

Washington Metropolitan Area Transit Authority

## Board Action/Information Summary

☒ Action ☐ Information

MEAD Number:  
202060

Resolution:  
☐ Yes ☒ No

### TITLE:

Acceptance of three OIG Reports

### PRESENTATION SUMMARY:

Audit reports submitted to the Executive Committee for acceptance.

### PURPOSE:

The Executive Committee's acceptance of three OIG reports entitled:

1. Audit of WMATA's Vendor Master File (VMF)
2. Audit of WMATA's Employee Separation Process
3. Inspector General's Semiannual Report to the Board of Directors, No. 23

### DESCRIPTION:

#### Key Highlights:

#### 1. Audit of WMATA's Vendor Master File (VMF)

Situation: WMATA could be exposed to fraud, improper payments, and errors because of:

- Ineffective vendor verification, set-up procedures, vendor maintenance, lack of clean-up procedures; and
- A lack of separation of duties

Impact: As a result of these issues, incorrect or incomplete payment information in VMF could cause an improper payment to a WMATA vendor. Also, the lack of validation of information and the lack of separation of duties increases the risk of fraud. For the 37 vendors selected for audit fieldwork, all had at least one internal control issue within the VMF process. In addition, 8,655 of the 14,931 (58 percent) of vendors in the VMF had no activity for 18 or more months as of September 30, 2017.

Management Solution: To implement the recommendations.

#### 2. Audit of WMATA's Employee Separation Process

Situation: Improvements are needed in (1) the ability to collect outstanding claims, (2) removing network/email access, (3) tracking WMATA property, and (4) deactivating direct deposits.

Impact: Because of weak employee separation and asset recovery processes, employees owe \$340,000 in outstanding claims. In addition, employees can possibly access WMATA systems after separation, could separate with WMATA property, and be erroneously paid after separation.

Management Solution: To implement the recommendations.

### **3. Inspector General's Semiannual Report to the Board of Directors, No. 23**

During this report, OIG:

Had four criminal indictments

Issued four reports of investigations (ROIs)

Issued five audit reports that identified \$1.9 million in funds put to better use

Issued 58 contract audit reports and identified \$5.8 in possible savings

#### **Background and History:**

When the Executive Committee determines there is no conflict remaining between the IG's findings and recommendations and management's response, it will accept the reports as final, and the reports and corrective action plans shall be deemed approved. Acceptance of the final reports constitute the Board's authorization to post the reports on the WMATA website provided the IG has conferred with the General Counsel and confirmed that any private or confidential information has been redacted in accordance with applicable law and WMATA policy.

#### **Discussion:**

The work highlighted in these reports demonstrates OIG's commitment to promoting accountability, efficiency, and effectiveness in WMATA's programs and operations and keeping the Board of Directors fully and currently informed about deficiencies in WMATA's activities, as well as the necessity for and progress of corrective actions.

There were no conflicts between the IG's findings and recommendations listed in these reports and management's response. The IG has conferred with the General Counsel and confirmed that any private or confidential information has been removed/redacted in accordance with applicable law and WMATA policy.

#### **FUNDING IMPACT:**

There is no impact on funding.

**TIMELINE:**

Anticipated actions after presentation: Executive Committee's acceptance of these OIG reports.

**RECOMMENDATION:**

Executive Committee accepts these OIG reports.