



**Inspector General's
Semiannual Report to the Board of Directors, No. 21
July 1, 2017 – December 31, 2017**



INSPECTOR GENERAL'S MESSAGE TO THE BOARD OF DIRECTORS



Geoffrey A. Cherrington

I am pleased to present this *Semiannual Report* on the activities and accomplishments of the Washington Metropolitan Area Transit Authority (WMATA) Office of Inspector General (OIG) from July 1, 2017, through December 31, 2017. Our work, highlighted in this report, demonstrates our commitment to driving positive change in WMATA's programs and operations and keeping the Board of Directors (Board) informed about deficiencies in WMATA's activities, as well as the necessity for and progress of corrective actions.

The investigations and audits in this report demonstrate to the customers and taxpayers from the region that we are committed to stamping out fraud, waste, abuse, and corruption.

During the 6 months covered by this report, OIG issued nine Reports of Investigation (ROIs) and received 179 complaints. The nine ROIs included three alleged whistleblower retaliations; complaints regarding fraud and unauthorized procurement; and miscellaneous misconduct investigations involving several different WMATA departments/offices. OIG issued a Management Alert (MA) regarding a terminated employee who returned to work at WMATA as a contractor. OIG also issued two Management Assistance Reports (MAR): one involving a lack of controls to safeguard inventory within a department in the Office of Plant Maintenance and a second involving systematic problems with the purchase of carpet for rail cars.

The matters highlighted in this report include two audit reports that identified significant weaknesses in Radio Emergency Alarms and in the Control and Accountability of Firearms and Ammunition. To its credit, management has ongoing corrective actions that should correct the issues identified. In addition, OIG issued the annual Audit of WMATA's Financial Statements for FYs 2016 and 2017. OIG issued 41 contract audit reports and suggested \$1,407,786 in net adjustments.

OIG staff strive to maintain the highest standards of professionalism and quality in investigations and audits. I would like to commend our special agents and auditors for their diligence and commitment to the mission of this office.

Finally, WMATA OIG's success would not be possible without the collaborative efforts between OIG and WMATA management and their staff to address OIG findings and implement recommended corrective actions in a timely manner. I would like to acknowledge and thank them for their dedication, and I look forward to continued cooperation as we work together to ensure the integrity and efficiency of WMATA operations.

A handwritten signature in blue ink, consisting of a stylized 'G' followed by a cursive 'A' and 'C'.

Geoffrey A. Cherrington
Inspector General

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OVERVIEW OF OIG

Board Resolution 2006-18, approved April 20, 2006, authorized the creation of the OIG to conduct and supervise audits, program evaluations, and investigations relating to agency activities; promote economy, efficiency, and effectiveness in WMATA activities; detect and prevent fraud and abuse in WMATA activities; and inform WMATA officials and the Board about deficiencies in WMATA activities, as well as the necessity for and progress of corrective action. The Inspector General (IG) reports to the Board through its Business Oversight Committee. On August 19, 2009, the WMATA Compact was amended to establish the OIG by statute.

Mission Statement

The OIG supervises and conducts independent and objective audits, evaluations and investigations of WMATA's programs and operations to promote economy, efficiency, and effectiveness, as well as to prevent and detect fraud, waste, and abuse in such programs and operations. We provide advice to the Board and General Manager/Chief Executive Officer (GM/CEO) to assist in achieving the highest levels of program and operational performance in WMATA.

Our Core Values

Excellence - We have a commitment to excellence in our people, our processes, our products, our impact and in the performance of our mission.

- We value a diverse, educated, and highly trained workforce that reflects independence, initiative, and mutual respect.
- We value operating within an objective code of standards, yet remain open to new innovations.
- We support WMATA's mission to provide safe, equitable, reliable and cost-effective public transit.

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

- We have confidence in the accuracy of our work and that our results hold up to professional scrutiny.
- We encourage an environment of risk-free communication and promote an open, honest, and respectful exchange of ideas and information.

Integrity - We strive to maintain the highest level of trust and integrity in all of our activities, and the approach we take in accomplishing our mission must reflect fairness, balance, and credibility.

- The personal and professional qualities of our employees include honesty, respect for others, and freedom from bias.
- We value and protect our access to information recognizing that reputations, public confidence, and lives can be affected by our actions.

