

M E M O R A N D U M



FINAL AUDIT REPORT WITH RECOMMENDATIONS Information Technology No. 12-001

SUBJECT: Review of WMATA's Oversight of Selected Information Technology Service Contractors
DATE: December 2, 2011

FROM: OIG - Helen Lew */S/*

TO: DGMA/CFO – Carol Kissal

This **Final Audit Report** entitled, *Review of WMATA's Oversight of Selected Information Technology Service Contractors*, presents the results of our audit.* The objectives of the audit were to determine whether WMATA provides adequate oversight over selected information technology service contracts to ensure they are properly managed, and the contractors fulfilled contract requirements. Our audit was focused during the period of December 2007 through December 2010.

Background

The budget for the Department of Information Technology (IT) for fiscal years 2010 and 2011 was \$34.2 million and \$36.2 million, respectively. IT expended \$16.2 million and \$17.6 million for IT-service-related contracts for fiscal year 2010 and 2011, respectively.

IT was previously cited as an area of concern in an overview assessment in 2010 by an outside consultant (a former Metro General Manager and transit expert) that was commissioned by the Board of Directors. The specific focus of the review was on major systems that support the safe operation of the bus and rail systems. The report highlighted some concerns with the increasing number of consultants, the increasing IT operating, and capital budgets, and the lack of enterprise-specific performance and resource deployment plans tied to the business needs of WMATA.

*Proprietary and confidential information has been redacted

After that assessment was completed in December 2010, another consultant, Magnus Associates, LLC, (Magnus) reviewed the IT organizational structure in totality to determine, among other things, if the existing structure is organizationally aligned with Metro's business goals. The Magnus report pointed out that WMATA is a complex business operation with a unique set of information management challenges that are like a traditional government agency in some ways, combined with an industrial company in others. The Magnus report also pointed out that the current IT strategy and investment direction emphasizes the municipal components of the business, but it does not effectively address the industrial components. Magnus recommended that IT establish a continuity-of-operations plan to address the issues associated with contract employees in key roles and revisit the IT employee/contractor relationships for ownership of issues and responsibilities.

To achieve our audit objectives, we focused our review on two IT service contractors:

- OPTIMOS Incorporated (OPTIMOS), specifically modification #7 to purchase order (PO) 9017,¹ and contract CQ8074,² and
- Televate, contract CQ8093, which was originally a part of OPTIMOS contract CQ8074.

IT has used OPTIMOS on several occasions for IT technical support services. For example, WMATA awarded a time-and-materials contract (PO-9017) to OPTIMOS on July 20, 2006, to provide IT support services for the PeopleSoft Project. Modification #7 to PO-9017 was added in July 2007 for six months ostensibly to provide additional PeopleSoft services. However, this modification was actually used to hire a consultant to perform enterprise architect (EA) services outside of the PeopleSoft Project. Modification #7 was for \$165,000 and ended on January 31, 2008.

¹ Purchase Order 9017 was never assigned a contract number.

² Purchase Order 9017 and Contract CQ8074 were both used as contracting vehicles to procure time-and-materials labor hours for IT services.

OPTIMOS was awarded Contract CQ8074 in January 2008; this contract expired in August 2010. The contract had an estimated value of \$2.3 million, which included a base period (January 2008 through June 30, 2008) and four options. The contract option periods were exercised through four modifications to the contract. Contract CQ8074 was eventually modified a total of seven times. The contract provided IT services in five areas and was part of the Capital Improvement Program initiatives for fiscal year 2011. The five areas were: (1) EA services, (2) an AIX³ engineer, (3) a PeopleSoft security administrator, (4) a web infrastructure architect and (5) a team of four wireless technology engineers. CQ8074 was subsequently split into two separate contracts, with OPTIMOS retaining all the contract work except for the four wireless technology engineers, which went to Televate under contract CQ8093. OPTIMOS received approximately \$1.4 million for services rendered under the contract as of August 2010.

The Televate contract (CQ8093) had an estimated value of \$2.3 million, which included a base period of six months (January 2008 through June 30, 2008) and four options. The contract option periods were exercised through four modifications to the contract. Televate received \$1.8 million for services rendered when the contract ended on June 30, 2010. Televate had bid on the original contract (CQ8074) awarded to OPTIMOS. According to contract documents, the contract was split because Televate allegedly had more expertise in telecommunications and wireless technology than OPTIMOS. Our review of the contract documents showed that Televate used at least two of the four wireless engineer consultants that were part of the OPTIMOS proposal.

The OIG previously discussed OPTIMOS contracts PO-9017 and CQ8057 in our audit report entitled, *Review of the PeopleSoft Project*, Information Technology No. 10-001, dated October 21, 2009. The OIG reported that the procurement vehicle used to acquire IT services may have contributed to approximately \$2.9 million in cost overruns. PO-9017 was modified 11 times, increasing the cost from approximately \$500,000 to

³ AIX® (Advanced Interactive eXecutive) is a version of IBM's propriety UNIX operating system. Contract CQ8074 procured a position to manage this system.

\$7.8 million. OIG raised concerns to WMATA management about the use of time-and-materials contracts to perform IT projects. We found that this type of contract makes it difficult to estimate the duration of work, assess the contractor's performance, and control costs.

Audit Results

We found that WMATA did not adequately oversee two IT service contractors (OPTIMOS and Televate) we reviewed. Specifically, we found that: (1) the contract deliverables for EA services under OPTIMOS contracts PO-9017 and CQ8074 were incomplete; (2) the Project Management Office (PMO) provided inadequate oversight and allowed OPTIMOS to prepare the Statement of Work (SOW); (3) the Contracting Officer Technical Representative (COTR) provided inadequate oversight over the OPTIMOS and Televate contracts; and (4) the Office of Procurement and Materials (PRMT) and IT failed to properly administer the OPTIMOS contracts. We also raised concerns regarding the misuse of authority to hire contractors and the lack of controls over contract files, which are discussed in the Other Matters of Concern section of the report.

Based on the above findings, we made 11 recommendations to the Deputy General Manager for Administration/Chief Financial Officer (DGMA/CFO).

In the DGMA/CFO's November 18, 2011, response to a draft of this report, she indicated general concurrence/agreement with our findings and recommendations, except for finding #2. In regards to finding #2, the DGMA/CFO indicated that when the statement of work was completed, the PMO was not yet formed, as the (PMO) Chief was hired one month before the SOW in question. Also, there were no established standards and reporting templates in place. The DGMA/CFO further stated that over the past four years, the PMO has generated an extensive body of templates, standards, frequently asked questions, and procedures for project monitoring, control and reporting. The PMO is currently implementing a project and portfolio management tool which will help support all of the standards that have been developed, including

monitoring conformance to those standards. She also provided information on actions taken or planned on the other findings and recommendations in the report. The complete text of the DGMA/CFO's response is included as Attachment 1 of this report.

Based on our analysis of management's response to our draft report and the evidence collected during our audit, we stand by the findings and recommendations in the report.

