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A REPORT BY THE OFFICE OF INSPECTOR GENERAL

OIG 23-003

Review of WMATA's Non-Revenue Vehicle Program

Office of Inspector General
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EXECUTIVE SUMMARY

The Office of Inspector General (OIG) evaluated the Washington Metropolitan Area Transit Authority (WMATA) Non-Revenue Vehicle (NRV) program to determine whether its licensed¹ NRVs are managed and used appropriately in compliance with applicable policies and procedures. The NRV program evaluation stems from a request from WMATA management to evaluate the program.

The NRV program is 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 NRV program's organizational structure and fleet management's ability to assess vehicle utilization and needs accurately. OIG also identified an Authority-wide lack of compliance with substantive areas of WMATA Policy/Instruction (P/I) 1.9/8, *Non-Revenue Vehicle Management and Use*, (August 26, 2019).

We found the following program areas in need of improvement:

- The NRV program is disconnected from the process of identifying and monitoring WMATA's vehicle needs and utilization, missing opportunities to make strategic decisions with changing vehicle needs, budgetary requirements, and potential cost savings;
- Departments and offices with assigned NRVs did not comply with P/I 1.9/8 by failing to: properly document take-home vehicle (THV) authorization, accurately report NRV usage, and submit annual vehicle needs assessments;
- P/I 1.9/8 does not prohibit or limit personal use of THVs by executives/senior level employees (also known as "control employees").² Half of all control employees reported more than 70 percent of the total miles driven with their THVs as personal use. The lack of prohibition or limitation increases WMATA's exposure to financial loss for incidents unrelated to scope of employment;
- 43 percent (219 accidents) of all NRV accidents reported in the past two years were not properly classified in the Safety Measurement System (SMS) as required by policy, lacking data on whether the accidents were preventable. The absence of this data prohibits management from taking appropriate corrective action; and
- The new GPS tracking services implementation was delayed due to the inability to timely install GPS devices, resulting in WMATA personnel installing the majority of the new devices. Further, WMATA had to extend the existing GPS tracking services contract that provided inaccurate vehicle utilization data at an additional cost of \$219,120.

¹ WMATA's NRV fleet also includes rubberized wheeled equipment, such as forklifts, which are not included in this review.

² Control employee - an employee above a certain salary threshold as determined by the Internal Revenue Service (IRS) (see IRS Publication 15-B, dated 2021).

BACKGROUND

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 and are categorized as:

- Standard NRVs that support various office functions, e.g., Bus Services, Rail Services, Safety & Readiness, etc.;
- THVs that are assigned to a single individual permanently or temporarily; and
- Motor Pool Vehicles (MPV) which are a centralized group of NRVs available to any employee in support of official business.

As of December 2021, WMATA reported an inventory of 1,392 Standard NRVs, 105 THVs, and 28 MPVs.

In March 2019, Quality Assurance, Internal Compliance & Oversight completed an internal review of NRV utilization based on WMATA's previous NRV P/I 1.9/7. Quality Assurance, Internal Compliance & Oversight's review identified weaknesses in NRV-related recordkeeping throughout the Authority and recommended corrective actions to improve NRV data completeness and accuracy. The review contributed to a policy update to the current P/I 1.9/8 in September 2019, affecting the NRV program management areas.

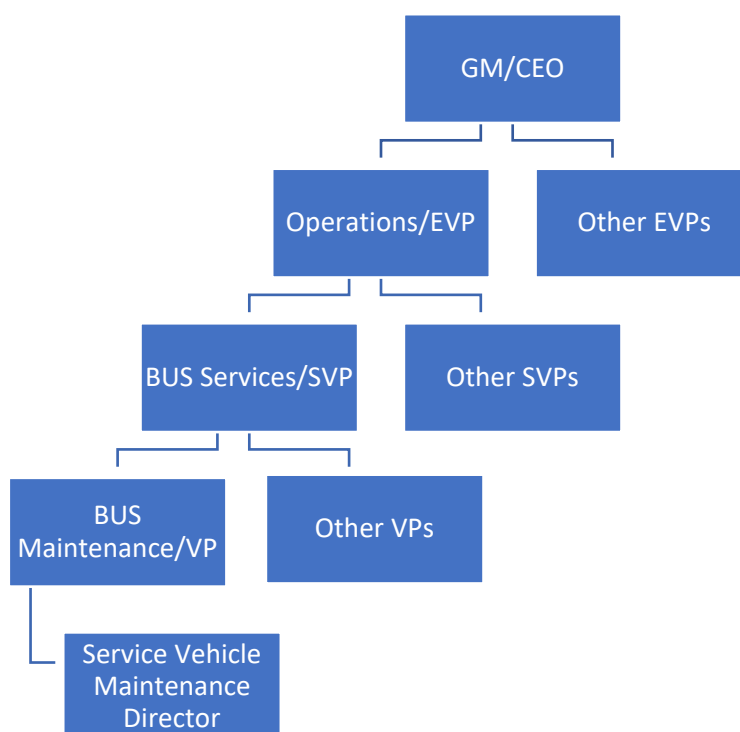
In August 2022, Audit and Compliance completed a limited scope spot audit of THVs. Audit & Compliance's limited scope review focused on compliance with P/I 1.9/8 for THVs and compliance with Internal Revenue Service reporting requirements for employees assigned THVs.

