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A REPORT BY THE OFFICE OF INSPECTOR GENERAL

OIG 23-008

Audit of WMATA's Money Train Operations

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EXECUTIVE SUMMARY

Washington Metropolitan Area Transit Authority's (WMATA) Money Train is responsible for transporting revenue throughout the Metrorail System to WMATA's Revenue Collection Facility for processing. For this reason, safety and security protocols are established by the Authority to protect revenue from loss and fraudulent conversion of cash and currency. As of April 2022, WMATA collects approximately 32 percent in cash of what was collected pre-pandemic. While collections are less now, cash and coin collections are still significant.

The audit objectives were to determine whether WMATA has appropriate internal controls for safeguarding Metrorail cash collection and deposit processes, and to determine the effectiveness and efficiency of WMATA's Money Train.

During the audit OIG found the following:

1. Inadequate separation of duties and opportunity for rail cash and cash deposit reconciliation management review;
2. Inconsistent safeguard controls for security cameras;
3. Inconsistent incident reporting and quality assurance practices;
4. Missing safety assessment;
5. Revenue cash collections policies and procedures were followed but revenue and equipment were still exposed; and
6. Background checks not performed or were not documented.

WMATA's Money Train collection and deposit internal controls are in place; however, opportunities exist for improvements in internal controls pertaining to the safeguarding of cash, adhering to cash collections policies and procedures, management review of rail cash reconciliation, and background checks.

The safety of the Revenue Collection Technicians and riders, who may be near or around the collections process, could be at risk and the risk of potential theft concerns OIG if proper controls are not in place during the transport of cash. In addition, if incidents are not consistently reported, safety risks can continue if they are not properly documented. Strong internal controls for cash collection and revenue processing are necessary to ensure that management objectives are achieved and to prevent or detect improper activities. Relying on a single employee to complete the monthly rail cash reconciliation and deposit reports causes inaccurate accounting records, variances not being resolved or reliable, loss of funds due to human errors, bank errors, undetected possible asset misappropriation, or risk of fraud/theft. OIG identified \$1.7 million in variances where the document support was partially provided, or not attached to the reconciliation to explain the variance. In addition, OIG sampled 12 collection facility employee files and found only one completed background check in the file. OIG was advised that they would not be in those files, but ultimately WMATA could not provide any documentation supporting a background check. Without appropriate employee background controls, WMATA does not have assurance of a clean background check for employees. This risk can affect the revenue cash collection process.

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ABBREVIATIONS AND ACRONYMS

AFC	Automatic Fare Collection
APTA	American Public Transportation Association
CBA	Collective Bargaining Agreement
CCTV	Closed-Circuit Television
FCRA	Fair Credit Reporting Act
GAO	U.S. Government Accountability Office
GM/CEO	General Manager/Chief Executive Officer
RCF	Revenue Collection Facility
RCT	Revenue Control Technician
RMS	Revenue Management System
RPT	Revenue Processing Technician
SRS	Systems Requirement Specification
WMATA	Washington Metropolitan Area Transit Authority

BACKGROUND

What is WMATA's Money Train?

WMATA's Money Train is used to transfer cash to and from rail stations. The Money Train personnel transfer a designated amount of bills, coins, and fare media ("SmartTrip" cards).

Departments and Divisions Responsible for Cash Collection and Deposits

- **WMATA Office of the Treasurer:** Is responsible for the collection and processing of revenue, investment of excess cash, debt issuance and management, financial risk management, fare media sales and distribution, all insurance activities, and the implementation of fare media (SmartTrip) related technology projects. Several offices located in Treasury are responsible for revenue collection, revenue processing and reconciliation, and control of WMATA's revenue.

Revenue Operations is responsible for revenue collection, processing and depository services, systems technology, revenue capital programs, and revenue maintenance, engineering, and equipment.

- **Revenue Collections Office:** Plans, directs, and manages the collection and transportation of parking meters, rail, bus, and lost & found revenue. This team works in collaboration with Revenue Processing, Fare Media Services, Revenue Controls, and System Maintenance to ensure maximum automatic fare collection.
- **Revenue Processing (Coin Room):** Directs and manages the activities for receiving, processing, and depositing of rail, bus, and parking revenue. Revenue Processing works in collaboration with Revenue Collections, Fare Distribution, and Revenue Control managers to receive, distribute, and reconcile revenues.
- **RCF Maintenance:** Performs the maintenance, repair, engineering, and procurement of revenue collection and processing equipment associated with the RCF, bus garages, and rail system. This team facilitates the maintenance, repairs, and construction within the RCF Building.

Treasury Operations provides the oversight and coordination of activities within the scope of capital markets, banking operations, and revenue controls.

- **Reconciliations & Controls:** Responsible for the reconciliation of passenger cash and credit card receipts. The office supports the implementation of the Revenue Management System (RMS) for rail and bus cash revenue reporting and oversees merchant card processor technology initiatives and payment card industry audits. RMS automates the Metrorail cash reconciliation to compare the cash "read" at the fare vendor machines, and the cash counted at RCF. Daily, a reconciliation report is run in RMS, and any variance above an established threshold is researched for resolution and/or a reason is identified for the variance.

- **Office of Systems Maintenance – Automatic Fare Collection System:** Responsible for the maintenance, repair, and installation of fare collection and parking lot equipment. Maintenance coverage is provided during all revenue hours for farecard vendors, exit fare machines, passenger gates, system-on-chip computers, parking meters, SmartTrip dispensers, parking lot counters, and telemetry equipment.