Finding 1 – Contract Deliverables for EA Services Under OPTIMOS Contracts PO-9017 and CQ8074 Were Incomplete

We found that OPTIMOS did not provide all of the EA deliverables called for in contracts PO-9017 and CQ8074. According to the SOW, the responsibility of the EA consultant was to help define, communicate, and maintain a comprehensive IT approach to support WMATA's business requirements. The contracts required a set of deliverables, including: (a) an accurate representation of Metro's business environment, (b) comprehensive documentation of Metro's business units and key processes, and (c) a set of enterprise architectural drawings that were to be completed in six months. (See *Appendix I: OIG Summary of WMATA's Procurement Contract File CQ8074 - Statement of Work (SOW) for EA IT Technical Support Services*.) OPTIMOS did not provide all of these deliverables. WMATA spent approximately \$1 million for EA services on these two contracts.

The [REDACTED] informed us that [REDACTED] was responsible for managing the EA consultant's duties and for ensuring the receipt of the deliverables for both contracts. The [REDACTED] would not specifically say that [REDACTED] assumed the COTR and/or project manager's duties and responsibilities. The [REDACTED] indicated that the EA consultant started work on some of the deliverables in PO-9017, but he did not complete them. The EA consultant also acknowledged that he did not complete all the deliverables under PO-9017. The [REDACTED] noted in a memorandum to the Chief Procurement Officer (CPO), dated August 25, 2010, that the EA consultant did not

complete several of the contract deliverables that were outlined in CQ8074 (See Appendix I). Just before the contract expired, the DGMA/CFO instructed the [REDACTED] to redirect the EA consultant's remaining duties to consulting as a project lead on WMATA's Safety Measurement System.

The [REDACTED] did not provide documentation to validate that the EA consultant had completed the contract deliverables reference above. [REDACTED] said that we should review two items as proof of what the EA accomplished. The items were: (1) four IT topology diagrams developed by the EA, and (2) a database application (ABACUS)⁴ that stores WMATA's IT initiatives and strategies for the development of the IT infrastructure.

We determined that the four diagrams were developed by another person for the District of Columbia (DC) government. We also determined that the ABACUS database contained incomplete and inaccurate information on WMATA's IT personnel, initiatives, and strategies. For example, we found that the database did not contain detail data related to applications and major projects. Instead, the database contained general "as-is" views of WMATA's organization charts, applications and systems without comprehensive documentation of Metro's business units and key processes, that is, views of the systems and data that support these processes (See Appendix I, item 2).

The contract (CQ8074) that included the EA services has expired, and the consultant is no longer working at WMATA. The IT employees we interviewed were not knowledgeable about the ABACUS database. According to the IT Senior Program Manager, WMATA employees responsible for maintaining the ABACUS database do not have sufficient training on how to use the software. Section 6 of the request for quotation (RFQ) for contract CQ8074 contained an evaluation factor for awarding the contract, stating that the most important criterion is the quality of a detailed plan for "knowledge transfer" by each of the contractor's key personnel to WMATA personnel

⁴ ABACUS is a software package used for enterprise architecture, enterprise modeling, and process modeling to help improve the quality of architectural decision making by supporting system applications, infrastructure, and information to align with business functions of an organization.

throughout the contract period of performance, including all options. We determined that the knowledge transfer for the ABACUS database did not occur.

Based on interviews with the [REDACTED] the COTR, and the PMO Chief, we found that IT management did not adequately monitor the contracts. For example, the [REDACTED] stated that [REDACTED] oversaw the EA consultant's activities, but [REDACTED] could not identify the COTR for the contracts. The COTR of record stated that he did not do anything to oversee the contracts and did not communicate with the [REDACTED] regarding the monitoring of the contracts. Additionally, the PMO Chief stated she did not communicate with the COTR or [REDACTED] regarding the management and administration of the contracts.

The COTR and the PMO Chief did not know whether or not OPTIMOS and the EA consultant satisfactorily completed the contract deliverables. Both the PMO Chief and the COTR did not properly oversee the EA consultant's outputs; they deferred to the [REDACTED], who also did not ensure that WMATA received the deliverables.

The United States General Accounting Office (GAO) "*Standards for Internal Control in the Federal Government*," states that "control activities" which is one element of the internal control framework designed by the Committee of Sponsoring Organizations (COSO), include timely communications relating to both internal, as well as external events. Another element of the internal control framework is "monitoring." Internal controls should generally be designed to assure that ongoing monitoring occurs in the course of normal operations.

IT management's failure to properly monitor OPTIMOS resulted in WMATA spending approximately \$1 million and not getting all of the EA services requested. In addition, because IT failed to properly train personnel to use the ABACUS system, employees were not able to maintain or fully utilize the portion of the deliverables received from the EA consultant.

Recommendation:

We recommend that the Deputy General Manager of Administration/Chief Financial Officer:

1.1 Direct the CIO to develop controls to effectively monitor contractor performance to ensure the contractor is fulfilling the terms of the contract.

1.2 Direct the CIO to establish controls to ensure effective communication is maintained between PMO and the COTR to ensure the contractor is only paid for completed tasks.

Management Comments

IT management concurs with the finding that OPTIMOS did not provide all of the EA deliverables called for in the contract. However, IT disagrees with the characterization in Appendix I: OIG Summary of WMATA's Procurement Contract File CQ8074 - Statement of Work (SOW) for EA IT Technical Support Services. Specifically, IT disagrees with OIG's assessment of the completeness on numbers 3, 6, and 7, under contract deliverables. (See Attachment I)

OIG's Comments

Before we finalized this report, we met with the AGM IT/CIO and Chief PMO to discuss each deliverable in the ABACUS modeling tool (the repository for the deliverables). For example, regarding number 3, we noted that the set of EA drawings provided by the EA consultant did not cascade from Metro's business architecture to its information architecture, to its applications architecture, and to its technology architecture. For item number 6, we informed them that this deliverable was not completed by the contracted EA when the contract ended in August 2010. Management provided us with a draft copy of the "*TECHNOLOGY STANDARDS AND SERVICES GUIDE*" on June 24, 2011; the draft was dated June 17, 2011, and was authored by another contractor. Number 7 in the SOW required the contractor to complete a draft strategic business plan for a Metro station platform/mezzanine/station entrance. We determined that the EA

contractor did not provide such a plan when the contract ended. We stand by the characterization in Appendix 1 of the contract deliverables provided by the EA consultant under contract CQ8074 at the end of the contract.

Finding 2 – The Project Management Office Provided Inadequate Oversight and Allowed OPTIMOS to Prepare the Statement of Work

We found that the PMO did not adequately monitor and oversee OPTIMOS contract CQ8074 to ensure that the contractor provided all of the services outlined in the SOW. The PMO Chief did not lead and manage the day-to-day activities of the EA consultant or identify performance measurements for success and a method for monitoring performance. The PMO Chief, for example, did not develop standard reporting templates to ensure compliance with the processes and project reporting standards. The PMO Chief also did not ensure that the PMO developed or implemented policies and procedures on governance⁵ for project management for IT contracts.

