

# Management Assistance Report: Review of WMATA's ERP Implementation Project

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July 29, 2025

OIG 26-01





# Results in Brief

## *Review of WMATA's ERP Implementation Project*

### Review Objective

The objective of this limited review was to determine whether the Washington Metropolitan Area Transit Authority (WMATA) is following a structured and disciplined process to implement the new Enterprise Resource Planning (ERP) solution. The scope of the review was limited to the finance component, which includes the accounting, grants, and project management modules.

### Why We Did the Review

- The Office of Inspector General (OIG) has conducted similar implementation audits to assess project progress and identify potential issues early. For example, our audit of the Kronos implementation project, which faced delays and cost overruns, highlights the critical need for proactive oversight of the ERP implementation project.
- This audit was included in the Fiscal Year (FY) 2024 Annual Audit and Evaluation Plan in response to concerns from key stakeholders about the ERP implementation project.

### Recommendations

OIG identified five recommendations. By addressing these recommendations, WMATA can strengthen governance and promote the successful delivery of the ERP solution.

### What OIG Found

For this review, OIG interviewed key WMATA and [REDACTED] personnel who are or were directly involved in the ERP implementation project. OIG also reviewed relevant project documents, contracts, and required deliverables.

OIG identified significant deficiencies in project management oversight. Specifically, OIG found:

1. WMATA did not effectively manage stakeholder engagement.
2. No documentation that all stakeholders reviewed and accepted ERP contract deliverables.
3. Disagreements over the proposed grants and project management solutions caused significant implementation delays.
4. Overreliance on contractors and inadequate governance structure hampered WMATA's ability to adequately supervise the project.



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WMATA identified the need to upgrade its existing Enterprise Resource Planning (ERP) systems. ERP is a software system used to integrate and manage core business processes such as finance, human resources (HR), and procurement. WMATA's ERP implementation project involves designing, configuring, testing, and deploying integrated software systems to centrally manage these core functions. The goal is to improve operational efficiency, enhance data accuracy, and support better decision-making.

On January 14, 2022, WMATA hired [REDACTED], a global professional services firm, to help identify and evaluate available vendors and their respective ERP software solutions that could be used to modernize WMATA's ERP system. Subsequently, on March 15, 2023, WMATA issued a Request for Proposal (RFP) outlining its requirements and expectations for an integrated ERP solution to manage finance, human capital, learning, and technology services in a single system.

With assistance from [REDACTED], WMATA evaluated proposals from [REDACTED]. [REDACTED] proposed [REDACTED], the Workday Enterprise Management Cloud, and both [REDACTED] and [REDACTED] proposed using Oracle Fusion as the ERP software solution. Both Workday Enterprise Management Cloud and Oracle Fusion are ERP cloud-based solutions that provide functionality for Human Capital Management, Supply Chain Management, and Customer Experience.

WMATA evaluated the implementation vendors' proposals based on four criteria: (1) functional fit, (2) technical, (3) vendor partnering, and (4) total cost of ownership. According to a July 19, 2023, WMATA Technical Evaluation Team Memorandum, [REDACTED] did not meet the minimum qualifications, and its proposal was deemed unacceptable. As a result, only [REDACTED] and [REDACTED] moved on to the demonstration phase, where they both presented Oracle Fusion as the solution to meet WMATA's requirements.

In June 2023, in anticipation of the upcoming ERP implementation project, WMATA—through an existing contract with another contractor—hired the principal of [REDACTED] to serve as the Program Director.<sup>1</sup> The responsibilities included managing governance, program oversight, handling communications, and coordinating implementation activities. Subsequently, the Program Director's company, [REDACTED] was awarded a sole-source contract valued at approximately \$1,071,720<sup>2</sup> to manage the ERP implementation project.

<sup>1</sup> The approximate value of the initial [REDACTED] sub-contract was \$400,996.

<sup>2</sup> The period of performance for the [REDACTED] sole-source contract was July 1, 2024, through September 30, 2025, with a one-year option.

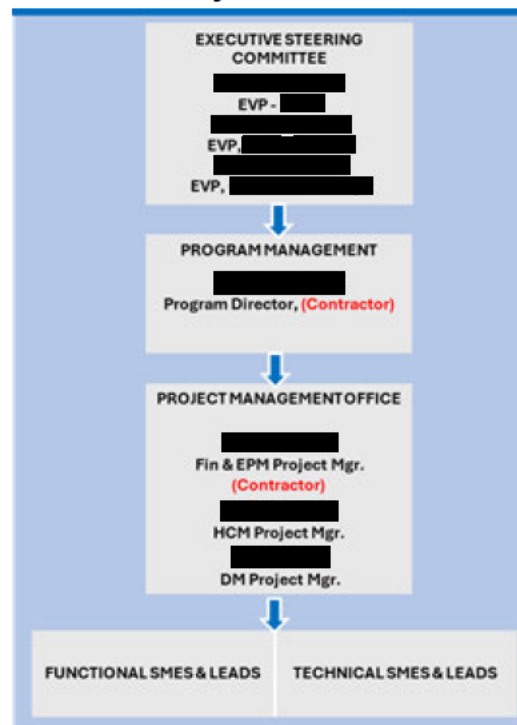


On October 2, 2023, WMATA awarded [REDACTED] a \$97,485,148 contract to implement Oracle Fusion as WMATA's new ERP solution.<sup>3</sup>

### Initial ERP Governance Structure

In the initial project management structure, the managers at the ERP Project Management Office reported directly to the ERP Program Director, who reported to the ERP Executive Steering Committee. This structure was primarily designed to provide strategic direction and governance for the ERP implementation project. Figure 1 shows the initial framework for project management.