OBSERVATIONS

Observation 1 – NRV Organization Structure and Staffing

Placement of the NRV fleet management limits the ability to effectively manage the fleet. In addition, staffing needs to be analyzed to reduce the Authority's reliance on outsourcing vehicle maintenance.

1a. Organizational Structure: The NRV program is managed by the Director of Shop Support Services and Non-Revenue Vehicles/Equipment, also known as Service Vehicle Maintenance. Organizationally the Service Vehicle Maintenance Director reports to the Office of Bus Maintenance Vice President (VP) under Bus Services /Senior Vice President (SVP). Service Vehicle Maintenance is supported by a Superintendent, Fleet Manager, seven supervisors/staff, two clerical staff and approximately 26 mechanical staff as of the date of OIG's review.

Chart 1: WMATA Organizational Chart

The NRV program spans the entire Authority and requires coordination with multiple departments. For example, Service Vehicle Maintenance has responsibilities to coordinate WMATA-wide vehicle needs and management, however, Service Vehicle Maintenance is reliant on the various WMATA departments to provide vehicle needs information. Service Vehicle Maintenance personnel opined that the current organizational position of the NRV program within Bus Maintenance hinders the program's effectiveness as other departments may not view it as a priority.

According to P/I 1.9/8 (Section 5.03), WMATA departments with assigned NRVs must submit a vehicle needs plan by July 1 of each year. These plans project the department's needs for the next five years and includes specific vehicle information and any anticipated change in requirements. At the time of OIG's review in January 2022, Service Vehicle Maintenance had received three vehicle needs plans, totaling only nine NRVs. Service Vehicle Maintenance made unsuccessful attempts to obtain the required vehicle needs plans from various departments and offices with assigned NRVs. As provided for in the P/I (section 6.02), failure to submit an annual needs plan prohibits any changes to be made to an office's fleet and vehicles scheduled to be decommissioned from service are not replaced. Service Vehicle Maintenance needs more authority to ensure offices submit annual needs plans for better management of the Authority's NRV fleet.

1b. Staffing: Service Vehicle Maintenance personnel stated the NRV program has inadequate staffing levels to meet current NRV maintenance work demands. Service Vehicle Maintenance relies on approximately 26 mechanical staff for maintenance work on a fleet of 1,525 vehicles. Service Vehicle Maintenance estimates approximately 20 percent of NRV maintenance and repair work cannot be performed by in-house personnel and is outsourced to external repair shops and maintenance facilities. Service Vehicle Maintenance personnel believe they need an additional seven to ten mechanical staff to operate effectively.³

OIG recommends that the GM/CEO:

1. Take appropriate action to enforce provisions of P/I 1.9/8.
2. Require all applicable departments and offices to develop and submit their vehicle needs plans in compliance with P/I 1.9/8.
3. Evaluate staffing levels for Service Vehicle Maintenance to ensure NRVs are maintained in the most cost-effective manner.

Observation 2 – Fleet Management

Actions need to be taken to evaluate overall fleet needs, take-home vehicles and personal use of the NRVs. Furthermore, controls need to be increased to properly report accidents involving NRVs. In addition, costs for NRVs could be reduced if the Authority looks at lease alternatives.

2a. Evaluation of Fleet Needs: The NRV program reported a total inventory of 1,525 NRVs in December 2021 with an estimated total purchase cost in the amount of \$76,627,783.

Chart 2: Estimated Purchase Costs of NRVs

Non-Revenue Vehicle Category	Count	Estimated Purchase Cost
Standard	1,392 ⁴	\$ 71,725,121
Take-Home Vehicles (THV)	105	4,242,213
Motor Pool Vehicles (MPV)	28	167,001
Total (in December 2021)	1,525	\$ 76,627,783

³ Service Vehicle Maintenance's assessment was based, in part, on a 2011 industry calculation of "technician-to-vehicle ratios" which suggested a staff of 43 mechanical staff for WMATA's fleet size.

⁴ Count of 1,392 includes 28 leased vehicles with no associated purchase costs.

The Federal Transit Administration (FTA) requires NRVs owned by WMATA to be reported as part of WMATA's Transit Asset Management (TAM) plan and its asset performance measures.⁵

WMATA tracks a performance measure for NRVs by reporting the percentage of vehicles that met or exceeded Useful Life Benchmark (ULB).⁶ Vehicles that have met or exceeded the ULB are eligible for replacement.

