Audit of WMATA's Accounts Payable Process for Outside Party and Miscellaneous Vendors

March 12, 2026

OIG 26-05

Results in Brief

Audit of WMATA's Accounts Payable Process for Outside Party and Miscellaneous Vendors

Audit Objectives

The objective of this audit was to determine the effectiveness and efficiency of WMATA's internal controls for accounts payable (A/P), specifically for the outside party and miscellaneous vendor categories.

Why We Did the Audit

- This audit was included in the Annual Audit and Evaluation Plan for Fiscal Year 2025.

- This audit was conducted in response to multiple complaints from WMATA personnel and vendors regarding late invoice payments.

Recommendations

This report provides ten recommendations that should help strengthen WMATA's internal controls and ensure financial accountability in the A/P process.

What OIG Found

For this audit, the Office of Inspector General (OIG) judgmentally selected a sample of 26 Operating and Capital payments from the outside party and miscellaneous vendor categories, totaling $174 million. We reviewed those transactions to determine if the payments were appropriately supported, receipted, and approved. We also sought to determine whether the payments were made in accordance with and validated against the terms and conditions of the related contract. OIG selected payments for review from the vendor categories based on the aggregate and individual highest dollar amounts, timeliness, and whether the payments were international transactions.

Based on our sample, OIG identified opportunities for WMATA to strengthen its internal controls to ensure that invoices are adequately supported, accurate, and paid within 30 calendar days, as required by WMATA policy.

Specifically, OIG's audit found that:

1. Internal controls for WMATA's A/P need strengthening to adhere to its Prompt Payment Policy.
2. Some A/P documentation is missing for receipt, invoice validation, and approval.
3. Miscellaneous information technology (IT) purchases are not subject to the Digital Modernization (DM) department vetting.
4. Bundled PO process poses risks of errors in matching and cost tracking.

Table of Contents

From January 1, 2023, to February 29, 2024, the Accounts Payable (A/P) branch processed nearly $4 billion in payments for goods and services received by the Washington Metropolitan Area Transit Authority (WMATA). This volume underscores the critical role the A/P branch plays in ensuring payments are not only timely and accurate but also fully compliant with applicable laws, regulations, and WMATA policies. Paying vendors promptly is not just good practice — it is essential. It helps maintain strong business relationships, and ensures compliance with U.S. Generally Accepted Accounting Principles (GAAP).[1]

WMATA's A/P Policies and Processes

The A/P process for vendor payments is governed primarily by WMATA's Vendor Invoice Prompt Pay Policy (P/I 8.13)[2] (Prompt Payment Policy) and the Accounting Procedures Manual (Accounting Manual), Section 7. The Office of Inspector General's (OIG's) audit specifically relied on Procedures 7.2, 7.3, and 7.8 from the Accounting Manual.[3] These policies require vendor payments to be scheduled within 30 calendar days of receiving the invoice and confirmation of the receipt of goods or services. Program Offices must approve valid invoices within 14 days and record receipt of goods or services in WMATA's financial system within one business day of acceptance. If discrepancies are discovered, Program Offices are required to notify vendors within three business days that additional documentation or a revised invoice is needed. Together, the Prompt Payment Policy and the Accounting Manual are designed to ensure accuracy, accountability, and compliance across all payments.

WMATA's $4 billion in payments encompasses over 70,000 invoices for the scope period, which include both Operating and Capital invoices. The A/P branch handles Operating and Capital invoices differently, as outlined in the Accounting Manual. Operating invoices follow two different workflows: (1) invoices supported by purchase orders (POs) or contracts; and (2) invoices for direct purchases from vendors without a PO or contract. Vendors typically submit Operating invoices supported by a PO or contract through Concur,[4] where the invoice is validated before interfacing with PeopleSoft for payment.[5] Operating invoices not supported by a PO or contract

---

[1] GAAP is a set of accounting rules, standards, and procedures issued by the Financial Accounting Standards Board to ensure consistency, accuracy, and transparency in financial reports and is recognized as authoritative by many other organizations, including state Boards of Accountancy and the American Institute of Certified Public Accountants. WMATA's Office of Accounting establishes and enforces accounting policy and procedures for financial reporting and to ensure all financial transactions are in accordance with GAAP.

[2] WMATA, Vendor Invoice Prompt Pay Policy (Policy/Instruction No. 8.13/0), March 20, 2017.

[3] WMATA's Accounting Manual Procedure 7.2 (A/P Workflow and Payment Authorization) had an effective date of June 30, 2020, while Procedures 7.3 (Invoice, Receipt and Payment Processing) and 7.8 (Timely Invoice Payment Procedure) had an effective date of December 31, 2020. These procedures were slightly modified between 2022 and 2024, but OIG did not identify any material changes to the procedures that could impact this audit or the findings contained herein.

[4] Concur – Is an application that interfaces with WMATA's PeopleSoft-FIN that allows capturing images of invoices, using optical character recognition (OCR) to read key invoice data on the invoice image, and converting invoice image data to structured invoice accounting data that can be read by PeopleSoft-FIN, reducing manual data entry.

[5] Concur performs a two-way match by validating invoices against the assigned POs before interfacing with PeopleSoft for a three-way match for processing and payment.

– that is, direct purchases from vendors – are submitted by vendors either through email to an A/P mailbox, or hand delivered to the A/P Specialist to be forwarded to the responsible Contracting Officer Technical Representative (COTR) within the Program Office, who will manually validate the invoice before it is processed for payment through PeopleSoft.

