Wide Mapping Services | 8/30/07 | | | |
| C 08-017 | Subcontractor's Rates, RFP CQ7075/CLE, System Wide Mapping Services | 8/31/07 | | | |
| C 08-018 | Subcontractor's Rates, RFP CQ7075/CLE, System Wide Survey Mapping Services | 9/4/07 | | | |
| C 08-022 | Contractor's Additional Rates, P.O. 0000009017, FY 2008 Vehicle Engineering Program | 10/4/07 | | | |
| C 08-025 | Contractor's Rates, Contracts SF5070, FY 2008 Consulting Services | 10/17/07 | | | |
| C 08-027 | Subcontractor's Rates, Contract SF5070, FY 2007 Consulting Services | 10/30/07 | | | |
| C 08-028 | Subcontractor's Rates, Contract SF5070, FY 2008 Consulting Services | 10/30/07 | | | |
| C 08-029 | Subcontractor's Rates, Contracts FG1451 and C05102, FY 2008 Consulting Services | 10/31/07 | | | |

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| Report Number | Report Title | Date Issued | Questioned Costs | Unsupported Costs | No. of Recommendations |
|--|--|-------------|------------------|-------------------|------------------------|
| <u>Billing Rate Attestation Reports (Cont'd)</u> | | | | | |
| C 08-035 | Contractor's Rates, Contracts FG1451 & CO5102, FY 2008 Vehicle Engineering Consultant Services | 11/21/07 | | | |
| C 08-036 | Contractor's Rates, Contracts FG1451 & CO5102, FY 2008 Vehicle Engineering Consulting Services | 11/27/07 | | | |
| C 08-037 | Subcontractor Rates, Contract CO5102, FY 2008 Vehicle Engineering Program | 11/27/07 | | | |
| C 08-043 | Subcontractor's Rates, Contract FG1451 & CO5102, FY 2008 Vehicle Engineering Consulting Services | 12/6/07 | | | |
| C 08-046 | Subcontractor's Rates, Contract SF5070, FY 2008 General Architect/Engineering Consulting Services | 12/28/07 | | | |
| C 08-048 | Contractor's Rates, Contract SF5070, FY 2008 General Architect/Engineering Consulting Services | 12/29/07 | | | |
| <u>Pre-Award Attestation Reports</u> | | | | | |
| C 07-127 | Evaluation of Pre-Award Financial Data, Contract FP7027, Rehabilitation of Bridges and Aerial Structures | 5/25/07 | | | |
| C 08-002 | Evaluation of Pre-Award Financial Data, RFP CQ7075/CLE, System wide Survey and Mapping Services | 7/17/07 | | | |
| C 08-006 | Evaluation of Pre-Award Financial Data, RFP 7038/JWW, Hybrid Electric Powered Transit Buses | 7/27/07 | | | |
| C 08-007 | Evaluation of Pre-Award Financial Data, Contract SF7110/KEC, Software and Services Upgrade to the Optram Analytics Linear Asset Management Program | 8/1/07 | | | |
| C 08-012 | Evaluation of Pre-Award Financial Data, Contract CQ7070, Infrastructure Inspection and Management System | 8/22/07 | | | |
| C 08-013 | Evaluation of Pre-Award Financial Data, RFP 7038/JWW, Hybrid Electric Powered Transit Buses | 8/23/07 | | | |

Semiannual Report to the Board of Directors: No. 1

| Report Number | Report Title | Date Issued | Questioned Costs | Unsupported Costs | No. of Recommendations |
|---|---|-------------|------------------|-------------------|------------------------|
| <u>Pre-Award Attestation Reports (Cont'd)</u> | | | | | |
| C 08-020 | Evaluation of Pre-Award Financial Data, FQ8008 | 9/21/07 | | | |
| C 08-021 | Evaluation of Pre-Award Financial Data, RFP/FQ7080/GPC, Rehabilitation of Metrorail Station Platform Girders at Metro Center | 9/27/07 | | | |
| C 08-023 | Evaluation of Pre-Award Financial Data, C06044 | 10/9/07 | | | |
| C 08-031 | Evaluation of Pre-Award Financial Data, RFP/Contract SP7112, Hazardous Waste Removal and Disposal Services Washington, D. C. | 11/15/07 | | | |
| C 08-039 | Evaluation of Pre-Award Financial Data, RFP 7038/JWW, Hybrid Electric Powered Transit Buses | 11/19/07 | | | |
| C 08-041 | Evaluation of Pre-Award Financial Data, RFP – FQ8017/SR, Installation of Bill Handling Units in Fare Vendor Machines | 12/5/07 | | | |
| C 08-042 | Evaluation of Pre-Award Financial Data RFP – FP7010 Escalator Modernization, Westinghouse Modular 100 Units | 12/5/07 | | | |
| C 08-045 | Evaluation of Pre-Award Financial Data RFP – IFB CO2023/BMM, Paper | 12/14/07 | | | |
| <u>Buy America Attestation Reports</u> | | | | | |
| C 07-128 | Post-Delivery Buy America Certification Audit, Contract FP7006, Low Floor Forty Foot Compressed Natural Gas (CNG) Heavy-Duty Buses (25) | 6/4/07 | | | |
| C 07-129 | Post-Delivery Buy America Certification Audit, Contract F06004, Low Floor Forty Foot Clean diesel Heavy Duty Transit Buses (117) | 6/4/07 | | | |
| C 07-130 | Post-Deliver Buy America Certification Audit, Contract F05153, Low-Floor Forty Foot Diesel/Electric Hybrid Transit Buses (28) | 6/4/07 | | | |