AUDIT OBJECTIVES AND FINDINGS

Audit Objectives

The audit objectives were to determine if WMATA has appropriate internal controls for safeguarding Metrorail cash collection and deposit processes and to determine the effectiveness and efficiency of WMATA's Money Train operation.

Audit Findings

Finding 1

No Evidence of Management Reviews of Rail Cash and Deposit Reconciliations and Inadequate Separation of Duties

During OIG's review, we did not find evidence that rail cash and cash deposit reconciliations were reviewed by management or that there was separation of duties which lacked assurance of completeness and accuracy of the reconciliations. According to WMATA's Revenue Control Technician Manual and internal control best practices, management review for reconciliations was required. Management review of reconciliation did not occur because WMATA did not dedicate sufficient staff to ensure proper internal controls of the reconciliations. For rail cash, OIG was advised that two employees performed the reconciliation. We were also advised that one of the two employees was on extended leave and the other employee was left to perform the reconciliation and determine if variances were appropriate or not. If the employee conducting the reconciliation needed to take leave, they would have to perform the reconciliation while on leave, and sometimes reconciliations could not be performed until months after the collections process occurred. Lastly, WMATA's Revenue Control Technician Manual for reconciliations was not updated to properly account for the entire process and there was no formal training, causing confusion which led to informal processes being established. This could cause inaccurate accounting records, variances that are not resolved (such as the \$1.7 million in variances identified), and loss of funds. In addition, maturing fare vendor machines could impact exception reporting for the rail cash reconciliations, as identified below. Lastly, if the sole reconciler were to retire or leave, there would be a void in the services this position provides.

Management Review of Monthly Reconciliation

The Revenue Control Technician Manual does not delineate clear roles and responsibilities, separation of duties, or supervisory review procedures for rail cash and cash deposit reconciliations.

According to WMATA's Revenue Processing Policy and Procedures, the Revenue Control group provides reconciliation support on a daily basis for cash received and deposited. The Revenue Control group is given daily reports of what currency was counted and deposited and compares it to the revenue difference report. If there is a difference within the reports, the Revenue Control group would escalate it to Metro Transit Police for further review and

or investigation.

For 10 of 10 (100%) rail cash reconciliation report packages and 10 of 10 (100%) rail cash deposit reconciliations tested, there was no documentary evidence that the reconciliations were reviewed by supervisory personnel independent of the employee who prepared the reconciliation.

According to the Government Accountability Office¹ (GAO) and Committee of Sponsoring Organizations of the Treadway Commission,² management should design control activities to achieve objectives and respond to risks. Examples of common categories of control activities include:

- Reviews by management at the functional or activity level.
- Segregation of duties.

Management should perform ongoing monitoring of the design and operating effectiveness of the internal control system as part of the normal course of operations. Ongoing monitoring includes regular management and supervisory activities, comparisons, reconciliations, and other routine actions. Ongoing monitoring may include automated tools, which can increase objectivity and efficiency by electronically compiling evaluations of controls and transactions.

Segregation of duties is a commonly used and widely accepted business practice, which entails dividing or segregating key duties and responsibilities among different people.

GAO's Standards for Internal Control in the Federal Government¹, Section 10.03 states, "Management divides or segregates key duties and responsibilities among different people to reduce the risk of error, misuse, or fraud. This includes separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets so that no one individual controls all key aspects of a transaction or event."

GAO's Executive Guide: Best Practices in Achieving Consistent, Accurate Physical Counts of Inventory and Related Property, dated March 2002³, states, "In situations where segregation of duties is not practical or cost-effective, other controls should be employed to mitigate the recognized risk. Such mitigating control procedures include blind counts . . . increased supervision and applying dual control by having activities performed by two or more people." To mitigate against the risk, the person performing the physical count should not be involved in custodial activities such as ordering, receiving, and storing physical assets.

The Reconciliation Manager stated there was attrition during COVID-19 and that only she, primarily, and another employee could perform the reconciliation for rail cash, but the other employee was on extended leave. In addition, there was no formal training on the segregation of duties. The Reconciliation Manager stated it took two years to fully understand the reconciliation process.

¹ Standards of Internal Control in the Federal Government (September 2014) - Principle 10 Design Control Activities.

² COSO Internal Control – Integrated Framework (May 2013).

³ GAO Executive Guide – Best Practices in Achieving Consistent, Accurate Physical Counts of Inventory and Related Property (March 2002) – Key Factor 5. Maintain Segregation of Duties.

OIG observed that relying on a single employee to complete the monthly rail exception and deposit reports causes a two-week to three-month gap in the reconciliation process and causes it not to be consistently performed. Such delays can result in inaccurate financial reports provided to WMATA management and its stakeholders. Transactions may not be completed timely or accurately recorded in the accounting records, and variances may not be resolved timely. Loss of funds could have resulted due to human errors, bank errors, or undetected asset misappropriation.

Exception Reporting

According to WMATA's Revenue Control Technician Manual, a rail revenue package is created based on the revenue collected, processed, and prepared for change coin replenishment and deposit. The supervisor prints the revenue package report from the reporting system. The Revenue Control Technician picks up the daily rail revenue package and reviews the report, noting any comments or remarks that may impact the exception reporting process.