In contrast, Capital invoices require additional documentation and multiple levels of approval due to their scale and complexity. Capital invoices originate in the field and require submission of a Partial Payment Authorization (PPA) form, contractor certification, and the invoice itself. The COTR and Project Manager must each approve the invoice before the Capital Payment Review Team reviews it and forwards the package to the A/P branch for payment.

Invoices that have not been paid within 30 days are considered "aged" invoices. The Accounting Manual assigns responsibility for monitoring aged invoices and resolving unpaid accounts to A/P staff. This responsibility includes preparing weekly and monthly Aged Exception Reports, which track outstanding invoices by aging period to help staff prioritize payments, escalate unresolved issues, and maintain compliance with WMATA's Prompt Pay Policy. If any issues remain unresolved after 30 days, the Accounting Manual requires staff to escalate the problem to a director-level manager to ensure timely resolution. This process is intended to minimize delays and ensure compliance with WMATA's Prompt Pay Policy.

OIG's Sample Selection

WMATA classifies its vendors into eight vendor categories.[6] For this audit, OIG focused on two vendor categories: "Outside Party" and "Miscellaneous." These categories were selected because they were the largest dollar amount in payments and volume and were assessed to be most susceptible to fraud. "Outside Party" vendors are defined as vendors external to the Authority that are added at the request of the Office of Procurement and Materials and that have been issued a PO and/or a contract. "Miscellaneous" vendors are defined as vendors that are paid through a direct payment that is not related to a PO, contract, employee compensation, claims, or utility services.

During the audit period, WMATA processed 44,641 invoice payments within these two vendor categories,[7] amounting to approximately $3 billion. Of these payments, almost half (18,792 payments, or 42.1%) exceeded the 30-day payment window. The extent of these delays varies,

---

[6] WMATA's eight vendor categories are: Outside Party, Employee, Claim, Utilities, Payroll, HCM, Attorney, and Miscellaneous.

[7] To calculate the $3 billion, OIG used the Concur, Online, and Miscellaneous Direct Payments program categories from the data listing. These tie into two vendor categories.

with payments falling into four aging intervals: over 30, 60, 90, and/or over 120 calendar days (*see* **Table 1**).

Table 1: Calendar Day Interval Breakdown of Total A/P Payments that Exceeded WMATA's Prompt Payment Policy

Calendar Day Interval:	# of Payments:	Percentage (%) of Total A/P Payments:
>30 days and <= 60 days	9,508	21.3%
>60 days and <= 90 days	3,700	8.3%
>90 days and <= 120 days	1,876	4.2%
>120 days	3,708	8.3%
Total A/P Payment Count and % that exceeded 30 calendar days:	18,792	42.1%

From the total population of 44,641 invoice payments, OIG judgmentally selected 26 A/P transactions to determine compliance with WMATA's A/P requirements as set forth in the Accounting Manual. Compliance was assessed by verifying whether the payments were accurate, approved, and properly documented. The sample selection focused on payments with the highest dollar amounts, both in aggregate by vendor and individually by transaction, as well as payments funded through the Infrastructure Investment and Jobs Act (IIJA).[8] Additional factors considered were the number of days until payment and whether the payments were to an international vendor. As part of our risk-based approach for selecting the sample, we also held discussions with the then WMATA Comptroller, the OIG Office of Investigations, and other divisions of OIG Office of Audits.

Payments with IIJA Authorized and Dedicated Funding

In November 2021, Congress and the President enacted IIJA, which requires OIG to assess the effective use of funding for major Capital Improvement Projects to include both IIJA and dedicated funding.[9] From the sample of 26 invoices selected for this audit, three payments were federally funded through IIJA and five payments were funded through dedicated funding, totaling $60.9 million (*see* **Table 2**).

---

[8] *Infrastructure Investment and Jobs Act, Pub. L. No. 117-58, 135 Stat. 429 (2021) (https://uscode.house.gov/statutes/pl/117/58.pdf). From the sample selection of payments OIG reviewed, nearly $57.8 million were IIJA federal funds.*

[9] *Funds received through Virginia, Maryland, and the District of Columbia.*

Table 2: Payments from Sample with IIJA Authorized and Dedicated Funding

Payment:	Payment Description:	Funding Source:	Amount:
Payment 2	Yellow-Line Tunnel and Bridge Rehabilitation	IIJA Authorized Federal Funding	$39,722,146.01
Payment 5	Bladensburg Bus Garage	IIJA Authorized Federal Funding	$10,206,376.43
Payment 9	Northern Bus Garage	IIJA Authorized Federal Funding	$7,839,901.80
Payment 12	Structural Project	Dedicated Funding	$1,388,550.00
Payment 13	Digital Advertising Displays; Power and Communications Infrastructure	Dedicated Funding	$1,115,125.20
Payment 18	General Architectural & Engineering Consultant On-Call Design Services	Dedicated Funding	$620,941.30
Payment 19	Railway Materials	Dedicated Funding	$91,965.30
Payment 20	Rail Maintenance Equipment Rental	Dedicated Funding	$10,580.00
		IIJA Authorized Federally Funded Sub-Total:	**$57,768,424.24**
		Dedicated Funding Sub-Total:	**$3,227,161.80**
		Total:	**$60,995,586.04**

Finding 1: Internal Controls for WMATA's A/P Need Strengthening to Adhere to its Prompt Payment Policy

WMATA's Accounting Manual, Timely Invoice Payment Procedure (Procedure 7.8), requires the A/P branch to implement a structured process to ensure timely payment to vendors. Specifically, each week, the A/P branch is required to designate a senior A/P specialist to obtain and provide a copy of the Aged Exception Report to the A/P manager, director, and comptroller. The report provides A/P senior leadership with a list and analysis of all outstanding invoices. The A/P branch is responsible for ensuring the accuracy and completeness of the report, and the designated senior A/P specialist is responsible for actively pursuing the resolution of all invoices listed in the report under the direction and supervision of A/P senior leadership.