WMATA maintains a significant number of NRVs that have exceeded the ULB and are eligible for replacement. Specifically, in FY 2021 Service Vehicle Maintenance reported that 648 NRVs (or 44 percent) of its total fleet met or exceeded the ULB. This figure increased in FY 2022 to 719 NRVs (46 percent). During both periods, replacement of more than 60 percent of NRVs that met ULB was deferred.

As previously stated, Service Vehicle Maintenance does not receive vehicle needs plans from multiple WMATA departments. The failure to submit vehicle needs plans is not only a violation of the P/I but is also a missed opportunity to align departmental needs. Without these plans, Service Vehicle Maintenance does not know WMATA's overall vehicle needs for future planning purposes and does not have the necessary data to right-size the fleet for quantity and types of vehicles. As a result, Service Vehicle Maintenance decisions regarding replacement are based on funding availability and not according to WMATA's needs. For example, WMATA's FY 2023 Budget includes a purchase plan to replace 232 services vehicles without the benefit of having the prior year's vehicle needs plan.

OIG recommends that the GM/CEO:

- 4. Perform a complete assessment of NRV needs to ensure the fleet is commensurate with WMATA needs.**

2b. Permanent THV Authorization: P/I 1.9/8 authorizes WMATA's Executive Vice Presidents (EVP) to approve permanent THV assignments for official use in support of "Metro's administrative, maintenance, construction, and/or operational functions." This approval is documented on the employee's THV Justification Form. To be eligible for a THV, an employee must be (1) a Metro Executive, (2) Personnel at L-14/equivalent grade or above with direct field over-sight responsibility over offices of the Chief Operating Officer or Safety & Readiness; and/or, (3) Personnel with 24/7 onsite emergency support responsibilities. By June 1 of each year, EVPs and SVPs must review and update their list of THV employees, ensuring each driver still meets THV criteria. These updated lists

⁵ In July 2016, FTA issued the TAM Final Rule in accordance with section 20019 of the Moving Ahead for Progress in the 21st Century Act (MAP-21; Pub. L. 112-141 (2012), codified at 49 U.S.C. 5326). Federal Register, Vol. 81, No. 143, Tuesday, July 26, 2016.

⁶ ULB is the expected life cycle or acceptable period of use in service for a capital asset (49 CFR 625.5). For example, WMATA identifies passenger transport vehicles' ULB is 10 years or 150,000 miles, whichever comes first and Metro Transit Police vehicles' ULB is 5 years or 100,000 miles, whichever comes first.

and THV justification forms for each driver must be sent to Service Vehicle Maintenance and Accounting – Payroll.

During OIG's evaluation, Service Vehicle Maintenance provided a list of 105 permanent THV assignments, including 30 WMATA executives/senior managers (also referred to as control employees). For control employees, Service Vehicle Maintenance received only one justification form for FY 2022. Similarly, Service Vehicle Maintenance did not receive any THV justification forms for the remaining 75 listed THV assignments, which were to L-14/equivalent or above and 24/7 responders (collectively referred to as Non-Control Employees). As a result of OIG's evaluation, Service Vehicle Maintenance sent follow up requests for THV justification forms. By March 2022, Service Vehicle Maintenance received approved forms from all non-control employees, however, the 44 THV justification forms for Metro Transit Police (Police) personnel were approved by the Police Chief, not the EVP as required.

Considering the current budget constraints, WMATA needs to evaluate THV to ensure there are fiscally prudent criteria for allowing and approving THVs and that P/I reporting requirements are followed.

OIG recommends that the GM/CEO:

- 5.** Re-evaluate the criteria for allowing WMATA personnel to qualify for a THV. For those who qualify for a THV after the re-evaluation, require appropriate review and approval of THV justification forms ensuring each driver still meets THV criteria.
- 6.** Require control level employees to prepare and submit their THV monthly logs completely and correctly as required.

2c. THV Use Reporting Instruction: OIG found that sections of P/I 1.9/8 provide inconsistent instructions that may have tax implications.

Section 5.08(a) states that in accordance with the Internal Revenue Service (IRS) commuter rule or lease value rule, Accounting must adjust a THV employee's yearly wages upwards to reflect the value of their take-home use. In addition, Section 5.10(b) states that for employees with a THV, "commuting to and from home is not considered personal use."

During OIG's evaluation, Service Vehicle Maintenance sought to clarify Section 5.10(b) to mean that for control employees, miles driven from home to work and from work to home are considered personal miles, but miles driven between WMATA locations are considered business miles. This interpretation seems at odds with the plain language of Section 5.10(b) stating that commuting to and from home is not considered personal use.

