



## Inspector General's Semiannual Report to the Board of Directors, No. 26



**January 1, 2020 – June 30, 2020**  
**INSPECTOR GENERAL’S MESSAGE TO THE BOARD OF DIRECTORS**



I am pleased to present this *Semiannual Report* on the activities and accomplishments of the Washington Metropolitan Area Transit Authority’s (WMATA) Office of Inspector General (OIG) from January 1, 2020, through June 30, 2020.

OIG’s mandate under the WMATA Compact is to be an independent, objective unit that audits, evaluates, and investigates WMATA activities; promotes economy, efficiency, and effectiveness; fights fraud and abuse; and keeps the Board fully and currently informed about deficiencies in WMATA activities as well as needed corrective action. The work highlighted in this report demonstrates to riders, taxpayers and employees that we are committed to ensuring safety, reliability, customer service and fiscal responsibility.

Geoffrey A. Cherrington

During the six months covered by this report, OIG investigative work resulted in two reports of investigation (ROI), one Interim ROI, one Management Alert, two Management Assistance reports, and two special project reports. During this reporting period, investigative work resulted in the recovery of \$174,054 in fraudulent payments to a WMATA employee. OIG issued one audit report that identified weaknesses in WMATA’s cybersecurity controls. Management has on-going corrective actions that should correct the issues contained in this audit report. In addition, OIG issued 33 contract audit reports with \$1.1 million in possible savings.

OIG strives to maintain the highest possible standards of professionalism and quality in investigations, evaluations, inspections and audits. I would like to commend our dedicated and professional staff for their diligence and commitment to the mission of this office.

Finally, I would like to thank WMATA management and their staff for the collaborative efforts in implementing recommended corrective actions in a timely manner.

Geoffrey  
Cherrington  
E025997 WMATA

Digitally signed by Geoffrey  
Cherrington E025997 WMATA  
Date: 2020.09.02 18:59:01  
-04'00'

Geoffrey A. Cherrington  
Inspector General

# TABLE OF CONTENTS

OVERVIEW OF OIG.....	4
INVESTIGATIONS AND SPECIAL PROJECTS.....	6
Table 1: Hotline Statistical Profile.....	6
Table 2: Source of Complaints Received .....	7
Table 3: Categories of Complaints Received .....	8
Table 4: Whistleblower Protection.....	9
Investigations & Special Projects Summaries .....	9
AUDITS AND EVALUATIONS.....	11
Audit Summaries.....	11
Table 5: OIG Audit & Evaluation Reports.....	12
Audits in Progress .....	12
Corrective Actions on Audit Recommendations .....	14
Table 6: Recommendations Described in Previous Semiannual Reports on Which Corrective Action Has Not Been Completed as of June 30, 2020 .....	14
Summary of Contract Audits .....	14
Table 7: Contract Audit Reports.....	15

## OVERVIEW OF OIG

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

### Mission Statement

Under the WMATA Compact OIG is “an independent and objective unit of the Authority that conducts and supervises audits, program evaluations, and investigations relating to Authority activities; promotes economy, efficiency, and effectiveness in Authority activities; detects and prevents fraud and abuse in Authority activities; and keeps the Board fully and currently informed about deficiencies in Authority activities as well as the necessity for and progress of corrective action.” We 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 at WMATA.

### Our Core Values

**Excellence** - We are committed 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 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 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 offices -- Investigations and Special Projects (OI) and Audits and Evaluations (OA):

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

OI also investigates whistleblower retaliation cases. OIG submits whistleblower retaliation reports to the WMATA Whistleblower Panel for review and determination. OIG also reports to the Board information on: a) investigations and proceedings, including trends and outcomes; b) Whistleblower Panel actions; c) training of employees and supervisors; and d) regulatory proceedings or litigation that relate or refer to any protected activity or prohibited personnel practices.

OI Special Projects provides a range of specialized services and products, including quick reaction reviews, onsite inspections and in-depth evaluations of a major departmental function, activity or program.

These products include:

- Factual and analytical information;
- Monitoring compliance;
- Measuring performance;
- Assessing the effectiveness and efficiency of programs and operations;
- Sharing best practices; and
- Inquiring into allegations of fraud, waste, abuse and mismanagement.

Evaluations often result in recommendations to streamline operations, enhance data quality, and minimize inefficient and ineffective processes.

