

WMATA OFFICE OF INSPECTOR GENERAL

SEMIANNUAL REPORT

NO. 34 | JANUARY 1 – JUNE 30, 2024

Contents

Message from the Inspector General	1
Overview of OIG	3
Office of Investigations – Significant Investigations and Other Products	7
Criminal Matter.....	7
Reports of Investigation.....	7
Management Alert.....	9
Investigative Referrals.....	9
Hotline Activity	10
Table 1: Hotline Complaints Received.....	10
Table 2: Percentage of Hotline Complaints by Their Source.....	11
Table 3: Hotline Complaints by Category.....	12
Office of Audits & Evaluations – Significant Reports and Updates	13
Audit Summary.....	13
Audits in Progress.....	14
Procurement and Contract Audits.....	17
Evaluations Summaries.....	19
Evaluations in Progress.....	19
Corrective Actions on Recommendations.....	20
Contact OIG	22

Message from the Inspector General



Michelle A. Zamarin
Inspector General

On behalf of the Office of Inspector General (OIG) for the Washington Metropolitan Area Transit Authority (WMATA), I am pleased to present the 34th Semiannual Report (SAR) to the WMATA Board of Directors. This SAR covers significant activities and achievements for the six-month period from January 1, 2024, to June 30, 2024.

As the newly appointed Inspector General, I have had the pleasure and privilege of familiarizing myself with OIG's numerous accomplishments and getting to know its talented, hard-working employees. I am inspired by the dedication of OIG's staff, who consistently uphold the highest standards of professionalism and quality in our investigations, evaluations, and audits, even during times of uncertainty and transition. The accomplishments achieved by OIG during this period occurred under the leadership of Kevin Muhlendorf, who served as OIG's Acting Inspector General from November 16, 2023, until I took office on June 15, 2024. Acting IG Muhlendorf's guidance and commitment to the mission of this office were instrumental to the success of OIG during this period.

WMATA plays a pivotal role in our community by providing the public with safe and reliable public transportation while also serving as a positive force in the economic prosperity of the entire national capital region. OIG aims to help WMATA achieve its mission by ensuring its programs and operations are as effective and efficient as possible while preventing fraud, waste, and abuse. OIG is committed to a strong working relationship with WMATA's management and leadership to help drive positive change.

OIG's mission is to establish positive change at WMATA through impactful, reliable, and honest recommendations based on independent, objective, and fair assessments of WMATA programs and operations. This involves not only identifying shortcomings in programs or holding individuals accountable for misconduct, but also recognizing areas of success and improvement. OIG Auditors, Evaluators, Special Agents, Analysts, and Administrative Staff consistently adhere to these principles, thereby contributing to the betterment of WMATA.

During this reporting period, OIG's Office of Audits & Evaluations focused on WMATA's significant operational and financial challenges, issuing 20 contract audits, one performance audit report, and two evaluation reports. OIG audit work led to \$7.6 million in possible savings identified through audits and evaluations. Our evaluation and audit work is ongoing, with several important reports expected in the coming months to help WMATA identify efficiencies and improve processes related to information technology, contracting, and asset management.

Investigative work by the Office of Investigations resulted in six Reports of Investigation, one Management Alert, and five Investigative Referrals to Management. One Criminal Matter investigated by the office resulted in guilty pleas from two former WMATA employees and one company owner for a procurement scheme to defraud

WMATA and the District of Columbia. Much of our investigative work is supported by our Data Analytics Team, who analyze complex data sets to detect fraud and waste, and who also design internal data tools that support OIG's work. We continue to seek out instances of waste, fraud, and abuse by those who do business with, or on behalf of, WMATA.

OIG protects the interests of riders, taxpayers, and other stakeholders through our robust investigative efforts and those of our law enforcement agency partners. Our office collaborates with federal, state, and local agencies. During this reporting period, the office performed joint investigative work with United States Attorney's Offices, the Federal Bureau of Investigation, the District of Columbia Office of the Inspector General, the United States Department of Transportation Office of Inspector General, Amtrak Office of Inspector General, and others. These collaborative efforts act as a force multiplier, enhancing OIG's ability to conduct thorough criminal, civil, and administrative investigations.

Throughout the reporting period, we also maintained our OIG Hotline, receiving 260 hotline complaints via email, phone, and the OIG website. These complaints resulted in numerous OIG investigations and referrals to WMATA for resolution.

The success of the past six months would not have been possible without the efforts of each member of the OIG staff. They consistently demonstrate their commitment to improving WMATA and protecting the community's interests through the quality of their work, for which I am thankful. I would also like to thank WMATA Management and its staff for implementing recommended corrective actions in a timely manner and for collaborating with OIG to achieve our shared goals. Finally, I would like to thank the Board of Directors for providing me with the unique opportunity to lead this office and its dedicated staff in such critical work for WMATA and the national capital region.