OIG STAFF

OIG is made up of two components - the Offices of Investigations and Audits:

The Investigations component of OIG conducts criminal, civil, and administrative investigations of fraud, waste, and abuse related to WMATA programs and operations. OIG investigations can lead to criminal prosecution, civil penalties, disciplinary action, and/or administrative action. The Investigations component manages the OIG Hotline, including intake of complaints and determining the appropriate handling of those complaints. Complaints may be investigated by OIG or referred to the Audits component for audit consideration, management or another agency, as appropriate. This component is also committed to aggressively pursuing proactive investigations through analytical analysis, recruiting confidential informants, and mining financial data for fraud detection.

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

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

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

INVESTIGATIONS

During the past 6 months, Investigations conducted both criminal and administrative investigations involving allegations of fraud, waste, and abuse. OIG investigations often involve highly sensitive information pertaining to personnel and business operations. To ensure the confidentiality and integrity of sensitive information, a summary of the wide variety of inquiries and investigations conducted is provided.

Table 1: Investigative Activity Statistical Profile

Statistic	No.
Total Complaints Received	179
• Investigations Initiated From Complaints	11
• Whistleblower Cases (included above)	3
• Pending Assignment for Investigation ¹	3
• Whistleblower Cases (included above)	0
• Referred to Management or Other Entity ²	105
• No Action Taken ³	26
Investigations Closed ⁴	9

Investigations Summaries

Investigations Closed via Report of Investigation

Purchase Card Misuse

OIG received an allegation that an employee in the Office of Plant Maintenance (PLNT) allowed subordinate employees to use his WMATA-issued purchase card to make purchases for both WMATA and personal use. The allegation also suggested the employee stole WMATA property for installation at his residence. Further, it was purported the employee allowed subordinate employees to perform work for him outside of WMATA business hours, in exchange for beneficial treatment, such as extra leave. OIG substantiated the allegations in part. The investigation determined the employee frequently provided his purchase card to several WMATA employees for them to conduct WMATA related transactions with multiple vendors in violation of existing policy. However, OIG did not uncover any evidence that the employee allowed subordinate employees to use his purchase card for personal transactions or that he provided beneficial treatment for other employees' labor outside of WMATA. Finally, OIG determined the employee provided several false and misleading statements to OIG concerning his purchase card use and the inventory controls he imposed within his division. As a result of the investigation, management implemented stricter controls for the employee's use of the purchase card and initiated disciplinary action against the employee.

¹Does not include pending assignments from previous reporting periods.

²Includes referrals that require management response.

³Complaint did not fit criteria for investigation or referral to management or other entity.

⁴Includes investigations initiated in previous reporting periods.

OEEEO Complaint

OIG initiated a review of an Office of Equal Employment Opportunity internal investigation from 2014. The internal investigation related to allegations that a senior member of management sexually harassed and discriminated against a female subordinate. Evidence reviewed by OIG indicated the senior manager repeatedly engaged in sexually-oriented discussions and unprofessional behavior towards the subordinate, other staff, and contract personnel. As a result of the 2014 OEEEO investigation, the senior manager received certain corrective actions. Despite these corrective actions, the senior manager's sexually-oriented behavior continued. Furthermore, OIG noted the senior manager and other managers continued to foster an unprofessional and hostile work environment in which staff and contractor personnel were intimidated and feared reprisal for reporting inappropriate behavior. As a result of OIG's investigation, the senior manager's employment was terminated.

Fraud

OIG received an allegation that a vendor improperly removed WMATA-owned equipment from the retired bus fleet. The complaint further alleged the removed equipment was refurbished and sold back to WMATA to be installed on active buses within the fleet. The investigation determined the vendor engaged in the practice of salvaging operational equipment from retired buses and admitted doing so based upon an agreement with a former WMATA employee who had no procurement authority to authorize the practice. The former WMATA employee verified the vendor's account of the agreement. The practice originated around the time the contract was awarded in 2013. The practice continued after the former employee retired in 2014. OIG did not find records that supported this agreement within the contract files nor any written documents from the vendor. Because of this informal agreement, the vendor could not be held accountable for installing old equipment on new buses.