OIG found that the Accounting Manual procedures were not consistently followed and are insufficient to mitigate the risk of delayed payments. Of the 26 sampled A/P transactions, only five (19%) payments met the 30-day payment requirement. The other 21 payments (81%), totaling $95,464,892.30, were significantly delayed beyond the 30-day payment requirement, with one payment delayed by as much as 1,967 days, or over five years (*see* **Table 3**).

Table 3: Summary of Payments That Were Delayed More Than 30 Calendar Days

Payment Sample Item #:	Payment Description:	Payment Amount:	Days Delayed after 30 Calendar Days:
Payment 2	Yellow-Line Tunnel and Bridge Rehabilitation	$39,722,146.01	20
Payment 5	Bladensburg Bus Replacement	$10,206,376.43	21
Payment 6	Software Licenses	$9,867,194.36	14
Payment 7	Design and Construction for Virginia Headquarters Building	$8,701,508.49	7
Payment 8	Design and Construction for New Carrollton Garage Facility	$8,478,020.79	2
Payment 9	Northern Bus Garage	$7,839,901.80	8

Payment Sample Item #:	Payment Description:	Payment Amount:	Days Delayed after 30 Calendar Days:
Payment 10	Workers' Compensation Payment to the District of Columbia	$3,057,060.23	67
Payment 11	Structural Project	$2,968,905.55	14
Payment 12	Carmen Turner Facility Mechanical Rehabilitation	$1,388,550.00	5
Payment 13	Digital Advertising Displays; Power and Communications Infrastructure	$1,115,125.20	446
Payment 14	New Carrollton/Grosvenor Infrastructure Close Out Payment	$15,049.00	727
Payment 15	New Carrollton/Grosvenor Infrastructure Close Out Payment	$11,550.00	727
Payment 16	New Carrollton/Grosvenor Infrastructure Close Out Payment	$10,000.00	727
Payment 17	Multimeter Devices	$6,969.15	611
Payment 18	General Architectural & Engineering Consultant On-Call Design Services	$620,941.30	44
Payment 19	Railway Materials	$91,965.30	155
Payment 20	Rail Maintenance Equipment Rental	$10,580.00	210
Payment 21	Automatic Roll Filters	$541.50	446
Payment 22	High Visibility Uniforms	$4,793.85	1967
Payment 23	WMATA Real and Personal Property Insurance	$1,293,742.99	19
Payment 25	International Transit Association Fee	$53,970.35	70
	Sum Payment Total:	**$95,464,892.30**	

Monitoring Controls

To assess the effectiveness of monitoring controls, including the use of Aged Exception Reports, OIG judgmentally selected 13 weekly Aged Exception Reports issued during the audit period, which should have captured all 26 sampled payments. However, only two of the 26 delayed payments appeared in the 13 reports. When OIG followed up with the A/P branch regarding report completeness, the A/P branch explained that weekly Aged Exception Reports are primarily used to monitor Operating payments, though they may occasionally include Capital payments. Capital payments are instead captured and analyzed in a separate monthly Aged Exception Report. According to the A/P branch, Miscellaneous payments are excluded entirely from the weekly and monthly Aged Exception Reports because the A/P Director conducts a separate weekly review for those payments. This review, however, is not documented in the Accounting Manual. When OIG requested supporting documentation for prior reviews of Miscellaneous payments, the A/P Director was unable to provide any evidence.

Based on these discussions and the documents examined, OIG concluded that the weekly and monthly Aged Exception Reports were incomplete and did not provide comprehensive oversight of all program categories. Effective reports should display outstanding balances for all categories of payments and be organized by aging periods. Such consolidated and organized reports would help the A/P branch determine which payments to prioritize to maintain good vendor relationships by ensuring that invoices are paid on time. Moreover, the reports would help WMATA optimize its cash flow, as A/P invoices are reported as current liabilities on WMATA's balance sheet and are expected to be paid within 12 months.[10] Without a comprehensive report, delayed payments—particularly those related to the Capital and Miscellaneous payments —may go undetected and unresolved.

Lack of Notification and Documentation for Delayed Payment

After a vendor initiates a request for invoice payment, as outlined in Procedure 7.8 of the Accounting Manual, an escalation process exists to address any nonpayment. A senior A/P specialist will notify the requesting Program Office COTR by email and phone within ten days. If the invoice remains unpaid after 15 days, the A/P Manager must escalate the matter to the Program Office management. Should the invoice remain unpaid beyond 30 days, the A/P Manager is required to escalate the nonpayment to the appropriate Program Office Director to ensure that the unpaid invoice receives appropriate attention and resolution.

---

[10] Scott Beaver, Oracle NetSuite: Accounts Payable (A/P) Reports Guide (November 29, 2022) (https://www.netsuite.com/portal/resource/articles/accounting/accounts-payable-reports.shtml).

Because only two of the 26 delayed payments appeared in the 13 weekly Aged Exception Reports, OIG conducted additional analysis to assess compliance with the Accounting Manual procedures. Specifically, OIG reviewed the same 13 reports to identify vendors with the most significant and prolonged outstanding balances. From this review, we selected three vendors that were outside of the original 26 sample payments for further examination (*see* **Table 4**).

