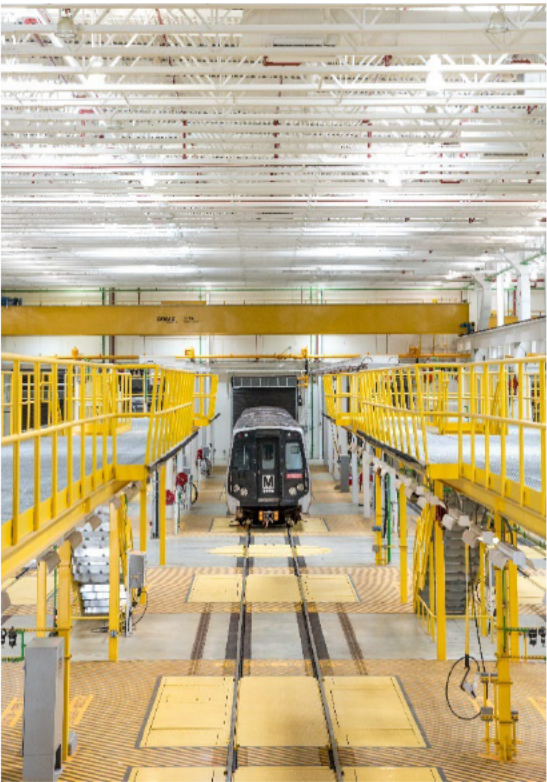




WMATA OFFICE OF INSPECTOR GENERAL

# SEMIANNUAL REPORT

NO. 32 | JANUARY 1 – JUNE 30, 2023



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# THE INSPECTOR GENERAL'S MESSAGE TO THE BOARD



Rene Febles  
Inspector General

I am pleased to present the 32nd Semiannual Report (SAR) to the Washington Metropolitan Area Transit Authority (WMATA) Board of Directors, which covers significant achievements of the WMATA Office of Inspector General (OIG) for the six-month period from January 1, 2023, to June 30, 2023.

Over the past six months, OIG Auditors, Special Agents, Administrative staff, and Analysts continued to focus their work by ensuring the work we do supports OIG's mission of promoting the economy, efficiency, and effectiveness of WMATA's operations as well as combatting fraud, waste, abuse, crimes, and other serious misconduct. OIG could not accomplish the outstanding work without the dedication and professionalism of the staff.

During this reporting period, OIG continued to focus audits and evaluations on WMATA's major operational and financial challenges. Our Office of Investigations continued working with law enforcement partners and other stakeholders to identify fraud schemes that impact the Authority. Much of their work relies on our data analytics team, who support their work.

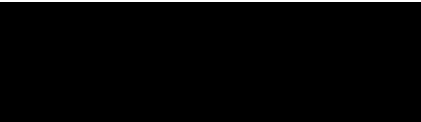
As you are aware, on November 5, 2021, the Infrastructure Investment and Jobs Act (IIJA) became law, providing continued support to WMATA and OIG. The provisions of this law reaffirm Congress's commitment to a strong and independent OIG within WMATA. As reported in the previous Semiannual Report, OIG continues, as required by the IIJA, to assess WMATA's effectiveness in its use of funds for major capital improvement projects and its compliance with strategic plan deadlines. OIG is required to provide covered recipients identified in the law a report on WMATA's progress by the second anniversary of the passing of IIJA. I am pleased to report that we will complete our report before November 2023. OIG has been working with WMATA management and the Government Accountability Office as part of our process.

During the six months covered by this report, OIG investigative work resulted in three Reports of Investigation, one Management Assistance Report, and the sentencing of a former WMATA employee to 18 months in prison for contract fraud, including \$430,177 in restitution to WMATA. Additionally, OIG referred four companies to the Office of Procurement for debarment. OIG audit work resulted in the issuance of 22 contract audits, one Buy America audit, two performance audit reports, and one evaluation report. OIG audit work led to the identification of \$18.9 million in total possible savings identified through contract audits. OIG also continued to focus our efforts on procurement fraud.

This year, OIG was awarded the prestigious Association of Local Government Auditors Knighton Award, a national accolade that recognizes the best performance audits of the year. Audit organizations compete against peer organizations for this award. This recognition is a testament to our staff's hard work and dedication. The award was given to OIG for our Audit of WMATA's fuel program.

OIG continued to protect the interests of riders, taxpayers, and other stakeholders through our robust investigative efforts and those of our partner law enforcement agencies with which we cooperate. OIG Special Agents collaboratively conducted investigations with the assistance of many federal, state, and local agencies, including United States Attorney Offices, the Federal Bureau of Investigation, the Department of Transportation OIG, and local States Attorney offices. These collaborative efforts enhance OIG's ability to conduct thorough criminal, civil, and administrative investigations. For example, OIG investigated, after being alerted by WMATA, of a breach by a former contractor. OIG issued multiple reports and identified weaknesses that WMATA is now addressing.

OIG maintains the highest standards of professionalism and quality in our investigations, evaluations, and audits. I would like to commend our dedicated and professional staff for their diligence and commitment to the mission of this office. I would like to thank WMATA Management and its staff for implementing recommended corrective actions in a timely manner and for collaborating with OIG on our work. Finally, I would like to thank the Board of Directors for its continued support.



Rene Febles  
Inspector General

# OVERVIEW OF OIG

## BACKGROUND

The Board of Directors established OIG by Resolution 2006-18, approved April 20, 2006. On August 19, 2009, the WMATA Compact was amended to codify OIG by statute and to make the Inspector General an officer of WMATA. The Inspector General reports to the Board.