Conflict of Interest

OIG initiated an investigation alleging potential contract fraud and conflict of interest involving a WMATA senior level executive and a vendor. It was alleged the vendor was chosen at the behest of the senior level executive because of a past or present relationship. The investigation found no evidence or information to support the aforementioned allegations. The senior level executive provided only an introduction of the vendor to other senior WMATA officials and other personnel who subsequently made a joint decision to try the vendor's services as a pilot project. OIG did identify improprieties in the procurement process, as well as related policy shortcomings with regard to the use of pilot programs as a procurement option. WMATA's Chief Procurement Officer expressed concern over the use of pilot programs and was already reviewing the issue for policy revision.

Rail Car Carpet Procurement

OIG received an allegation that WMATA provided exceedingly stringent specifications for the procurement of carpet for rail cars to favor the incumbent vendor. It was also alleged the carpet specifications were outdated and not currently used in the industry. Further the allegation suggested the vendor's financial status appeared unstable. OIG found that WMATA's carpet specifications have not changed for the past 20 years, and were not only exceedingly stringent but also outdated. Because of these specifications, no other vendor could compete with the incumbent vendor. OIG also found the carpet supplied by the vendor is not compliant with WMATA specifications. Although there is evidence to show that WMATA's use of 100 percent virgin wool for rail car carpet is the preferred fiber for carpet

due to its low level of flammability, the unchanged specifications by WMATA give rise to the appearance of favoritism. OIG also found a conflict of interest between the vendor and the lab they used to provide test results for compliance. WMATA specifications required independent lab testing. The director of the lab used by the vendor is married to the Chief Financial Officer of the company that provided the vendor a line of credit for the current solicitation. As a result of OIG's investigation, management suspended new orders for carpet from the vendor.

OEEO Case Reviews

OIG initiated an investigation into the Office of Equal Employment Opportunity's investigative practices and procedures. The investigation revealed internal policies and procedures were inadequate to guide and standardize how OEEO's investigations are conducted. Investigative practices were inadequate, particularly with respect to how interviews were conducted and evidence documented. There were several instances in which OIG could not determine whether relevant parties were personally interviewed or statements were solicited electronically or via some other means. In addition, there were several instances where final investigative reports based findings on evidence that was not included in the case file. OIG's investigation also found a lack of consistency with respect to the organization of the case files or contents contained therein. The OIG found that deficiencies associated with the lack of policy and procedures, investigative practices, and case file management were significant enough to raise concern as to whether the results could withstand subsequent administrative or judicial review.

Phishing Schemes

In late 2016, the OIG began tracking various attempts at online and wire fraud, commonly referred to as phishing, spear-phishing, or purchase order fraud, targeting WMATA. OIG has been working with Federal law enforcement agencies in an effort to shut down these cyber-crime entities. According to the information developed thus far, most, if not all, of these incidents have been coordinated by international group(s) based outside the United States. During this reporting period, OIG tracked 9 incidents totaling nearly \$74,000.

Management Alerts

OIG issued one Management Alert notifying the GM/CEO of a recently terminated employee who returned to work at WMATA as a contractor. This employee was terminated as a result of a previous OIG investigation conducted in 2016 – 2017. In response to the Management Alert, management contacted the former employee's current employer and the former employee was removed from the WMATA project.

Management Assistance Reports

- OIG issued a Management Assistance Report containing three recommendations to assist Plant Maintenance in controlling inventory in a construction shop. The report was issued based on an allegation of fraud and misuse within that department.
- OIG issued a Management Assistance Report regarding systemic problems within the Office of Rail Car Maintenance (CMNT) in the procurement of carpet for rail cars. The report was issued because of an investigation into a complaint about the questionable purchase practices of CMNT. The report contained three recommendations to assist management in future procurements of carpet.

Whistleblower Cases

Employee Retaliation

- A former employee alleged he was terminated by his superintendent as a result of assisting the OIG in a previous investigation. OIG determined management provided clear and convincing evidence the employee would have been terminated for his misuse of a WMATA vehicle and untruthful statements regardless of his protected activity. Therefore, the employee was not subjected to whistleblower retaliation. The Whistleblower Panel found the employee did not engage in activity protected by the Whistleblower Policy.
- A former employee alleged his director engaged in harassment and threatened to terminate him after he raised what he believed to be safety concerns. The OIG investigation did not substantiate the allegations of harassment and threats of termination. Witness interviews contradicted the complainant's account of meetings and conversations with management. The Whistleblower Panel found that management did not engage in a prohibited personnel practice, therefore no retaliation occurred.
- A current employee alleged that his supervisor initiated a "Results of Investigation" against him for failing to complete an assignment. Additionally, the employee stated the supervisor removed his position from the upcoming shift pick. The employee alleged these actions were in retaliation for his recent disclosure of safety concerns. OIG found the employee was not subjected to whistleblower retaliation. The Whistleblower Panel's decision is pending.