Michelle Zamarin

Michelle A. Zamarin
Inspector General

OVERVIEW OF OIG

BACKGROUND

The WMATA Board of Directors (“Board”) established OIG on April 20, 2006, with Resolution 2006-18. 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 [WMATA] that conducts and supervises audits, program evaluations, and investigations relating to [WMATA] activities; promotes economy, efficiency, and effectiveness in [WMATA] activities; detects and prevents fraud and abuse in [WMATA] activities; and keeps the Board fully and currently informed about deficiencies in [WMATA] activities as well as the necessity for and progress of corrective action.” We keep the Board fully informed and keep the General Manager and 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 WMATA
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 inspire excellence in our people by encouraging their training, advancement, and professional educational development. 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.

OFFICE OF INVESTIGATIONS

OIG comprises two offices – the Office of Investigations (OI) and the Office of Audits & Evaluations (OA).

OI staff has extensive law enforcement experience at the local, state, and federal levels conducting fraud, financial, administrative, misconduct, and myriad other criminal investigations. In addition, OI includes staff who are experts in data analytics and computer forensic investigations. Many OI staff are certified through the Association of Certified Fraud Examiners and/or the Association of Inspectors General. There are currently 21 employees in OI.

Investigations

OI conducts criminal, civil, and administrative investigations relating to WMATA activities, programs, and operations. OI is responsible for investigating complaints from Congress, the partner jurisdictions, the WMATA Board, internal WMATA sources, outside governmental agencies, and the public. OI is also responsible for investigating whistleblower retaliation complaints and assists the Metro Transit Police Department with internal affairs investigations of senior command staff. OI pursues proactive investigations through the recruitment of confidential informants and mining financial information to detect evidence of wrongdoing. Investigations can lead to criminal prosecution, civil penalties, disciplinary or other administrative action, or any combination thereof. OI also provides regular training to various WMATA departments.

Cyber & Forensics

The Cyber & Forensics Unit manages OIG's information technology, cybercrimes, and forensics programs. Its primary function is to provide expert digital forensic support and coordination to OIG investigations, audits, and evaluations. The unit leverages state-of-the-art technologies and innovative methodologies to support OIG operations. Its members also serve as subject matter experts and hold professional certifications in areas such as digital forensic analysis and network administration.

Data Analytics

The Data Analytics Unit manages the intake of OIG hotline complaints and determines the appropriate handling of those matters. Generally, hotline complaints are the initial source of information that leads to investigations, audits, or evaluations. Complaints outside the purview of OIG are referred to WMATA Management or external agencies, as appropriate. The Data Analytics Unit also supports OIG's mission by employing data analytics and technology to uncover fraud and misconduct in WMATA programs and activities that might otherwise go undetected.

OFFICE OF AUDITS & EVALUATIONS

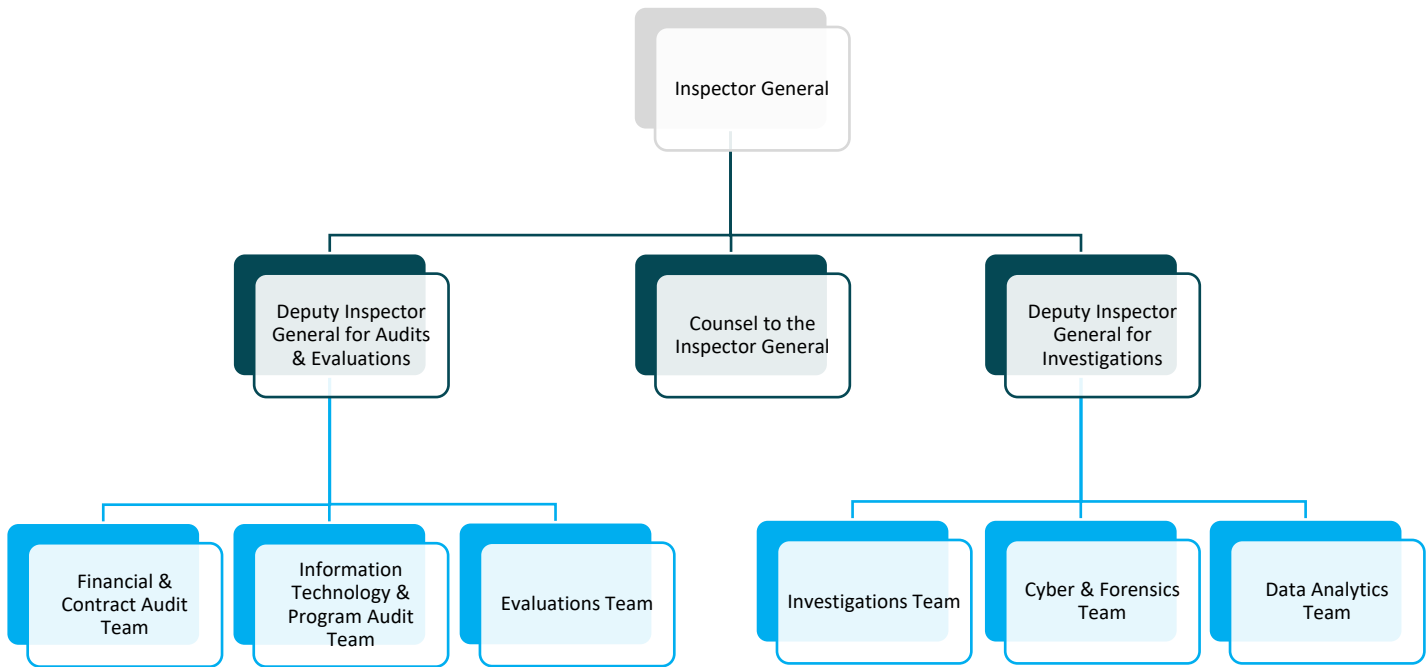
The Office of Audits & Evaluations (OA) comprises three divisions: financial and contract audits, performance audits (conducting information technology and administrative audits), and evaluations. There are currently 19 employees in OA.