**OA** 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 that help to reduce waste, abuse, and mismanagement and to promote economy and efficiency. OIG also oversees audit work done by outside audit firms on behalf of OIG.

Each July, OIG issues an *Annual Audit Plan* that summarizes the audits planned for the coming fiscal year. OIG seeks management input 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 Audit Plan*.

## INVESTIGATIONS AND SPECIAL PROJECTS

During this reporting period, OI conducted both criminal and administrative investigations involving allegations of wrongdoing. Several of these investigations involved potential criminal activity. OIG Special Agents and Investigators worked closely with federal, state, and local law enforcement agencies and prosecutors to pursue criminal charges when appropriate. During this reporting period, OI issued numerous subpoenas related to ongoing investigations and assisted in obtaining and executing one search and seizure warrant. To ensure the confidentiality and integrity of sensitive information, only a brief summary of the wide variety of complaints and investigations conducted is provided. In addition, Special Projects issued reports on WMATA's inventory program and practices, and issued its first report to WMATA on the Silver Line Phase 2 project.

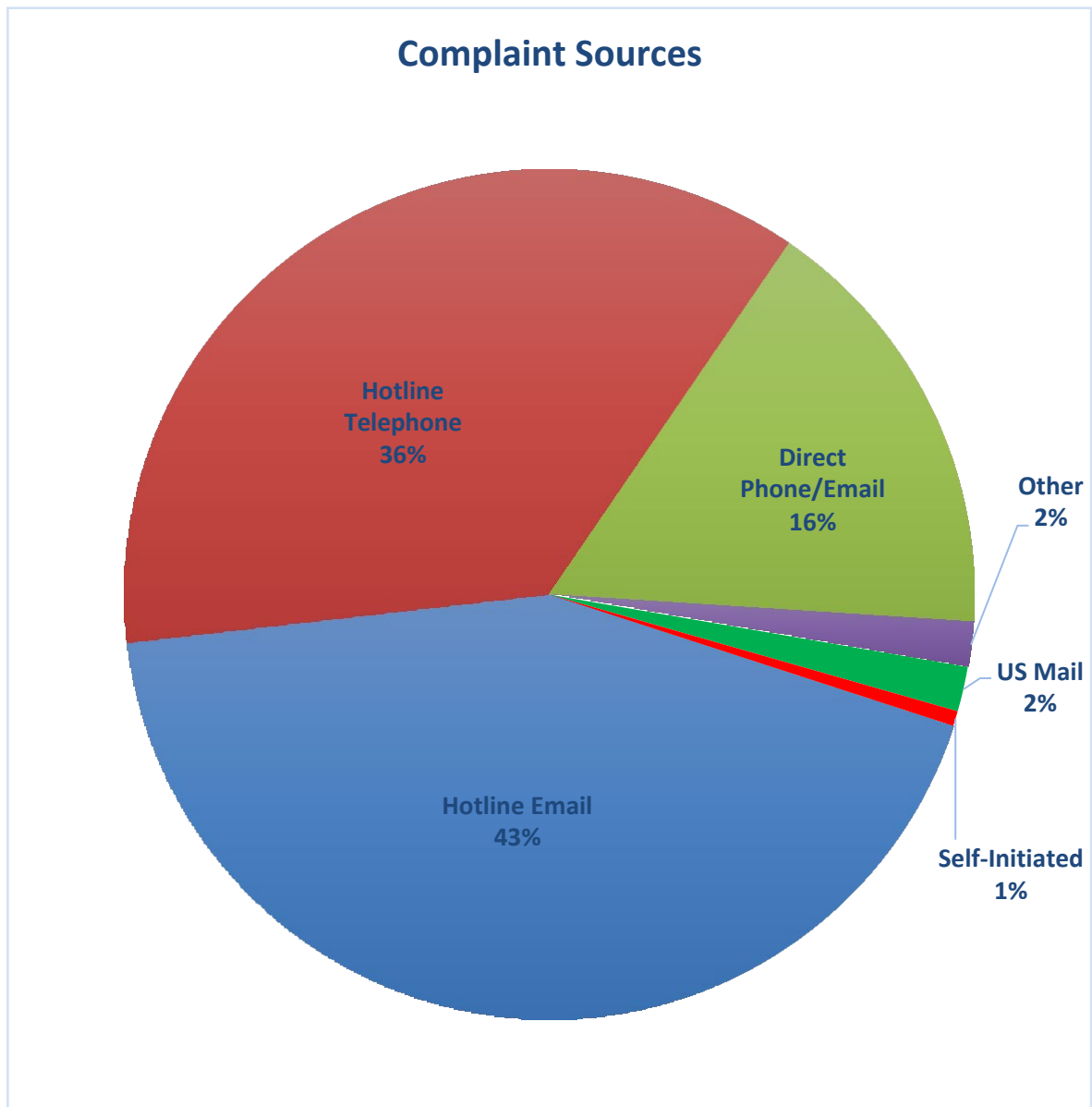
### **OIG Hotline**

The OIG Hotline receives information from WMATA employees, customers, vendors, and the general public. It is an important avenue for reporting criminal and other misconduct. We review the information received to identify systemic and criminal issues and potential areas for WMATA-wide reviews. We are primarily responsible for receiving and evaluating concerns and complaints and determining which OIG office would best conduct any appropriate inquiry or investigation. Tables 1-4, below, provide an overview of the number of complaints received, dispositions, sources of complaints and categories.

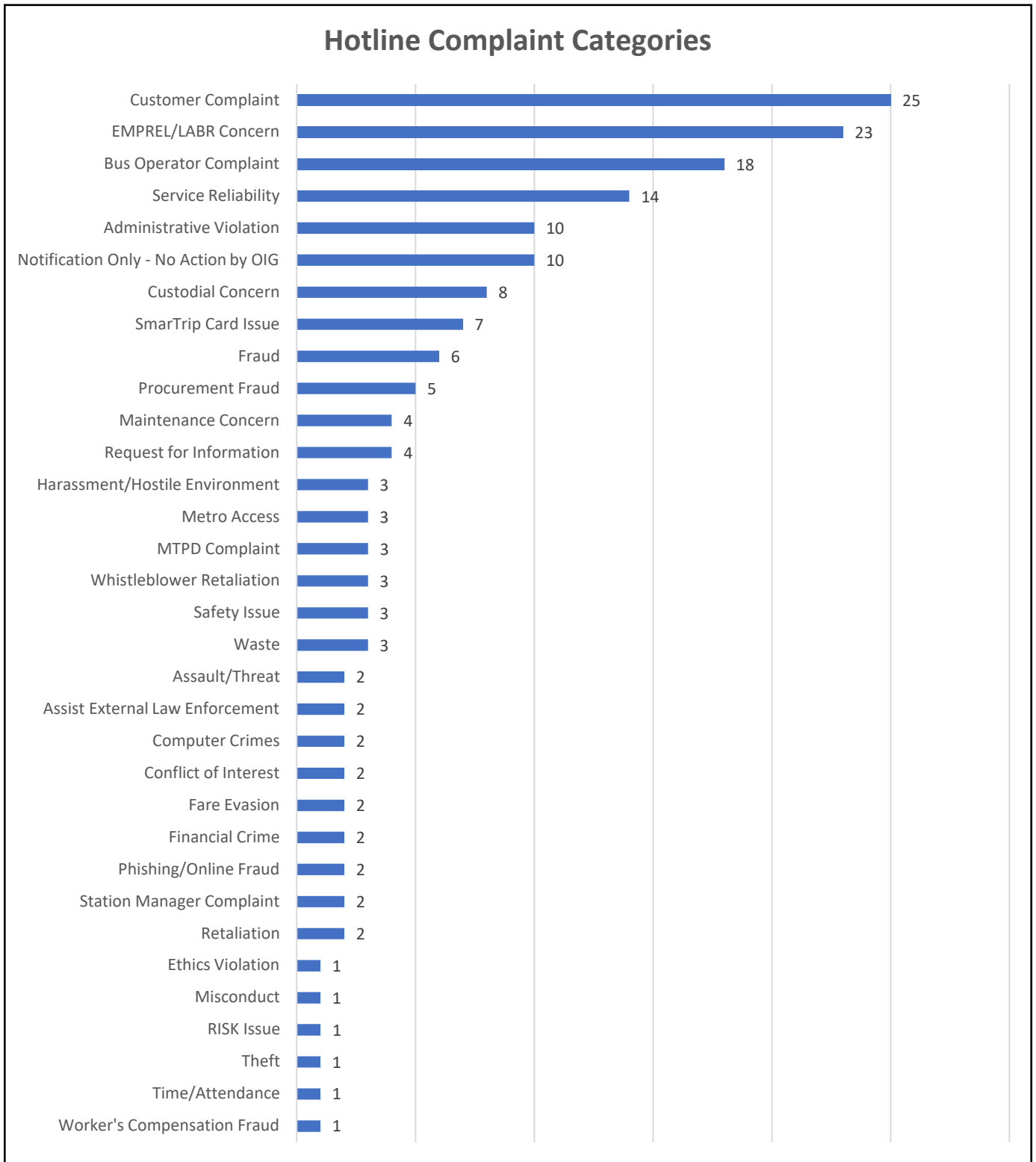
**Table 1: Hotline Statistical Profile**