In addition, control employees must log and reimburse WMATA for mileage incurred during personal use. OIG observed that the process for logging personal use is not yet automated, relying on logs manually prepared by the employees.

Accounting informed OIG that control employees are assessed monthly with or without their reported personal mileage, applying appropriate IRS annual lease value of the vehicle. However, mileage reports are not reconciled for accuracy of financial reporting requirements with control employees, nor with those who had not submitted any monthly logs.

Further, during OIG's evaluation, Service Vehicle Maintenance provided forms for 31 non-control employees with permanent THV assignments; Accounting provided a record showing 17 non-control employees in the payroll system. Fourteen non-control employees were not included in Accounting's payroll system as required. In addition, Accounting improperly listed three personnel as non-control employees instead of control employees.

Lastly, Section 7.02(a) states that Police employees are "exempt" from financial considerations for THVs. The exemption included four Police employees who were non-sworn Law Enforcement Officers (LEO). In March 2022, Service Vehicle Maintenance determined these four employees did not qualify for the exemption and informed Police and Accounting regarding the need for appropriate resolution for its THVs, as well as payroll adjustments for having a THV.

OIG recommends that the GM/CEO:

7. Reconcile missing accounting records for financial and tax reporting purposes with a list of Service Vehicle Maintenance's non-control THV employees.
8. Update applicable P/I 1.9/8 sections for control employees and Police employees who are not sworn LEOs regarding their financial reporting obligations for THV home-to-work uses that do not involve WMATA business.
9. Ensure the four non-sworn LEOs are categorized in the payroll system as non-exempt and properly account for tax reporting purposes.

2d. Personal Use Exceptions for NRVs: According to P/I 1.9/8, Section 5.10(a), personal use of NRVs is prohibited. However, Section 5.10(c) exempts control employees, allowing them personal use by reimbursing WMATA for mileage incurred during personal use. In some instances, there were overwhelming indications of personal use with THVs (i.e., high mileage on the vehicle). OIG reviewed Accounting's permanent THV data relating to financial reporting requirements for control employees and found that many control employees used THVs significantly more for their personal use than WMATA business. For example, in Calendar Year 2021:

- Half of all control employees (15 out of 30) reported personal use for more than 70 percent of the total miles driven with their THVs, e.g., one control employee drove 19,158 miles (or 95%) for personal use; two control employees each reported 16,088 miles (or 86%) and 13,387 miles (or 86%) for personal use;
- Seven control employees did not submit any monthly logs; therefore, we were unable to determine their THVs for personal or business use.

Personal use exceptions of NRVs should be limited and incidental to official use as described in Section 5.10(a), such as “limited to coffee, meals, and short stops to, from, or during work, not exceeding two miles from the route or work site.” However, Section 5.10(c) authorizes personal use of THVs for control employees, stating that they are exempt from 5.10(a). The exemption for control employees is based on employees’ salary threshold as determined by the IRS. Section 5.10(c) and other P/I sections do not explain why control employees are exempt from the prohibition on personal use. The policy, as written, authorizes unlimited personal use for control employees, and thereby increases WMATA’s potential exposure to financial loss for incidents unrelated to the employees’ scope of employment.

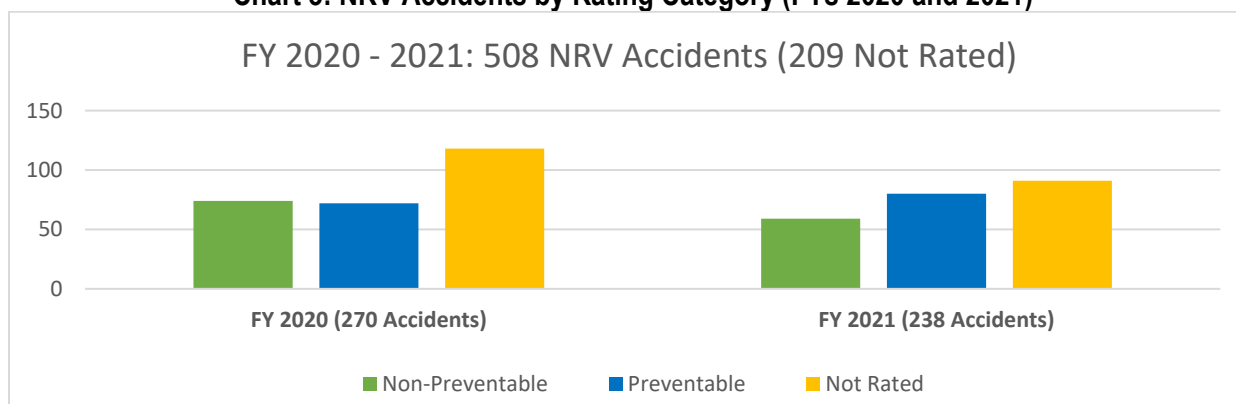
OIG recommends that the GM/CEO:

10. Revise and standardize NRV policy areas to limit personal use by all drivers, considering propriety and appropriate risk of authorizing personal use by control employees.