The PMO Chief told us that she generally monitored IT contracts through communications with the project managers and COTRs. However, she could not provide us with any documentation to support her oversight and monitoring of the day-to-day activities of consultants and contractors on the OPTIMOS contract, including the EA consultant. As noted above, the [REDACTED] indicated that [REDACTED] was the only one monitoring the EA consultant in contract CQ8074. The PMO Chief confirmed that the [REDACTED] oversaw the EA consultant's activities, and the PMO staff did not oversee the EA consultant.

⁵According to COBIT Steering Committee, Information Technology Governance Institute, IT governance primarily deals with connections between business focus and IT management. The goal of clear governance is to assure the investment in IT generates business value and mitigates the risks that are associated with IT projects.

According to the WMATA Human Resources job description for the PMO Chief, some of the duties for this position include:

- Establishing and maintaining the IT Project Management Office.
- Coordinating and managing the technical and business activities of the PMO and providing direction and guidance to the PMO managers and administrators with regard to the development and implementation of PMO policies, methodologies, and project reporting requirements.
- Conducting regularly scheduled weekly project measurement meetings to ensure that projects are planned and executed within the defined project management methodology, resolving deviations from the PMO project plan, identifying and resolving dependencies among PMO projects, reviewing project deliverables in relation to commitments to ensure the deliverables are in compliance with quality assurance and acceptance criteria objectives, and resolving conflict in project scheduling.
- Providing effective project management assistance and leading and managing the day-to-day activities of consultants and contractors employed on projects.
- Ensuring projects are on time and within budget and in alignment with program goals and priorities.
- Complying with WMATA's procurement policies, standards, regulations and procedures in order to provide management review and oversight for IT projects.

We found that the PMO Chief did not properly perform her duties in connection with these contracts.

Failure to properly monitor, communicate, control, ensure compliance with policies and procedures, and provide oversight over contractors increase the risk of not getting the deliverables outlined in the contracts. It also increases the risk that the contractor would exceed the cost and milestones for completing the contract. Time-and-materials contracts, like those used with OPTIMOS, make it difficult to estimate the duration of work, assess contractor's performance, and control costs.

In addition, we also found that the PMO Chief, the Contracting Officer, and the Chief of Enterprise Web Portal & Geographic Information Systems (GIS) allowed a conflict-of-interest violation to occur on contract PO-9017 by allowing OPTIMOS to write the SOW. According to the former OPTIMOS director, he wrote the SOW for contract PO-9017. Our review of the contract file confirmed that the contractor wrote the SOW. For example, we found that the SOW was written on OPTIMOS letterhead and submitted to IT for review and approval. The OPTIMOS director indicated that IT personnel directed him to hire specific individuals targeted by IT for positions in IT. For example, he was directed to hire the enterprise policy and procedures development-program manager, the WEB site and portal development-program manager, and the GIS needs analyst consultant. We identified emails in the contract file that confirmed the OPTIMOS director hired specific personnel at the direction of IT, and the supervisory contract administrator in the Office of Procurement and Materials (PRMT) was aware of this situation. IT later converted some of these individuals to full-time WMATA employees.

According to WMATA's COTR Manual, page 10, section I, titled Pre-solicitation, the program (requesting) office is responsible for preparing a requirements description (e.g., purchase description, specifications, SOW, scope of services, etc.). In addition, the Procurement Manual, Tenth Addition [*sic*], 2004, section 405.1, states the requesting office, in consultation with the Contracting Officer, shall establish contract terms.

According to the Procurement Manual, Section 405.2, "an unfair advantage could result if a contractor were allowed to submit a bid or proposal for work described in a specification or statement of work that the contractor developed. This is one type of organizational conflict of interest."

Recommendation:

We recommend that the Deputy General Manager of Administration/Chief Financial Officer:

2.1 Direct the CIO to establish, communicate, and maintain standards and reporting templates for project monitoring and control and to provide support for projects being planned or executed and ensure those standards are followed.

2.2 Direct the CIO to develop performance metrics to measure IT services to ensure contracts deliverables are completed.

2.3 Direct the CIO to implement controls to ensure IT personnel follow established policies and procedures relating to procurement planning, and developing specifications and purchase descriptions for contracts.

Management Comments

IT management did not concur with this finding. Management stated that when this SOW was completed, the PMO was not yet formed, as the (PMO) Chief was hired on June 4, 2007 and the SOW in question was dated July 2007. For the period of time reflected in this audit, there were no established standards and reporting templates in place. Upon the arrival of the Chief of the PMO in June 2007, there were no governance standards, templates, policies or procedures in place for IT at WMATA. Management noted that the PMO, has over the past four years, generated an extensive body of the templates, standards, frequently asked questions, and procedures for project monitoring, control and reporting. Management also provided information on actions taken or planned to address our recommendations.

OIG's Comment

We disagree with management's assertion that the PMO was not yet formed. The PMO began operations on June 4, 2007 with the hiring of the PMO Chief. We found evidence, dated August 8, 2007, in the contract file (PO9017), showing the PMO Chief

was informed that the contractor had written the SOW. We also noted the PMO Chief had been on the job for seven months by the time contract CQ8074 was awarded in January 2008. As stated in our report, CQ8074 was awarded to OPTIMOS to complete the unfinished work in modification #7 to PO-9017. We found evidence that the PMO Chief had signed a document as the project manager of CQ8074, and approved invoices related to the project.

Although management had not specifically stated whether they concurred or not with the recommendations to this finding, management provided information on some actions taken to address the three recommendations. Based on our analysis of management's response to this finding, we stand by the information outlined in the audit report.

Finding 3 – COTR Provided Inadequate Oversight Over the OPTIMOS and Televate Contracts

We found that the COTR (an IT employee) did not provide adequate oversight over the Televate and OPTIMOS contracts. The COTR acknowledged that he did not perform the required COTR duties on the OPTIMOS contract. The COTR also stated that he was not the primary point-of-contact on the OPTIMOS contract, although he was technically assigned COTR duties by PRMT. He could not identify any other point-of-contact person for contractual issues. He also stated that he did not review the invoices thoroughly for payment or communicate regularly with IT management about the contracts.

According to WMATA's Policy Memorandum No. 09-08, dated September 1, 2009, and COTR duties outlined in the contract files, the COTR:

- Develops an effective monitoring schedule as pertinent to the accompanying procurement deliverable or performance based milestones for the time-and-materials (T&M) Labor Hour or Fixed Price contract.

- Reviews the bi-weekly reports prepared by the contractor and verify that the contractor completed the task. If task is not complete, implements corrective action.
- Reviews and approves invoices and payment estimates, including ensuring that the work was done and forwarding invoices and receipts to accounting. (See other COTR responsibilities in Appendix II and III of this report.)

We also found that the COTR did not ensure that the contractors prepared the bi-weekly reports detailing the services performed under the OPTIMOS or Televate contracts, as required. The COTR could not provide sufficient documentation to show that he verified labor hours billed or that he used the bi-weekly labor reports to ensure that the contractors' tasks were completed. For example, the COTR did not verify hours billed for federal holidays. We found that the EA consultant billed WMATA for a full day's work on holidays (for example, New Year's Day and Independence Day, 2010). IT management told us that they did not authorized the EA consultant to work on holidays. WMATA expended over \$1,370 per day for the consultant's alleged work on the above two holidays. In addition, we found that the COTR authorized timesheets and invoices for the OPTIMOS contract by e-mail, without proper verification to ensure services were received before payment was made, as required in his duties and responsibilities as a COTR.