Complaint Type	No.
Complaints Received	176
• Investigations Initiated from Complaints	17
• Open	7
• Referred to Management or Other Entity	115
• Closed No OIG Action	37
Investigations Closed	2

**Table 2: Source of Complaints Received**



**Table 3: Categories of Complaints Received**





**Table 4: Whistleblower Protection Cases**

The OIG investigates whistleblower complaints to protect employees from retaliation.

Whistleblower Complaints	
Complaints Received	3
Investigations Initiated from Complaints	0

**ROI**

***Alleged Whistleblower Retaliation***

OIG received a complaint during the previous reporting period alleging an employee was removed from service after raising concerns about a supervisor's direction to obtain track rights under false pretenses. OIG substantiated the complaint and issued a ROI during this reporting period. The Whistleblower Hearing Panel reviewed the ROI and directed management to take corrective action.

**Investigations and Special Projects Summaries**

**Criminal Cases**

***Fraud Scheme***

During the previous reporting period, OIG obtained a federal criminal indictment related to an alleged \$300,000 scheme to bill WMATA for cleaning products that were never delivered. During this reporting period, former NFL player and Washington Redskin, Brian Carpenter, the owner of a janitorial supply company, was indicted for conspiracy to commit wire fraud and four counts of wire fraud. Former WMATA employee and alleged co-conspirator, Kirby Smith, pleaded guilty to violating federal law regarding the supplementation of a government official's salary. Smith agreed to pay restitution to WMATA in the amount of \$174,054. This was a joint investigation with the Federal Bureau of Investigation (FBI) and the U.S. Attorney's Office.

***Solicitation of a Minor***

Former WMATA employee Christopher A. Riggins, was sentenced to two years of judicial diversion supervised by the Tennessee Department of Correction for soliciting a minor in 2018. Riggins pled guilty to a class E felony, solicitation of a minor for aggravated statutory rape (T.C.A. 39-13-528). In 2018, while on official travel for WMATA, Riggins was arrested after arranging to meet with an individual he believed to be a fifteen-year-old girl for a sexual encounter. The individual with whom Riggins was communicating was, in fact, an undercover Knoxville Police Department investigator. The investigation involved multiple law enforcement agencies from Tennessee, Maryland, Metro Transit Police Department, and the FBI.

## **Report of Investigations**

### ***Abuse of Authority***

OIG was alerted to suspicious emails of a PRMT Contract Administrator (CA). The OIG found that the CA used access to privileged contract and employment information to entice women into sexual relationships. The OIG also found that the CA made multiple attempts to gain employment for personal acquaintances with WMATA vendors whose contracts he managed. In addition, OIG found sexually explicit material on the CA's work computer in violation of WMATA policy. As a result of the investigation, the CA was terminated.

## **Management Assistance Reports**

### ***Transformer Concerns***

OIG issued a Management Assistance Report regarding seven transformers installed on the Blue/Yellow line during the shutdown in 2019 that may cause potential safety concerns and service disruptions. The complaint indicated a transformer installed during the shutdown prematurely failed. The complaint also indicated several WMATA procurement and engineering personnel expressed prior concerns about the vendor. OIG made five recommendations to address these issues.