2e. NRV Accident Data: NRV accidents are not always rated as to preventability and are not rated by Transit Field Supervisors (TFS).

P/I 1.9/8 requires all drivers report NRV accidents. According to the P/I, once reported, a TFS is required to investigate and categorize the accident as either “Preventable” or “Non-preventable”. This categorization, along with incident facts, are recorded in the Incident and Accident (INA) module of the Safety Management System (SMS), a data system managed by Safety & Readiness. OIG reviewed NRV accident data and found many instances of NRV accidents categorized as “Not Rated” as opposed to “Preventable” or “Non-preventable.” For FY 2020 and 2021 combined, 209 out of 508 accidents (41 percent) were recorded as “Not Rated.”⁷ Chart 3 shows accident rating categories for FYs 2020 and 2021.

⁷ In addition to the 209 accidents rated as “Not Rated”, 10 additional accidents did not have any rating.

Chart 3: NRV Accidents by Rating Category (FYs 2020 and 2021)

While a TFS enters information into SMS, Safety & Readiness ensures the integrity of the system. According to Safety & Readiness management personnel, utilization of the “Not Rated” category in the INA module should be a rare occurrence. However, Safety & Readiness personnel opined there may be a reluctance to categorize accidents as “Preventable” as doing so may result in disciplinary action for the involved party. This reluctance is amplified by the fact that accidents are not categorized by the TFSs as required by policy. Instead, personnel from the driver’s assigned office enter the accident category in the INA module.

OIG observed a significant weakness in controls over incident and accident data entered into the SMS. Allowing personnel to categorize accidents as “Not Rated” prohibits management from taking corrective actions that may prevent future occurrences. Further, the objectivity and accuracy of accident data is impacted by the practice of allowing accidents to be categorized by personnel within the driver’s assigned office instead of the TFS; or by appropriate personnel independently categorizing accidents. Safety & Readiness management informed OIG they will consider making some changes in the future such as restricting incidents being closed with Not Rated or requiring an explanation as to why they are not being rated.

OIG recommends that the GM/CEO:

11. Update and direct compliance with P/I 1.9/8 requirements regarding the investigative process and responsibility for rating NRV accidents and input entry protocol for SMS Incident and Accidents module as appropriate.

2f. Potential Cost Savings through Leasing: WMATA does not follow leading fleet management practices and therefore, may be missing the opportunity to fully analyze NRV lifecycle costs that inform fleet investment decisions.⁸

⁸ 49 CFR Part § 625.5 Definitions. Lifecycle cost means the cost of managing an asset over its whole life.

According to a study on fleet management practices by the U.S. Government Accountability Office, compiling key vehicle data provides a foundation for making cost-effective investment decisions on disposition of an owned vehicle and whether to purchase or lease a new vehicle.⁹ To that end, WMATA should consider opportunities for potential cost savings through external leasing programs such as the General Services Administration (GSA).

For example, as of December 2021, WMATA leased 28 NRVs at an annual rate of \$302,640 (\$25,200 monthly). This leasing rate included preventative maintenance costs but did not include costs associated with fuel consumption. According to GSA,¹⁰ WMATA is eligible to source vehicles through their program. OIG compared WMATA's current leasing rates with those offered by GSA's Office of Fleet Management for similar vehicles. Specifically, OIG used GSA's monthly fixed rate plus mileage rate (calculated from the estimated annual mileage for each WMATA vehicle). The estimated cost to lease similar vehicles through GSA was significantly less at \$135,639. It is important to note that additional cost savings may exist as GSA's mileage rate includes estimates for fuel.¹¹

OIG recommends that the GM/CEO:

12. Evaluate alternate sources for the NRV fleet such as an external fleet leasing program and implement piloting opportunities for appropriate analysis and potential cost savings.

Observation 3 - GPS System Implementation

Contractual issues increased WMATA's cost to implement a new GPS system.

WMATA uses an on-board fleet management system, interfacing with the real-time GPS tracking that allows WMATA to collect various types of information on the condition, operation, and usage of NRVs. The existing GPS tracking system provided inaccurate vehicle utilization data as to number of active days and distance as well as the total idle time and fuel consumed while idling. For example, an NRV identified as "21370 F-350 GMAC" reported 72 active days, driving 59,271 miles (or averaging 823 miles per day). Another NRV identified as "28419 Explorer Street" reported questionable data with 350.56 hours of total idle time, consuming 24,765.5 gallons of fuel (or averaging 70.6 gallons per hour). These and other questionable NRV utilization data would require SVMT to follow up and reconcile them for accuracy.