According to the COTR Manual, attachment 4, dated March 25, 2010, the COTR is responsible for verifying the hours billed on the invoices before authorizing payment to a contractor. The COTR should also ensure that the supplies or services invoiced were delivered and accepted or contract performance was completed in accordance with contract requirements. After this review, the COTR should sign the timesheet, invoice, and the bi-weekly labor report and direct the appropriate IT personnel to forward the invoice to Accounting for payment. We found that the COTR did not appropriately complete these duties for both the OPTIMOS and Televate contracts.

The COTR stated that he was not aware of all his COTR responsibilities. The COTR acknowledged that when the OPTIMOS contract (CQ8074) was split, he was assigned COTR duties on both the Televate and OPTIMOS contracts. However, he stated that his focus was on the Televate contract, and not on the OPTIMOS contract. We found that the COTR failed to adequately complete his duties on both contracts.

The COTR did not ensure that both contractors provided IT with a description of the work, budgeted hours, actual hours, and completion date for each task on a weekly or bi-weekly basis, as required. In addition, payments were made to the contractor without documented verification of work performed prior to payment. One result of these failures was the EA services under the OPTIMOS contract were not completed within the contract period.

Recommendation:

We recommend that the Deputy General Manager Administration/Chief Financial Officer:

3.1 Direct the CIO to develop monitoring procedures and controls to ensure that COTRs assigned to IT contracts are knowledgeable, properly trained to perform their COTR responsibilities, and are held accountable for their contractual oversight responsibilities.

3.2 Direct the CIO to establish controls to ensure that IT personnel are aware of and follow WMATA's procurement policies and procedures, and communicate regularly with the program office throughout the term of the contract to verify that services are received before payments are made to contractors.

Management Comments

IT concurred with this finding and stated that IT complies with the requirement to ensure that all COTRs attend COTR training. Additionally, management stated with the implementation of the project and portfolio management tool that is currently taking place, contractors' deliverables will be visible via the project plans and schedules.

OIG's Comment

The corrective actions taken or planned by management should help address our recommendations if properly implemented.

Finding 4 – PRMT and IT Failed to Properly Administer the OPTIMOS Contracts

We found that PRMT did not properly administer the OPTIMOS and Televate contracts. Specifically, we found that:

- the Contracting Officer (CO) and the Contract Administrator (CA) failed to adhere to procurement policies and procedures in the type of contract vehicle used,
- PRMT and IT failed to adequately review past performance of OPTIMOS,
- the then CO did not detect mathematical errors in the OPTIMOS contract, and
- the EA consultant did not meet all requirements in the OPTIMOS contract.

The following sections discuss this finding.

The CO and CA failed to adhere to procurement policies and procedures in the type of contract vehicle used – We found that PRMT did not follow WMATA's policy for justifying the use of time-and-materials contracts for OPTIMOS and Televate. According to the Procurement Manual, section 1212, a time-and-materials contract may only be used after the CO determines in writing that no other type of contract is suitable. We found that the then CO's did not complete the justification on the OPTIMOS and Televate contracts.

We also found no evidence that the then CO's and current CO⁶ adequately ensured that the CA and COTR properly administer the contracts to ensure that the contract requirements were met. We found that when the CO took over responsibility for the OPTIMOS and Televate contracts in February 2010, he did not review and evaluate contractor performance, progress, and deliverables. He also did not complete any inspections or ensure that other personnel, including the CA completed duties outlined in the Procurement Manual (section 1001.2, Authority and Responsibility.) The CO could not identify the CA or the COTR for the two contracts. The CO indicated he did not oversee the duties of the CA or COTR assigned to the contracts to ensure that they were performing their assigned duties.

The CA we interviewed stated that the then CO directed him to execute contract modifications and extensions, and to perform other administrative duties only. The CA could not identify important elements of the contracts, such as the contract value, modification costs, and time extensions. He also could not identify the COTR assigned to the contracts. The CA stated he did not communicate regularly with the then CO, IT management, or the COTR to help manage and monitor the contracts.

According to WMATA's COTR Manual, dated September 16, 2010, the CO is responsible for authorizing contracts, based on delegated authority, to enter into, administer, and/or terminate contracts on behalf of WMATA. A CO may appoint authorized representatives (COTR) and provide technical guidance to the contractor or otherwise assist in the administration of the contract.

According to WMATA's COTR Manual, the CA negotiates, administers, extends, terminates, and renegotiates contracts among other responsibilities. The CA formulates and coordinates procurements and proposals; the CA also evaluates and monitors

⁶ All references herein to the "CO" are to the current CO unless otherwise identified. The current CO took over the assignment in February 2010. Some of the original CO's and CA's for the Televate and OPTIMOS contracts have retired. The CA interviewed during the audit has since retired. The turnover in the CO and CA positions may have contributed to the lack of proper oversight.

contract performance to determine necessity for amendments or extensions of contracts and compliance with contractual obligations.

The lack of proper administrative oversight increases the risk of contractor noncompliance with applicable policies, procedures, and contract requirements, and WMATA not receiving all of the contract deliverables.

PRMT and IT failed to adequately review past performance of OPTIMOS – We also found that PRMT did not adequately review or evaluate the OPTIMOS contractor's prior performance. The work outlined in the SOW for the EA consultant in OPTIMOS modification #7 of contract PO-9017 was not completed at the end of the contract period, and the same contractor was awarded another contract (CQ8074) using the same SOW for the EA consultant.

According to the Procurement Manual, section 614.2, Evaluation Factors, past performance shall be evaluated in all competitively negotiated acquisitions expected to exceed \$100,000, unless the CO documents in the procurement file the reason(s) why past performance should not be evaluated. The CO is also responsible for all contractual actions relating to the process (Procurement Manual, section 613.2), and it is the CO who evaluates an offeror's past performance (Procurement Manual, section 617.8).