**Figure 1: Initial Project Governance Structure**



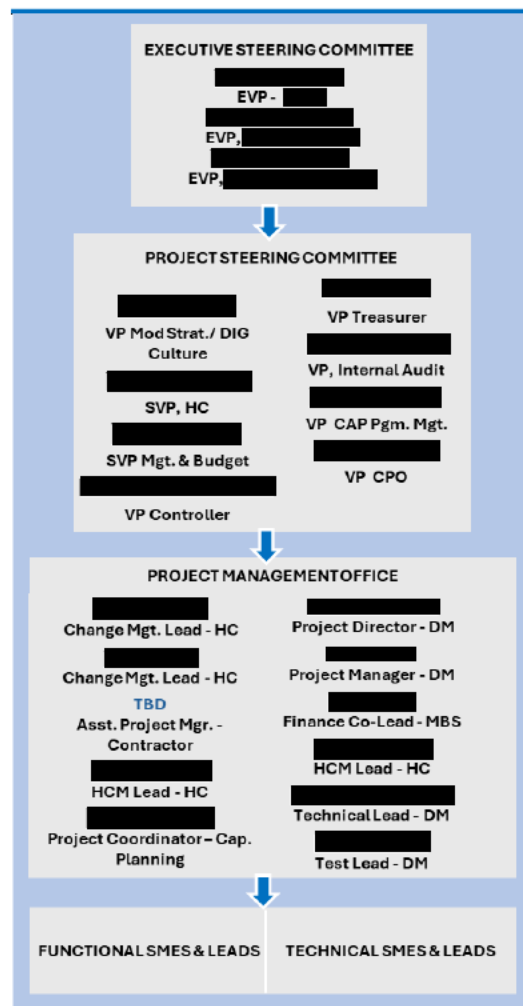
While not responsible for managing the project, the functional and technical leads as well as subject matter experts (SMEs) are vital to the success of an ERP implementation project. WMATA selected these key personnel because their insights are essential for defining key requirements, establishing core processes, and determining desired outcomes.

<sup>3</sup> The period of performance is October 6, 2023, through October 5, 2027.

## WMATA Established New Governance Structure

In April 2025, project management responsibilities for the ERP implementation project shifted from WMATA's Finance Department to its Digital Modernization (DM) department (see Figure 2). DM is charged with the governance and management of WMATA's IT infrastructure, including systems implementations and project management. As such, DM has the technical expertise to oversee the ERP implementation project. This change took place after WMATA relieved the ERP Program Director and the WMATA Support Analyst and Contracting Officer's Representative (COTR) of their responsibilities. Further, WMATA terminated the company that employed numerous contractors working on the ERP implementation project, including the ERP Finance and EPM<sup>4</sup> Project Manager (Finance PM).

**Figure 2: New ERP Implementation Project Governance Structure**

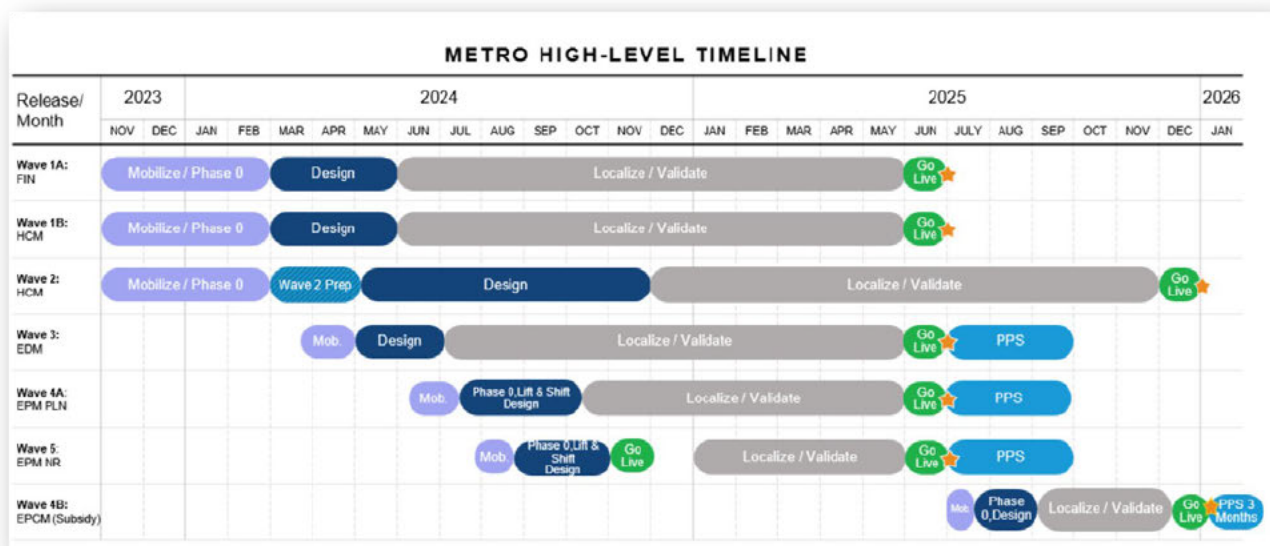


<sup>4</sup> EPM is an acronym for Enterprise Performance Management.