Table 4: Vendors with Longest Days and Outstanding A/P Balances

Vendor on the Aged Exception Report:	Vendor Description of Goods or Services Provided:	Sum Unique Payment Amounts Outstanding more than 120 Days old ($):
Vendor 1	Provides Safety Sensitive Rail Component	$262,665.00
Vendor 2	Employee Benefits Consultant	$173,903.50
Vendor 3	IT Maintenance Service Provider for Fare Cards on Mobile Phones	$247,512.34
	Sum Payment Total:	**$684,080.84**

OIG asked the A/P branch whether they had notified the Program Offices and documented their work related to delayed payments for the three vendors identified in the additional review. A/P stated in response that they maintain a distribution list of Program Office contacts for follow-up, but could not provide evidence (*i.e.*, emails) that they actively pursued these delayed payables to ensure payment.

OIG then contacted the corresponding Program Offices to determine if they had received notification from the A/P branch regarding the delayed payments for the three vendors. Program Office staff either confirmed they had not received communication from the A/P branch or were unaware if any communication had occurred due to staff turnover. For one of the three vendors, the invoices had remained unpaid for almost three years. When OIG asked about the status of payments for this vendor, the Program Office confirmed that the payments had not been made. Only after OIG's inquiry did the Program Office notify the A/P branch of receipt of service and request that the payments be processed.

This lack of evidence highlights a significant breakdown in the workflow for nonpayment. It also underscores the limitations in using the Aged Exception Reports as a monitoring tool if the A/P branch does not actively follow up on the information contained in these weekly and monthly

reports. OIG is also concerned about the effectiveness of communication, or lack thereof, between the A/P branch and Program Offices in resolving long-outstanding payables.

Reasons for Delayed Payments

Understanding the cause of payment delays is critical for WMATA, as this knowledge enables the Authority to implement corrective measures to improve internal controls. The following section presents the factors contributing to these delays as identified by OIG during the audit review.

- **Incomplete weekly Aged Exception Reports:** The Aged Exception Report only includes invoices that have a corresponding PO associated with them. These reports should also include, at a minimum, the invoice number, payment requisition number, invoice amounts, and payment requisition amounts for all types of payments to help the A/P branch determine which payments to prioritize.

- **Ineffective use and design of the Aged Exception Reports:** According to Procedure 7.8 of the Accounting Manual, the A/P team is required to pursue payment of all invoices listed in the Aged Exception Report until vendor payment is complete. However, A/P management indicated that payments are removed from the Aged Exception Report when the Program Office "receipted" goods and services, rather than when payment is made. As a result, issues that may occur after the goods and services are receipted, such as voucher processing problems, are not reflected in the Aged Exception Report and may be overlooked, potentially delaying timely payment.

- **Communication breakdowns:** Based on the interviews OIG conducted, the following issues contributed to communication breakdowns among the Program Offices, A/P branch, and/or Vendors:

  - **Goods and Services Receipt Status:** Program Office personnel do not have a system-enabled process in PeopleSoft to notify the A/P branch of the receipt status of goods and services. Instead, Program Office personnel must manually enter a notation in PeopleSoft to indicate that the invoice and associated goods or services have been received. However, PeopleSoft does not generate alerts to the A/P branch when a receipt is pending or has been rejected. As a result, the A/P branch relies on Program Office personnel to manually complete the receipt process before payment can proceed, as no automated confirmation or status notifications are available.

For example, OIG found that a vendor with the longest outstanding payables (over 120 days) and the largest aggregate balance had multiple unpaid invoices. Specifically, WMATA had contracted for a safety-sensitive rail component, but the vendor supplied material of lower quality than required. According to the Program Office, the invoice was marked as receipted and accepted, even though the quality was not according to contractual requirements. The Program Office claimed the payment would be withheld until the vendor delivered the correct part and replaced the substandard component. However, the Aged Exception Report did not reflect the reason for the payment delay.

- o **Distribution list gaps:** Invoices and the weekly Aged Exception Reports were sent to a set list of Program Office contacts. However, according to the Program Office, when the contacts for the A/P branch at the Program Office changed, those changes in personnel were not communicated to the A/P branch. Therefore, some invoices and payment delay notifications were not delivered to the appropriate Program Office contact for payment or resolution.

- o **Vendor billing changes:** According to the Program Office and A/P branch, when a vendor's billing reference information changed, neither the Program Office nor the vendor notified the A/P branch. As a result, payment to that vendor was delayed because WMATA's vendor master file was not current.

- **Bundling:** OIG found that some COTRs hold invoices until they have received multiple invoices so they can bundle them together with the related POs and process them using one partial payment authorization (PPA). This reduces the number of times A/P processes invoices. While WMATA policy and the Accounting Manual do not explicitly prohibit this practice, it has led to significant payment delay.

- **Capital payment complexity:** For the delayed payments related to Capital projects, OIG found that there were more procedural steps to receipt and validate invoices for payment. Specifically, the receipt process for Capital projects starts with the Program Office verifying receipt of goods and services from the draft invoice. However, when a revised invoice is issued, the original invoice date does not change; as a result, the 30-day payment clock continues to run from the original invoice date.