## **Special Projects**

### ***Inventory Practices***

OIG issued a report regarding supply chain inventory practices. OIG determined WMATA lacked repeatable processes and oversight for management to mitigate opportunities for fraud, waste and abuse. OIG learned WMATA had taken some actions to address inventory, including centralizing the supply chain management function and developing an on-going transformational plan for improvement. Based on the review, OIG made five recommendations to address the issues identified in the report to better manage inventory which was valued at \$144 million during the review period.

### ***Silver Line Phase 2 Interim Report***

This report provided the General Manager/CEO with an independent assessment of critical issues affecting the completion of the Dulles Metro Rail Project (Silver Line – Phase 2) (the Project). OIG's assessment of the Project raised concerns regarding critical issues affecting the completion of the Project. The OIG issued its report to provide WMATA with its observations and recommendations that may assist management in refining and possibly adjusting their engagement priorities and resources. OIG's report focused on six areas: Effectiveness of the Quality Management Program Audit; Criticality of the Systems Integration Plan; Automatic Train Control; Effectiveness and Resolution of Issues Documented in the Non-Conforming Reporting Systems; Ongoing Unresolved Rail Yard issues; and Spare Parts. OIG concluded these issues derive from ineffectiveness and inconsistency of the Project Contractor's Quality Management Program.

### ***COVID 19 Concerns***

OIG issued a Management Alert regarding the adjustment of its priorities during recovery from the COVID 19 virus. OIG will focus on the risks and exposures associated with COVID 19 funding; assist in maintaining strong financial controls for the receipt and accounting of CARES Act funding; and reviewing key processes and activities involving the allocation and prioritizing of resources that can further validate public confidence in WMATA's efforts to safely return to full revenue operations.

## Financial Recoveries

As a result of an OI investigation that resulted in a guilty plea, a former WMATA employee agreed to pay restitution to WMATA in the amount of \$174,054.

## Other Activities

### **Cybersecurity**

OIG continued to receive complaints related to schemes to defraud outside entities, WMATA, and WMATA employees. OI and SP Special Agents, as well as the OIG Forensic Unit, aggressively pursued these complaints in conjunction with federal law enforcement agencies.

## AUDITS AND EVALUATIONS

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 one audit report . An additional six audits were in progress as of June 30, 2020. Auditors also conducted 33 contract audits that identified \$1.1 million in possible savings.

## Audit Summaries

### ***Audit of WMATA's Data Compromise Response Capabilities***

WMATA Strategic Goal: Ensure financial stability and invest in our people and assets.

Organizations rely on information technology (IT) to support business operations. An organization's dependency on IT exposes it to compromises from fraudulent and malicious IT activities. These risks could negatively impact business operations, business continuity, financial operations, and reputation. The number of cyber attacks continues to grow. Experts say, "It's not if a breach will happen, but when." Recent breaches reported in the news included Marriott International, Capital One, and the City of Baltimore.

The audit objective was to determine whether WMATA had developed a comprehensive breach response plan, tested the plan, and established an effective data recovery process.

#### **Audit Results:**

WMATA (1) developed and tested information security contingency plans, including a breach response plan and disaster recovery plans, as well as (2) established data recovery processes. However, opportunities exist to improve the breach response plan and the testing process as well as coordinating plans between stakeholders.

WMATA management concurred with the findings and recommendations and is in the process of implementing the recommendations.

**Table 5: OIG Audit & Evaluation Reports**

Report Number	Report Title	Date Issued
OIG 20-07	Audit of WMATA's Data Compromise Response Capabilities	06/24/20

**Audits in Progress**

***Audit of Cybersecurity over Rail***

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

Metrorail uses many electronic systems to ensure the safe and efficient operation of the rail transit system. Critical activities operated through the electronic systems include control of trains, power, station ventilation, voice and data communications, and monitoring of gas and fire sensors. Metrorail has also been designated by the Department of Homeland Security as a critical infrastructure.

The objective is to determine whether cybersecurity measures are in place and effective to protect Metrorail against cyber threats.

***Audit of Control and Accountability of Fuel***

WMATA Strategic Goal: Ensure financial stability and invest in our people and assets.



WMATA manages over 1,500 non-revenue vehicles and spends about \$2.1 million on fuel each year. The audit will examine fuel purchases to ensure fuel for WMATA vehicles is being properly used and accounted for. Topics will include the cost of fuel and whether bulk discounts are being provided. Because this is a high value asset susceptible to theft, control and accountability are essential.