## Original ERP Implementation Project Timeline

According to project documentation, the implementation and rollout of the Oracle Fusion applications were originally planned to occur in five waves. All finance modules were included in Wave 1a, while the HR and recruiting modules were scheduled as part of Wave 1b. Wave 2 is expected to include payroll, benefits, and all other Human Capital Management (HCM) modules. Waves 3 to 5 will cover Enterprise Data Management (EDM), Enterprise Performance Management Planning (EPM-PLN), Enterprise Profitability and Cost Management (EPCM), and Narrative Reporting (EPM-NR). Figure 3 shows the original ERP implementation project timeline.

**Figure 3: Original Implementation Go Live Dates**



## Prior OIG Report with Relevance to the ERP Implementation Project

As set forth in OIG's Report, *Audit of WMATA's Kronos implementation project*, OIG No. 19-09, dated April 17, 2019, OIG previously found that WMATA did not effectively engage critical stakeholders or fully develop their requirements during the Kronos implementation. In addition, OIG found that WMATA did not conduct a study of alternative solutions before procuring Kronos, did not understand and validate all timekeeping processes, practices, and business rules, and did not complete all test cases and scenarios before deploying Kronos.

In short, Kronos was launched prematurely, leading to a rollback and reinstatement of the previous application until Kronos could be modified to meet WMATA's operational requirements.



This mismanaged implementation not only disrupted workflows but also resulted in the doubling of projected costs from the originally budgeted \$18.4 million to approximately \$37.7 million.

## **Finding 1: WMATA did not Effectively Manage Stakeholder Engagement**

Stakeholders are vital to the success of the ERP implementation as their insights are crucial to defining solution requirements, establishing core processes, and determining desired outcomes. OIG identified several issues that hindered effective stakeholder engagement in the ERP implementation. For example, some stakeholders were removed from their roles in the project without clear justification. Additionally, there was no formal system in place at WMATA to track stakeholder meeting attendance, and some stakeholders faced difficulty participating in the project due to competing job priorities. These issues limited the ability of some stakeholders to fully participate in project activities, undermined project management transparency and trust, and made it difficult to assess stakeholder engagement levels and accountability. OIG has previously noted a similar issue in the Kronos implementation project where WMATA did not effectively engage some stakeholders. By not sufficiently including stakeholders, along with other contributing factors, the Kronos implementation project suffered from increased costs and disrupted workflows.

### **Removal of Stakeholders Without Justification**

Clear and consistent stakeholder engagement is essential to successful ERP implementation. However, several stakeholders informed OIG that they had been removed from stakeholder engagement processes without adequate justification. One stakeholder stated they were informally disinvited from stakeholder meetings, which they once attended, because they voiced concerns. Another senior-level stakeholder stated that because they voiced concerns about project issues, they were replaced as a stakeholder. WMATA selected these stakeholders based on their subject matter expertise, so excluding them without justification undermines the project implementation and erodes trust and transparency. Ultimately, these actions led to mistrust, alienation, and inconsistent engagement with the key stakeholders that OIG interviewed.

### **Meetings and Attendance Were Not Tracked**

Effective stakeholder engagement requires not only regular meetings but also documentation of participation to ensure accountability and informed decision-making. The Project Charter, which outlines the project objectives, scope, and organizational structure, included requirements for regular meetings, feedback sessions, and collaborative workshops to ensure that all stakeholders had a voice in the process. There were also provisions in the Project Charter for stakeholder responsibilities, timelines for review, and mechanisms for documenting approvals, but the document did not specify what methods should be used for monitoring and documenting

stakeholder participation. For example, WMATA could not provide meeting attendance logs or other documentation to show which stakeholders attended the various meetings because there was no system in place to track meeting attendance for the project.

Without written records of those who attended meetings, WMATA cannot effectively evaluate participation rates or identify disengaged stakeholders. The lack of meeting attendance documentation made it challenging to assess stakeholder attendance and participation, follow up on action items, and ensure accountability.

While stakeholders explained, and OIG observed, that the meetings were videorecorded, without written attendance records OIG was unable to determine or confirm which stakeholders attended the meetings. ██████ representatives confirmed that they regularly held meetings with stakeholders at various levels and videorecorded those meetings. However, ██████ did not document meeting attendance but stated that they recognized the importance of documenting meeting attendance as a best practice and stated they would do so on a going-forward basis.

### **Competing Priorities Hampered Stakeholder Engagement**

Engaging stakeholders is vital for project implementation success as it ensures that diverse perspectives are considered before making decisions. Furthermore, active participation can mitigate risks associated with stakeholder discontent and foster a sense of ownership among stakeholders. Proper engagement can lead to improved project outcomes, increased stakeholder satisfaction, and enhanced organizational reputation. Poor stakeholder engagement can lead to a range of negative consequences, including decreased stakeholder satisfaction, loss of trust, and potential reputational damage to the organization.

The *MetroSync Communications Strategy* and the *MetroSync Communications Plan*, both dated October 10, 2024, provided roadmaps and tactical guidance for engaging and communicating with internal stakeholders who influenced, or are affected by, the ERP implementation project. This guidance called for stakeholder inclusion to foster an inclusive environment that encouraged diverse perspectives.