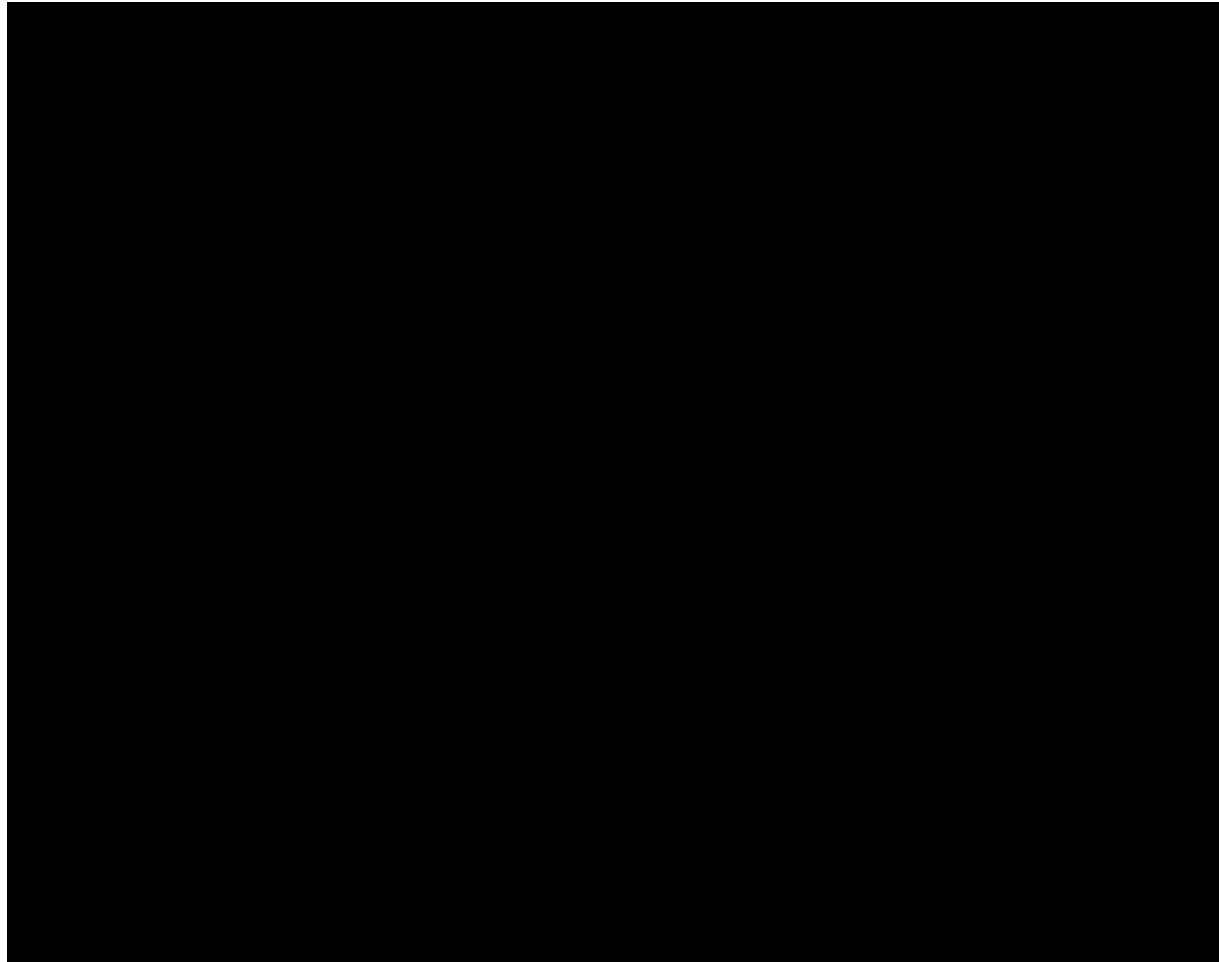
We found that the then CO did not adequately review OPTIMOS' past performance prior to awarding contract CQ8074. According to the contract file, the then CO relied on evaluations by a three-person technical evaluation team from IT, who rated OPTIMOS either "Acceptable" (one member) or "Exceptional" (two members) as far as past performance. One member who rated OPTIMOS "Exceptional" wrote that "OPTIMOS is a current WMATA vendor and has been a key contributor to the design and development of WMATA's integrated enterprise wide application platform." When interviewed, this technical evaluation team member stated that he based his evaluation on the applicant's resume. He did not review OPTIMOS' history with contract PO-9017,

did not know that the SOW for the EA consultant was the same for the two contracts, and did not know that OPTIMOS' EA consultant had failed to complete all the deliverables for modification #7 to PO-9017. An adequate review of the contractor's past performance would have revealed that the contract requirements for EA services under a previous contract (PO-9017) had not been met within the specified time period, despite having expended \$165,000 for those services.

Failure to adequately review the contractor's prior performance contributed to WMATA awarding another contract to the same contractor.

The then CO did not detect mathematical errors in the OPTIMOS contract – We also found that the then CO did not follow WMATA's policies and procedures to ensure that the contract pricing and cost calculation in the OPTIMOS contract (CQ8074) was accurate. This contract was awarded with a base period and four options. The contract price schedule had four positions⁷ listed by description, labor hours, hourly rate, total amount, contract price, and a not-to-exceed option period contract price [REDACTED]. We found mathematical errors with the option periods in the contract. [REDACTED]
[REDACTED]
[REDACTED] The amount calculated in the contract for this option period was [REDACTED], which was not correct. [REDACTED]
[REDACTED]
[REDACTED]. It appears that the total contract amounts listed in the schedules may have been adjusted to fall below the "not-to-exceed" option period contract price.

⁷ (1) Enterprise Architect (EA), (2) AIX engineer, (3) PeopleSoft security administrator, (4) web infrastructure architect.



Sections 528 and 529 of the Procurement Manual outline procedures for mistakes during the bid process. According to the Procurement Manual, the CO shall examine all

bids for mistakes and in the cases of apparent mistakes, the CO shall request from the bidder a verification of the bid, calling attention to the suspected mistakes.

PRMT management indicated the mathematical errors in the contract price schedule resulted from poor oversight and review by the then CO. The CO told us that these errors should have been identified before the contract award.

The then CO's failure to follow PRMT policies and procedures during the bidding process and price and cost analysis may have adversely affected WMATA's ability to select the most cost effective vendor. The failure to properly review the contract for errors also obscured the true cost of the OPTIMOS contract to WMATA.

EA consultant did not meet all requirements in OPTIMOS contract – The contract required the EA consultant to have a Bachelor of Science degree in computer science, telecommunications, mathematics, finance, business, or a related field. IT directed OPTIMOS to hire a particular consultant for the EA duties (see Other Matters of Concerns). Each member of the technical evaluation team from IT rated the experience and qualifications of the proposed key personnel "Exceptional." Based on our review of the contract documents, we determined that the EA consultant did not have the required degree. The consultant's resume indicated that he has a Bachelor of Arts degree in Political Theory. The contract did not stipulate that experience would be an acceptable substitution for the specified degrees. The contract files did not disclose any evidence of an exemption by PRMT to justify hiring an EA consultant who did not meet the requirements in the contract. According to a former director at OPTIMOS, if the consultant met the majority of the other qualifications required in the contract, WMATA was satisfied with the selection of the consultant. Failure to adhere to the educational and qualification requirements in a contract could compromise the integrity of WMATA's procurement process and cause WMATA to not get the best qualified personnel to perform work requested.

Recommendation:

We recommend that the Deputy General Manager of Administration/Chief Financial Officer:

4.1 Direct the Chief Procurement Officer to ensure that the COs and/or CAs follows WMATA's procurement policies and procedures as it pertains to: (1) the utilization of time-and-materials contracts, (2) the contractor selection process, and (3)

participation and communication with the COTR and program office during the performance period of the contract.