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

In September 2024, OIG will issue its Annual Plan that summarizes the audits and evaluations planned for the coming fiscal year. Before issuing its Annual Plan, OIG seeks 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 also 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



6 REPORTS OF INVESTIGATION



1 MANAGEMENT ALERT



5 INVESTIGATIVE REFERRALS

BACKGROUND

During this reporting period, OI conducted both criminal and administrative investigations involving allegations of wrongdoing. 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 also 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

Multiple Guilty Pleas for Contract Steering and Bribery Scheme

A former WMATA IT Manager, a former WMATA procurement official, and a company owner all pleaded guilty in the U.S. District Court for the District of Columbia to conspiring to defraud WMATA and the District of Columbia. The two former WMATA employees misused their official positions and steered lucrative WMATA and District of Columbia government contracts to private companies in exchange for things of value from a co-conspiring company owner. The scheme, which occurred between 2018 and 2023, ultimately defrauded WMATA and the District of Columbia of roughly \$2 million. Sentencing is scheduled for fall 2024.

REPORTS OF INVESTIGATION

Misrepresentation of Academic Qualifications

OIG received an allegation that an employee in Power Engineering lacked the necessary qualifications and basic engineering knowledge to perform their duties. OIG coordinated with WMATA Management to address potential safety concerns. OIG's investigation determined that the employee falsely represented to WMATA on multiple job applications, and to OIG during interviews, that they had a Bachelor of Science degree in Electrical Engineering when, in fact, they had no such degree or comparable education. WMATA terminated the employee as a result.

Unauthorized Benefits Coverage

OIG received an allegation that a Senior Manager in Treasury enrolled a former spouse as a beneficiary on their WMATA medical and dental benefit plans during the 2022 open enrollment period, despite already being divorced. OIG's investigation confirmed the employee and former spouse had officially divorced prior to the open enrollment period. Despite being ineligible, the employee knowingly added the former spouse as a beneficiary, causing WMATA to inappropriately incur an additional \$7,978 for benefit coverage. As a result of OIG's report, Management initiated a monetary recovery from the employee in the amount of \$7,978.

Time and Attendance Fraud

OIG received an allegation that a WMATA IT employee committed time and attendance fraud by performing work as a ride-share driver during their WMATA business hours. OIG's investigation determined the employee operated as a ride share driver for at least 80 hours when they should have been performing WMATA work. WMATA paid the employee \$4,832 for the 80 hours of work that was never performed. WMATA terminated the employee as a result.

Time and Attendance Fraud

OIG received an allegation that a Senior Manager in Signaling System Renewal committed time and attendance fraud by performing work as an Amtrak subcontractor during his WMATA business hours. The investigation determined the employee worked concurrently for WMATA and as an Amtrak subcontractor between October and December 2023. The employee never reported this secondary employment to WMATA, and never used WMATA leave for the many out-of-state site visits performed for Amtrak during this time frame. After being interviewed for the investigation, the employee unsuccessfully attempted to retroactively enter leave into WMATA's timekeeping system for the Amtrak site visits conducted. The requests were never approved by the employee's WMATA supervisor. The employee resigned from WMATA employment while still under investigation.

Time and Attendance Fraud and Misuse of WMATA Resources

During the course of an investigation, OIG determined that a Manager in Treasury misused WMATA equipment and resources to perform work for their outside financial services business during WMATA business hours. Despite owning the business since 2017, the employee never reported the outside business to WMATA. Some tax-related documentation with clients' personally identifiable information was found to have been stored on the employee's WMATA-issued computer. WMATA officially reprimanded the employee and required the completion of additional ethics training.