AUDITS

Audit work focuses on areas of concern such as financial and IT security and management; contracts; human capital; administrative issues; and high-risk programs that impact the safe operation of the transit system. During this reporting period OIG issued five audit reports and an additional seven audits were in progress on December 31, 2017. Auditors also reviewed pricing information in contractors' proposals with a value of \$7,704,595 and suggested \$1,407,786 in net adjustments. An additional seven audits with a contract value of \$67,030,869 were in process on December 31, 2017.

Audit Summaries

Audit of WMATA's Control and Accountability of Firearms and Ammunition

WMATA Strategic Goal: Build and Maintain a Premier Safety Culture and System



On June 4, 1976, President Ford signed into law a bill passed by Congress authorizing the establishment of the Metro Transit Police Department (MTPD). MTPD officers are armed and have tristate jurisdiction with responsibility for a variety of law enforcement and public safety functions in transit facilities throughout the Washington, D.C. metropolitan area. The mission of the MTPD is to provide protection for Metro patrons, personnel, transit facilities, and revenue.

To support the mission, MTPD established the Firearms Training Unit responsible for the safe and secure storage of MTPD issued firearms and ammunition. Issued firearms include any type of revolver, semi-automatic pistol, shotgun, rifle, machine gun or any other firearm owned or authorized by WMATA and the MTPD.

Armory personnel (Armorers) are responsible for the purchase, storage, inventory, and maintenance of the department's firearms. As a result, controls are established to ensure MTPD personnel safeguard and control issued firearms.

The objective of this audit was to determine whether WMATA has adequate control and accountability of firearms and ammunition.

Audit Results:

To MTPD's credit, OIG was able to account for all firearms in our sample; however, opportunities exist to further strengthen controls and accountability of firearms and ammunition. Specifically, improvements are needed in (1) security, (2) segregation of duties, and (3) inventory controls over ammunition.

Weak security and weak segregation of duties may result in undetected misappropriations of firearms and ammunition. While the dollar value of a firearm may not be large, a WMATA-owned firearm used in a homicide or other criminal activity would be tragic and could be a public relations debacle.

MTPD and the Chief Financial Officer generally concurred with the findings and agreed to implement the recommendations made in the report.

Internal Controls Over Creation of Ghost Employees

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

As part of the audit of WMATA's Payroll Operations, OIG evaluated the internal controls in place to prevent the creation of fictitious or ghost employees. This part of the audit was conducted at the request of a Board member.

According to the Association of Certified Fraud Examiners, a ghost employee is defined as "[s]omeone on the payroll who doesn't actually work for a victim company. Through the falsification of personnel or payroll records a fraudster causes paychecks to be generated to a ghost. The fraudster or an accomplice then converts these paychecks. The ghost employee may be a fictitious person or a real individual who simply doesn't work for the victim employer."

WMATA has mitigated the risk of ghost employees to the payroll system by separating access based on defined roles which provide segregation of duties in the hiring process. While the tests we performed did not identify any evidence of payroll fraud through the use of ghost employees, WMATA's policy could be strengthened by requiring all employees to have their pay directly deposited in a bank account.

This is a minor enhancement to an already strong internal control posture over ghost employee fraud. Consequently, OIG did not make any recommendations in this report. However, implementing this enhanced control over the area identified would add another layer of protection to WMATA's preventive controls over ghost employees. Management agreed with the report at the exit conference and in subsequent written comments.

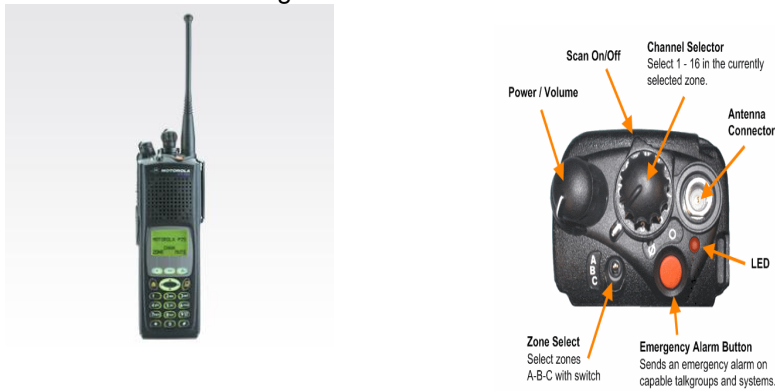
Rail Safety: Evaluation of Radio Emergency Alarms