For the purpose of rail exception reporting, a variance is defined as an overage or shortage for a specific vendor and revenue date greater than positive or negative \$20. The variance is the difference between the value counted, which reflects the amount of cash in the vendor stacker counted by Revenue Processing, and the value accepted (read) from the fare vendor machines, which reflects the sum of cash in the vendor stacker from one service date to the next service date. In many cases, the value accepted matches the value counted within the +/- \$20 threshold and, therefore, will not populate as an exception.

There are nine codes that result in a variance outside of the +/- \$20 threshold and require review:

- *Codes 1 through 4 – Register Errors.* A register error indicates that Revenue Control believes that a hardware or software issue resulted in an inaccurate fare vendor read.
- *Codes 5 and 6 – Timing Differences.* Code 5 represents a Currency Processing System (CPS) count with no corresponding NextFare read. A Code 6 represents a NextFare read with no corresponding CPS count.
- *Code 7 – Processing and Logistic Errors.* A Code 7 indicates that the NextFare read or the CPS count data was misaligned across one or more fare vendors.
- *Code 8 – Irregular Timing Differences and Signal Issues.* A Code 8 is typically assigned to discrepancies generated by irregular timing differences or fare vendor signal issues.
- *Code 9 – Unresolved Discrepancies.* A Code 9 typically indicates that a CPS count shortage could not be resolved with Codes 1-8. Only the Revenue Control Supervisor can assign a Code 9.

According to policy, exception reporting shall be conducted for each revenue date, including weekend/holiday emergency servicing. All exceptions for each revenue date shall be coded

with respective comments and any supporting documentation. The report shall be printed and signed by the Manager to confirm all coded exceptions. Upon completion of the rail exception process, the Revenue Control Technician prints and initials the Rail Daily Variance Report.

Of the 10 rail cash reconciliations selected for testing, exception codes 7, 8, and 9 were noted for some Metrorail stations. Codes 7, 8, and 9 are the more difficult to resolve in comparison to the other codes. During our analysis of the sample data, there were three of 10 days when codes 7, 8, and 9 exceptions occurred, as detailed in the table below:

Table 1 – Exception Codes 7, 8, and 9 Count and Amount from Sample Testing

Exception codes	Reconciliation Day				Total Count
	1/10/2020	2/18/21	7/27/2021	1/26/2023	
7	4	0	0	0	4
8	4	1	4	2	11
9	6	0	0	0	6
Total Exception Amount					

Although the exceptions had notes referring to other reconciliation days as support, the notes themselves could not be completely relied upon for the exceptions. When OIG followed up for explanations of exceptions, the process owners could not provide clear explanations.

Of the 10 cash deposit reconciliations selected for testing, variances were determined through a comparison of the sum of the amount of cash deposited from the bank statement and the amount in the RCF main vault, to the cash counted recorded in RMS. For the reconciliation testing, OIG identified \$1.7 million in variances for which document support was partially provided or not attached to the reconciliation to explain the variance. Additionally, there was no documented support for the RCF main vault amounts or RMS cash count amounts attached to the reconciliation. For the breakout of the variances identified in the sample of reconciliations tested, please see Table 2 below:

Table 2 – Cash Deposit Reconciliation Variance Breakout for Sample Reconciliations Tested

#	Cash Deposit Reconciliation	Total Rail Revenue (Total Rail Deposit in Bank+ Total Cash for RCF Vault + Check Deposits)	Rail Revenue Report (Total Rail Cash Count)	Variance Amount
1	January 2020	\$7,828,823.59	\$9,573,358.73	(\$1,739,510.14)
2	June 2020	\$2,025,810.40	\$1,975,810.40	\$50,000.00
3	January 2022	\$2,940,399.70	\$2,935,299.70	\$5,100.00
Net Aggregate Variance Amount:				(\$1,684,410.14)

Limitations of Maturing Fare Vendor Machines

OIG questioned instances in the rail cash reconciliation where there was an exception because of partial “reads” when compared to actual cash “counts.” In these instances, the total rail cash “read” is eventually recorded for the rail cash reconciliation, but there is a time delay. Treasury is aware of the limitation of the fare vendor machine equipment and knows from historical past instances why the report is only partially “reading” the rail cash amount. For example, for maturing fare vendor machines, sometimes, if the machine is serviced for cash collections in the morning versus the afternoon, the “read” is 100% accurate in the morning but not accurate in the afternoon. As a result, Treasury makes a note, but leaves the exception “as-is.” Also, when speaking with Automatic Fare Collection (AFC) personnel about the partial “reads” and what could be done to mitigate this exception, OIG was told there could be potential repairs to the Bill Stackers and the two components that make up the Bill Stackers, which are the “Cash Box” and “Bill Validator.”

According to WMATA’s System Maintenance Control Policy Manual, keeping systems and their components in top operating condition requires extensive maintenance at scheduled intervals and expeditious repair when failures occur. Organizational maintenance consists of the on-equipment tasks necessary for day-to-day operations, including inspection and servicing and remove-and-replace operations for failed components (including line-replaceable units). Organizational maintenance is normally conducted by Automatic Fare Collection System.

AFC personnel stated that they have been meeting with Office of the Treasurer for input on a new fare vendor machine contract, which could impact Treasury’s rail cash reconciliation or cash collection scheduling, but it was not clear whether defined requirements will be incorporated in the fare vendor machine contract.