However, OIG found that some stakeholders were unable to fully participate in ERP implementation project activities due to competing job responsibilities and shifting management expectations. Several stakeholders told OIG that their ability to engage in project meetings and activities was affected by competing work priorities. For example, one stakeholder said that they struggled to balance their primary job responsibilities with ERP project tasks because they had



to train new hires while also serving as a SME on the ERP project. This stakeholder also said that at the beginning of the project their former manager told them to spend most of their time supporting the ERP implementation. However, after a leadership change, their new manager instructed them to perform their primary job first and ERP second. This shift in management expectations reduced their ability to support the project and added extra pressure on the stakeholder.

### **Recommendation:**

1. Establish a formal structure to track and document stakeholder participation in ERP implementation project meetings, including consistent documentation of attendance, engagement levels, and assigned actions.

### **Management Response**

Over the past 90-100 days, the WMATA team has restructured its Project Management Office, as noted in the Management Assistance Report (MAR). Part of this restructuring has included recompeting project support staff augmentation, hiring administrative support, and organizing documentation and meeting schedules. In March 2025, we reconstituted the Project Steering Committee which has been reviewing critical program decisions. The Steering Committee has been meeting biweekly and consists of key stakeholders at the VP level and members of the WMATA Project Management Office (PMO).

We are now reviewing the decision-making framework proposed by [REDACTED] several months ago, which was adopted by the PMO but not followed. The Project Steering Committee will recommend WMATA functional subject matter experts as the appropriate decision-makers at each level, who will be assigned as stakeholders. The new PMO is also working on managing documentation to ensure stakeholder participation. It will begin tracking attendance and assigned actions/deliverable reviews—this process has already begun, but the actual stakeholder assignments are still under review.

As part of the restructuring effort, WMATA contracted with [REDACTED] to conduct a 6-week project review with recommendations on the way ahead. As part of this engagement, [REDACTED] will also provide PMO support, and we anticipate that the new structure will be fully in place by August 2025.

**OIG Comment**

OIG considers management's comments responsive to the recommendation and the corrective actions taken should resolve the issue identified in this report. OIG will follow up on the planned actions during the corrective action plan phase.

## Finding 2: No Documentation That All Stakeholders Reviewed and Accepted ERP Contract Deliverables

WMATA did not have an adequate system to show that functional and technical leads and SMEs reviewed and accepted specific contract deliverables for the ERP implementation project before upper-level management's final approval. Because of this, there is no evidence that the functional and technical leads or SMEs received, reviewed, or accepted the final key project governance deliverables.

The absence of a formal review process that included provisions for the functional and technical leads and SMEs to formally review and accept deliverables increased the risk that important requirements for different departments might be overlooked or left out entirely. Inadequate stakeholder involvement in decision-making can lead to negative project impacts such as missed implementation targets, unmet programmatic needs, and unfulfilled stakeholder expectations, potentially limiting WMATA's ability to hold ██████ accountable for fulfilling contract terms. Moreover, without a clear approval process that includes functional and technical leads or SMEs, WMATA cannot effectively demonstrate that the necessary stakeholders participated in reviewing and accepting deliverables.

### Gaps in Review and Approval Requirements

The Project Charter and the ██████ contract included provisions for reviewing deliverables and documenting and tracking approvals. However, neither document specifies how the functional and technical leads or SMEs should receive review and accept these deliverables before final approval.<sup>5</sup> For example, Section 2 of the ██████ contract (see below) sets forth a schedule for approvals once a deliverable is completed, but does not outline any requirements to ensure that the functional and technical leads and SMEs participate in the review and approval process.

Upon completion of any Deliverable owned by ██████ . . . , ██████ shall provide a copy to WMATA and demonstrate that the Deliverable conforms to its description upon WMATA's request. WMATA shall have three (3) business days after ██████ submission of a Deliverable ("acceptance period") to provide written notice of acceptance or rejection.

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<sup>5</sup> The Project Charter details the scope of the project, delivery principles, key project outcomes, project sponsors, and key stakeholder groups.



In comparison, Section 10 of the Project Charter, which also sets out a timetable for review, recognizes that all parties (WMATA and [REDACTED]) should be responsible for approving deliverables.

Each deliverable represents a definitive completion of a body of work . . . . Each deliverable will be reviewed and approved by all parties for acceptance to be valid.

WMATA reviewers and approvers for each deliverable will be defined and approval tracking will be maintained on the WMATA SharePoint site. WMATA will review and approve deliverables in five (5) days upon receipt of submission by [REDACTED].

Despite the requirement in the Project Charter that WMATA track and maintain an approval tracking system, WMATA was unable to provide evidence to show that this information was being maintained. Furthermore, the Project Charter does not detail how the functional and technical leads and SMEs participate in the review and acceptance of contract deliverables.

Chapter 5 of the Project Charter outlined a governance structure that was designed to incorporate all levels of stakeholders into the project implementation so that they could, as appropriate, “make, communicate and implement strategic decisions and solve problems that arise throughout the project life cycle.” According to the Project Charter, the functional and technical leads and SMEs should have been responsible for making 80 percent of the decisions (see Figure 4).

**Figure 4: ERP Implementation Project Governance Levels**



A representative from [REDACTED] was able to show that steering committee members (high level of governance) reviewed and approved contract deliverables and requirements. However, the [REDACTED] representative did not have any insight into WMATA's review processes for the governance deliverables below the executive steering committee level.