WMATA Strategic Goal: Build and Maintain a Premier Safety Culture and System

During a radio training class, OIG became aware of a serious safety issue. Specifically, emergency alarm buttons (the orange button) on portable 2-way radios had been pushed by rail users over 6,400 times in a 20-month period. Rail Operations Control Center⁵ (ROCC) employees did not respond to any of these alarms generated by these radios. This could result in non-response to real emergencies, thereby adversely impacting the safety of employees, contractors, and rail passengers. Moreover, communication was hampered within ROCC as well as between ROCC and radio users when these alarms were activated.

⁵ROCC includes the Maintenance Operations Center (MOC) which includes the Maintenance Operation Control Center.

Figure 1 and 2 – Motorola Model XTS – 5000



Management agreed with this report at the exit conference and in subsequent written comments. However, management stated the emergency radio buttons were not part of the current emergency protocols and will disable this feature to decrease disruption in ROCC. OIG concurred with management's course of action.

Results of the Audit of WMATA's Financial Statement for FYs 2016 and 2017



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

The objective of this audit was to:

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

OIG oversaw the external auditor's performance.

Audit Results:

RSM US LLP conducted the audits, and we performed oversight and monitoring procedures to ensure completion of the audit deliverables. In October 2017, we received the following reports – WMATA's Financial Report for the years ended June 30, 2017 and 2016, and WMATA's Single Audit Report for the year ended June 30, 2017. Management generally concurred with the auditors' findings and recommendations and proposed corrective actions to address them.

Specifically, WMATA received an unmodified "clean" opinion on the FY2017 and 2016 financial statements. In addition, WMATA received an unmodified opinion on the FY2017 Independent Auditors' "Report on Internal Control Over Financial Reporting and on

Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards” and “Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance.” The reports identified one material weakness, four significant deficiencies and identified three matters of non-compliance, of which one finding relates to both a significant deficiency and an identified matter of non-compliance. Four of the seven findings were repeats from the FY2016 audit that had a total of six findings. A brief summary of some of the areas that resulted in the findings are fixed assets, reporting Schedule of Expenditures of Federal Awards, overtime payments and grant accounting. Management concurred with the findings and provided corrective action plans.

Table 2: OIG Audit and Evaluation Reports

Report Number	Report Title	Date Issued
OIG-18-01	Audit of WMATA’s Control and Accountability of Firearms and Ammunition	8/3/17
OIG-18-02	Internal Controls Over Creation of Ghost Employees	8/3/17
OIG-18-03	Rail Safety: Evaluation of Radio Emergency Alarms	9/14/17
OIG-18-04	WMATA’s Financial Report for the years ended June 30, 2017 and 2016	10/26/17
OIG-18-05	WMATA’s Single Audit Report for the year ended June 30, 2017	10/26/17

Audits in Progress

At the close of this reporting period, the Office of Audits was continuing to focus on financial and IT management programs as well as programs that affect the safety of the transit system.

Audit of Manual Payroll Systems

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

In FY 2016 Metro employed approximately 13,000 union and non-union workers and labor expenses were approximately \$752 million, which accounted for 28.6 percent of operating expenses.⁶ The Payroll Branch within the Office of Accounting is responsible for ensuring pay checks are processed and distributed in a timely manner by accurately calculating gross wages, tax and garnishment withholdings, and other deductions. To perform this process, the Payroll Branch is divided into two sections, Salaried Payroll and Hourly Payroll. Union employees, such as Local Union 689 employees, are hourly employees, and are paid weekly resulting in 52 pay periods per fiscal year.



⁶Washington Metropolitan Area Transit Authority Financial Report – June 30, 2016.

The objective of this audit is to determine whether WMATA has adequate internal controls and monitoring procedures in place concerning manual timekeeping processes.

Audit of the Separation Clearance Process

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

Over 4,000 employees and contractors separate from WMATA annually. Based on previous audit work, OIG found Human Resources does not have an Authority-wide employee separation checkout sheet. Without a formal process, WMATA is subject to loss of sensitive data and equipment. For example, on the audit of mobile security, OIG found gaps in the de-provisioning of mobile phones. The audit found 41 former employees had 92 active phones assigned to them. This same condition may apply to other equipment and data.