## MISSION STATEMENT

OIG's mission depends on our talented staff who are dedicated to OIG's independent and objective work.

Under the WMATA Compact, OIG is "an independent and objective unit of the Authority that conducts and supervises audits, program evaluations, and investigations relating to Authority activities; promotes economy, efficiency, and effectiveness in Authority activities; detects and prevents fraud and abuse in Authority activities; and keeps the Board fully and currently informed about deficiencies in Authority activities as well as the necessity for and progress of corrective action." We keep the Board fully informed and keep the General Manager/Chief Executive Officer (GM/CEO) apprised of our work to assist in achieving the highest levels of program and operational performance at WMATA.

**Promoting  
economy,  
efficiency,  
and  
effectiveness  
in Authority  
activities**



# OUR CORE VALUES

## Excellence

We are committed to excellence in our people, our processes, our products, our impact, and our mission performance.

- 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 innovation.
- We support WMATA's mission to provide safe, equitable, reliable, and cost-effective public transit.

## Accountability

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

- We have confidence that our work is accurate 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 be fair, balanced, and credible.

- 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.

# OUR VISION

We are committed to excellence in our people, by supporting them through training, advancement, and supporting their professional needs. Through our support they deliver high-quality independent oversight of WMATA's programs and operations. We value diversity in our workplace and support the values and culture of all people.

OIG is comprised of two offices - Investigations (OI) and Audits & Evaluations (OA).

# OFFICE OF INVESTIGATIONS

OI focuses on three areas: Investigations, Special Inquiries, and Cybersecurity/Data Analytics. OI is comprised of staff who have extensive law enforcement experience at the local, state, and federal levels. Collectively, its staff has many years of experience in conducting fraud, financial, administrative, misconduct, and myriad economic and general crime investigations. In addition, OI staff are experts in data analytics and computer forensic investigations. Many are Certified Fraud Examiners.

## **Investigations**

OI conducts criminal, civil, and administrative investigations relating to WMATA activities, programs, and operations. Investigations can lead to criminal prosecution, civil penalties, disciplinary action, and/or administrative action. OI, through the Special Inquiries group, manages the OIG hotline, including the intake of complaints and determining the appropriate handling of those complaints. Complaints may be investigated by OI or referred to Management, to OA for audit consideration, or to another agency, as appropriate. OI also aggressively pursues proactive investigations through data analysis, recruiting confidential informants, and mining financial information to detect evidence of wrongdoing.

## **Special Inquiries**

The OI Special Inquiries team investigates complaints from Congress, the WMATA Board of Directors, and other governmental agencies. The Special Inquiries team is also responsible for managing the OIG hotline, investigating whistleblower complaints, and providing training to various WMATA departments.

## **Cybercrimes and Data Analytics**

The OI Cybercrimes and Data Analytics Unit manages OIG's information technology, cyber, forensics, and data analytics programs. Its primary function is to provide investigative support and coordination to OIG investigations and audits. The unit's members also serve as subject experts on matters under their purview such as digital forensic analysis, cyber incident response protocols, and the use of data analytics as a way to uncover fraud and misconduct in WMATA programs and activities. In addition, since OIG is responsible for investigating cybercrimes that affect WMATA programs and operations, OIG coordinates with the Chief Information Officer, the Chief Information Security Officer, and all appropriate Information Technology (IT) staff.

# **OFFICE OF AUDITS & EVALUATIONS**

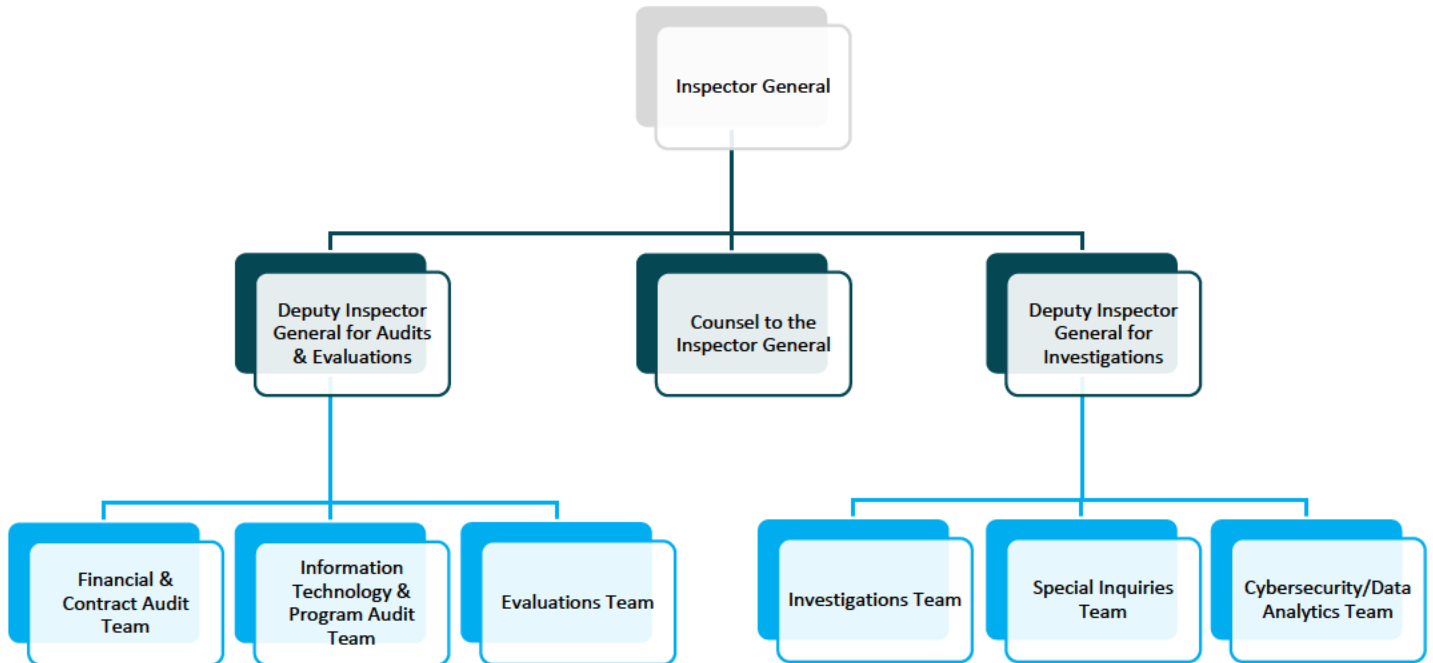
The Office of Audits (OA) is comprised of three divisions: financial and contract audits; performance audits (performing information technology and administrative audits), and evaluations.