In order to improve its fleet management and utilization data accuracy, WMATA solicited for a new GPS system in November 2020. A new contract was awarded in September 2021. The implementation of the new GPS system was delayed due to an installation

⁹ <https://www.gao.gov/assets/gao-13-659.pdf>, "Federal Vehicle Fleets, Adopting Leading Practices Could Improve Management," pg. 9.

¹⁰ GSA Order, OGP 4800.21, Appendix B, dated July 19, 2016.

¹¹ Specialty vehicles may not be available from GSA or may have additional costs.

issue, resulting in the issuance of a “stop-gap” contract with the existing vendor to maintain the existing GPS tracking services.

Contract FSVMT211061 (Contract #1)

In September 2021, Contract #1 was awarded for a period of one base year, with additional four option years, for GPS units and tracking services. The base contract value is \$461,148 which included shipment and the installation of 1,660¹² GPSs for \$94,620 (\$57 for each GPS installation) and GPS tracking services for 12 months, totaling \$366,528 (\$220.80 per each GPS). In December 2021, WMATA paid the full base year amount for contract FSVMT211061 and the contractor began installing GPS devices. However, according to Service Vehicle Maintenance, after installing 56 GPS devices in December 2021, the contractor ran into issues with their subcontractor and stopped installing the devices. To reduce any further delay, Service Vehicle Maintenance began installing the devices. As of June 2022, 304 GPS devices were installed by the contractor, 1,164 devices were installed by WMATA, leaving 52 devices yet to be installed.

Stop-Gap Contract CBMNT22152 (Contract #2)

As stated above, lacking full implementation of FSVMT211061, Contract #2 was awarded in February 2022 as a stop-gap measure to continue existing GPS tracking services with its inaccurate vehicle utilization data issues. Contract #2 was awarded non-competitively for one year in the amount of \$18,620 monthly, totaling \$219,120, to continue WMATA's existing GPS tracking services until January 2023.

OIG recommends that the GM/CEO:

13. Require Service Vehicle Maintenance, Procurement, and Legal & Compliance to review contract FSVMT211061 for potential recovery of funds paid:

- (a) \$66,348 for the installation of 1,164 GPS units by WMATA personnel; and
- (b) \$219,120 for the additional cost incurred by WMATA due to the delayed implementation of the new GPS system.

SUMMARY OF MANAGEMENT'S RESPONSE

WMATA management provided written comments to OIG's report on December 7, 2022 (Appendix A). The Chief Operating Officer generally agreed with all 13 recommendations to improve the NRV program. To obtain clarification to their written comments OIG met with management on December 15, 2022. After providing the additional clarifications, OIG considers management's comments responsive to the recommendations and the actions taken or planned to be taken should correct the deficiencies identified in the report. OIG will

¹² At the time of OIG's review, Service Vehicle Maintenance projected WMATA's NRV inventory to increase to 1,660 units.

follow-up during the Corrective Action Plan process to ensure action is taken on the recommendations. The clarifications made by management are summarized below.

1. Clarification of Management's Response to Recommendation 2: Management's written response stated that vehicle usage will be monitored and discussed with user departments at an annual NRV program meeting beginning in May 2023. Management stated that the NRV program meeting will include Department heads and organization Vehicle Control Officers. Management also clarified that, in addition to discussing departmental vehicle needs and replacements, the NRV program meeting will focus on education and training regarding the NRV program and policy as well as establishing clear expectations for the utilization of take-home-vehicles. Management will consider increasing the frequency of NRV program meetings, should the need arise.

2. Clarification of Management's Response to Recommendation 4: Management's written response stated that Bus Services will take a data-driven approach to discussing vehicle needs with user departments on an annual basis. Management clarified that the new fleet tracking system provides a large volume of data related to vehicle utilization. Management has taken steps to increase confidence in the reliability and accuracy of the data and will use it to make informed decisions regarding NRV fleet size and vehicle allocations. Management is also in the process of seeking funding for a consultant to assist in the implementation of this data-driven approach.

3. Clarification of Management's Response to Recommendation 12: Management's written response stated that "[g]iven the limited number of leased vehicles . . . and that no new vehicles will be leased until the fleet is right-sized, Bus Services [did] not see the benefit of exploring other alternatives and renegotiating current leases at this time." Management clarified that "right-sizing" the NRV fleet is the highest priority and that launching multiple initiatives may be counterproductive. Once the fleet is "right-sized", management will consider leasing options for the approximately 300 passenger vehicles/sedans in the fleet. Management noted that leasing may not be a viable option for the NRVs with specialized equipment but would consider leasing options for those vehicles as well, once the fleet is right-sized.