4.2 Ensure that IT staff on technical evaluation team conducts an objective, accurate and complete evaluation.

Management Comments

Management indicated general concurrence with our finding and recommendations. Management further identified actions taken or planned to address our recommendations. For example, management stated that there is no system that provides information to either the CA or CO about other contracts the proposer may have or had with WMATA, or their performance on the contract. To address this issue, the CPO will direct the CA's to ensure proposers disclosed any current or past contracts that they have had with WMATA by explicitly including them in the submittal requirements of the solicitation.

OIG's Comment

The corrective actions taken or planned by management should help address our recommendations if properly implemented.

OTHER MATTERS OF CONCERN

During our audit, we identified two matters of concern. These are: (1) IT directed the OPTIMOS contractor to hire specific personnel, and (2) PMRT exercised inadequate controls over contract files.

IT directed the contractor to hire specific personnel – IT directed OPTIMOS to hire specific personnel to perform the tasks outlined in the SOW. OPTIMOS should have been able to complete those tasks without direction from IT on who the contractor should hire to fulfill the requirements of the contract. We learned from the former OPTIMOS director that IT directed the contractor to hire the EA consultant used on the CQ8074 and PO-9017 contracts for EA services. IT also directed OPTIMOS to hire

other people, some of whom were subsequently hired by IT as full-time WMATA employees. All of these individuals had ties to the [REDACTED]. According to the former OPTIMOS director, OPTIMOS felt compelled to hire these people in order to keep WMATA's current and possibly future IT business.

WMATA Standards of Conduct, Policy Instruction 7.10/5, section 6.01.07 (b), Use of Official Position, states that WMATA personnel shall refrain from using their positions with the Authority to induce, coerce, or give the appearance of coercing, another person to grant or deny a benefit, financial or otherwise, to themselves or to some other person. The federal ethics regulations have substantially the same prohibition in 5 C.F.R. Subpart G - Misuse of Position, 2635.702 (a). One example given in connection with the federal regulation is that it is not a violation to pass job information to a person seeking a job with a contractor, but it is a violation to tell the contractor to hire that person. WMATA's policy, outlined above, appears to address this same issue. This example applies equally to WMATA's Standards of Conduct. Furthermore, WMATA follows the Federal Acquisition Regulation (FAR), especially as here, where federal funds are used. The FAR specifically references federal Standards of Conduct, see FAR, subpart 3.1, § 3.101, 3.101-3.

PRMT exercised inadequate controls over contract files – PMRT has inadequate controls over its contract files. During the audit, we requested contract documentation for contracts CQ8074 and PO-9017. We discovered that contract PO-9017 was not available in the file room, as required in the Policy Procurement Manual, section 1009,⁸ and Memorandum No. 10-04. There was also no record of anyone signing for the file. The file was later located, but it had missing documents. For example, the first page of the duties and responsibilities of the COTR was missing from the file. The file was also

⁸ According to WMATA Policy Procurement Manual, section 1009, subsection 1009.7, "files shall be maintained at organizational levels that ensure the following: 1. Effective documentation of contract actions; 2. Ready accessibility to principal users; 3. Minimal establishment of duplicate and working files; and 4. Conformance with any regulations or procedures for file location and maintenance." Subsection 1009.8 further states, "A central control and, if needed, a locator system shall be established to ensure the ability to locate promptly any contract files."

missing other important documents, such as some contract modifications. We also found documents missing from the CQ8074 contract file.

We observed that there were no physical controls when entering the file room. Several contract files had not been signed out of the file room, as required by PMRT's Interoffice Memorandum 10-06. On several occasions, we noted that no one was in the file room, and the room was not secured.

The failure to control and maintain a complete set of files increases the risk of losing key documents, which can compromise proprietary information of the contractors if in the hands of unauthorized users, as well as adversely affect those users who rely on these documents.

Recommendation:

We recommend that the Deputy General Manager of Administration/Chief Financial Officer:

5.1 Direct the Chief Procurement Officer to reinforce WMATA's Standards of Conduct, especially the use of official position to ensure that WMATA personnel do not direct contractors to hire particular personnel or subcontractors.

5.2 Direct the Chief Procurement Officer to implement controls to ensure contract files are controlled, files are signed for before their release, the file room is secured and locked, and a complete set of contract files are kept intact as outlined in current policy and procedures.

Management Comments

Management agreed with recommendation #5.1 in principle but could not guarantee that WMATA personnel will not direct contractors on hiring. The Chief Procurement Officer will provide a directive to the COTR's to report on any personnel or subcontractors hired or discharged during the term of a contract.

Management indicated they have already implemented recommendation #5.2 by having users requesting files to fill out and sign the request. The file room clerk maintains a check-in and check-out log for all of the contract files and only authorized personnel can access. A QA process has been implemented to ensure that the files are complete before they are checked into the file room

OIG's Comments

The corrective actions taken or planned by management should help address our recommendations if properly implemented.

Objectives, Scope and Methodology

The objectives of the audit were to determine whether WMATA provides adequate oversight over selected IT service contracts to ensure they are properly managed, and the contractor fulfilled contract requirements. To accomplish our audit objectives, we selected two IT service contracts from the period of December 2007 through December 2010. Our selection was based on input from management, information from external sources and information we obtained from prior OIG work. We also interviewed IT management, PRMT management, and other WMATA personnel involved with the contracts. We reviewed and analyzed documents in contracts PO-9017, CQ8074, and CQ8093. We reviewed WMATA's procurement policies and procedures; the United States Department of Transportation, Federal Transit Administration (FTA), *"Best Practices Procurement Manual"* (BPPM); the Federal Acquisition Regulation (FAR); the CODE of Federal Regulations (CFR); COTR and CO position descriptions; training manuals; invoices; timesheets; and payment documents. We interviewed contractor personnel and WMATA's Accounts Payable personnel. We also reviewed budget documents. We assessed the adequacy and reliability of the ABACUS database by reviewing the data elements and identifying the completeness and accuracy of required data. The exit conference was held with WMATA management on September 20, 2011.

We conducted our audit in accordance with Government Auditing Standards appropriate to our scope. Those standards require that we plan and perform the audit to afford a reasonable basis for our judgments and conclusions regarding the organization, program activity or function under audit. An audit includes assessment of applicable internal controls and compliance requirement of laws and regulations when necessary to satisfy our audit objectives. We believe that our audit provides a reasonable basis for our conclusions.

Administrative Matters

Corrective actions proposed (resolution phase) and implemented (closure phase) by the affected Departments/Offices will be monitored and tracked through the Office of the Inspector General's Audit Accountability and Resolution Tracking System. Department policy requires that you develop a final corrective action plan (CAP) for our review in the automated system within 30 days of the issuance of this report. The CAP should set forth specific action items and targeted completion dates necessary to implement final corrective actions on the finding and recommendations contained in this report.

We appreciate the cooperation and assistance extended by your staff during the audit. Should you any questions, please contact Andrew Clemmons, Assistant Inspector General for Audits, on (202) 962-1014, or me at (202) 962-2515.