MTPD Limited Review

OIG received an allegation from the Office of the Commonwealth's Attorney for Arlington and the City of Falls Church regarding possible investigative deficiencies in three separate Metro Transit Police Department (MTPD) investigations. OIG's limited review determined there was no evidence of misconduct by any of the MTPD personnel involved. Likewise, there was no evidence indicative of systemic MTPD failures to timely provide the prosecutor's office with required discovery materials. OIG's report identified opportunities for

improvement in MTPD's evidence handling and record keeping procedures and also offered recommendations to help build a collaborative and professional relationship with the prosecutor's office.

MANAGEMENT ALERT

Ongoing Concerns Over Contractor Background and Offboarding Procedures

OIG issued a Management Alert based on ongoing deficiencies in WMATA's contractor background and offboarding procedures after a terminated engineering contractor self-reported to the OIG hotline (using their WMATA email account) that they continued to have access to WMATA emails and network systems weeks after their contract employment had been terminated. OIG coordinated with WMATA Management to immediately prevent further network access and initiate a user and entity behavior analysis, which did not detect malicious activity. OIG's subsequent investigation determined that the contractor had been terminated after supervisors became aware of public source information indicating the contractor pled guilty to charges relating to the possession of child pornography in 2022. The contracting company certified to WMATA in 2023 that the contractor had passed a criminal background screening. Once the circumstances were discovered and the contractor was terminated from the contract, his WMATA supervisor did not appropriately terminate the contractor's network systems access. WMATA Management subsequently took action to remind staff of the appropriate offboarding procedures for all terminated employees and contractors.

INVESTIGATIVE REFERRALS

Investigative Referrals are issued in circumstances where allegations relating to fraud, waste, abuse, or misconduct may be within OIG's investigative purview but are better suited for WMATA Management officials to address administratively at their discretion.

OIG issued five Investigative Referrals to Management during this reporting period. Management elected to take disciplinary action for two of the five Investigative Referrals issued, resulting in the termination of an employee in one instance and the issuance of a five-day suspension and final warning to an employee for another.

HOTLINE ACTIVITY

The OIG Hotline receives information from WMATA employees, customers, vendors, and the 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.

Beginning in December 2023, OIG studied whistleblower award programs, both in the federal government and at the state and local levels, in an effort to increase the number, quality, and timeliness of tips related to fraud, waste, or abuse impacting WMATA. As a result, in January 2024, OIG announced the launch of a pilot program to pay whistleblowers up to \$10,000 for tips that lead to a recovery of at least \$250,000 or savings to WMATA of at least \$1,000,000. Details on the program and how to submit a tip can be found here: [Whistleblower Award Program](#).

Table 1: Hotline Complaints Received ¹

Total Complaints Received	260
Investigations Initiated from Complaints	14
Hotline Complaints Under Review	23
Referred to Management or Other Entity	138
Closed - No OIG Action	85

¹As of June 30, 2024.