4. Clarification of Management's Response to Recommendation 13: Management's written response stated that WMATA will not pursue recovering \$219,120 from the vendor because it was incurred as a result of a delayed procurement process. Management requested additional time to reassess the totality of circumstances surrounding the additional contract and committed to responding to OIG in early January 2023.

Appendix A

MANAGEMENT'S RESPONSE



M E M O R A N D U M

SUBJECT: Review of WMATA's Non-Revenue Vehicle Program (OIG-23-003)

DATE: December 7, 2022

FROM: EVP/COO – Brian P. Dwyer
EVP/CFO – Yetunde Olumide
EVP/SAFE – Theresa M. Impastato

Brian Dwyer
WMATA

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TO: OIG – Rene Febles

On behalf of General Manager & Chief Executive Officer (GM & CEO), Randy Clarke, WMATA's management team has studied the Office of Inspector General's (OIG) Review of WMATA's Non-Revenue Vehicle (NRV) Program (OIG-23-003) and generally agrees with OIG's recommendations to improve management of the NRV fleet. Consistent with OIG's recommendations, the Department of Bus Services already has several actions underway. This includes implementing the GM & CEO's direction from August 2022 to reduce the size of the NRV fleet to reduce fuel and maintenance costs and the risks associated with operating approximately 1500 NRVs. The GM & CEO also directed the Office of Audits & Compliance to monitor and periodically report on the status of this effort.

To reduce the size of the NRV fleet, Bus Services plans to reassign a considerable number of vehicles from departments to centrally managed motor pools based on the current use of the vehicles. As part of this, Bus Services will retire vehicles that have exceeded their useful life benchmarks and other vehicles that are expensive to maintain and in excess of WMATA's needs. Bus Services plans to reduce the fleet by at least 20 percent by June 30, 2023 and continue with a phased reduction of the vehicle fleet until it is appropriately sized to cost-effectively meet WMATA's needs. No additional vehicles that would increase the size of the NRV fleet will be purchased during this period and any replacement vehicles will be first directed to motor pools instead of being assigned to individual departments unless there is a compelling operational need to do so.

Also, Bus Services is in the process of updating Policy/Instruction (P/I) 1.9 *Non-Revenue Vehicle Management and Use* (August 29, 2019). A key principle of this revision is requiring employees to be responsible for their use of these vehicles, and the policy assigns responsibility for disciplining any misuse to the department heads of these employees. Bus Services has already begun to

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revise its operations and management of the NRV program according to these updated standards and plans to have the updated policy issued by April 15, 2023. Further, Bus Services is developing computer-based training (CBT) for all take-home users of NRVs. Once implemented, users will not be granted access to NRVs without completing the training. Bus Services will move forward with developing the training by June 30, 2023. These actions will address OIG's recommendations, as discussed below.

1. Take appropriate action to enforce provisions of P/I 1.9/8.

The update of P/I 1.9 will address this recommendation. Bus Services will be responsible for providing enough vehicles to meet WMATA's needs, monitoring their utilization, and maintaining the vehicles. Bus Services will report any issues with the use of vehicles, including misuse, to the appropriate department head for corrective action and/or disciplinary action as needed.

2. Require all applicable departments and offices to develop and submit their vehicle needs plans in compliance with P/I 1.9/8.

The update of P/I 1.9 will address this recommendation. Based on the planned fleet reduction, Bus Services will no longer require an annual submission of a vehicles needs plan from other departments as remaining vehicles are assumed to be needed. Bus Services will monitor the use of the remaining vehicles to determine if departments still need them and discuss this with user departments at an annual meeting. Bus Services plans to hold the first annual NRV program meeting in May 2023.

3. Evaluate staffing levels for SVMT to ensure NRVs are maintained in the most cost-effective manner.

The planned fleet reduction will address this recommendation as fewer vehicles will require less resources to maintain them. Further, WMATA has prioritized the hiring of personnel to support revenue vehicles first and will not be hiring additional staff for NRVs at this time beyond currently available resources. Therefore, management accepts any potential risk associated with maintenance costs until the NRV fleet is rightsized.

4. Perform a complete assessment of NRV needs to ensure the fleet is commensurate with WMATA needs.

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The update of P/I 1.9 will address this recommendation. As described above, Bus Services will monitor vehicle use and take a data-driven approach to discussing vehicle needs with user department on an annual basis.

5. Re-evaluate the criteria for allowing WMATA personnel to qualify for a THV. For those who qualify for a THV after the re-evaluation, require appropriate review and approval of THV justification forms ensuring each driver still meets THV criteria.

The update of P/I 1.9 and proposed CBT training will address this recommendation. The current qualifications in the policy for Take Home Vehicles (THV) are adequate, but Bus Services will strengthen procedures for monitoring submission of the forms and notifying user department heads monthly until all justification forms are received to ensure the forms are reviewed promptly. The training will explain the requirements for THV use to employees.