The audit objective is to determine whether WMATA has adequate controls and accountability of fuel.

***Audit of Improper Payments***

WMATA Strategic Goal: Ensure financial stability and invest in our people and assets.

Broadly defined, improper payments are those made for the wrong amount, to the wrong entity, for the wrong reason, or at the wrong time. During FY2019, WMATA made \$1.1 billion in capital and \$1.5 billion in operating payments through its accounts payable system. The audit will help ensure the elimination and recovery of improper payments by targeting errors as well as waste, fraud, and abuse.

The audit objective is to identify improper payments in WMATA activities and determine whether WMATA has adequate controls in place to minimize improper payments.



## Corrective Actions on Audit 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 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 6: Recommendations Described in Previous SARs on Which Corrective Action Has Not Been Completed as of June 30, 2020**

Report Number	Report Title	Date Issued	Number of Recommendations		Latest Target Date (Per WMATA Corrective Action Plan)
			Open	Complete	
OIG 17-05	Evaluation of WMATA's Safety Measurement System	12/29/16	1	2	10/30/20
OIG 18-08	Audit of WMATA's IT Incident Response Process	06/20/18	3	4	10/30/20
OIG 19-02	Audit of WMATA's Security Over Publicly Accessible Web Applications	09/05/2018	1	7	10/30/20
OIG 19-08	Audit of Cybersecurity Requirements in WMATA's Procurements	03/05/2019	4	2	09/30/21
OIG 19-09	Audit of KRONOS Implementation Project	04/17/2019	3	3	06/30/21
OIG 19-10	Audit of WMATA's End-of-Service Life Operating System Software	05/01/2019	4	2	06/01/22
OIG-19-11	Audit of WMATA's Software Asset Management Program	06/19/2019	1	0	10/01/20
OIG 20-01	Audit of WMATA's Contracting Officer's Technical Representatives	09/19/2019	3	3	10/30/20
OIG 20-04	Audit of WMATA's Rail Performance Monitoring System	10/30/2019	1	2	08/31/20
OIG 20-05	Audit of Metrorail Station Garage Cleaning	12/31/2019	1	3	08/31/20

## 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.

From January 1, 2020, through June 30, 2020, OIG issued 33 contract audit reports with \$1.1 million in possible savings.