Attachment

cc: GM/CEO — R. Sarles
AGM/CIO — K. Borek
PRMT — H. Obora
CHOS — S. Pant
COUN — C. O'Keeffe

Appendix I: OIG Summary of WMATA's Procurement Contract File CQ8074 - Statement of Work (SOW) for EA IT Technical Support Services

Contract Deliverables Required	OIG Analysis of the EA Consultant's Contracted Deliverables
1. An accurate representation of Metro's business environment, strategy, and critical success factors, and a link from these to the organization of its IT strategy.	The data contained within the ABACUS modeling tool was incomplete. For example, the EA did not document certain data elements, such as the purpose of the applications, cost of maintaining the system, user community, operating systems and version of software application. In addition, critical success factors were missing and not properly linked to the organization of its IT strategy.
2. Comprehensive documentation of Metro's business units and key processes, with views of the systems and data that support these processes.	The ABACUS modeling tool only contained high level architectural drawings of Metro's business units. These drawings do not represent comprehensive documentation describing key business processes of Metro's business units, and systems data that support these processes.
3. A set of enterprise architectural drawings, cascading from Metro's business architecture to its information architecture, to its applications architecture, and to its technology architecture, according to FEAF ⁹ standards.	The set of EA architectural drawings as presented does not <u>cascade</u> from Metro's business architecture to its information architecture, to its applications architecture, and to its technology architecture. These drawings only present an independent architectural view and are not linked to each other.
4. A set of enterprise-wide documentation standards for	IT emailed a copy of the "Draft INFORMATION TECHNOLOGY STANDARDS AND SERVICES

⁹ The Federal Enterprise Architecture Framework (FEAF) which provides an organized structure and a collection of common terms by which Federal segments can integrate their respective architectures into the Federal Enterprise Architecture.

architectures.	GUIDE” on June 24, 2011 (IT Standards and Services Guide 2011 Draft 061711 v3) to the OIG auditors. This guide was in draft form and dated June 17, 2011 which was beyond the audit period of December 2007 to December 2010. Contract CQ8074 ended in August 2010. The final version was not posted until July 21, 2011. We did not see any evidence this product was developed by the contracted EA or that the document was signed-off by the COTR affiliated with CQ8074. In fact, our analysis showed that this was authored by another contractor under a completely different contract.
5. A set of technology standards that define what technologies and products are approved to be used within Metro, complemented by prescriptive enterprise wide guidelines on how to best apply these technology standards in creating transportation authority applications.	This deliverable was not completed by the contracted EA at the time of our audit, see explanation for deliverable 4.
6. The construction of a Services-Oriented Architecture structure for Metro, including utilization of an Enterprise Integration Stack architecture, which uses enterprise application integration tools to pass data from legacy applications up through an	This deliverable was not completed by the contracted EA at the time of our audit, see explanation for deliverable 4.

enterprise service bus to multi-agency applications and a city-wide portal framework.	
7. Within the developed enterprise-wide architecture, the construction of a draft strategic business plan for a Metro station platform/mezzanine/station entrance communications initiative. The purpose of this initiative is to create an information, safety, security-tool, community service messaging, and display advertisement network through provision of in-station, in-vehicle, and hand-held wireless device digital messaging. This initiative is designed to enhance the Metro rider's experience by providing more scheduling, safety, security, community service, and other location-based services information to Metro riders.	IT did not provide a "draft strategic business plan for a Metro station platform/mezzanine/station entrance communications initiative" to satisfy this deliverable.

Appendix II.

**WMATA COTR Duties for “IT Technical Support Services” Procurement Contract
File No.CQ8074**

The COTR is responsible for the following:	
a.	Act as the principal point of contact with the contractor, including submitting a copy of each item of incoming correspondence to the Contract Administrator (CA);
b.	Review and approve invoices which include ensuring the work was done, payment estimates, and forward invoices and receipts to accounting;
c.	Coordinate correspondence with the CA if its importance significantly impacts the contractual terms and obligations;
d.	Provide the CA with information copies of any memorandum for record which is relative to the contract;
e.	Notify the Contracting Officer whenever the COTR has reason to believe that the estimated cost not-to-exceed amount will be exceeded;
f.	Prepare the Authority estimate for Proposed Contract Modifications and participate in negotiations of modifications;
g.	Approve, in writing, the Contractor's progress schedule when required; and
h.	Provide the CA with a written notification after all services have been received with statement that COTR is not aware of any open issues that would preclude closeout of the contract and that the Contract is ready for closeout. Return all records, correspondence, etc., to the CA for closeout purposes.

Appendix III.

WMATA COTR Duties outlined in Policy Memorandum 09-08 Dated 9/1/2009

The COTR is responsible for the following:	
a.	Develop a milestone plan for the performance of all work under the contract and corrective action procedures if a milestone has not been met. Corrective action can include withholding of payment until the milestone is completed;
b.	Develop an effective monitoring schedule as pertinent to the accompanying procurement deliverable or performance based milestones, for the T&M/Labor Hour or Fixed Price contract;
c.	Issue, in writing, a copy of both the milestone plan and the monitoring plan for the effective use of time to insure completion of the project to the Contracting Officer for approval;
d.	Implement the approved monitoring plan by collecting, reviewing and verifying all contractor timesheets and work product against the established procurement milestones before payment is authorized;
e.	Ensure that the candidate for substitution's resume provided by the contractor has no identifying information and is screened by members of the original initial technical evaluation committee, including one member from the requiring activity. This will ensure that the substitute is qualified to do the work; and
f.	Review the bi-weekly report prepared by the contractor and verifies that the contractor completed the task. If the task is not complete, implement corrective action.

Attachment 1



Washington
Metropolitan Area
Transit Authority

M E M O R A N D U M

**SUBJECT: Response to OIG Draft Audit
Report: Information
Technology No. 12-001**
*Review of WMATA's Oversight of
Selected Information Technology
Service Contractors*

DATE: November 18, 2011

FROM: DGMA/CFO – Carol Dillon Kissal

TO: OIG – Helen Lew

The subject draft report, Information Technology No. 12-001, Review of WMATA's Oversight of Selected Information Technology Service Contractors was issued on October 14, 2011. Below is management's response.

Finding 1 – Contract Deliverables for EA Services Under OPTIMOS Contracts PO-9017 and CQ8074 Were Incomplete

Auditor's Recommendations:

We recommend that the Deputy General Manager of Administration/Chief Financial Officer:

- 1.1 Direct the CIO to develop controls to effectively monitor contractor performance to ensure the contractor is fulfilling the terms of the contract.
- 1.2 Direct the CIO to establish controls to ensure effective communication is maintained between PMO and the COTR to ensure the contractor is only paid for completed tasks.

Management Response:

The Department of Information Technology concurs that OPTIMOS did not provide all of the EA deliverables called for in the contract. IT does however disagree to the characterization in Appendix I: OIG Summary of WMATA's Procurement Contract File CQ8074 – Statement of Work (SOW) for EA IT Technical Support Services. This table reflects OIG opinion that some of these deliverables were not even partially completed. For example, IT disagrees that Number 3 under contract deliverables only represent an independent architectural view and are not linked to each other. The ABACUS model links the business architecture, applications architecture, information architecture and technology architecture together. Multiple

views can be produced from the tool linking these components. Additionally, a Services-Oriented Architecture structure, including utilization of Enterprise Integration Stack architecture (Item 6), is currently being utilized to deliver data to multiple applications. The transparent data sets, available to the public for independent 3rd party application development, utilize this technology. Item 7, the "draft strategic business plan for a Metro station platform/mezzanine/station entrance communications initiative" was developed and published in an RFP format outlining in great detail the plan for a public private partnership over a ten year timeframe. While not technically described as a "Draft strategic business plan", elements of a business plan were outlined in great detail. These are areas where it is a matter of opinion of the completeness of the deliverables.