Using inefficient equipment and technology will result in potential lost revenue from malfunctioning equipment, and reliability issues with identified exceptions not being properly validated or reviewed by management. (As noted, for the rail cash and cash deposit reconciliations tested, \$1.7 million⁴ in exceptions were identified).

⁴ OIG has concerns over the variances/exceptions observed during substantive testing. OIG will do a detailed review of the cash reconciliation in a future audit.

Recommendations

OIG recommends the GM/CEO:

1. Update and implement revenue control policies and procedures requiring supervisory review for rail cash and deposit reconciliations.
2. Develop and implement separation of duty controls, including appropriate risk mitigation strategies.
3. Incorporate training and additional provisions in existing policies and procedures that address the segregation of duties.
4. Document clear requirements for the new fare vendor machine contract that impact the rail cash reconciliation, and make sure they are incorporated into the new fare vendor machines.
5. Address the lack of staffing associated with the reconciliation of rail cash.

Finding 2

Inconsistent Safeguard Controls for Security Cameras

OIG identified [REDACTED]

[REDACTED] had not been identified or assessed related to revenue protection. The personal safety of the RCTs and riders [REDACTED] could be at risk. In addition, there is the risk of potential theft if camera monitoring or coverage is insufficient, if the transport of cash is too visible to the general public, and if incidents are not consistently reported.

Policies and Best Practices

According to WMATA's Digital Video Standard Operating Procedures (MTPD-DVEU-SOPM-001-00, 10/03/2022), the mission of the Metro Transit Police is to protect patrons, personnel, transit facilities, and revenue by providing law enforcement and public safety services, including policies and operating procedures for Metro Transit Police's digital video. According to the same procedures, video recovery of railcars can be requested and as a result, the railcar must be "tripped" or taken out of service for the video recovery to take place, if appropriately requested and approved.

According to WMATA's Camera/Video Access, Distribution, and Retention Policies and Procedures (Policy/Instruction 11.6/0, 05/26/2015), Metro operates a camera network system throughout its stations, support facilities, railcars, and buses to enhance public safety and security. [REDACTED]

American Public Transportation Association (APTA) Digital Recording System Best Practices⁵, provide guidelines to assure that the technical capabilities of cameras and recording systems are consistent throughout the transit industry and provide optimized image quality. It is essential that any system be designed for a purpose rather than a "one size fits all" approach. This level of quality is intended to facilitate the requirements of the system design through a formal systems requirement specification allowing the system to be designed for everyday safety and security requirements, as well as revenue protection and anti-crime, requiring the identification of unknown people and objects in images. Systems also should be designed to meet the four industry-accepted categories known as detect, monitor, identify, and recognize. According to APTA, the minimum retention is 30 days for control centers and seven days for mobile applications. After this period, hard drives can be overwritten to add additional time, should it be needed, for recordings to be

⁵ Selection of Cameras, Digital Recording Systems, Digital High-Speed Networks and Trains for Use in Transit-Related CCTV System (APTA IT-CCTV-RP-001-11), dated June 1, 2011 (<https://www.apta.com/research-technical-resources/standards/technology/apta-it-cctv-rp-001-11/>).

preserved. However, in WMATA's case, the number of days for rail cash-related reconciliations to be completed could be past the [REDACTED] camera footage retention period, and if a variance is identified, the camera footage needed to help resolve the variance may not be available.

Also, according to APTA, if the field of view of a camera is not suitable, an agency may consider using a different lens (wide-angle, telephoto, etc.) to increase or decrease the field of view.

Rail Cash Collections and [REDACTED] Cameras

[REDACTED]

[REDACTED]

According to Metro Transit Police, WMATA started installing [REDACTED] cameras at stations that were part of the Summer 2022 Orange Line shutdown and part of a pilot program. One of the five "pilot" stations was in OIG's camera sample, [REDACTED]

Footage of Money Train Activities

When OIG observed the Money Train in operation, [REDACTED]
[REDACTED]. When OIG asked for the Money Train camera footage, Metro Transit Police replied [REDACTED].

Recommendation

OIG recommends the GM/CEO:

6. Fix or repair cameras identified that were not in view, had an unclear image, or were not working.

⁶ Tour is defined as cash collections performed by the RCTs, who are required to work in pairs and be accompanied by a Security Guard, at the mezzanine of Rail Stations where the entrance and exit fare vendor machines are located.

Finding 3

Inconsistent Incident Reporting and Quality Assurance Practices

For revenue protection, there were inconsistent incident reporting and quality assurance practices. These inconsistent practices occurred because incident reporting and periodic quality assurance reviews were not clearly defined as deliverables and/or milestones that should be provided to WMATA by the contractor according to the contract. The personal safety of the RCTs and riders could be at risk and there is the risk of potential theft if incidents are not consistently reported.

Incident Reporting

According to Metro Transit Police procedures for reporting security-related incidents, once the contracted security officer is notified of a security-related incident, the officer will immediately notify Metro Transit Police Communications to conduct a preliminary investigation. The contracted security officer will take all necessary actions to mitigate the incident. Upon instruction from a Treasury supervisor and contracted security officer project manager, the officer will submit a written report concerning the incident without delay. Also, all security-related incidents that may be of concern to revenue protection will immediately be brought to the attention of the on-duty contracted security officer supervisor. In case of an incident that requires immediate attention, personnel are advised to call Metro Transit Police Communications.