OA provides independent assessments of WMATA programs and operations that help to reduce waste, abuse, fraud, and mismanagement and to promote economy, efficiency, and effectiveness of WMATA operations. OIG also oversees WMATA's financial audit work conducted by an outside public accounting firm on behalf of OIG. Our staff is comprised of auditors and evaluators with educational backgrounds and degrees in accounting, finance, and information systems. Most of the staff have professional certifications as accountants, internal auditors, fraud examiners, and information systems auditors.

Each July, OIG issues an Annual Plan that summarizes the audits and evaluations planned for the coming fiscal year. OIG seeks management input from the Board of Directors, GM/CEO, and his senior executive leadership team as part of the planning phase. Unanticipated high-priority issues may arise that generate audits, reviews, and/or evaluations not listed in the Annual Plan.

The chart below identifies the leadership structure for OIG. This structure enables OIG to be more efficient in our work. Three factors in our work – timeliness, relevance, and impact – are key to the success of our work and the ability to bring positive change to WMATA.

## OIG ORGANIZATIONAL CHART



# INVESTIGATIONS



1 CRIMINAL MATTER



3 REPORTS OF INVESTIGATION



1 MANAGEMENT ASSISTANCE REPORT

## BACKGROUND

During this reporting period, OI conducted both criminal and administrative investigations involving allegations of wrongdoing. Several of these investigations involved potential criminal activity. OIG Special Agents and Investigators work closely with federal, state, and local law enforcement agencies and prosecutors to pursue criminal charges when appropriate. During this reporting period, OI issued numerous subpoenas related to ongoing investigations. To ensure the confidentiality and integrity of sensitive information, only a summary of the variety of complaints and investigations conducted is provided in this report.

## CRIMINAL MATTER

### Procurement Scheme

A former senior manager for the Washington Metropolitan Area Transit Authority (WMATA) was sentenced to 18 months in prison for carrying out a scheme in which he and others manipulated the agency's procurement process in favor of a company that was paid more than \$1.3 million for items and services over a period of more than nine years. In addition to the prison term, the judge ordered the manager to serve 24 months of supervised release and to pay \$430,177 in restitution.

## REPORTS OF INVESTIGATION

### Whistleblower Retaliation

OIG received a complaint concerning retaliation by several senior managers after reporting cyber concerns. OIG's investigation determined there was insufficient evidence to conclude any prohibited personnel activity was taken as a result of the disclosures.

## **Whistleblower Retaliation**

OIG received several complaints from an employee alleging retaliation by management after the employee raised concerns about the execution of a contract. OIG's investigation was completed and referred to the Whistleblower panel, which determined there was insufficient evidence to conclude any prohibited personnel action occurred as a result of the disclosures.

## **Whistleblower Retaliation**

OIG received a complaint from an employee alleging whistleblower retaliation from several senior managers after reporting wasteful spending. OIG's investigation was completed and forwarded to the Whistleblower panel, which determined there was insufficient evidence to conclude any prohibited personnel action occurred as a result of the disclosures.

# **MANAGEMENT ASSISTANCE REPORT**

## **Concerns Over Critical Cybersecurity Vulnerabilities**

OIG issued a Management Assistance Report raising cybersecurity concerns uncovered during a cyber investigation. The incident that initially gave rise to OIG's investigation occurred in early January 2023. On several occasions, OIG briefed and updated the Board of Directors and the GM/CEO about that incident and investigative developments. OIG continues to coordinate with WMATA leadership ensuring recommendations and corrective actions are addressed.

# HOTLINE ACTIVITY

The OIG Hotline receives information from WMATA employees, customers, vendors, and the general public. It is an important avenue for reporting criminal and other misconduct. OI staff review the Hotline information received to evaluate the need for OIG investigative action, referral to an outside agency, or referral to an internal WMATA office for appropriate review and action.