6. Require control level employees to prepare and submit their THV monthly logs completely and correctly as required.

The update of P/I 1.9 and proposed CBT training will address this recommendation. The current procedures for requiring control employees to prepare and submit their monthly logs are adequate and the risk to WMATA of control level employees not submitting their logs is insignificant because these employees are assessed the full value of the vehicle for the month when they do not complete their monthly logs, as required by the Internal Revenue Service. The training will explain the procedures for completing and submitting the monthly logs.

7. Reconcile missing Accounting records for financial and tax reporting purposes with a list of SVMT's non-control THV employees.

The update of P/I 1.9 will address this recommendation and will include procedures for Bus Services to develop a master THV user list. Monthly, this list will be used to reconcile the users in the payroll system with the Office of Accounting, who will update the payroll system needed with this information if needed. Further, Bus Services will strengthen procedures for notifying user department heads about any discrepancies in Bus Services and Accounting records of THV users, and Accounting will update the payroll system after any discrepancies are resolved. Bus Services and Accounting have already implemented procedures to ensure that all employees that currently have THVs are identified in the payroll system (see attachment #1).

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8. Update applicable P/I 1.9/8 sections for control employees and MTPD employees who are not sworn LEOs regarding their financial reporting obligations for THV home-to-work uses that do not involve WMATA business.

The update of P/I 1.9 and proposed CBT training will address this recommendation. Bus Services will clarify the requirements for these employees to report their THVs home-to-work and work-to-home use and use of the THV for any trip not specifically for an approved business purpose. The training will explain the financial reporting obligations to THV users.

9. Ensure the four non-sworn LEOs are categorized in the payroll system as non-exempt and properly account for tax reporting purposes.

The update of P/I 1.9 will address this recommendation. The master list of THV users that Bus Services will develop to reconcile THV records with Accounting will identify whether Metro Transit Police Department employees using THVs are either sworn or non-sworn law enforcement officers (LEO). Accounting updated the payroll system for the two non-sworn, non-control, LEOs to begin inputting commuter tax beginning with the November 30, 2022, pay date for their November mileage. The remaining two non-sworn officers are control employees. Payroll will begin inputting their tax upon receipt of their November mileage logs or based on the highest rate allowable if mileage logs are not submitted by the December 5th deadline (see attachment #2).

10. Revise and standardize NRV policy areas to limit personal use by all drivers, considering propriety and appropriate legal risk of authorizing personal use by control employees.

The update of P/I 1.9 and proposed CBT training will address this recommendation. The policy will prohibit all employees, including control employees, from using NRV vehicles for non-approved uses, and will also identify these uses and certain exceptions. The training will further explain this information to NRV users.

11. Update and direct compliance with P/I 1.9/8 requirements regarding the investigative process and responsibility for rating NRV accidents and input entry protocol for SMS Incident and Accidents module as appropriate.

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The update of P/I 1.9 will address this recommendation to clarify accident reporting requirements and CBT training will reinforce these requirements. The policy will require that all accidents are reported to the Bus Operations Control Center or from an appropriate supervisor so they can be appropriately investigated and trained. Bus Services will strengthen procedures for monitoring the initial part of investigations of the accidents to ensure the appropriate personnel are assigned to complete the investigations timely and determine whether the accident was a preventable or non-preventable accident. The Department of Safety & Readiness will notify the appropriate department heads of the results of the investigations and any deviations from the standard investigative procedures. The training will further explain this process to all NRV users.

12. Evaluate alternate sources for the NRV fleet such as an external fleet leasing program and implement piloting opportunities for appropriate analysis and potential cost savings.

The planned fleet reduction will likely address this recommendation by further reducing the number of vehicles in WMATA's NRV fleet. Given the limited number of leased vehicles (12 vehicles representing less than 1% percent of the NRV fleet) and that no new vehicles will be leased until the fleet is right-sized, Bus Services does not see the benefit of exploring other alternatives and renegotiating current leases at this time.

13. Require SVMT, the Office of Procurement and Materials, and the Office of General Counsel to review contract FSVMT211061 for potential recovery of funds paid: (a) \$66,348 for the installation of 1,164 GPS units by WMATA personnel; and (b) \$219,120 for the additional cost incurred by WMATA due to the contractor's inability to perform.

WMATA has already recovered \$77,178 for the installation of the GPS units (see attachment #3). WMATA will not pursue recovering additional funds because the \$219,120 incurred was the result of a delayed procurement process rather than the contractor not performing as OIG indicated in the report.

List of Attachments

1. Example of reconciliation process between Bus Services and Accounting
2. Documentation of changes made for non-sworn LEOs
3. Documentation of reimbursement to WMATA of \$77,178

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cc: GM & CEO Randy Clarke
Senior Executive Team

ATTACHMENTS INTENTIONALLY OMITTED

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