According to the terms of WMATA's Security Officer Services contract, supervisors will be equipped with a device for electronic monitoring and reporting. The device is not just an incident management system, but a comprehensive workforce management solution with artificial intelligence technology at its core. It allows for customized reports, analytics, and meeting tracking with WMATA leaders and ensures contract compliance is adhered to at all times.

OIG found that the device was not being used as required.

Quality Assurance

For the WMATA internal quality assurance audits, WMATA's security program is reviewed regularly to ensure the contractor is meeting its everchanging needs and performance measurements, such as addressing incidents and monitoring training requirements.

The incident reporting between Metro Transit Police and its contracted Security Officers was inconsistent with the requirements of the contract and Metro Transit Police policies and procedures. According to the contract, Security Officers were supposed to report incidents in real-time through an electronic app. The electronic app provides real-time communication and insight to better protect people and assets. However, no evidence was provided that the app was being used or that there was a quality assurance process performed that included a review of actual incidents and training requirements.

Recommendation

OIG recommends the GM/CEO:

7. Reevaluate the current process for incident reporting and quality assurance measures outlined in the MTPD Security Services contract.

Finding 4

Missing Safety Assessment

The safety assessment for WMATA's Money Train was missing. According to WMATA's Safety Risk Management Implementation Playbook, a safety assessment is required. OIG was advised that the original safety assessment was not retained. This is important to ensure the safety of Money Train personnel and WMATA funds.

According to the WMATA Department of Safety's Safety Risk Management Implementation Playbook, in partnership with the assigned Safety Risk Coordinator (SRC), the Senior Safety and Risk Program Specialist and Safety Risk Management (SRM) Program Specialist should facilitate a series of brainstorming sessions with representation from across the department (a combination of frontline workforce and department management) to discuss the safety risks, issues, or concerns that exist in their department. The Senior Safety and Risk Program Specialist, the SRM Program Specialist, and the applicable SRC sort through all the recorded feedback from the brainstorming sessions. Grouping similar feedback together to determine the key themes that exist. Each theme is then used to define the department's top Safety Risks in terms of "who" is exposed to "what."

Since OIG could not obtain the original safety assessment and a new assessment was not completed, we could not determine whether the playbook instructions were implemented as part of the assessment.

In addition to the missing assessment, various stakeholders within WMATA indicated that [REDACTED] money train "seemed unsafe" and that the train should be "inconspicuous".

Recommendation

OIG recommends the GM/CEO:

8. Either find the original safety assessment or conduct a new safety risk assessment.

Finding 5

Revenue Cash Collection Policies and Procedures Followed but Revenue and Equipment Were Still Exposed

Procedures for AFC vendor ("Fare Vendor Machine") service were not followed. Strong internal controls for cash collection are necessary to ensure that management objectives are achieved and to prevent or detect improper activities.

WMATA's Revenue Collection Policy and Procedures, provides the following policy guidance for AFC vendor servicing:



AFC servicing is performed during the "Tour" phase of the money train operation process.

For 7 of 17 rail stations tested, procedures were followed, but it appeared that revenue and cash equipment were still at risk of being exposed. The following were the observations:

- RCTs walked away from open fare vendor machines or exposed bill stackers that were placed on ground, or on top of transfer cart at 4 rail stations.
- Security Officer was not at an appropriate distance during fare vendor servicing at 3 rail stations.
- Fare vendor machines were not open next to each other or were open 3 or more at time at 3 rail stations.

Although there were complete policies and procedures for revenue cash collection for the “Money Train” and “Processing” phases for both Office of the Treasurer and Metro Transit Police, complete guidance was lacking for the “Tour” phase and AFC Vendor Servicing.

Strong internal controls for cash collection and are necessary to make sure that management objectives are achieved and to prevent or detect improper activities. Also, it will prevent potential incidents and violations from occurring. Policies and procedures established by management will increase organizational accountability and transparency, maintain the integrity of financial data, and protect employees from inappropriate mishandling of cash and currency by defining their responsibilities. Employees who do not comply with cash collection and processing policies will hinder WMATA's efforts to prevent or detect losses due to fraud, waste, and abuse.

Recommendation

OIG recommends the GM/CEO:

9. Update the Revenue Collection Policy and Procedures for more detailed RCT and Security Procedural guidance.
10. Conduct refresher training for Cash Collections “Tour” Phase for RCT Personnel and Security Officers.

Finding 6

Background Checks Not Performed and Documented

OIG reviewed the personnel files for 12 revenue cash collection employees to determine whether background checks were completed. We found that only one employee file contained documentation of a background check. WMATA policies and procedures required background checks for initial hire and change in position; however, WMATA policies were not followed or enforced. We were advised by WMATA that the background checks were completed, but they could not provide OIG with evidence of the checks for the other 11 employees.

WMATA Policy and Instruction 7.2.3/3 (dated May 27, 2022) – “Criminal Background Checks requires WMATA to “conduct background checks to promote a safe and secure environment for all Metro employees, customers, and the general public.” The Chief People Officer will obtain an employee’s one-time consent on an approved authorization or at the time of hire, allowing Metro to conduct a background check. In addition to the pre-employment check, background checks may be conducted for employees who are being transferred, promoted, or demoted into a position with heightened background check requirements.”