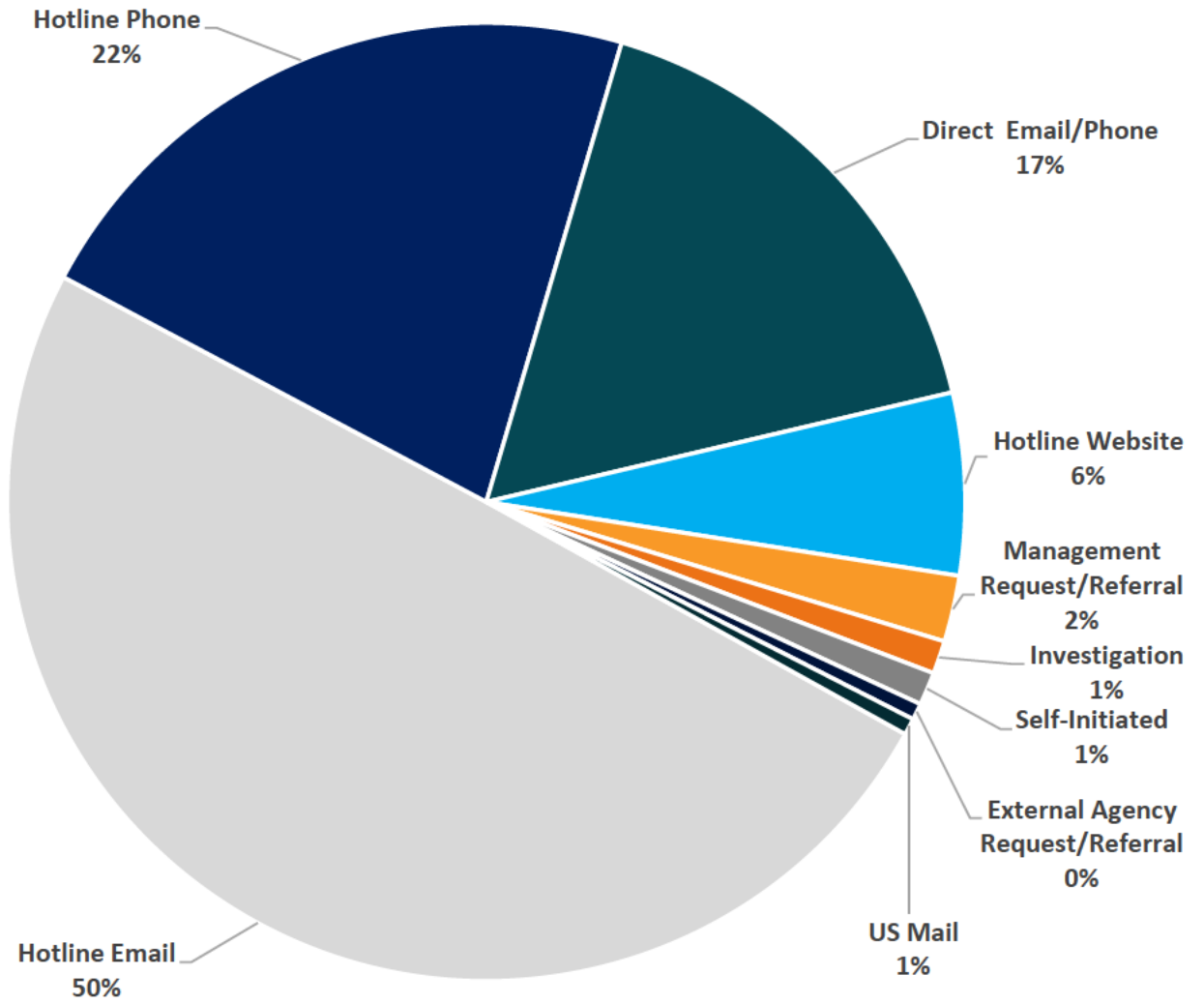
Tables 1 through 3, below, provide an overview of the number of complaints received, dispositions, sources of complaints, and Whistleblower activity throughout this reporting period. Due to continued reduced ridership from the COVID-19 pandemic, the volume of complaints received during this reporting period is significantly lower than previous reporting periods.