**Table 7: Contract Audit Reports**

Report Number	Report Title	Date Issued
CAA 20-008	Post-Delivery Buy America Audit for Contract FQ18001 option1, 40 Foot/60 Foot Clean Diesel and 40 Foot/60 Foot Compressed Natural Gas (CNG) Bus Rapid Transit (BRT) style Heavy Duty Transit Buses	1/17/2020
CAM 20-019	Independent Review of Proposed Rates for Contract FQ17165, Blue Line Rail Power System Upgrades	1/17/2020
CAM 20-020	Independent Review of Proposed Rates for Contract FQ15190, A & E On-Call General Planning Services	1/21/2020
CAM 20-021	Independent Review of Proposed Rates for Contract FQ18033, General Architectural and Engineering Consultant Services – Program Management, Construction Management, and Engineering Support Services IDIQ	1/28/2020
CAM 20-022	Independent Review of Proposed Rates for Contract FQ18033, General Architectural and Engineering Consultant Services – Program Management, Construction Management, and Engineering Support Services IDIQ	1/30/2020
CAM 20-023	Independent Review of Proposed Rates for Contract FQ18033, General Architectural and Engineering Consultant Services – Program Management, Construction Management, and Engineering Support Services IDIQ	1/31/2020
CAM 20-024	Independent Review of Proposed Rates for Contract FQ18033, A&E Consultant Services – PM/CM	1/31/2020
CAM 20-025	Independent Review of Proposed Rates for Contract FQ15192, General Architectural and Engineering Consultant Services – IDIQ	2/3/2020
CAM 20-026	Independent Review of Proposed Rates for Contract FQ18033, General Architectural and Engineering Consultant Services – Program Management, Construction Management, and Engineering Support Services IDIQ	2/4/2020
CAM 20-027	Independent Review of Proposed Rates for Contract FQ15191, On-Call A&E Consultant Services	2/5/2020
CAA 20-009	Post-Delivery Buy America Audit for Contract FQ18001 option 1, 40 Foot/60 Foot Clean Diesel and 40 Foot/60 Foot Compressed Natural Gas (CNG) Bus Rapid Transit (BRT) style Heavy Duty Transit Buses	3/10/2020
CAA 20-010	Independent Review of Proposed for Contract FQ19084, Replace Energy Storage System, Roofing Coating and Warranty	3/10/2020
CAA 20-011	Post-Delivery Buy America Audit for Contract RC7000, 7000 Series Rapid Transit Railcars	3/18/2020
CAM 20-028	Independent Review of Proposed Rates for Contract FQ18033, General Architectural and Engineering Consultant Services – Program Management, Construction Management, and Engineering Support Services IDIQ	3/23/2020
CAA 20-012	Independent Review of Revised Proposed Costs for Contract FQ19279, 3G-1K UltraCap ESS for 40' Fleets	3/30/2020
CAM 20-029	Independent Review of Proposed Rates for Contract FQ18033, General Architectural and Engineering Consultant Services – Program Management, Construction Management, and Engineering Support Services IDIQ	4/2/2020
CAM 20-030	Independent Review of Proposed Rates for Contract FQ15190, A & E On-Call General Planning Services	4/7/2020
CAM 20-031	Independent Review of Proposed Rates for Contract FQ18033, General Architectural and Engineering Consultant Services – Program Management, Construction Management, and Engineering Support Services IDIQ	4/8/2020
CAM 20-032	Independent Review of Proposed Rates for Contract FQ18033, General Architectural and Engineering Consultant Services – Program Management, Construction Management, and Engineering Support Services IDIQ	4/27/2020
CAM 20-033	Independent Review of Proposed Rates for Contract FQ15192, General A&E Consultant Services – System IDIQ 2020 Overhead Rate	5/8/2020
CAM 20-034	Independent Review of Pre-Award for Contract FQ19144B, Bladensburg Bus Garage Replacement	5/13/2020
CAM 20-035	Independent Review of Proposed Rates for Contract FQ18033, General Architectural and Engineering Consultant Services – Program Management, Construction Management, and Engineering Support Services IDIQ	5/18/2020
CAM 20-036	Independent Review of Proposed Rates for Contract FQ18033, General Architectural and Engineering Consultant Services – Program Management, Construction Management, and Engineering Support Services IDIQ	5/21/2020
CAM 20-037	Independent Review of Proposed Rates for Contract FQ18033, General Architectural and Engineering Consultant Services – Program Management, Construction Management, and Engineering Support Services IDIQ	5/27/2020

Report Number	Report Title	Date Issued
CAM 20-038	Independent Review of Pre-Award for Contract C20051/ER, 7K Maintenance Parts	6/4/2020
CAM 20-039	Independent Review of Proposed Rates for Contract FQ18033, General Architectural and Engineering Consultant Services – Program Management, Construction Management, and Engineering Support Services IDIQ	6/5/2020
CAM 20-040	Independent Review of Proposed Rates for Contract FQ18033, General Architectural and Engineering Consultant Services – Program Management, Construction Management, and Engineering Support Services IDIQ	6/10/2020
CAA 20-013	Post-Delivery Buy America Audit for Contract FQ18001 option 1, 40 Foot/60 Foot Clean Diesel and 40 Foot/60 Foot Compressed Natural Gas (CNG) Bus Rapid Transit (BRT) style Heavy Duty Transit Buses	6/17/2020
CAM 20-041	Independent Review of Pre-Award for Contract FQ19267, Rail Heavy Repair and Overhaul (HRO) Facility – Hybrid Design-Build Services Contract	6/18/2020
CAM 20-042	Independent Review of Pre-Award for Contract CQ19038-8K/FRV, 8000 Series Passenger Railcars, Simulators, Related Supplies and Services	6/29/2020
CAM 20-043	Independent Review of Pre-Award for Contract CQ19038-8K/FRV, 8000 Series Passenger Railcars, Simulators, Related Supplies and Services	6/29/2020
CAM 20-044	Independent Review of Pre-Award for Contract CQ19038-8K/FRV, 8000 Series Passenger Railcars, Simulators, Related Supplies and Services	6/30/2020
CAM 20-045	Independent Review of Proposed Rates for Contract FQ15190-CPLAN, A & E On-Call General Planning Services	6/30/2020