The objective of this audit is to determine the effectiveness of the separation process.

Evaluation of Rhode Island Avenue Metro Rail Station Incidents

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

On August 31, 2016, a piece of metal and concrete debris fell from the ceiling of the Rhode Island Avenue Metro Station, causing delays and trains to bypass the station. On September 1, 2016, Rhode Island Avenue Station officials reported pieces of concrete were falling about 40 feet away from the location of the August 31, 2016 debris repairs.



The audit objective is to assess the adequacy of the inspection, repairs, and subsequent risk mitigation related to the Rhode Island Avenue Station incidents.

Audit of Blanket Purchase Agreements (BPAs)

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

According to WMATA's procurement manual, a BPA may be used as a simplified method of filling anticipated repetitive needs for supplies, services, or other items. A contracting officer may establish a BPA if:

- There is a wide variety of items in a broad class of goods that are generally purchased, but the quantities, and delivery requirements by item are not known in advance and may vary considerably;
- There is a need to provide commercial sources of supply for one or more offices in the Authority that do not otherwise have or need direct authority to purchase.

The audit objective is to determine whether the BPA/Basic Order Agreement Method is being administered in accordance with WMATA procurement policies and whether such procurement is effective, efficient and economical to WMATA.

Audit of Vendor Master File (VMF)

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

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

The objective of this audit is to determine whether WMATA has adequate preventative internal controls in place over vendor validation, setup, modification, and maintenance processes to ensure the prevention of unauthorized, erroneous, or duplicate payments.

Audit of Information Technology (IT) Incident Response Process

WMATA Strategic Goal: Build and Maintain a Premier Safety Culture and System



Incident response is an important component of WMATA's IT programs. The nature of security-related threats potentially can become harmful and disruptive to WMATA's IT environment. Risk management can lower the number of incidents, but not all incidents can be prevented. Continuous monitoring is necessary for rapidly detecting and analyzing incidents. The incident response process is necessary for minimizing loss and destruction, mitigating the weaknesses that were exploited, and restoring computing services. New threats and vulnerabilities are continuous and occurring more frequently, which requires constant updating of security software – sometimes on a daily basis.

As seen by the attacks on Sony Pictures, the Office of Personnel Management, and the Democratic National Committee hacks, intrusions into IT systems can have a tremendous monetary and public relations impact. Consequently, this is a high risk area that has not been previously audited.

The audit objective is to determine the effectiveness of WMATA's incident response process.

Audit of Security over Publicly Accessible Web Applications

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



WMATA manages numerous publicly accessible Web applications to share information with stakeholders and the public. WMATA publicly accessible Web applications consist mainly of Web sites, but also include Web-based login portals and administrative systems that provide authorized personnel remote access to Authority information technology resources. Two of the best known Web applications are the Metrorail and Metrobus Schedule and the SmarTrip Card. WMATA is a regular target of cyber-attacks because it maintains financial information highly sought by criminals and sensitive security information sought by terrorist groups.

Security controls over publicly accessible web applications are implemented to prevent intrusions and safeguard the confidentiality, integrity, and availability of WMATA information.

The audit objective is to determine the effectiveness of WMATA's security controls over its publicly accessible Web applications.

Corrective Actions on Audit Recommendations

OIG tracks and documents the status of audit recommendations and WMATA corrective action plans. Positive change results when management takes action to improve operations based on the recommendations in the published audit report. Management actions are monitored until final action is taken on all recommendations. Listed below are recommendations issued more than 6 months ago that are still outstanding. In every case listed, management's ongoing actions will correct the deficiency identified during the audit.