For 11 of the 12 RCF employee files tested for background checks for initial hire or change of position, background checks were not documented in the employee file. Hence, OIG could not validate if the background checks were performed.

This is important because the job of RCF Personnel requires the safe transport and processing of currency and coins. Without appropriate employee background controls, WMATA does not mitigate risks related to revenue cash collections.

Recommendation

OIG recommends the GM/CEO:

11. Determine whether or not to conduct new criminal background checks for all RCF Personnel as required by policy.
12. If the background checks were never completed, determine why the policy was not followed.

Response Due Date

Please respond directly to OIG addressing each recommendation made by June 12, 2023.

SUMMARY OF MANAGEMENT'S RESPONSE

OIG received WMATA's comments on June 12, 2023 (Appendix C). WMATA management generally concurred with all the findings and recommendations. The Executive Vice President/Chief Financial Officer (EVP-CFO) and the Executive Vice President/Chief Operating Officer (EVP-COO) have initiated corrective measures for the recommendations in this report. OIG considers management's comments responsive to the recommendations, and the actions taken or planned should correct the deficiencies identified in the report.

For recommendation 7, clarification was required for Metro Transit Police's incident reporting and quality control review processes for revenue protection contracted guard services and the recommendation was updated in the final audit report. WMATA management agreed to reevaluate the current process for incident reporting and quality assurance measures outlined in the Metro Transit Police Security Services contract. OIG followed up for the estimated completion date for this recommendation and WMATA management provided the estimated completion date to be 12/31/2023.

Appendix A

SCOPE AND METHODOLOGY

Scope

The scope of the audit included a review of WMATA's Money Train collection and deposit processes Authority-wide from January 1, 2020 to January 31, 2023.

Methodology

To achieve the audit objective, OIG's audit methodology was as follows:

- Researched background information about WMATA's Money Train collection and deposit processes by reviewing WMATA's Money Train Operations policy and procedures, Revenue Processing policy and procedures, WMATA Revenue Collection AFCS Training Manual, WMATA's Revenue Control Technician Rail Variance Process policy and procedures, Revenue Equipment Maintenance policy and procedures, Metro Transit Police Standard Operating Procedures, Metro Transit Police third party contracts, and APTA Digital Video and Fare Policy and Collection Guidance.
- Performed interviews and walkthroughs to gain an understanding of WMATA's Money Train collection and deposits processes and documented the collection and deposit processes with Personnel in Treasury, Metro Transit Police, Office of Systems Maintenance, AFC, Planning and Sustainability, and Audit & Compliance.
- Performed interviews with External Agencies to obtain their insight, best practices, and background on their collection and deposit processes with Bay Area Rapid Transit Authority, Chicago Transit Authority, Miami Dade County, New York City Transit, and Southeastern Pennsylvania Transportation Authority.
- Identified and documented entity and process internal controls for WMATA's Money Train collection and deposit processes.
- Reviewed prior audits prepared by OIG, Audit & Compliance, APTA, and other transit agencies.
- Conducted external survey of other transit agencies' cash collection and deposit processes and reconciliation processes.
- Documented the Money Train collection and deposits and reconciliation process narratives and risk control matrices.
- Identified key costs and expenditures that impacted the Department of Finance, Office of the Treasury, and Revenue Operations including the Money Train collection and deposit processes.

- Reviewed cash handling best practices across industry and compared with WMATA's existing practices.
- Performed site visits at the Revenue Collection Facility and observed employees as they performed their tasks and responsibilities at the location.
- Monitored Revenue Collection Facility and mezzanine fare vendor and exit fare gate closed circuit television video footage to determine compliance with written policies and procedures.
- Observed RCTs and the security contractor team as they performed cash collection responsibilities during their assigned tours at designated Metrorail stations.
- Conducted onsite review of WMATA's Money Train and observed the cash collection process from the Revenue Collection Facility to designated metro stations.

Generally Accepted Government Auditing Standards (GAGAS) Statement

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix B

Testing Results Summary of Rail Station Digital Cameras for Revenue Protection

Station Location	Number of Camera(s)	Number of Camera(s) not working at Rail Station	Number of Camera(s) Where Field of View is Unclear	Camera(s) Vault	Camera(s) Location (Mezzanine/ Platform Fare Vendor/ Exit Fare)

Station Location	Number of Camera(s)	Number of Camera(s) not working at Rail Station	Number of Camera(s) Where Field of View is Unclear	Camera(s) Vault	Camera(s) Location (Mezzanine/ Platform Fare Vendor/ Exit Fare)

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Appendix C

MANAGEMENT'S RESPONSE



M E M O R A N D U M

SUBJECT: OIG Audit Report: Audit of
WMATA's Money Train
Operations

DATE: June 12, 2023

FROM: Executive Vice President and
Chief Financial Officer – Yetunde Olumide

Yetunde Olumide
WMATA
Digitally signed by Yetunde
Olumide
Date: 2023.06.13 08:16:08
-04'00'

Executive Vice President and
Chief Operating Officer – Brian Dwyer

Brian Dwyer
WMATA
Digitally signed by Brian
Dwyer
Date: 2023.06.12
17:29:52 -04'00'

TO: OIG – Rene Febles

Treasury and WMATA's management have carefully reviewed the Office of Inspector General's (OIG) April 14, 2023 "Audit of WMATA's Money Train Operations." This memorandum includes the corrective actions for 11 of the 12 OIG recommendations to improve controls over WMATA's Money Train Operations, which will be completed by December 31, 2023. OIG's recommendations.