| Report Number | Report Title | Date Issued | Questioned Costs | Unsupported Costs | No. of Recommendations |
|---|--|-------------|------------------|-------------------|------------------------|
| <u>Buy America Attestation Reports (Cont'd)</u> | | | | | |
| C 07-131 | Post-Deliver Buy America Certification Audit, Contract F05165, Low-Floor Forty Foot Diesel/Electric Hybrid Transit Buses (22) | 6/4/07 | | | |
| C 08-030 | Pre-Award Buy America Certification Audit, Contract FQ8029, Low-Floor Sixty Foot Compressed Natural Gas (CNG) Articulated Buses (22 Buses) | 11/2/07 | | | |
| C 08-032 | Pre-Award Buy America Certification Audit Contract FP7038, Low-Floor Thirty-Seven Foot Hybrid/Electric Buses (20 buses) | 11/19/07 | | | |
| C 08-033 | Pre-Award Buy America Certification Audit Contract FP7038, Low-Floor Forty-Two Foot Hybrid/Electric Buses (161 Buses) | 11/19/07 | | | |
| C 08-034 | Pre-Award Buy America Certification Audit Contract FP7038, Low-Floor Sixty-Two Foot Hybrid/Electric Buses (22 Buses) | 11/19/07 | | | |
| <u>Other Attestation Reports</u> | | | | | |
| AUD 07-118 | Revised Claim for Lost Time, Labor and Material Escalation, Contract FI4398 AC Switchgear Replacement | 5/18/07 | | | |
| OIG 08-003 | Contractor's Revised Claim for Incurred Costs under Termination for Convenience, Contract CO-5189, Monthly On-Site Transit Bus Cleaning Services | 7/25/07 | | | |
| OIG 08-005 | Verification of Sole Source Proposal, Contract C04027, Software License Renewal | 8/9/07 | | | |
| C 08-001 | Verification of Sole Source Proposal, Contract SF7109, Upgrade Fluid Management System at the Four Mile Run Bus Garage | 7/13/07 | | | |
| C 08-009 | Review of Request for Acknowledgement of Prior Consultation on Waiver of Pre-negotiation Audit Contract FN5008, PCO 005 | 8/1/07 | | | |

Semiannual Report to the Board of Directors: No. 1

| Report Number | Report Title | Date Issued | Questioned Costs | Unsupported Costs | No. of Recommendations |
|---|---|-------------|------------------|-------------------|------------------------|
| <u>Other Attestation Reports (Cont'd)</u> | | | | | |
| OIG 08-013 | Single Bid Received for Chemical Testing Services | 11/2/07 | | | |
| C 08-024 | Resident Engineer's Files, Contract 1G0041, Stations and Parking Structures – Addison Route | 10/15/07 | | | |
| C 08-026 | Invoices (Advisory), Contract SF 5070, 2007 General Architect/Engineering consulting Services | 10/18/07 | | | |
| C 08-038 | Review of Request for Acknowledgement of Prior Consultation on Waiver of Pre-negotiation Audit Contract FN5008, PCO 032 | 11/28/07 | | | |
| C 08-040 | Examination of Unit Price for Part No. 9345-1304, 68K Prosser Board Contract C05136 Conversion of Vendors to Express Vendors | 12/4/07 | | | |
| C 08-044 | Review of Request for Acknowledgement of Prior Consultation on Waiver of Pre-negotiation Audit Contract F05032 Modification No. 010, Rewind of Rail Traction Motors | 12/12/07 | | | |
| C 08-047 | Review of Request for Acknowledgement of Prior Consultation on Waiver of Pre-negotiation Audit Contract FN5008 CPN 002, Unsuitable Soils | 12/28/07 | | | |
| <u>External Audits</u> | | | | | |
| | Report of Independent Accountants on Applying Agreed-Upon Procedures* | 12/21/07 | | | |
| | Independent Accountants' Report on Applying Agreed-Upon Procedures** | 11/19/07 | | | |
| <p><i>* This report covers WMATA's National Transit Database submission.</i></p> <p><i>**This report covers WMATA's Capital Program Funding Status.</i></p> | | | | | |

**Table 2: Other OIG Reports on WMATA Programs and Activities
May 14, 2007, through December 31, 2007**

| Report Number | Report Title | Date Issued |
|---|--|-------------|
| <u>Internal Operations</u> | | |
| OIG 08-001 | Bus Security Issues (<i>Alert Memorandum – Internal Operations, Addressed to the General Manager (GMGR), and requests GMGR to take suggested actions</i>)* | 08/17/07 |
| OIG 08-003 | Quality Assurance Program (<i>Alert Memorandum – Internal Operations, Addressed to the General Manager (GMGR), and requests GMGR to take suggested actions</i>)* | 12/28/07 |
| <u>External Audits</u> | | |
| | Management Letter prepared by KPMG LLP | 9/28/07 |
| * Alert Memoranda are not publicly distributed. | | |

**Table 3: Investigative Activity Statistical Profile
May 14, 2007, through December 31, 2007**

| Statistic | No. |
|---|-----|
| Complaints Received | 57 |
| Investigations Opened | 10* |
| Investigations Closed | 2 |
| Complaints Referred | 22* |
| Complaints Closed | 10 |
| Matters Pending at end of Reporting Period (Investigations and Complaints) | 28* |
| *Includes three matters based on complaints received prior to reporting period. | |