Table 2: Percentage Of Hotline Complaints by Their Source

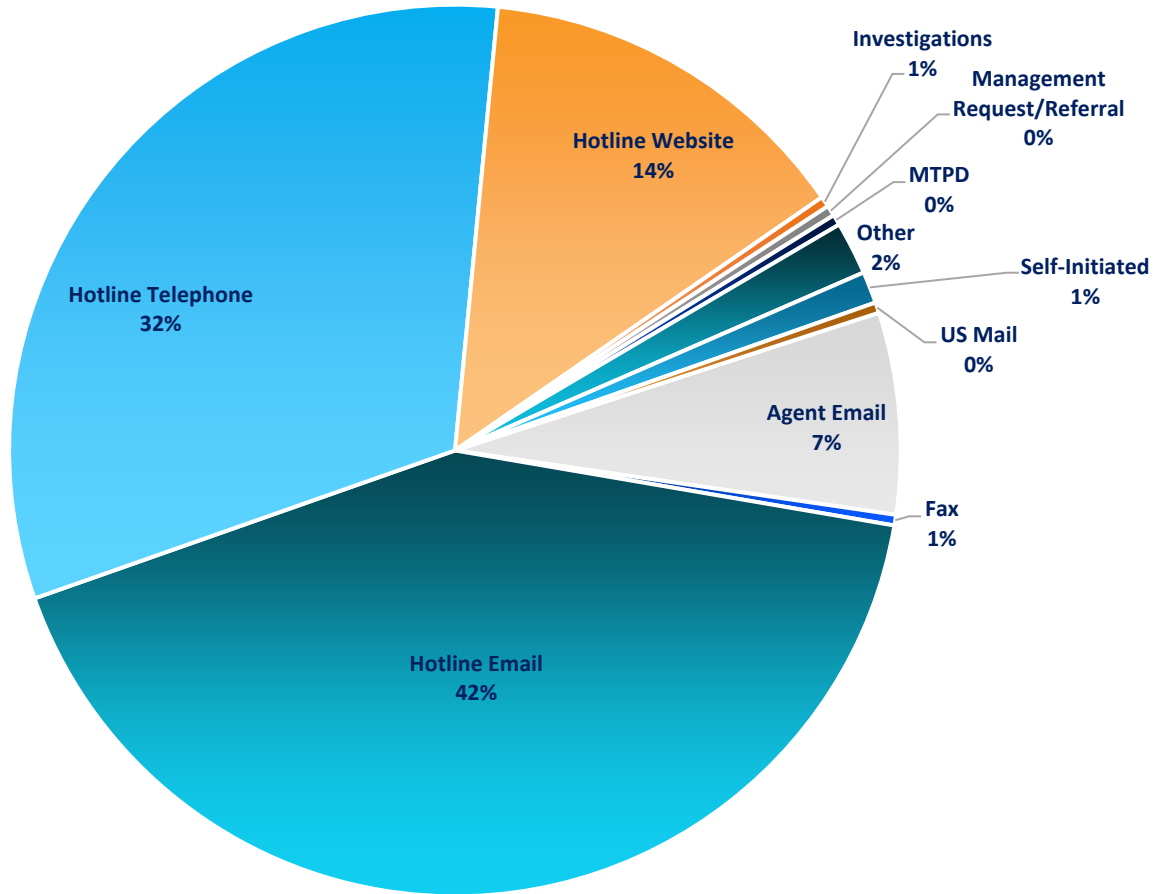
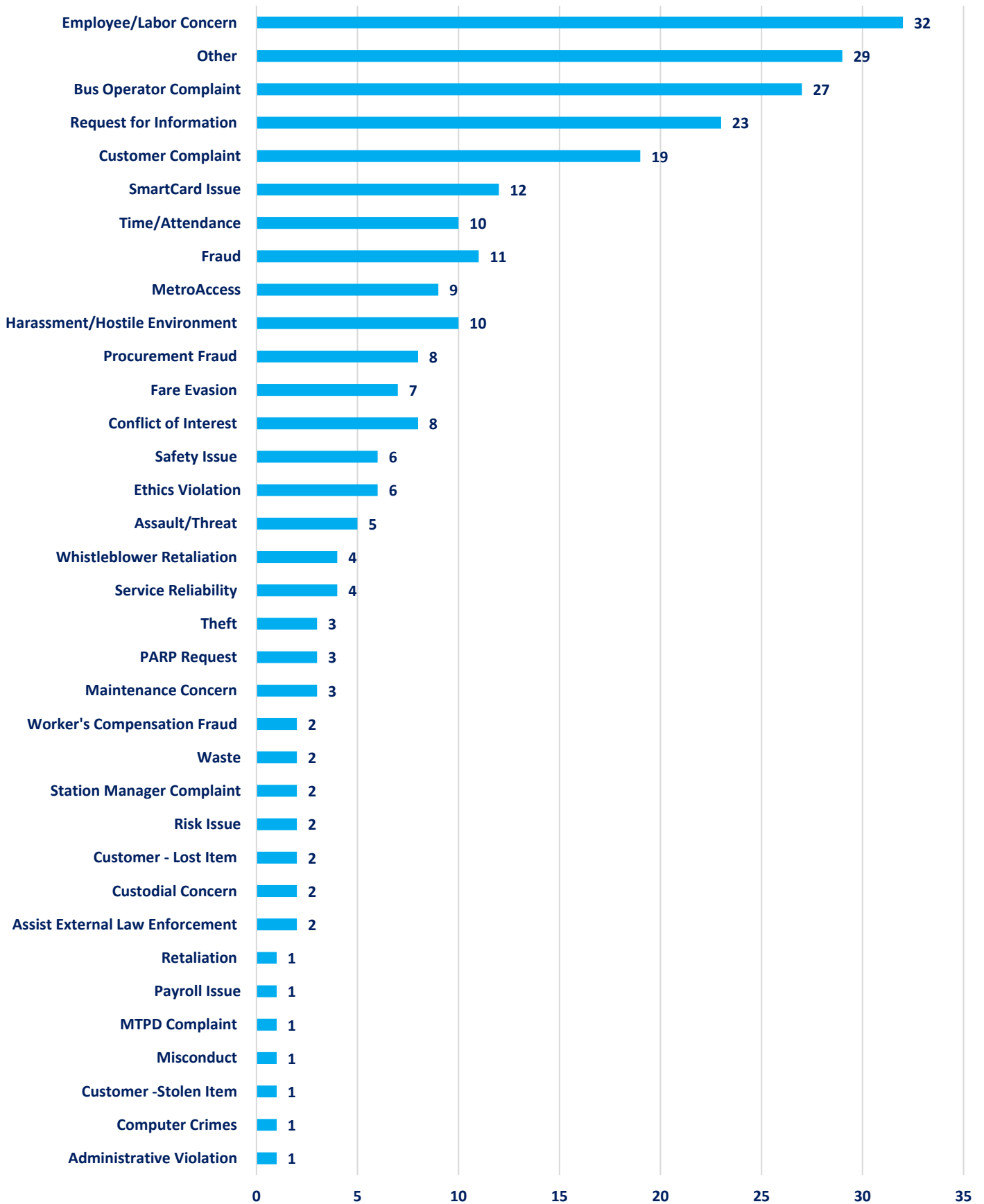


Table 3: Hotline Complaints by Category



AUDITS & EVALUATIONS



1 AUDIT REPORT



20 CONTRACT AUDITS



2 EVALUATION
REPORTS



\$7.6 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 one performance audit report, 20 procurement contract audit reports, and two evaluation reports. OA's audit and evaluation work identified \$7.6 million in possible savings during this reporting period.