- **Prompt Pay Policy Ambiguities and Untrained Program Office Personnel:** According to Accounting personnel, the following factors contributed to payment delays:

o A/P does not have visibility into all invoices. For Operating invoices associated with POs, they are currently being routed to Program Offices instead of directly to A/P. For Capital invoices, the A/P has limited visibility into the invoice statuses within Procore[11], and Program Offices used Procore inconsistently for capital invoices, which reduced transparency and delayed processing.

o The Policy lacks explicit guidance on how prompt payment should be calculated under various scenarios. Several areas lacked clarity, including what constituted a valid invoice and whether the 30-day payment clock should start at the invoice date. These ambiguities resulted in inconsistent interpretations across WMATA. In addition, there is no clearly defined policy for transactions that can be paid without a PO, which further contributes to inconsistent processing.

o Program Offices did not consistently adhere to the processing time requirements outlined in Prompt Payment Policy. Approvals and supporting documentation submitted to A/P were often incomplete or insufficient, which further delays the payment process. Additionally, Program Office staff responsible for creating receipts may lack the necessary knowledge or awareness of prompt payment requirements, contributing to inefficiencies and potential compliance risks.

Potential Risks from Delayed Payments

Effective monitoring of aged invoices is critical for prioritizing payments and preserving WMATA's credit standing. Accurate and complete Aged Exception Reports provide transparency into short-term financial obligations, enabling more accurate financial planning and decision-making. However, outstanding payables that continue to accumulate without timely resolution create the following risks:

- **Risk of reputational damage:** A Program Office told OIG that WMATA had developed a reputation for not paying its vendors on time. For example, during this audit, OIG spoke with a Program Office about two invoices that had remained open for two to three years without payment to the vendor, and stated, "WMATA does not pay its vendors." After this inquiry by OIG, the vendor was finally paid. Late payments can damage vendor trust and reduce WMATA's ability to secure favorable terms.

- **Financial statements could be misstated:** U.S. GAAP requires organizations to use accrual accounting, which means that expenses must be recorded when incurred, and that revenues must match with related expenses in the same accounting period. This requires an agency to report financial data in the relevant accounting period without stretching timelines. This

---

[11] *Procore is a cloud based unified platform where you can submit contractual deliverables, invoices, access important documents, and view project details. It also serves as one of WMATA's key project management software repository.*

provides a more accurate representation of an agency's financial position. If payments are not paid and reported on a timely basis, this might result in inaccurate financial reporting, even if the errors are unintentional. Under such circumstances, lenders could consider that applicants with financial reporting errors are riskier and charge higher interest rates or even refuse to lend them money. Investors may also become wary when they lose trust in an agency's financial information.

Recommendations

OIG recommends the GM/CEO:

1. Redesign the weekly Aged Exception Report to improve completeness and accuracy by:
   - Including open account payables for all A/P programs.
   - Pulling items into the report based on invoice and requisition number, rather than only the PO number.
   - Removing the invoice from the report only when the invoice is actually paid.
   - Establishing an A/P "receipt" status in PeopleSoft to determine if the payable is "pending receipt," "receipt rejected," or "receipt accepted" to guide appropriate actions for resolving open payables.

Management Response
Management concurs with this recommendation:
1. We concur with the underlying objective of ensuring that all open payables are effectively monitored. However, the Weekly Aged Exception Report is designed specifically to track receipting activities for operating invoices with purchase orders. The Accounts Payable division of Accounting (A/P) utilizes additional dedicated monitoring tools to track capital invoices and miscellaneous payment requests received, along with a separate report that tracks approved vouchers till paid, collectively providing comprehensive oversight. Accounting will update Accounting Policies and Procedures Manual 7.8 (ACCT-SOP-7.8) to document all reporting tools, their purposes, and processes in place to ensure prompt payment.
2. Purchase orders are the most appropriate driver for the Weekly Aged Exception Report, as the report is designed to monitor receipting activities. Requisition numbers are not used in the matching or receipting process and therefore do not serve as a relevant matrix for this report. Incorporating invoice level data would significantly increase the volume of items on this report, thereby making it administratively impractical and reducing its usefulness for both A/P and Program Offices. Maintaining a PO based structure ensures that the report remains focused, actionable, and aligned with its intended purpose.

3. We agree with the objective of improving visibility into receipting status; however, in PeopleSoft, a receipt is a transactional entry, rather than a workflow item and therefore cannot be assigned status such as "pending," "accepted," or "rejected." Once a receipt is entered, the system's matching engine performs the standard three-way match. If a receipt exists, the transaction matches; if it does not, the invoice routes to an exception queue, which is included in the Weekly Aged Exception Report. Introducing an additional "receipt status" within PeopleSoft is not feasible. As part of the transition to Oracle Fusion, we will assess whether receipting workflows or status indicators are available and can be incorporated.

OIG Comment

OIG considers management's comments responsive to the recommendation. OIG will seek evidence that ACCT-SOP-7.8 has been formally updated, approved, and implemented. OIG will also verify that Accounting uses the additional monitoring tools to track operating expenses, capital expenditures, and miscellaneous payables, and that these tools collectively provide adequate oversight to ensure the timely payment of all invoices.

OIG emphasizes that the Aged Exception Report should capture all open accounts payable. In addition, the report should allow items to be traced to a purchase order, contract number, or requisition number for invoices that do not have a purchase order, such as miscellaneous payments. OIG will follow up during the corrective action plan process to ensure that management implements a reporting mechanism that provides visibility over all open payables.

2. <u>Update policies and procedures to require COTRs and Program Offices to promptly notify the A/P branch when a COTR no longer serves in the role, including instances of departure or reassignment.</u>

Management Response

Management concurs with the recommendation. As an interim solution, Procurement & Materials will provide A/P with Active Contracts Report generated from a public query in PeopleSoft FIN monthly. This report includes all active contract IDs, associated vendors, assigned COTRs, and other relevant contractual data. The report will enable A/P to independently verify current contract assignments and maintain accurate payment processing records until the CCM and related notification procedures are implemented.