**TABLE 1: HOTLINE COMPLAINTS RECEIVED<sup>1</sup>**

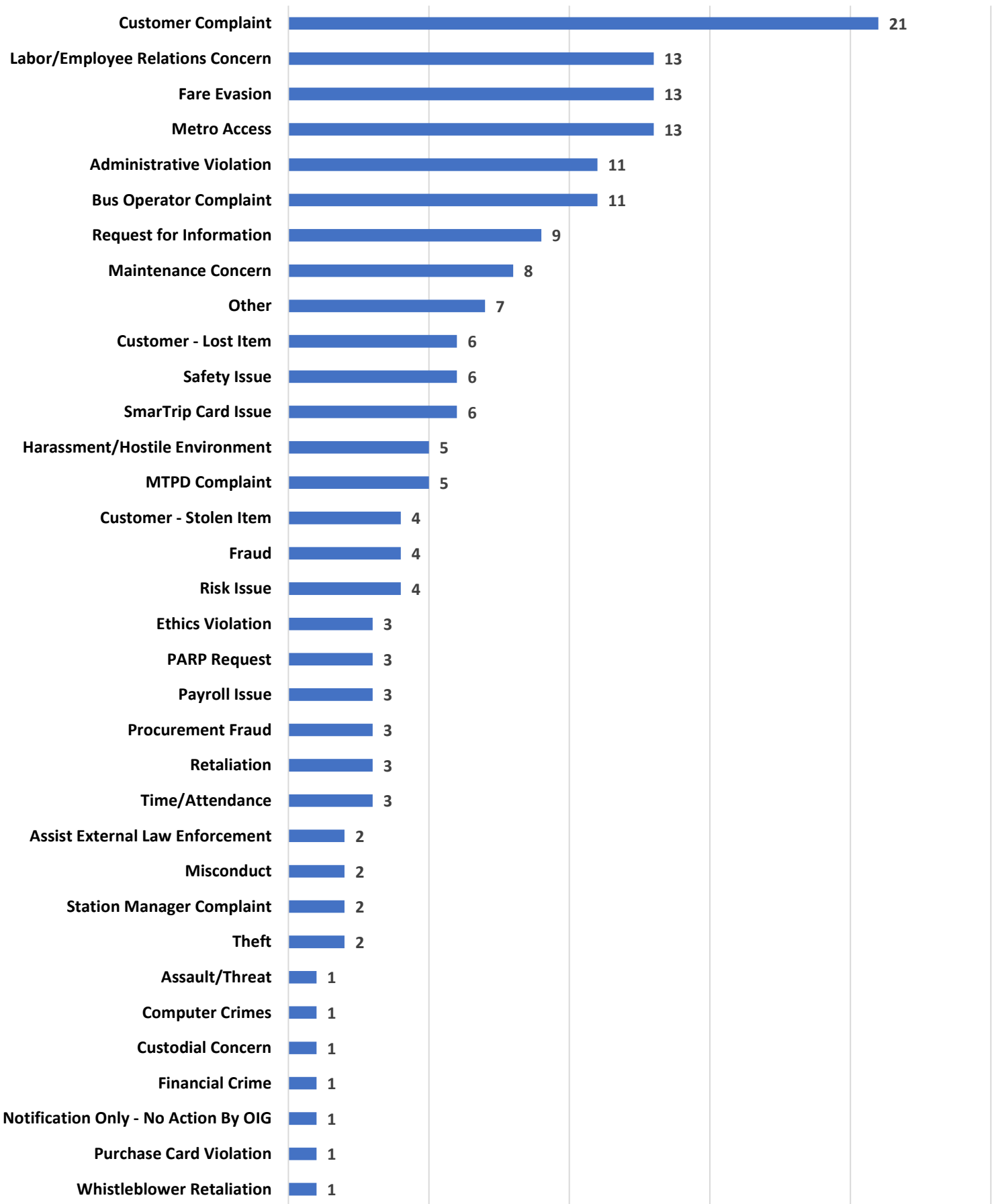
Total Complaints Received	179
Investigations Initiated from Complaints	10
Open	42
Referred to Management or Other Entity	103
Closed No OIG Action	24

<sup>1</sup> As of June 30, 2023.

**TABLE 2: PERCENTAGE OF HOTLINE COMPLAINTS BY THEIR SOURCE**



**TABLE 3: CATEGORIES OF HOTLINE COMPLAINTS**



# AUDITS & EVALUATIONS



2 PERFORMANCE  
AUDIT REPORTS



22 CONTRACT AUDITS



1 BUY AMERICA AUDIT



1 EVALUATION  
REPORT



\$18.9 MILLION  
IDENTIFIED IN  
POSSIBLE SAVINGS

## BACKGROUND

OA's work focuses on areas of concern such as IT security; financial management; contracts; human capital; administrative issues; and high-risk programs that impact the safe operation of the transit system. During this reporting period, OA issued two performance audit reports, 23 procurement and contract audit reports, and one evaluation report.

An additional four performance audits, three financial audits, 24 procurement and contract audits, and four evaluations were in progress as of June 30, 2023.

## ACHIEVEMENTS

OIG was awarded the prestigious Association of Local Government Auditors Knighton Award, a national accolade that recognizes the best performance audits of the year. Audit organizations compete against peer organizations for this award. This recognition is a testament to our staff's hard work and dedication. OIG received the award for our work auditing WMATA's fuel program.

# AUDIT SUMMARIES

## Audit of WMATA's Procurement Pre-award Cycle-time

Procurement cycles have major impacts on business strategies, operational costs, and service deliveries. Streamlined procurement cycles facilitate efficient approaches to reduce operational costs and provide competitive advantages in the market.

The objective of the audit was to determine the effectiveness of controls over WMATA's procurement pre-award cycle-time.

Audit Results: WMATA's Procurement Pre-award Cycle-time needed improvement:

- 80% of procurements exceeded procurement administrative lead time.
- Sampled procurements had incomplete acquisition planning and tracking.
- Pre-award procurement actions were not documented in a centralized file.
- Purchase requisition amounts were not adjusted after the award.

## Audit of WMATA's Money Train Processes

WMATA uses several railcars to collect cash fare revenue from stations throughout the system and then return the collection to a central location for processing. Once the collection is processed, the cash is transported [REDACTED] for deposit at a bank. If there is a large amount of cash (bills and coins) on hand, there is a high risk of theft.

The objectives of the audit were to determine: (1) whether WMATA had appropriate internal controls for the safeguarding of Metrorail cash to include the collection and deposit processes, and (2) the effectiveness and efficiency of the money train operations.

Audit Results: WMATA's Money Train collection and deposit internal controls are in place; however, opportunities exist for improvements in internal controls.

During the audit, OIG found the following:

- Inadequate separation of duties and opportunity for rail cash and cash deposit reconciliation management review.
- Inconsistent safeguard controls for security cameras.
- Incident reporting & quality assurance practices for revenue protection inconsistent with contract & MTPD policies.
- Missing safety assessment.
- Revenue cash collections policies and procedures were followed but revenue and equipment were still exposed.
- Background checks were not performed or were not documented.

# AUDITS IN PROGRESS

## Audit of WMATA's Cybersecurity Program

According to the FBI, cyber threats have grown exponentially with nation-state and cyber criminals increasing the scale, scope, and level of sophistication of their cyber-attacks. The FBI reported that the number of cyber-attack complaints is up to 4,000 a day, which represents a 400 percent increase from pre-pandemic levels. Recent incidents include the SolarWinds hack that compromised hundreds of systems worldwide, and the Colonial Pipeline incident that shut down the U.S.'s largest gas pipeline.