As of June 30, 2024, an additional seven performance audits, three financial audits, 26 procurement and contract audits, and three evaluations were in progress.

AUDIT SUMMARY

Audit of WMATA's Software License Management

Software licenses come with specific terms and conditions to which organizations must adhere. Non-compliance can result in legal and financial consequences. Effective software license management enables organizations to optimize their software expenditures. By tracking licenses accurately and efficiently, redundant or underutilized licenses can be identified and reallocated, potentially leading to cost savings. In addition, poor software license management can expose organizations to security risks and vulnerabilities. Unlicensed or outdated software may lack important security updates and patches, making systems more susceptible to cyber threats.

The objective of the audit was to determine whether Digital Modernization has established adequate controls to manage WMATA's software licenses.

Audit Results: OIG found that Digital Modernization can improve its management of software licensing and assets by strengthening controls in the following areas:

- Software licensing optimization and utilization management;
- Software lifecycle tracking; and
- Monitoring and detecting software and hardware purchases made with WMATA purchase cards.

AUDITS IN PROGRESS

Audit of WMATA's Travel Expenses

Travel expenses are the ordinary and necessary costs associated with traveling for the purpose of conducting business-related activities. According to WMATA policies, expenses consist of reimbursable meals, lodging, mileage, transportation, parking, and miscellaneous expenses related to official WMATA business travel. Official travel means travel in connection with the performance of the traveler's duties to serve and benefit the interests of WMATA.

The objective of the audit is to determine whether internal controls for WMATA's travel expense program are effective and efficient - specifically to:

- Determine whether employee travel expense reimbursements comply with WMATA and federal travel program policies and procedures; and
- Examine the processes for pre-approval and expense reimbursements.

Audit of WMATA's Change Order Management Process

According to WMATA's Procurement Best Practices Manual, a contract modification is any written alteration of specification, delivery point, frequency of delivery, period of performance, price, quantity, or other contract provisions.

The objective of the audit is to determine the effectiveness and efficiency of the internal controls for WMATA's contract change order and modification process. The audit will assess whether change orders were in accordance with the contract terms and conditions. The audit objective will also include verifying cumulative change order amounts as a percentage of original contract amounts and benchmarking those amounts to available industry standards.

Audit of Cost Reduction Strategies for WMATA's Data Center

Data center cost optimization involves identifying and implementing strategies to reduce expenses while maintaining or improving the efficiency and performance of the data center. The Office of Infrastructure & Operations manages the data center infrastructure. It is responsible for designing, building, maintaining, and monitoring a robust, state-of-the-art IT infrastructure, enabling Metro to deliver safe, reliable, and efficient transit services. With MetroMoves, a new data center is being built to replace the Jackson Graham Building (JGB) data center, and the other facility is being upgraded. Additionally, an Equinix data center is being leased temporarily to replace JGB.

The objective of the audit is to determine whether WMATA has implemented appropriate data center cost reduction initiatives or strategies.

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 Data Privacy Practices

Data privacy and the use of personal information are issues of increasing concern for many organizations as a result of digital transformation and global regulations. Data privacy is a crucial aspect of business continuity. It is also one of an organization's greatest risks and potentially one of its biggest liabilities if mishandled.

The audit will assess WMATA's compliance with applicable data protection laws, regulations, and privacy standards.

Audit of WMATA's Underground Storage Tanks

The Office of Environmental Management oversees Metro's environmental management programs and compliance with applicable federal, state, and local environmental laws and regulations. WMATA currently has 20 facilities with underground storage tanks (USTs) that contain either diesel or unleaded gasoline. USTs are used to store hazardous substances or petroleum and are regulated by the U.S. Environmental Protection Agency. The average life expectancy of USTs is around 20 years. Aging USTs can become hazardous to the environment due to corrosion and possible leaks that could contaminate groundwater, which is the source of drinking water for many Americans. OIG will assess WMATA's Underground Storage Tanks replacement program and practices to ensure that effective internal controls are in place to mitigate environmental risks, including leaks, overfills, and corrosion.

The objective of the audit is to determine the effectiveness of managing the program for underground storage tanks.

Audit of WMATA's Accounts Payable Payments for Outside Party and Miscellaneous Vendors

WMATA's accounts payable team is responsible for ensuring that payments to vendors, third parties, jurisdictions, and employee reimbursements are processed timely, accurately, efficiently, and in compliance with policies and regulations.