Despite the clear intent of the Project Charter to ensure most of the decision-making occurred at the Workstreams level, OIG found no evidence documenting the level of participation of the functional and technical leads or SMEs in the decision-making process (see Table 1).

**Table 1: List of Contract Deliverables Without Proof of Stakeholder Review/Approval**

NO.	[REDACTED] CONTRACT DELIVERABLE DESCRIPTION	DELIVERY MONTH	STATUS	SME AND LEAD REVIEW/APPROVAL DOCUMENTED
1	Solution Plan	Month 4	Completed	No
2	Project Plan	Month 2	Completed	No
3	Change Strategy	Month 6	Completed	No
4	Communication Strategy	Month 7	Completed	No
5	Business Process Documentation	Month 8	Completed	No
6	Architecture Strategy	Month 8	Completed	No
7	Data/Conversion Strategy	Month 8	Completed	No
8	Reporting Strategy	Month 8	Completed	No
9	Integration Strategy	Month 8	Completed	No
10	Environment Management Plans 1	Month 15	Completed	No
11	Environment Management Plans 2	Month 22	N/A	No
12	Development Strategy	Month 11	N/A	No
13	Test Strategy	Month 15	Completed	No
14	Requirement Traceability Matrix 1	Month 7	Completed	No
15	Requirement Traceability Matrix 2	Month 25	Completed	No
16	Communications Plan	Month 28	Completed	No
17	Testing Plan	Month 19	Completed	No

One key SME informed OIG that its team was excluded from reviewing and accepting the configuration of critical financial internal controls—a core function that directly impacts compliance and accuracy. Stakeholders indicated that while they may have occasionally been consulted under the previous project leadership, they had limited—if any—involvement in the final approval of contract deliverables and system requirements. They also stated that the decision to accept or reject those deliverables resided solely with upper-level management, namely the former Program Director and executive steering committee leadership.

Without proper documentation, WMATA is unable to demonstrate receipt, review, and acceptance from functional and technical leads and SMEs. The lack of any official record of the functional and technical leads' involvement in the review and approval process decreases

transparency and increases the susceptibility of implementation failures, unmet project needs, and unnecessary delays.

### **Recommendation:**

2. Establish and implement a formal stakeholder review and approval process for all ERP contract deliverables and system requirements. This process should include:
  - Clearly defined roles and responsibilities for functional leads, technical leads, SMEs, and other key stakeholders.
  - Documented reviews and approvals at key project milestones, including requirements definition, testing, and final acceptance.
  - Process flows that illustrate how deliverables and requirements are distributed, reviewed, and approved by stakeholders throughout the project lifecycle.

### **Management Response**

This effort is now underway. Please see the response to Recommendation 1.

### **OIG Comment**

OIG considers management's comments responsive to the recommendation and the corrective actions taken should resolve the issue identified in this report. OIG will follow up on the planned actions during the corrective action plan phase.



### **Finding 3: Disagreements Over the Grants and Project Management Proposed Solutions Caused Significant Implementation Delays**

After WMATA awarded ██████ the contract, ██████ began to implement the ERP system to meet WMATA's requirements for the finance module, which included the grants and project management applications. However, WMATA and ██████ disagreed over whether ██████ proposed solutions for the grants and project management functions best met WMATA's requirements. Because WMATA and ██████ were unable to resolve the disagreement, WMATA halted the implementation of both applications. This decision had a cascading effect, causing WMATA to also suspend the implementation of other critical modules, including those for accounts payable and receivable. These delays impacted the overall project timeline and may lead to additional work and cost overruns.

#### **WMATA Cancelled ██████ Grant and Project Management Applications**

Prior to awarding ██████ the ERP implementation project contract, WMATA undertook exercises to identify its preliminary requirements and functionality for each module of the new ERP system. ██████ demonstrated the grant software and project management applications and how they could meet WMATA's needs. The demonstration was meant to provide reasonable assurance that the proposed solutions would meet WMATA's needs.

After WMATA awarded ██████ the contract, WMATA and ██████ continued to meet and discuss the detailed technical requirements for the grants and project management applications. However, shortly after ██████ began rolling out the proposed grants and project management solutions, WMATA stakeholders told OIG that it was evident to them that the proposed solutions would not be feasible. For example, the stakeholders said the grant solutions introduced inefficient and cumbersome practices when accounting for Federal Transit Administration and WMATA requirements. According to one stakeholder, these concerns were raised no later than October 2024. While the contract provides that WMATA is supposed to conform its processes to the solution provided by ██████, the contract also provides flexibility for ██████ to adjust its solution to meet WMATA's requirements.