At the time of this audit, time sheets were not capturing the contractor's weekly progress on deliverables. That practice has been changed and new time sheets are now requiring contractors to describe their daily activity. These time sheets are approved by the COTRs who now have visibility into the status of the deliverables on a weekly basis. This was a finding on a previous audit which IT had subsequently corrected. This current audit goes back in time prior to point where the correction was put in place. This issue has been addressed.

The PMO has implemented the requirement for all COTRs to approve all invoices for their respective contracts. Additionally, the PMO is currently implementing a project and portfolio management tool which will provide transparency on all project deliverables and schedules. The implementation is currently in the requirements gathering phase.

Finding 2 – The Project Management Office Provided Inadequate Oversight and Allowed OPTIMOS to Prepare the Statement of Work

Auditor's Recommendations:

We recommend that the Deputy General Manager of Administration/Chief Financial Officer:

- 2.1 Direct the CIO to establish, communicate, and maintain standards and reporting templates for project monitoring and control and to provide support for projects being planned or executed and ensure those standards are followed.
- 2.2 Direct the CIO to develop performance metrics to measure IT services to ensure contracts deliverables are completed.

- 2.3 Direct the CIO to implement controls to ensure IT personnel follow established policies and procedures relating to procurement planning, and developing specifications and purchase descriptions for contracts.

Management Response:

The Department of Information Technology does not concur with this finding. When this statement of work was completed, the PMO was not yet formed, as the Chief was hired on June 4, 2007 and the SOW in question was dated July 2007.

For the period of time reflected in this audit, there were no established standards and reporting templates in place. The PMO was just being established in FY 2008. Upon the arrival of the Chief of the PMO in June 2007, there were no governance standards, templates, policies or procedures in place for IT at WMATA. The PMO has, over the past four years, generated an extensive body of templates, standards, FAQs, and procedures for project monitoring, control and reporting. This body of work can be found at the following link: <http://metroweb/departments/IT/PMO/default.aspx>. Additionally, the PMO is currently implementing a project and portfolio management tool which will support all of the established standards that have been developed, and for monitoring conformance to those standards. The implementation of this tool is currently in the requirements gathering phase.

The CIO has established performance metrics in concert with the Office of Performance Management to measure several dimensions of IT services.

The Department of Information Technology has, in the past year, requested and received from The Office of Procurement standard templates and instructions on policies and procedures relating to procurement planning, and developing specifications and purchase descriptions for contracts. These have been distributed throughout the IT staff responsible for this body of work.

Finding 3 – COTR Provided Inadequate Oversight Over the OPTIMOS and Televate Contracts

Auditor's Recommendations:

We recommend that the Deputy General Manager Administration/Chief Financial Officer:

3.1 Direct the CIO to develop monitoring procedures and controls to ensure that COTRs assigned to IT contracts are knowledgeable, properly trained to perform their COTR responsibilities, and are held accountable for their contractual oversight responsibilities.

3.2 Direct the CIO to establish controls to ensure that IT personnel are aware of and follow WMATA's procurement policies and procedures, and communicate regularly with the program office throughout the term of the contract to verify that services are received before payments are made to contractors.

Management Response:

The Department of Information Technology concurs with this finding.

The Department of Information Technology complies with the requirement to have all COTRS attend COTR training. Additionally, with the implementation of the project and portfolio management tool that is currently taking place, contractor deliverables will be visible via the project plans and schedules. This tool will greatly enhance the project managers' ability to verify deliverables are met and therefore be able to verify services are received prior to paying invoices.

Finding 4 – PRMT and IT Failed to Properly Administer the OPTIMOS Contracts

Auditor's Recommendations:

We recommend that the Deputy General Manager of Administration/Chief Financial Officer:

4.1 Direct the Chief Procurement Officer to ensure that the Cos and/or CAs follows WMATAs procurement policies and procedures as it pertains to: (1) the utilization of time-and-materials contracts, (2) the contractor selection process, and (3) participation and communication with the COTR and program office during the performance period of the contract.

- 4.2 Ensure that IT staff on technical evaluation team conducts an objective, accurate and complete evaluation.

Management Response:

- 4.1 With regards to T&M contracts, the CPO accepts this recommendation and will issue a directive to CA's reiterating Section 1212 and 1213 of the PPM for Time and Materials and Labor Hours Contracts and that documentation be provided in the file that no other type of contract is suitable and that the contract includes a ceiling price.

With regards to the Contractor Selection Process, past performance of the proposer is always included in the evaluation for selection. There is however no system that provides information to either a CA or CO about other contracts that a proposer may have or had with WMATA or their performance on the contract. The CPO will direct the CA's to ensure that proposers disclose any current or past contracts that they have had with WMATA by explicitly including them in the submittal requirements of a solicitation.

With regards to communication with the programs and the COTR, the CPO has already implemented this recommendation by revising the COTR manual that spells the duties and functions of the COTR, conducting training sessions based on the new manual and ensure that COTR's fulfill their responsibilities by providing a monthly report to PRMT on the execution status of the contracts.

- 4.2 IT concurs that the time and materials contract was not the proper vehicle to be utilized for this work.

The Department of Information Technology has requested and received from the Office of Procurement instructions and templates to be utilized in completing technical evaluations. This information has been distributed to the individuals who are responsible for this body of work.

Other Matters of Concern

Auditor's Recommendations:

We recommend that the Deputy General Manager of Administration/Chief Financial Officer:

- 5.1 Direct the Chief Procurement Officer to reinforce WMATA's Standards of Conduct, especially the use of official position to ensure that WMATA personnel do not direct contractors to hire particular personnel or subcontractors.
- 5.2 Direct the Chief Procurement Officer to implement controls to ensure contract files are controlled, files are signed for before their release, the file room is secured and locked, and a complete set of contract files are kept intact as outlined in current policy and procedures.

Management Response:

- 5.1 The CPO agrees with this recommendation in principle, but cannot implement or guarantee that WMATA personnel will not direct contractors on hiring. This is due to the fact that PRMT will not have visibility to the relationships that exist between the Prime Contractors and their subcontractors to determine if the hiring was done at the instance of WMATA's personnel. The CPO however will provide a directive to the COTR's to report on any personnel or subcontractors hired or discharged during the term of a contract.
- 5.2 The CPO has already implemented this recommendation by having users requesting the files fill out and sign the request. The file room clerk maintains a check-in and check-out log for all of the contract files. The file room is locked and secured with only a few designated personnel having access to the keys to the file room. A QA process has been implemented to ensure that the files are complete before they are checked into the file room