The objective of the audit is to assess the adequacy of WMATA's cybersecurity program.

## Audit of WMATA's Cloud Computing Strategy

Cloud computing provides on-demand access to a shared pool of computing resources. The adoption of cloud computing has become mainstream by large enterprises because it provides benefits such as: (1) potential cost savings, (2) improved delivery, (3) ease of scalability and procurement efficiencies, as well as (4) operational efficiencies and security. WMATA has a limited presence in the cloud computing environment.

The objective of the audit is to assess the strategy and plan for migrating applications to the cloud.

## Audit of WMATA's Financial Statements for FY 2023

The WMATA Compact, Section 70, states that an audit shall be made of the financial accounts of the Authority, shall be prepared in accordance with generally accepted accounting principles, and shall be filed with the Chair and other officers as the Board shall direct. The Board, through the adoption of Board Resolution 2006-18, established OIG's responsibility for the supervision of WMATA's annual independent audit of financial statements. The objective of this audit is to:

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

## WMATA's Single Audit for FY 2023

The Single Audit Act, as amended, requires an independent external auditor, as determined by the Inspector General, to audit WMATA's federal awards annually in accordance with applicable standards.

The objective of the Single Audit is to ensure a recipient of federal funds is in compliance with the federal program's requirements for how the money can be used. OIG is responsible for overseeing WMATA's Single Audit.

## **Audit of WMATA’s Compliance with the Infrastructure Investment & Jobs Act**

On November 6, 2021, Congress passed the Infrastructure Investment and Jobs Act. The legislation, in part, aims to improve transportation options for millions of Americans and reduce greenhouse emissions; build a national network of electric chargers and upgrade the power infrastructure; and make infrastructure more resilient to cyber-attacks.

The funding provided by the Act will help address capital needs across WMATA to support a continued state of good repair of the system’s priority assets and prevent a backlog of repairs from growing.

The objective of the review is to assess WMATA’s implementation of the Act, to include whether (1) specific Act requirements are being met including reforms and deadlines, (2) projects outlined in the Act are appropriately prioritized, and (3) funds are being applied and used in accordance with the Act.

## **Audit of WMATA’s SmarTrip Regional Partner Comparative Billing Statements Fiscal Years Ended 2023 & 2022**

WMATA has a funding agreement with ten local jurisdictions (the Participating Jurisdictions) to provide a seamless regional system for transit fare collections for both the service areas of the Authority and the Maryland Transportation Administration using smart card technology. WMATA and the Participating Jurisdictions have agreed to fund their share of the operating expenses of the SmarTrip system. The agreement defines the regionally shared operating expenses, allocation methods, and funding requirements.

Each year, WMATA is required to prepare SmarTrip Regional Partner Comparative Billing Statements to provide an allocation of the actual operating expenses incurred for the Regional SmarTrip Program for each of the Participating Jurisdictions for the current and prior fiscal years ended June 30. The actual operating expenses incurred and the allocation to each Participating Jurisdiction are audited at the end of each fiscal year.

The objective of this audit is to express an opinion on WMATA’s SmarTrip Regional Partner Comparative Billing Statements for FYs 2023 and 2022.

## **Procurement Award Process**

Procurement fraud includes the unlawful manipulation of the procurement process to acquire contracts, goods, and services, or to obtain an unfair advantage during the bidding process. The audit objective is to determine whether the procurement process is efficient and effective. The audit will also assess whether WMATA complied with competitive bidding requirements and other applicable procurement guidelines. Lastly, OIG will assess barriers to the competitive procurement bidding process and identify best practices.

# PROCUREMENT AND CONTRACT AUDITS

OIG issued 22 contract audits and one Buy America Act audit that identified almost \$18.9 million<sup>2</sup> in possible savings. Contract audits are performed within their stated scope and objective(s) as agreed with management. They can cover a broad range of financial and non-financial subjects, which assist WMATA’s procurement department in its contract negotiation process. These audits may uncover fraud, waste, abuse, or other procurement-related issues. Because these reports generally involve contractor proprietary information, the reports are not posted on OIG’s website and are not publicly distributed. The types of reviews and methodology are as follows:

- **Pre-Negotiation** - Assess a contractor’s proposal (e.g., labor rates, indirect rates, materials, etc.) to determine whether the pricing information is current, accurate, complete, and ties back to the contractor’s accounting systems and supporting documentation.
- **Billing Rates** - Assess the basis of the billing rates and support for the cost elements (base wage rates and overheads) included in a contractor’s proposal to ensure that the pricing information is current, accurate and complete.
- **Pre-Award** - Assess financial data provided by a prospective contractor to determine whether the contractor has adequate financial resources and meets the applicable standards for a responsible prospective contractor.
- **Buy America** - Assess the pre-award and post-delivery certification of rolling stock vehicles compliance with the Federal Transit Administration’s Buy America Act regulations by reviewing supplier’s certifications, invoices, and final assembly costs.

During this reporting period, OIG staff conducted an on-site visit at a final assembly location in St. Cloud, MN. The staff spent two days on-site and met with contractor personnel. At the facility, OIG staff verified the highest dollar-value parts and attended the road and water tests. OIG staff also toured the manufacturing plant to verify the final assembly process.

## SUMMARY OF CONTRACT AUDITS

From January 1, 2023, through June 30, 2023, OIG issued 22 contract audits and one Buy America Act audit.