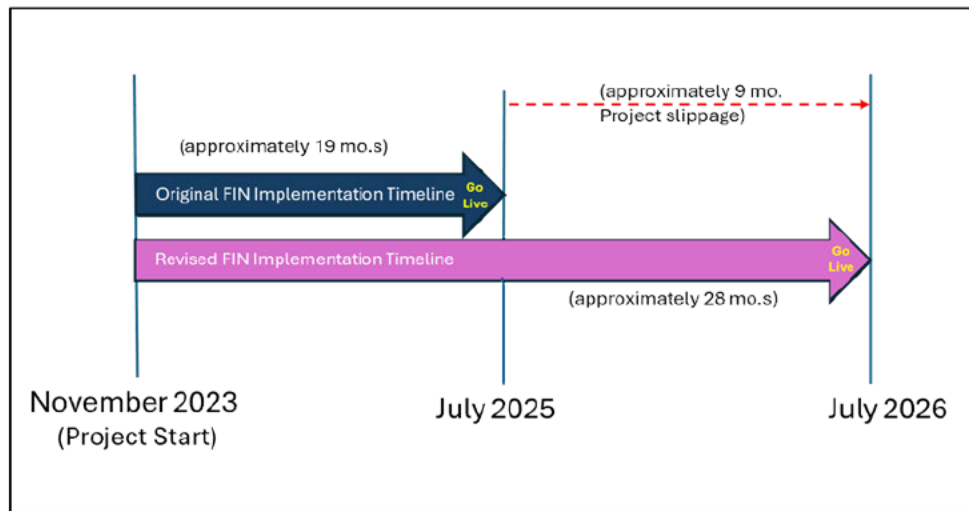
On November 25, 2024, an entry was created in ██████ system for issue tracking (JIRA), which recorded that WMATA had decided to go with a third party for the grants application and called it "a huge change [with] a lot of unknowns regarding integration/reporting [that could] put the implementation timeline at risk."

Explaining the disagreement, an [REDACTED] representative told OIG that their proposed solutions for the grants and project processes required WMATA to adopt best practices. For example, best practices would require WMATA to identify a grant funding source and associate it with a project at inception. However, WMATA's process did not require the funding source to be associated with a project at inception, and WMATA affirmatively chose to retain certain legacy practices. The [REDACTED] representatives also said that they presented WMATA with alternative solutions, but that WMATA declined to adopt them.

After failing to reach an agreement, WMATA decided to remove the grants and project management implementation portion from the contract and issued a RFP to have a third party provide a new grants and project management solution that would integrate with Oracle Fusion. However, after receiving no qualified bids for the RFP, WMATA abandoned its plan to have a third party provide a solution that would integrate with Oracle Fusion.

In an effort to move the project forward, [REDACTED] and WMATA representatives have tentatively agreed to continue using the existing grants management and project management systems under PeopleSoft and integrate them with Oracle Fusion. Furthermore, WMATA is considering entering into a future contract with [REDACTED], which would involve additional costs and resources, to better define the grants and project management practices and processes and subsequently implement [REDACTED] grants and project management applications in 2026.

WMATA's decision to halt implementation of the grants and project management solutions significantly delayed the rollout of the ERP finance module from its original 19-month projected completion date to an approximately 28-month implementation timeline. (see Figure 5).

**Figure 5: Finance Module Original and Revised Timeline**

Source: Project Charter, dated August 27, 2024, and [REDACTED] Diagram provided on April 29, 2025

Without timely corrective actions, similar issues could arise during the implementation of other critical ERP modules, such as accounts payable, receivable, and procurement, further delaying the project and increasing costs.

For instance, although not related to the finance module, WMATA and [REDACTED] have already identified an upcoming challenge in implementing Oracle Fusion's Enterprise Learning Management (ELM) solution. The primary issue is that the specific requirements WMATA outlined are not currently supported by the [REDACTED] ELM solution. This gap in functionality may require additional customization or alternative solutions to ensure the module meets WMATA's operational and educational needs. Accordingly, WMATA and [REDACTED] must quickly make decisions to address this challenge to avoid further delaying the full deployment of Oracle Fusion.

### **Recommendations:**

3. Under the new ERP implementation project leadership structure, establish a formal process to ensure all major issues between WMATA and [REDACTED] that affect the ERP implementation project are promptly escalated to the Executive Steering Committee for review, resolution, and timely documentation.

### **Management Response**

The Project Steering Committee, which meets every two weeks, provides recommendations to the Executive Steering Committee (ESC) as issues are identified. Any decisions are documented in a decision memorandum. To date, there has been one

decision memo, regarding a delay in finance go-live and grants way ahead that has been fully staffed and signed (April 4, 2025).

As part of the rebaselined plan, a risk matrix with mitigation strategies will be documented, and “toll gates” established to flag any issues early in the process for immediate escalation. We expect this rebaselined plan to be completed for HCM and Payroll by August 2025 and for financials by early Fall 2025.

### **OIG Comment**

OIG considers management’s comments responsive to the recommendation and the corrective actions taken should resolve the issue identified in this report. OIG will follow up on the planned actions during the corrective action plan phase.

4. Under the new ERP implementation project leadership structure, conduct a comprehensive risk assessment or gap analysis of remaining ERP modules to identify potential misalignments, interdependencies, or implementation risks stemming from the removal of the grants and project management modules. Use the results to proactively adjust implementation plans and mitigate future disruptions.

### **Management Response**

As part of the ERP restructuring effort, WMATA contracted with [REDACTED] for a six-week assessment of the current project, the development of recommendations for the way forward, and ongoing project management office support. WMATA received the draft initial findings on June 25, which were briefed to [REDACTED] on June 28. [REDACTED] is now finalizing its draft, and [REDACTED] is collaborating with [REDACTED] and the PMO to define options for the way forward. A payroll go-live in December was identified as our highest risk, with dependencies for both HCM and the UKG upgrade. They found no major design misalignments or gaps in the design of HCM. The recommendations from both [REDACTED] and [REDACTED] were to validate the major decisions made during the financial design and to verify the Playback 3 configuration against both WMATA’s expectations and [REDACTED] standard solutions. This activity is pending the identification of key WMATA decision-makers.