The objective of the audit is to determine the effectiveness and efficiency of internal controls over WMATA's accounts payable process and payments.

Audit of WMATA's Financial Statements for FY 2024

The WMATA Compact, Section 70, states that an audit shall be made of the financial accounts of WMATA, 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 WMATA's financial statements;
- Review compliance with applicable laws and regulations;
- Review the controls in WMATA's computer systems that are significant to the financial statements; and
- Assess WMATA's compliance with the Office of Management and Budget's Uniform Guidance

WMATA's Single Audit for FY 2024

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 that WMATA, as 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 SmarTrip Regional Partner Comparative Billing Statements for Fiscal Years 2024 & 2023

WMATA has a funding agreement with ten local jurisdictions (the "Participating Jurisdictions") to provide a seamless regional system for transit fare collections for areas 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 2024 and 2023.

PROCUREMENT AND CONTRACT AUDITS

OIG issued 20 contract audits that identified at least \$7.6 million 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 vehicle compliance with the Federal Transit Administration’s Buy America Act regulations by reviewing supplier certifications, invoices, and final assembly costs.

From January 1, 2024, through June 30, 2024, OIG issued 20 contract audits.

Table 4: Contract and Buy America Audit Reports

Report Number	Report Title	Date Issued	Return on Investment
CAR 24-015	Independent Review of Pre-Award, Contract No. FLAND244003-F, Bike Parking Equipment – Operations & Maintenance	01/09/2024	N/A
CAR 24-016	Independent Review of Pre-Award, Contract No. FLAND244003-F, Bike Parking Equipment – Operations & Maintenance	01/09/2024	N/A
CAR 24-017	Independent Review of Price Proposal, Contract No. CCPPM23008, Grants Support Services for the Office of Capital Planning and Programming	01/10/2024	\$518,925.81
CAR 24-018	Independent Review of Proposed Rates, Contract No. FQ18033, General Architectural and Engineering Consultant Services - PMCM	01/16/2024	TBD
CAR 24-019	Independent Review of Price Proposal, Contract No. FACCS222218-SV, Ramp-Equipped Minivans and Upfitting Service	02/02/2024	\$4,706,701.50
CAR 24-020	Independent Review of Proposed Rates, Contract No. CLAND211254, Real Estate “On-Call Services” MATOC – IDIQ Category 1	02/13/2024	TBD
CAR 24-021	Independent Review of Pre-Award, Contract No. FELES233505, New Rehabilitate Elevators Contract	02/28/2024	N/A
CAR 24-022	Independent Review of Proposed Rates, Contract No. CLAND211254, Real Estate “On-Call Services” MATOC-IDIQ	03/12/2024	TBD

Report Number	Report Title	Date Issued	Return on Investment
CAR 24-023	Independent Review of Proposed Rates, Contract No. FQ19172, General Architectural and Engineering Consultant (GEC) On-Call Design Services	03/20/2024	TBD
CAR 24-024	Independent Review of Proposed Rates, Contract No. FQ18033 General Architectural and Engineering Consultant Services - PMCM	03/20/2024	TBD
CAR 24-025	Independent Review of Proposed Rates, Contract No. FQ18033, General Architectural and Engineering Consultant Services - PMCM	03/28/2024	TBD
CAR 24-026	Independent Review of Proposed Rates, Contract No. FQ18033, General Architectural and Engineering Consultant Services - PMCM	04/24/2024	TBD
CAR 24-027	Independent Review of Proposed General and Administrative (G&A) Rate, Contract No. FIRPG211191, Traction Power State of Good Repair Replacement Project	04/29/2024	TBD
CAR 24-028	Independent Review of Proposed Rates, Contract No. FQ18033, General Architectural and Engineering Consultant Services - PMCM	05/20/2024	TBD
CAR 24-029	Independent Review of Price Proposal, Contract No. FELES233505, New Rehabilitate Elevators Contract	05/24/2024	\$0
CAR 24-030	Independent Review of Proposed Rates, Contract No. CCIMO23002, General Architectural and Engineering Consultant Services - PMCM	05/28/2024	TBD
CAR 24-031	Independent Review of Proposed Rates, Contract No. FQ19172, General Architectural and Engineering Consultant (GEC) On-Call Design Services	06/11/2024	TBD
CAR 24-032	Independent Review of Proposed Rates, Contract No. CCIMO23002, General Architectural and Engineering Consultant Services - PMCM	06/11/2024	TBD
CAR 24-033	Independent Review of Proposed Rates, Contract No. CCIMO23002, General Architectural and Engineering Consultant Services - PMCM	06/12/2024	TBD
CAR 24-034	Independent Review of Price Proposal, Contract No. 22-FQ18033-HNTB-PPI-0001, WMATA Strategic Transformation Planning and Support	06/17/2024	\$2,382,142.76

EVALUATIONS SUMMARIES

Evaluation of WMATA's Contractor Background Screening Process for Employees of Contractors

Background screenings help safeguard the integrity and trustworthiness of WMATA's current and prospective employees and its contractors' employees. The objective of this review was to evaluate the management and oversight of WMATA's contractor background screening program, including its compliance with applicable regulations, policies, and procedures.