Table 4: Contract and Buy America Audit Reports

Report Number	Report Title	Date Issued	Return on Investment
CAR 23-037	Independent Review of Proposed Rates, Contract No. FQ18033, General Architecture and Engineering Consultant Services-PMCM	01/11/2023	TBD
CAR 23-038	Independent Review of Proposed Rates, Contract No. CLAND211254, Real Estate “On-Call Services” MATOC-IDIQ	01/25/2023	TBD
CAR 23-039	Independent Review of Proposed Rates, Contract No. FQ18033, General Architecture and Engineering Consultant Services-PMCM	02/08/2023	TBD
CAR 23-040	Independent Review of Proposed Rates, Contract No. FQ18033, General Architecture and Engineering Consultant Services-PMCM	02/8/2023	TBD

<sup>2</sup> Includes \$18.6 million realized from a prior year report.

Report Number	Report Title	Date Issued	Return on Investment
CAR 23-041	Independent Review of Proposed Rates, Contract No. CLAND211254, Real Estate "On-Call Services" MATOC-IDIQ	02/14/2023	TBD
CAR 23-042	Independent Review of Proposed Indirect Rates, Contract No. FQ19151R-B, Rehabilitation of Parking Garages - Category (B)	02/27/2023	TBD
CAR 23-043	Independent Review of Proposed Rates, Contract No. FQ19172, General Architectural and Engineering Consultant (GEC) On-Call Design Services	02/28/2023	TBD
CAR 23-044	Independent Review of Proposed Rates, Contract No. FQ18033, General Architecture and Engineering Consultant Program Management, Construction Management, Engineering Support Services	03/02/2023	TBD
CAR 23-045	Independent Review of Proposed Rates, Contract No. FQ18033, General Architecture and Engineering Consultant Services-PMCM	03/10/2023	TBD
CAR 23-046	Independent Review of Pre-Award, Contract No. CBMNT233060, Non-Warranty Repair Services to Allision Propulsion Systems	03/24/2023	N/A
CAR 23-047	Independent Review of Proposed Rates, Contract No. FQ18033, General Architecture and Engineering Consultant Services-PMCM	03/24/2023	TBD
CAR 23-048	Independent Review of Proposed Rates, Contract No. CLAND211254, Real Estate "On-Call Services" MATOC-IDIQ	03/24/2023	TBD
CAR 23-049	Independent Review of Proposed Rates, Contract No. FQ19172, General Architecture and Engineering Consultant (GEC) On-Call Design Services	03/24/2023	TBD
CAR 23-050	Independent Review of Proposed Rates, Contract No. CLAND211254, Real Estate "On-Call Services" MATOC-IDIQ	03/24/2023	TBD
CAR 23-051	Independent Review of Proposed Indirect Rates, Contract No. FIRPG211179, Tunnels and Shafts Water Leak Mitigation	04/14/2023	TBD
CAR 23-052	Independent Review of Proposed Rates, Contract No. FQ19172, General Architecture and Engineering Consultant (GEC) On-Call Design Services	04/19/2023	TBD
CAR 23-053	Independent Review of Proposed Indirect Rates, Contract No. FCPPM200214-W01, Next Generation Bus Farebox System	04/19/2023	TBD
CAR 23-054	Independent Review of Post-Delivery Buy America Audit, Contract No. FQ18001 option year 4, 40ft/60ft Low-Floor Clean Diesel and 40ft/60ft Compressed Natural Gas (CNG) Buses	05/03/2023	N/A
CAR 23-055	Independent Review of Proposed Rates, Contract No. FQ19172, General Architecture and Engineering Consultant (GEC) On-Call Design Services	05/16/2023	TBD
CAR 23-056	Independent Review of Pre-Award, Contract No. FRBIR222323, Rehabilitation of Chiller Plant Facilities at Four (4) Metro-rail Stations	05/17/2023	N/A
CAR 23-057	Independent Review of Proposed Rates, Contract No. FQ19172, General Architectural and Engineering Consultant (GEC) On-Call Design Services	05/19/2023	TBD
CAR 23-058	Independent Review of Pre-Negotiation Proposal, Contract No. 0000007828, Low-No Emissions Program	05/25/2023	\$333,681
CAR 23-059	Independent Review of Proposed Rates, Contract No. FQ18033, General Architecture and Engineering Consultant Services-PMCM	06/5/2023	TBD

## **EVALUATIONS SUMMARIES**

### **Review of WMATA's Non-Revenue Vehicle Program**

WMATA maintains a fleet of owned and leased vehicles used to support the Authority's administrative, maintenance, construction, law enforcement, and operational functions. These licensed vehicles range from small passenger transport vehicles to specialized heavy-duty trucks. As of December 2021, WMATA reported an inventory of 1,525 non-revenue vehicles with an estimated total purchase cost of \$76.6 million. OIG performed this review to determine whether non-revenue vehicles are managed and used appropriately in compliance with applicable policies and procedures.

During the evaluation, the program was in the process of improving data accuracy through the implementation of new NRV Global Positioning System (GPS) tracking services. However, OIG identified weaknesses in the program's organizational structure and its ability to assess vehicle utilization and needs accurately. OIG also identified an Authority-wide lack of compliance with substantive areas of WMATA Policy/Instruction 1.9/8, Non-Revenue Vehicle Management and Use, (August 26, 2019).