Management will review options in both PeopleSoft and Oracle Fusion to develop a long-term Corrective Action Plan (CAP) to update the policies and enforce updating the systems, including notifications to A/P when a COTR has changed within 90 days.

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.

3. Conduct refresher training for staff on the weekly and monthly Aged Exception Report processes.

Management Response

Management concurs with this recommendation. Accounting was unable to provide evidence of follow-up activities for the payable samples because the correspondence occurred through emails. A/P did not retain those emails after 180 days. Accounting will develop a SharePoint site as a central repository. This site will be used to store monitoring reports, document any identified issues, and preserve evidence of efforts to resolve unpaid invoices, ensuring full compliance with WMATA's record retention policy per Policy Instruction 6.1. Once ACCT-SOP-7.8 is updated and the SharePoint site is developed, Accounting will conduct refresher training sessions on a periodic basis for all A/P personnel and relevant Program Offices. Training will cover all the reporting tools A/P utilizes to track payments, evidence retention requirements, and escalation procedures outlined in ACCT-SOP-7.8.

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. Implement a centralized invoice submission and tracking process to ensure all invoices are routed to A/P and that A/P has full visibility into the invoice status.

Management Response

Management concurs with this recommendation. This is a collaborative effort between Accounting and Program Offices. Accounting will implement the following actions:

- For operating invoices with purchase orders, A/P will continue to reinforce during training sessions that operating invoices with purchase orders must be submitted directly to A/P as an interim measure. As a long-term solution, Accounting will design a centralized invoice intake process supported by an automated workflow as part of our transition to Oracle Fusion.
- For capital invoices, a feasibility analysis will be conducted to determine whether the centralized invoice submission and tracking process can be implemented in Oracle Fusion for capital invoices.

- For miscellaneous payment requests without purchase orders, Accounting through collaborative efforts with program offices, will develop a new Policy Instruction, or modify an existing one, to clearly define the types of transactions that may be processed through miscellaneous payment requests and the proper method for submitting them. This will ensure consistency, transparency, and alignment with the centralized intake model.

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.

5. Update the prompt payment policy to provide clear, comprehensive guidance on (1) what constitutes a valid invoice, and (2) how the 30-day payment period should be calculated under various scenarios. The revised policy should be communicated to all departments and incorporated into relevant procedures and training to ensure consistent application across WMATA.

Management Response

Management concurs with this recommendation. This is a collaborative effort between Accounting and Program Offices. Accounting will update Policy Instruction 5.26 Vendor Invoice Prompt Pay Policy to explicitly define the criteria for a valid invoice and clarify how the 30-day prompt payment period is calculated under various scenarios.

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: Some A/P Documentation Missing for Receipt, Invoice Validation, and Approval

Pursuant to Procedure 7.2 in the Accounting Manual, the A/P branch is required to ensure that all invoices are supported by appropriate documentation, including receipt confirmation, payment validation, and approval from the Program Office and/or A/P personnel. However, OIG identified several instances where these requirements were not met. Specifically, from the 26 sampled payments OIG reviewed, several lacked one or more of the required supporting documents, including documents such as receipt confirmation and payment validation from the Program Office and/or A/P personnel.

Missing Receipt Documentation for Three Sampled Payments

For 23 of the 26 payments reviewed, the A/P branch had appropriate receipt documentation to process the payments. However, for three payments totaling over $1 million (*see* **Table 5**), there was no evidence that the Program Office received the associated goods and/or services.

Table 5: Three Payments with Missing Receipt

Payment Sample Item #:	Payment Description:	Payment Amount:
Payment 13	Digital Advertising Displays; Power and Communications Infrastructure	$1,115,125.20
Payment 17	Digital Multimeters	$6,969.15
Payment 22	High Visibility Uniforms	$4,793.85
	Sum Payment Total:	**$1,126,888.20**

Procedure 7.3 in the Accounting Manual assigns to the Program Offices the responsibility for accurately and promptly verifying the receipt of goods and services to facilitate timely payments. OIG conducted multiple follow-ups with the relevant Program Offices regarding the three payments, but they were also unable to provide documentation confirming receipt of the purchased goods and services.

WMATA's record retention policy (Policy/Instruction 6.1/6) requires financial records related to Operating and Capital contracts to be kept for three years after the final payment and contract closeout. However, OIG concluded that this policy was not consistently followed because the

Office of Procurement, the Program Offices, and the Office of Accounting could not provide the complete package of the supporting contractual documentation. Also, while the Accounting Manual requires the Program Office's certification of the receipt of goods and services in PeopleSoft, it does not explicitly require the Program Office to maintain receipt documentation in the contract file.

Missing Payment Validation Documentation for Three Sampled Payments

For 23 of the 26 payments reviewed, the A/P branch had the appropriate payment validation documentation to support the payments. However, for three payments, totaling over $18 million, the contract documentation was either missing entirely or incomplete (*see* **Table 6**). All three payments were associated with the same Program Office.