Table 3: Recommendations Described in Previous SARs on Which Corrective Action Has Not Been Completed as of December 31, 2017

Report Number	Report Title	Date Issued	Number of Recommendations		Latest Target Date (Per WMATA Corrective Action Plan)
			Open	Complete	
IO 16-001	Follow-up Review of Findings and Recommendations from 2014 Evaluation of WMATA's Disadvantaged Business Enterprise Program	12/22/15	2	2	12/31/17
IT 16-002	Review of WMATA's Maximo Asset Management System	12/22/15	1	2	03/31/18
OIG-17-02	Evaluation of WMATA's Rail Fare Activities	11/10/16	2	0	12/31/18
OIG-17-03	Degaussing/Wiping of Electronic and Magnetic Media	11/21/16	2	0	02/01/18
OIG-17-04	Audit of WMATA's Mobile Computing Security Program	11/21/16	14	0	02/01/18
OIG-17-05	Evaluation of WMATA's Safety Measurement System	12/29/16	1	2	07/01/18
OIG-17-07	Audit of WMATA's Buy America Contract Award and Oversight Process	05/22/17	1	6	01/09/18
OIG-18-01	Audit of WMATA's Control and Accountability of Firearms and Ammunition	08/03/17	4	2	06/30/18

Summary of Contract Audits

Contract audits are performed within their stated scope and objective(s) as agreed with management and can cover a broad range of financial and non-financial subjects. Because these reports generally involve contractor proprietary information, the reports are not posted on the OIG website and are not publicly distributed. During this reporting period OIG issued 41 contract audit reports and suggested \$1,407,786 in net adjustments. Some of the suggested adjustments involved unallowable costs, inflated costs, unsupported costs, etc. An additional seven audits with a contract value of \$67,030,869 were in process on December 31, 2017.

Table 4: OIG Contract Audit Reports

Report Number	Report Title	Date Issued
CONTRACT AUDIT REPORTS		
CAM 18-001	Independent Review of Proposed Rates for Contract FQ15192, On-Call Architectural and Engineering Consultant Services	7/11/2017
CAM 18-002	Independent Review of Proposed Rates for Contract FQ15192, On-Call Architectural and Engineering Consultant Services	7/17/2017
CAM 18-003	Independent Review of Proposed Rates for Contract FQ15192, On-Call Architectural and Engineering Consultant Services	8/16/2017
CAM 18-004	Independent Review of Proposed Rates for Contract FQ15192, On-Call Architectural and Engineering Consultant Services	8/18/2017
CAM 18-005	Independent Review of Pre-Award Financial Data for Contract CQ17121, "Bus Mechanic Tool Box Kits"	8/18/2017
CAM 18-006	Independent Review of Proposed Rates for Contract FQ15191, General Architectural and Engineering Consultant Services – Facilities IDIQ	8/31/2017
CAM 18-007	Independent Review of Pre-Award Financial Data for Contract FQ18000, "Bus Security Technology"	8/31/2017
CAM 18-008	Independent Review of Proposed Rates for Contract FQ15191, General Architectural and Engineering Consultant Services – Facilities IDIQ	8/31/2017
CAM 18-009	Independent Review of Proposed Rates for Contract FQ15191, General Architectural and Engineering Consultant Services – Facilities Indefinite Delivery Indefinite Quantity	8/31/2017
CAM 18-010	Independent Review of Pre-Award Financial Data for Contract FQ16036-D, "General Construction Services, WMATA System-wide, MATOCs"	9/5/2017
CAM 18-011	Independent Review of Pre-Award Financial Data for Contract FQ16036-A, "General Construction Services, WMATA System-wide, MATOCs"	9/6/2017
CAM 18-012	Independent Review of Pre-Award Financial Data for Contract FQ16036-B, "General Construction Services, WMATA System-wide, MATOCs"	9/12/2017
CAM 18-013	Independent Review of Pre-Award Financial Data for Contract FQ16036-C, "General Construction Services, WMATA System-wide, MATOCs"	9/12/2017
CAM 18-014	Independent Review of Proposed Rates for Contract FQ15191, General Architectural and Engineering Consultant Services – Facilities Indefinite Delivery Indefinite Quantity	9/13/2017
CAM 18-015	Independent Review of Proposed Rates for Contract FQ15192, On-Call General Architectural and Engineering Consultant Services	9/14/2017
CAM 18-016	Independent Review of Pre-Award Financial Data for Contract FQ17162, "Replacement of Chiller and Cooling Towers"	9/15/2017
CAM 18-017	Independent Review of Pre-Award Financial Data for Contract FQ15198, "Storage Tank Replacement"	9/15/2017
CAM 18-018	Independent Review of Proposed Rates for Contract FQ15191, General Architectural and Engineering Consultant Services – Facilities Indefinite Delivery Indefinite Quantity	8/20/2017
CAM 18-019	Independent Review of Proposed Rates for Contract FQ15191, General Architectural and Engineering Consultant Services – Facilities Indefinite Delivery Indefinite Quantity	10/3/2017