Regarding grants and project management modules, WMATA and [REDACTED] have agreed to conduct a series of deep dive sessions on current grants and funds management, as well as an assessment of the standard [REDACTED] solution. We anticipate that this will be completed by end of 2025. In the meantime, WMATA has agreed to migrate the current

PeopleSoft grants and funds management module to [REDACTED] Cloud and integrate it with Fusion until a permanent solution can be identified. [REDACTED] can then deliver any gaps in functionality, or business processes can be redesigned.

### **OIG Comment**

OIG considers management's comments responsive to the recommendation and the corrective actions taken should resolve the issue identified in this report. OIG will follow up on the planned actions during the corrective action plan phase.



## **Finding 4: Overreliance on Contractors and Inadequate Governance Structure Hampered WMATA's Ability to Adequately Supervise the Project**

In the initial project management structure, the ERP implementation project Program Director was a contractor who reported directly to the ERP Executive Steering Committee (WMATA employees). It is not uncommon for organizations to hire contractors to access specialized skills and expertise not available in house. However, given the critical nature of the ERP implementation project and the extent to which key functions were outsourced to external contractors, WMATA should have established stronger oversight and accountability mechanisms from the start. This absence of direct, daily operational oversight increased risks to the ERP implementation project's overall success, including missed deadlines, stakeholder mismanagement, and diminished accountability.

### **Initial ERP Implementation Project Governance Structure**

This original structure, as outlined in the Project Charter (see Figure 1) was designed primarily to provide strategic direction and governance for the ERP implementation project. Although it enabled high-level oversight, it lacked the operational and technical depth needed for effective day-to-day monitoring of the Program Director and other contractors' activities.

The Finance PM—a contractor serving as the technical lead for the financial module—reported directly to the Program Director. Multiple stakeholders complained that this contractor often dismissed stakeholder input and approved deliverables without achieving consensus, raising concerns about quality assurance and stakeholder buy-in. For example, WMATA stakeholders informed OIG that when the decision was made to issue a new RFP for the grants and project management applications, neither the Program Director nor the Finance PM consulted them when defining the new requirements.

Additionally, stakeholders expressed significant concerns about potential deficiencies in the audit and reporting capabilities, operational processes, and the need for additional staff if WMATA proceeded with removing the grants and project management applications without properly defining the requirements for the new solution.

The project's initial governance structure lacked clear mechanisms to ensure stakeholder input and internal oversight during critical planning phases. This gap, combined with an overreliance on contractors—who did not fully understand WMATA's ERP requirements—resulted in misaligned solutions, stakeholder frustration, and delayed decision making. These dynamics

likely contributed to misunderstandings and implementation delays. Ultimately, these issues led to a change in project leadership.

### **Project Structure Refresh and Governance Improvements**

In April 2025, WMATA reassigned ERP implementation project leadership to DM, which introduced a new project management structure (see Figure 2). DM appointed an internal WMATA employee as Program Director and expanded the Project Management Office and ERP steering committee. Both structures have an increased and broader representation from technical, operational, and functional stakeholders. This realignment should help to address earlier gaps by the implementation of internal mechanisms that promote better accountability, coordination, increased transparency, and more inclusive decision-making.

#### **Recommendation:**

5. Develop and institutionalize a project management framework for WMATA's IT implementation and development projects. This framework should include:
  - A clearly defined reporting and accountability structure.
  - Requirements for stakeholder engagement and sign-off.
  - Processes for monitoring contractor performance and deliverables.

#### **Management Response**

Digital Modernization is currently applying the lessons learned from the ERP implementation to date to define a governance model for the Maximo upgrade project. This will be applied to all major IT projects going forward with the elements noted above in the recommendation. We are planning to have this decision framework for ERP finalized by August 2025 and are conducting a review of the [REDACTED] contract, with deliverables and financial status now. We expected to have this review completed and the contract rebaselined by mid, to late, August.

#### **OIG Comment**

OIG considers management's comments responsive to the recommendation and the corrective actions taken should resolve the issue identified in this report. OIG will follow up on the planned actions during the corrective action plan phase.

### Scope

The scope of the review was limited to the finance module, which included the accounting, grants, and project management components.

### Methodology

To achieve the review objective, OIG used a structured approach to assess the technical, functional, and organizational aspects of the ERP implementation project. Specifically, OIG:

- Conducted structured interviews with various ERP implementation project stakeholders.
- Reviewed key contract deliverables, including the Project Charter, requirements documentation, presentations, communication plans and strategies, and project plans.
- Reviewed the vendor solicitation, selection, and award criteria and processes.
- Evaluated the criteria and process used for software solution demonstrations.
- Reviewed contract requirements, relevant best practices, and other relevant ERP Implementation project criteria.
- Assessed the ERP implementation project management structure.
- Reviewed the issue tracking system to evaluate how issues were documented, tracked, and resolved.

# M E M O R A N D U M



SUBJECT: Review of Washington  
Metropolitan Area Transit  
Authority (WMATA) Enterprise  
Resource Planning (ERP)  
Implementation Project

DATE: July 23, 2025

FROM: EVP and Chief Digital Officer - Judd Nicholson, Nicholson,  
Judd L.