Table 6: Payment with Insufficient Document Support

Payment Sample Item #:	Payment Description:	Payment Amount:
Payment 7	Design and Construction for Virginia Headquarters Building	$8,701,508.49
Payment 8	Design and Construction for New Carrollton Garage Facility	$8,478,020.79
Payment 13	Digital Advertising Displays; Power and Communications Infrastructure	$1,115,125.20
	Sum Payment Total:	**$18,294,654.48**

According to WMATA's Best Practices Manual,[12] Contract Administrators are required to compile all relevant written records for every procurement. The procurement record must include comprehensive documentation including, but not limited to, the rationale for the chosen method of procurement, contract type, contractor selection, basis for contract price, the independent cost estimate, and cost or price analysis. OIG requested complete contract documentation for all 26 sampled payments to determine whether each payment aligned with the contract's terms and conditions. For one example, Payment 13, identified in Table 6, the Program Office was unable to provide the complete contract file that supported the payment.[13] Specifically, OIG found no evidence of price estimates to support a significant increase in the

---

[12] WMATA's Office of Procurement and Materials Best Practices Manual, Version 8.0, Dated April 15,2022, Section 2-15 "Procurement Records and Checklist, p.46. These procedures were revised on January 24, 2024. And the related section had not changed between versions.

[13] This payment is a dedicated payment under IIJA.

contract amount from $1,115,125 to $24,413,893. Additionally, the contract file did not contain evidence of an actual contract award, or any justification for the 20% price markup included in the invoice.

Since the contract involving Payment 13 was awarded as a sole-source, the lack of documentation raises concerns regarding fair competition and the potential for overpayment. Also, OIG noted that responsibility for the contract shifted among three different WMATA offices, and none of the offices could provide OIG with the necessary records. The lack of evidence supporting the administration of this contract and its related payments may have caused WMATA to be noncompliant with IIJA requirements, which provide that WMATA must have supporting documentation of the effective use of dedicated funding.

During OIG's review period for this audit, on December 7, 2023, WMATA updated the Accounting Manual to include Procedure 7.10 (Improper Payments Review), which established that a payment may be deemed improper if supporting documentation is insufficient to determine its validity. In OIG's sample of 26 payments, none had invoice dates after December 7, 2023, and thus were not subject to the new Procedure 7.10. Consequently, OIG did not review the effectiveness of this new procedure.

Recommendations

OIG recommends the GM/CEO:

6. <u>Update and enforce WMATA policies to require COTRs to maintain financial documentation, including receipt of goods and services</u>.

    Management Response
    Management concurs with this recommendation. Management will review the policies and develop a long-term CAP within 90 days that will define documentation that COTRs should retain and linking it to the records retention policy.

    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.

7. <u>Implement controls to ensure adherence to and enforcement of the current WMATA records retention policy by requiring distribution of the policy to all departments that administer</u>

<u>contracts and agreements, as well as to staff responsible for invoice review and payment processing.</u>

Management Response

Management appreciates the OIG's commitment to driving positive outcomes and is equally committed to acting on them. Accordingly, within 60 days Finance will lead the development of a Corrective Action Plan (CAP) that defines the detailed steps and timelines required to implement controls ensuring adherence to and enforcement of the current WMATA Records Retention Policy for all employees who administer contracts and agreements and who are responsible for invoice review and payment processing.

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: Miscellaneous Information Technology (IT) Purchases Are Not Subject to Digital Modernization (DM) Department Vetting

Pursuant to WMATA's Policy/Instruction (P/I) 15.20, the Digital Modernization (DM) department has the sole authority to approve all purchases of IT hardware and software and associated services.[14,15] In addition, DM's IT procurement and administration Standard Operating Procedure (SOP)[16] establishes an approval process for IT hardware and software purchases through both the procurement/PO and purchase card processes. However, for miscellaneous IT purchases where a PO or purchase card is not required, there is currently no process in place for DM to review and approve them. The purpose of having DM review IT purchases is to help identify and mitigate potential security risks before software is deployed. Organizations like WMATA are increasingly reliant on software to drive their operations, and vetting software before implementation is a crucial step in safeguarding an organization's sensitive data and ensuring its overall security. Unvetted software introduced into the business environment can disrupt operations and compromise data security.

Two of the 26 sampled payments were miscellaneous IT purchases, but the A/P branch had no documentary evidence that the purchaser submitted the software or related software services to DM for review before either of the payments were approved (*see* **Table 7**).

Table 7: Payments Without Evidence of DM Vetting

Payment Sample Item #:	Payment Description:	Payment Amount:
Payment 24	Software License Renewal	$16,580.00
Payment 26	Instant Messaging IT Service Provider for Web Application	$3,999.99
	Sum Payment Total:	**$20,579.99**

The process for using a purchase card for IT purchases requires the requesting Program Office to select an item for purchase and determine whether it is competitively sourced or sole-sourced. For competitive items, the requesting office must obtain three quotes for similar items as justification. For sole-sourced items, the office must justify the reasonableness of the purchase, along with the aggregate purchase amount. In both cases, the requesting Program Office must

---

[14] IT hardware and software are defined in "Procurement of Administration Information Technology Hardware and Software" P/I 15.20, Section 3.01. IT hardware assets covered by this policy include computers, tablets, laptops, servers, software, printing devices (such as displays and monitors), and peripheral equipment (e.g., docking stations and wireless headsets). IT software assets covered by this policy include system, operating, infrastructure, and productivity software licenses, subscriptions, services, and freeware, as well as IT software services and IT hardware and software maintenance and support services.

[15] WMATA "Procurement of Administration Information Technology Hardware and Software" P/I 15.20, Section 5.01 and Section 5.02.

[16] WMATA-DM Digital Procurement & Administration (DM-MSDC-DMOF-PRMT-001) SOP, Version 10.3.

submit this information on a purchase card request form to the DM purchase card holder. The DM purchase card holder reviews the request and, if approved, completes the purchase. If the request is denied, the process ends.