### **Review of WMATA's Automatic External Defibrillator Program**

Automatic External Defibrillators (AED) are portable, life-saving devices designed to treat people experiencing sudden cardiac arrest. Death from sudden cardiac arrest is the leading cause of natural death in the United States. The shorter the time from cardiac arrest until defibrillation, the greater the rate of survival.

The AED system includes accessories such as battery and pad electrodes that are necessary for the AED to detect and interpret an electrocardiogram and, when appropriate, deliver an electric shock to the heart in an effort to restore its normal rhythm. WMATA's AED Program consists of over 300 units across the WMATA system – in stations, facilities, and offices, with a limited number of AEDs located in non-revenue vehicles. OIG performed this review to determine the effectiveness of the program's administration and the functionality of AED units located throughout the Authority.

At the time of this review, Safety & Readiness was taking steps to improve its administrative processes regarding the AED program. OIG identified administrative and recordkeeping deficiencies that Safety & Readiness took contemporaneous steps to correct. OIG observed monthly AED inspections conducted by Safety & Readiness personnel. All AEDs observed by OIG were found to be operational, with all accessories accounted for, and battery packs and defibrillator pads were noted to be within the expiration dates. OIG also found all WMATA station managers were compliant with maintaining required AED training certifications.

## **EVALUATIONS IN PROGRESS**

### **Review of WMATA's Purchase Card Program (Continuous)**

Purchase cards are becoming a more common method of simplifying the purchasing process. As a result of this growth, there is potential for more fraud and increased inappropriate use of these cards. Data mining is a process that discovers correlations, patterns, and trends by sifting through large repositories of data using pattern recognition technologies and statistical techniques. Data mining is useful for identifying transactions

that have a higher risk of being inappropriate. The objective of this review is to employ data mining techniques to assess the use of purchase cards and analyze transactions against established fraud indicators to identify any potential irregularities.

### **Review of WMATA’s Contractor Background Screening Program**

Background screenings help safeguard the integrity and trustworthiness of current and prospective employees of WMATA. The objective of this review is to evaluate the management and oversight of WMATA’s Contractor Background Screening program, including its compliance with applicable regulations, policies, and procedures.

### **Review of WMATA’s Contractor Offboarding Program**

Contract employee access, both physical and logical, after separation from employment puts WMATA at risk of loss of data and assets. The objective of this review is to assess the controls over the contractor offboarding program.

### **Review of WMATA’s Cannibalization of 7000-Series Rail Cars**

Parts cannibalization, which involves the removal of parts from one rail car to install them on a second, is sometimes necessary when spare rail car parts are not readily available and to maintain fleet readiness. Generally, cannibalization of rail cars should be minimized, short-term, and used as a last resort. As part of a maintenance strategy, starting in July 2019, WMATA cannibalized parts from two rail cars, which were taken out of service for periodic maintenance. The objective of this review is to evaluate WMATA’s process and procedures for parts cannibalization.

## **CORRECTIVE ACTIONS ON RECOMMENDATIONS**

OIG tracks and documents the status of audit recommendations and WMATA corrective action plans. Positive change results from the process in which management acts to improve operations based on the recommendations in the published audit report. Management actions are monitored until final action is taken on all recommendations. Listed below are OIG recommendations that are outstanding. In every case, management’s ongoing actions will correct the deficiency identified during the audit.

Table 5: Recommendations Described in Previous Semiannual Reports on Which Corrective Action Has Not Been Completed as of June 30, 2023

Report Number	Report Title	Date Issued	Open	Final Action Completed	Total Recommendations	Latest Target Date for Completion
MAR-19-0003	Cybersecurity Vulnerabilities - 7000 Series Railcars	02/22/2019	2	2	4	06/30/2024
OIG 19-10	Audit of WMATA’s End-of-Service Life Operating System Software	05/01/2019	3	3	6	12/15/2023
OIG 19-11	Audit of WMATA’s Software Asset Management Program	06/19/2019	1	0	1	12/15/2023

IE-19-0001	Evaluation of WMATA's Inventory Practices	01/06/2020	2	3	5	01/31/2024
MA-20-0008	Web Content Filtering Concern	09/17/2020	1	3	4	01/31/2023
SP-20-0004	OIG Review of the Metro Transit Police Department Office of Professional Responsibility and Inspections	05/13/2021	1	11	12	01/31/2023
OIG 21-05	Review of WMATA's Improper Payments	06/28/2021	1	0	1	06/30/2023
OIG 22-01	Review of WMATA's Mission Critical Legacy Systems	08/24/2021	3	0	3	03/31/2023
MAR-22-0001	Pension Plan Overpayments	10/28/2021	1	5	6	06/30/2024
OIG 22-02	Audit of WMATA's Controls and Accountability of Fuel or Non-Revenue Vehicles	01/27/2022	7	4	11	12/31/2023
MAR-22-0002	Review of MTPD's Body Worn Cameras (BWC) Program	02/17/2022	4	0	4	01/31/2023
MA-22-0003	Audit of WMATA Cybersecurity Program – Critical Cybersecurity Vulnerabilities	05/17/2022	6	0	6	12/31/2022
OIG 22-06	Audit of WMATA's Health and Welfare Plan Management	06/23/2022	9	0	9	01/15/2024
OIG-23-01	Audit of WMATA's Defined Benefit Pension Plan	07/28/2022	6	0	6	12/31/2024
OIG-23-003	Review of WMATA's Non-Revenue Vehicle Program	01/26/2023	13	0	13	06/30/2023
MAR-23-0001	WMATA Crane Purchase	11/17/2022	1	1	2	06/15/2023



## REPORT FRAUD, WASTE, OR ABUSE AT WMATA

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