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Nicholson, Judd L.  
Date: 2025.07.23  
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TO: WMATA Inspector General – Michelle Zamarin

Per the Office of Inspector General's 2025 "Review of WMATA's Implementation Project" report and subsequent exit conference on July 1, 2025, Digital Modernization provides the following responses to the five recommendations:

- 1) **Establish a formal structure to track and document stakeholder participation in the ERP implementation project meetings including consistent documentation of attendance, management levels and assigned actions.**

**Response:**

Over the past 90-100 days, the WMATA team has restructured its Project Management Office, as noted in the Management Assistance Report (MAR). Part of this restructuring has included recompeting project support staff augmentation, hiring administrative support, and organizing documentation and meeting schedules. In March 2025, we reconstituted the Project Steering Committee which has been reviewing critical program decisions. The Steering Committee has been meeting biweekly and consists of key stakeholders at the VP level and members of the WMATA Project Management Office (PMO).

We are now reviewing the decision-making framework proposed by [REDACTED] several months ago, which was adopted by the PMO but not followed. The Project Steering Committee will recommend WMATA functional subject matter experts as the appropriate decision-makers at each level, who will be assigned as stakeholders. The new PMO is also working on managing documentation to ensure stakeholder participation. It will begin tracking attendance and assigned actions/deliverable reviews—this process has already begun, but the actual stakeholder assignments are still under review.

Washington  
Metropolitan Area  
Transit Authority



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As part of the restructuring effort, WMATA contracted with [REDACTED] to conduct a 6-week project review with recommendations on the way ahead. As part of this engagement, [REDACTED] will also provide PMO support, and we anticipate that the new structure will be fully in place by August 2025.

**2) Establish and implement a formal stakeholder review and approval process for all ERP contract deliverables and system requirements. This process should include:**

- Clearly defined roles and responsibilities for functional leads, technical leads, SMEs, and other key stakeholders.
- Documented reviews and approvals at key project milestones, including requirements definition, testing, and final acceptance.
- Process flows that illustrate how deliverables and requirements are distributed, reviewed, and approved by stakeholders throughout the project lifecycle.

**Response:**

This effort is now underway. Please see the response to Recommendation 1.

**3) Under the new ERP implementation project leadership structure, establish a formal process to ensure all major issues between WMATA and [REDACTED] that affect the ERP implementation project are promptly escalated to the Executive Steering Committee for review, resolution, and timely documentation.**

**Response:**

The Project Steering Committee, which meets every two weeks, provides recommendations to the Executive Steering Committee (ESC) as issues are identified. Any decisions are documented in a decision memorandum. To date, there has been one decision memo, regarding a delay in finance go-live and grants way ahead that has been fully staffed and signed (April 4, 2025).

As part of the rebaselined plan, a risk matrix with mitigation strategies will be documented, and "toll gates" established to flag any issues early in the process for immediate escalation. We expect this rebaselined plan to be completed for HCM and Payroll by August 2025 and for financials by early Fall 2025.



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- 4) **Under the new ERP implementation project leadership structure, conduct a comprehensive risk assessment or gap analysis of remaining ERP modules to identify potential misalignments, interdependencies, or implementation risks stemming from the removal of the grants and project management modules. Use the results to proactively adjust implementation plans and mitigate future disruptions.**

**Response:**

As part of the ERP restructuring effort, WMATA contracted with [REDACTED] for a six-week assessment of the current project, the development of recommendations for the way forward, and ongoing project management office support. WMATA received the draft initial findings on June 25, which were briefed to [REDACTED] on June 28. [REDACTED] is now finalizing its draft, and [REDACTED] is collaborating with [REDACTED] and the PMO to define options for the way forward. A payroll go-live in December was identified as our highest risk, with dependencies for both HCM and the UKG upgrade. They found no major design misalignments or gaps in the design of HCM. The recommendations from both [REDACTED] and [REDACTED] were to validate the major decisions made during the financial design and to verify the Playback 3 configuration against both WMATA's expectations and [REDACTED] standard solutions. This activity is pending the identification of key WMATA decision-makers.

Regarding grants and project management modules, WMATA and [REDACTED] have agreed to conduct a series of deep dive sessions on current grants and funds management, as well as an assessment of the standard [REDACTED] solution. We anticipate that this will be completed by end of 2025. In the meantime, WMATA has agreed to migrate the current PeopleSoft grants and funds management module to Oracle Cloud and integrate it with Fusion until a permanent solution can be identified. [REDACTED] can then deliver any gaps in functionality, or business processes can be redesigned.

- 5) **Develop and institutionalize a project management framework for WMATA's IT implementation and development projects. This framework should include:**
- **A clearly defined reporting and accountability structure,**
  - **Requirements for stakeholder engagement and sign-off,**
  - **Processes for monitoring contractor performance and deliverables.**

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**Response:**

Digital Modernization is currently applying the lessons learned from the ERP implementation to date to define a governance model for the Maximo upgrade project. This will be applied to all major IT projects going forward with the elements noted above in the recommendation. We are planning to have this decision framework for ERP finalized by August 2025 and are conducting a review of the [REDACTED] contract, with deliverables and financial status now. We expected to have this review completed and the contract rebaselined by mid, to late, August.

cc: Senior Executive Team  
VP & Chief Risk and Audit Officer - Elizabeth Sullivan

## To Report Fraud, Waste, or Abuse

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