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CAM 18-020	Independent Review of Proposed Rates for Contract FQ15191, General Architectural and Engineering Consultant Services – Facilities Indefinite Delivery Indefinite Quantity	10/6/2017
CAM 18-021	Independent Review of Proposed Rates for Contract FQ15191, General Architectural and Engineering Consultant Services – Facilities Indefinite Delivery Indefinite Quantity	10/18/2017
CAM 18-022	Independent Review of Proposed Rates for Contract FQ15191, General Architectural and Engineering Consultant Services – Facilities Indefinite Delivery Indefinite Quantity	10/18/2017
CAM 18-023	Independent Review of Proposed Rates for Contract FQ15192, On-Call General Architectural and Engineering Consultant Services	10/24/2017
CAM 18-024	Independent Review of Pre-Award Financial Data for Contract FQ17125, “Relocation of Maintenance Departments”	10/27/2017
CAM 18-025	Independent Review of Proposed Rates for Contract FQ15191, General Architectural and Engineering Consultant Services – Facilities Indefinite Delivery Indefinite Quantity	10/27/2017
CAM 18-026	Independent Review of Proposed Rates for Contract FQ15191, General Architectural and Engineering Consultant Services – Facilities Indefinite Delivery Indefinite Quantity	11/15/2017
CAM 18-027	Independent Review of Proposed Rates for Contract FQ15191, General Architectural and Engineering Consultant Services – Facilities Indefinite Delivery Indefinite Quantity	11/15/2017
CAM 18-028	Independent Review of Proposed Rates for Contract FQ15191, General Architectural and Engineering Consultant Services – Facilities Indefinite Delivery Indefinite Quantity	11/16/2017
CAM 18-029	Independent Review of Proposed Rates for Contract FQ15191, General Architectural and Engineering Consultant Services – Facilities Indefinite Delivery Indefinite Quantity	11/16/2017
CAM 18-030	Independent Review of Proposed Rates for Contract FQ15191, General Architectural and Engineering Consultant Services – Facilities Indefinite Delivery Indefinite Quantity	11/16/2017
CAM 18-031	Independent Review of Proposed Rates for Contract FQ15191, General Architectural and Engineering Consultant Services – Facilities Indefinite Delivery Indefinite Quantity	11/16/2017
CAM 18-032	Independent Review of Pre-Award Financial Data for Contract FQ17101, “Multifunction Protection Relays (MPRs) and Digital Power Meters (DPMS)/Power Quality Meters (PQMs)”	11/21/2017
CAM 18-033	Independent Review of Pre-Award Financial Data for Contract FQ17101, “Multifunction Protection Relays (MPRs) and Digital Power Meters (DPMS)/Power Quality Meters (PQMs)”	11/21/2017
CAM 18-034	Independent Review of Proposed Rates for Contract FQ15191, General Architectural and Engineering Consultant Services – Facilities Indefinite Delivery Indefinite Quantity	11/22/2017
CAM 18-035	Independent Review of Proposed Rates for Contract FQ15191, General Architectural and Engineering Consultant Services – Facilities Indefinite Delivery Indefinite Quantity	11/22/2017
CAM 18-036	Independent Review of Proposed Rates for Contract FQ15191, General Architectural and Engineering Consultant Services – Facilities Indefinite Delivery Indefinite Quantity	12/8/2017
CAM 18-037	Independent Review of Proposed Rates for Contract FQ15191, General Architectural and Engineering Consultant Services – Facilities Indefinite Delivery Indefinite Quantity	12/8/2017
CAM 18-038	Independent Review of Proposed Rates for Contract FQ15191, General Architectural and Engineering Consultant Services – Facilities Indefinite Delivery Indefinite Quantity	12/8/2017
CAM 18-039	Independent Review of Pre-Award Financial Data for Contract FQ17101, “Multifunction Protection Relays (MPRs) and Digital Power Meters (DPMS)/Power Quality Meters (PQMs)”	12/13/2017
CAM 18-040	Independent Review of Economic Price Adjustment for Option 1 for Contract RC7000	12/18/2017
CAA 18-001	Independent Review of Revised Request for Equitable Adjustment for Contract FQ12001, Cost & Performance/Schedule Impacts to the Test Track due to CSX	12/28/2017