- 1) Update and implement revenue control policies and procedures requiring supervisory review for rail cash and deposit reconciliations.

Response:

Management agrees with this recommendation, and Treasury will review and update revenue control policies and procedures to include supervisory review for rail cash and related reconciliations of deposit activity by September 30, 2023.

- 2) Develop and implement separation of duty controls, including appropriate risk mitigation strategies.

Response:

Management agrees with this recommendation. While the current reconciliation process presently includes separation of duties for activities relating to the reconciliation of passenger cash revenues, the final deposit reconciliation and holistic procedures will be updated to include additional segregation of duties with treasury operations staff and review by management. Treasury operations staff will share in the responsibility for updating deposit activity for the final reconciliation document, prior to review by management. This action will be completed by September 30, 2023.

- 3) Incorporate training and additional provisions in existing policies and

Washington
Metropolitan Area
Transit Authority

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procedures that address the segregation of duties.

Response:

Management agrees with this recommendation, and additional provisions to policies and procedures will be implemented and imparted to staff by September 30, 2023.

- 4) Document clear requirements for the new fare vendor machine contract that impact the rail cash reconciliation, and make sure they are incorporated into the new fare vendor machines.**

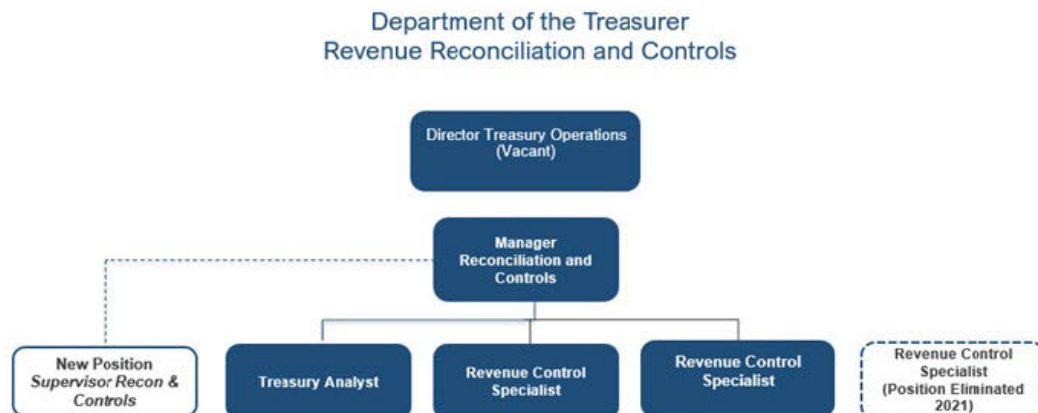
Response:

Management agrees with this recommendation, and staff will provide input to the Statement of Work and RFP procurement materials for the acquisition of next-generation fare vendors and new back-office software for fare management. It is inherent to the acquisition of fare equipment that the equipment and back-office software includes a means for reconciliation of cash sales. WMATA is not unique in its requirement to reconcile cash generated through vendor sales. Treasury will ensure that the SOW for the new equipment software's includes requirements for the reconciliation of cash sales. This action will be completed by December 31, 2023, in anticipation of the RFP issuance in Spring 2024.

- 5) Address the lack of staffing associated with the reconciliation of rail cash.**

Response:

Management agrees with this recommendation, and Treasury has initiated recruitment for the Director of Treasury Operations, which has been vacant since August 2021. The organization chart below shows the current positions with a description of the duties relating to rail reconciliation.



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Treasury Analyst – performs a review of cash counts to cash deposits; WMATA web portal credit card-related customer service

Revenue Control Specialist (RCS) – Reviews cash reads per SSRM versus cash counts per SSRM

Revenue Control Specialist – engages with customer service – credit card chargebacks.

Management will take action to move customer service activities being done by Revenue Controls to Customer service which will allow the treasury analyst to take on more cash reconciling duties and presentation, which will further allow management to review and sign off on the entire reconciliation package. Segregation of duties presently exists with Rail reconciliation. A Revenue Control Specialist reconciles and codes each mezzanine SmarTrip Sales and Reload Machines (SSRM) “read” to the Revenue Collection Facility cash room counts for each SSRM. The Treasury Analyst reviews the reconciliation and coding for each SSRM to assure completeness. Staff absences occasionally require the treasury analyst and manager to take on reconciling activities. Eliminating staff customer service duties will allocate more resources to the reconciliation process. Management will complete the transition of credit card refunds to customer service by September 30, 2023 and then redefine staff reconciliation processes and duties by December 31, 2023.

6) **Fix or repair cameras identified that were not in view, had an unclear image, or were not working.**

Response:

Management agrees with this recommendation and has begun correcting the deficiencies with the cameras. Additionally, we have started an initial assessment of all the cameras noted in the report and have opened work orders to Systems Maintenance on cameras needing [REDACTED] [REDACTED] For cameras that don't satisfy the needs for observation of revenue equipment; engineering requests will be required to [REDACTED] [REDACTED] These actions will be completed by December 31, 2023.