OIG observed that WMATA had limited visibility into the background screening processes of its contractors, relying on quarterly certifications as proof that screenings were conducted. However, half of the contractors observed in this evaluation were not fully compliant with the quarterly certification requirements.

Evaluation 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 was to assess controls over the contractor offboarding program.

OIG observed the lack of a comprehensive contractor offboarding program across WMATA. In the absence of a comprehensive program, contractor offboarding was occurring in varying degrees without the benefits of standardized procedures or active WMATA oversight. This allowed WMATA personnel to manually override the automated processes to allow a contractor to retain access to WMATA systems after the expiration of their contract.

EVALUATIONS IN PROGRESS

Review of WMATA's Purchase Card Program (Continuous)

Purchase cards are becoming a more common method of simplifying the procurement 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 developed by OIG's Data Analytics Team to assess the use of purchase cards and analyze transactions against established fraud indicators to identify any potential irregularities.

Evaluation of Controls Over Bus Operator Program Licensing Requirements

When operating WMATA vehicles, employees must comply with all jurisdictional motor vehicle laws, rules, and regulations. The safety of our customers and the public may be at risk when WMATA employees do not have valid driver's licenses while operating revenue vehicles. The objective of this evaluation is to determine the effectiveness of controls over bus operator program licensing requirements.

Evaluation of Alternate Inventory

Supply Chain Management ensures WMATA employees have the materials and parts they need by providing quality inventory management services and warehousing solutions to support WMATA’s mission. However, several departments maintain parts and materials outside the control environment of Supply Chain Management. The objective of this evaluation is to determine the processes and controls to manage, safeguard, and account for parts and materials outside the purview of WMATA’s Supply Chain Management.

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 outstanding OIG recommendations. In every case, management’s ongoing actions will correct the deficiency identified during the audit.

Table 5: Recommendations Described in Previous Semiannual Reports for Which Corrective Action Has Not Been Completed as of June 30, 2024

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	1	3	4	12/31/2027
OIG 19-10	Audit of WMATA’s End-of-Service Life Operating System Software	05/01/2019	3	3	6	12/15/2025
OIG 19-11	Audit of WMATA’s Software Asset Management Program	06/19/2019	1	0	1	12/15/2025
IE-19-0001	Evaluation of WMATA’s Inventory Practices	01/06/2020	2	3	5	06/30/2025
OIG 22-01	Review of WMATA’s Mission Critical Legacy Systems	08/24/2021	3	0	3	12/31/2025
MAR-22-0001	Pension Plan Overpayments	10/28/2021	1	5	6	TBD
OIG 22-02	Audit of WMATA’s Controls and Accountability of Fuel or Non-Revenue Vehicles	01/27/2022	6	5	11	06/30/2024
MA-22-0003	Audit of WMATA Cybersecurity Program – Critical Cybersecurity Vulnerabilities	05/17/2022	4	2	6	8/31/2024
OIG 22-06	Audit of WMATA’s Health and Welfare Plan Management	06/23/2022	8	1	9	12/31/2024
OIG-23-01	Audit of WMATA’s Defined Benefit Pension Plan	07/28/2022	6	0	6	12/31/2024
MAR-23-003	OIG Concerns Over Critical Cybersecurity Vulnerabilities That Remain Unresolved	02/17/2023	4	10	14	03/31/2025
OIG 23-007	Audit of WMATA’s Procurement Pre-Award Cycle Time	06/08/2023	1	9	10	07/31/2025

OIG 23-008	Audit of WMATA's Money Train Operations	06/22/2023	3	9	12	06/30/2024
OIG 24-001	Review of WMATA's 7000-Series Rail Car Cannibalization for Spare Parts	09/28/2023	2	3	5	11/30/2024
OIG 24-03	Review of WMATA's Compliance with the Infrastructure Investment and Jobs Act	11/06/2023	2	1	3	TBD
OIG 24-06	Evaluation of WMATA's Contractor Offboarding Program	01/11/2024	3	0	3	06/12/2024
OIG 24-07	Evaluation of WMATA's Background Screening Process for Employees of Contractors	02/08/2024	5	0	5	01/31/2025
OIG 24-09	Audit of WMATA's Software Licensing Management	06/13/2024	5	0	5	12/31/2025

Report Fraud, Waste, or Abuse at WMATA

EMAIL: hotline@wmataoig.gov

PHONE: 1-888-234-2374

FAX: 1-800-867-0649

WEBSITE: www.wmataoig.gov

MAIL: WMATA
Office of Inspector General
Hotline Program
500 L'Enfant Plaza, S.W., Suite 800
Washington, D.C. 20024