We are actively identifying opportunities to upgrade/replace the camera system for the [REDACTED] CENV currently does not have access to the camera system and is seeking the credentials to gain access. Installation of a [REDACTED] [REDACTED] will be completed by December [REDACTED]

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31, 2023. With regards to the [REDACTED]
[REDACTED], a [REDACTED] will be installed by June 30, 2024.

7) Reevaluate the current process for incident reporting and quality assurance measures outlined in the MTPD Securities Services contract.

Response:

Metro Transit Police Department (MTPD) will review the incident reporting and quality assurance processes for Money Train operations under the MTPD Security Services contract to assess alignment with the contract's requirements or determine if modifications are required. The [REDACTED]
[REDACTED] Technical Response to the MTPD request for a proposal is a [REDACTED]

[REDACTED] The technical response submitted by [REDACTED] is their plan on how they could perform the work to meet the Technical Specifications contained in MTPD's scope of work.

[REDACTED] is responsible for handling minor incidents requiring a report in major incidents such as criminal activity, property damage, or destruction; it is the responsibility of MTPD. MTPD reports are the official report of record and document the actions taken by MTPD, including arrest, scene processing such as photographing the scene and collecting and documenting any property or evidence recovered at the scene. When necessary, they will have detectives respond to the scene to assist with the investigation.

The current process for reporting incidents by Allied Universal is that the officer will prepare a written report before the end of the shift. The report is then turned over to the Allied Supervisor to be reviewed to ensure it contains all the necessary facts. Finally, the report follows the Allied chain of command and is turned over to the Allied Contract Manager and the WMATA COTR. The COTR will conduct any following necessary actions. Since the number of reports prepared by Allied Universal are minimal, this reporting process has met the needs of MTPD. However, as stated earlier, MTPD will evaluate the feasibility of [REDACTED]
[REDACTED]

Quality Assurance:

Currently, reports are tracked, managed, and stored by the Allied Universal Contract Manager and the COTR. Reports must be sent to the COTR

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monthly, as required by contract, but the COTR finds that reports come immediately so that actions can be taken appropriately and timely. This exceeds the requirements and allows the COTR to manage the contract better and optimize the guard force, allowing it to function smoothly without gaps in shifts or coverage.

8) Either find the original safety assessment or conduct a new safety risk assessment.

Response:

Management agrees with this recommendation. The Safety Risk Management (SRM) Implementation playbook refers only to the SRM approach for implementing the risk management process described in section 3.1 of the Agency Safety Plan. Specifically, the outcome of the activities in the implementation playbook is a register of risks for a department, not a hazard assessment for an individual activity.

To address the recommendation, Treasury/Revenue Operations is collaborating with Safety/Safety Risk Management to perform a new safety assessment specific to the Money Train Operation. This action will be completed by December 31, 2023.

9) Update the Revenue Collection Policy and Procedures for more detailed RCT and Security Procedural guidance.

Response:

Management agrees with this response, and Treasury/Revenue Operations will review current policies and procedures to determine if an opportunity exists to bolster guidelines for technician operational protocols. If it is determined that additional controls are needed, the procedures will be updated and immediately implemented. If, after a risk assessment, the potential concerns noted in this report are considered low risk, Treasury will continue to observe the process without changing the money train or automatic fare vendor servicing guidelines. This action will be completed by October 31, 2023.

10) Conduct refresher training for Cash Collections "Tour" Phase for RCT Personnel and Security Officers.

Response:

Management agrees with this recommendation. Treasury/Revenue Operations will continue to conduct its annual refresher training for the revenue collection technicians. Future sessions will include Allied Security; however, scheduling has been impeded by multiple personnel transitions. Training consists of providing confidential operation details, which is a

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security risk. Therefore, consolidated training will be executed when personnel stabilize. Although future trainings will be consolidated, this action will be completed in two parts; for revenue collection technicians by May 31, 2023, and November 30, 2023, for Allied Security Officers.

11) Determine whether or not to conduct new criminal background checks for all RCF Personnel as required by policy.

Response:

Due to various circumstances, including changes in vendors, policy and instruction (P/I) changes, and changes in P/I oversight related to criminal background checks, a baseline of criminal checks will be established by conducting criminal checks on all RCF personnel.

Following the initiation of a criminal recheck on all RCF personnel, Human Capital will continue to:

- Subject all employees, except Sworn Police Personnel, to random criminal background checks regardless of position or status per the P/I 7.2.3/3
- Subject all employees to the requirements related to the Disclosure and Disposition of Arrests and Convictions per the P/I 7.8.6

Upon completing the criminal recheck on all RCF personnel, the background reports will be maintained in a confidential file separate from employee files. These actions will be completed by November 30, 2023

12) If the background checks were never completed, determine why the policy was not followed.

Response:

It appears as if this audit is referencing P/I 7.2.3/2 as this report was done during the period of January 1, 2020 to January 31, 2023. Human Capital is confident that WMATA complied with following the associated P/I that were in place at the time of hire for the population of employees in question; however, due to the above reasons, we cannot produce a report of the completed criminal background checks.

Due to the current population of employees having various hire dates prior to July 2017, it cannot be determined that the P/I was not followed as there may have been different requirements at the time of the employees' hire.

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cc: General Manager & CEO – Randy Clarke
Senior Executive Team
VP & Chief Risk and Audit Officer - Elizabeth Sullivan

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Please Contact:

Email: hotline@wmataoig.gov

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Telephone: 1-888-234-2374

Facsimile: 1-800-867-0649

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