If DM does not review and approve IT purchases for the Miscellaneous payment category, the risk of introducing harmful or unvetted software into the business environment increases, potentially disrupting business operations. Identifying and preventing security issues during the vetting phase is often less costly than addressing the aftermath of a cyber incident. Therefore, preventive measures can potentially save WMATA substantial amounts of money over time.

Operationally, unvetted software, especially sole-sourced software, may introduce system incompatibility, increase support costs, and leave WMATA more vulnerable to outside threats. According to the Cybersecurity & Infrastructure Security Agency,[17] Cyberattacks often target an enterprise's use of software, aiming to disrupt operations, disable systems, or gain malicious control over environments and infrastructure. These attacks often compromise data integrity or steal sensitive information. Many well-known incidents have exploited vulnerabilities in software and its supply chains.

Recommendation

OIG recommends the GM/CEO:

8. <u>Expand and mandate WMATA's existing cyber vetting process to include all miscellaneous hardware and software purchases.</u>

    Management Response
    Management concurs with this recommendation. Digital Modernization (DM) and Finance have already taken steps to strengthen cyber vetting requirements across all purchasing pathways. In 2024, DM and Finance issued Staff Notice 2024 042, which mandates that all information technology hardware, software, and related services—regardless of procurement method, dollar value, or payment type—must be submitted to DM for review and approval prior to acquisition.

    Additionally, the recently updated P/I 15.20 (Procurement of Administration Information Technology Hardware and Software), approved October 24, 2024, formally requires DM review and approval for all IT purchases, including commercial off-the-shelf items, PCard

---

[17] *Information And Communications Technology Supply Chain Risk Management Task Force. Software Acquisition Guide for Government Enterprise Consumers: Software Assurance in the Cyber-Supply Chain Risk Management (C-SCRM) Lifecycle. August 2024.*

purchases, and direct payments. The policy explicitly states that no IT hardware, software, or associated service may be acquired without DM review, including items traditionally procured through miscellaneous or non-PO pathways. Finance and DM will jointly develop an integrated process to ensure miscellaneous IT purchases cannot bypass cyber vetting. This collaborative effort will include identifying technology capabilities to ensure all IT-related requests are routed to DM and unvetted purchases will not be processed by Accounts Payable.

Finally, DM and Finance will conduct targeted outreach and refresher training to Program Offices and requisitioners to reinforce the updated requirements, improve awareness of P/I 15.20 and Staff Notice 2024 042, and ensure consistent, organization wide compliance. These actions will help safeguard WMATA's technology environment, support cybersecurity standards, and ensure alignment with WMATA's Technology and Financial Management risk appetites

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: Bundled PO Process Poses Risks of Errors in Matching and Cost Tracking

According to the Accounting Manual, invoices submitted through Concur first undergo a process where invoice details are matched to an assigned PO, also known as a two-way match.[18] If there are no discrepancies, the A/P branch submits the invoice through PeopleSoft for processing. The PeopleSoft process matches the invoices to receipts to complete a three-way match, checking for budget errors, and verifying other predefined criteria before ultimately creating a voucher.

In some instances, OIG found that the Program Offices combined multiple POs and/or invoices together for payment processing, also known as "bundling." Bundling is the process where multiple POs and/or invoices are processed together, instead of individually. While this practice is not addressed or prohibited in the Accounting Manual, it increases the risk that PO costs might not be properly matched or tracked.

For nine of the 26 sampled payments (35%), totaling $61,405,450.09, the Program Offices bundled POs and invoices together, making it difficult for the A/P branch to perform the three-way match process (*see* **Table 8**).

Table 8: Sample Payments with Multiple or "Bundled" POs

#	Payment Sample Item #	Payment Description	Payment Amount	Number of POs
1	**Payment 2**	Yellow-Line Tunnel and Bridge Rehabilitation	$39,722,146.01	5
2	**Payment 5**	Bladensburg Bus Replacement	$10,206,376.43	2
3	**Payment 9**	Northern Bus Garage	$7,839,901.80	5
4	**Payment 11**	Structural Project	$2,968,905.55	26
5	**Payment 14**	New Carrollton/Grosvenor Infrastructure Close Out	$15,049.00	4
6	**Payment 15**	New Carrollton/Grosvenor Infrastructure Close Out	$11,550.00	4
7	**Payment 16**	New Carrollton/Grosvenor Infrastructure Close Out	$10,000.00	4

---

[18] *Note: A similar process is planned as part of the new enterprise resource planning system.*

8	**Payment 18**	General Architectural & Engineering Consultant On-Call Design Services	$620,941.30	4
9	**Payment 20**	Rail Maintenance Equipment Rental	$10,580.00	2
		Total Payment Amount:	**$61,405,450.09**	

Based on interviews, contract documentation reviews, and invoice support, OIG found that certain Program Offices bundled POs for capital payments in complex projects. According to these Program Offices, multiple POs were required to capture the different aspects of the project within the same period and bundling allows them to submit whatever invoices that are considered ready for payment.

Effective invoice validation requires consistent application of three-way match controls, whereby the PO, invoice, and receipt of goods or services are reconciled prior to payment.[19] While bundling POs may simplify the payment process, it introduces several risks and complications. For example, combining multiple POs into a single payment can create discrepancies in payment records. This practice also makes it harder to trace payments to individual POs and projects, increasing the risk of errors in tracking amounts, payment terms, and outstanding balances. Additionally, vendors may be confused regarding the total payment received, especially when it is unclear which POs the payment covers. This lack of transparency could lead to disputes or delays in vendor payments.

Recommendations

OIG recommends the GM/CEO:

9. <u>Review A/P policies to ensure clear guidelines exist regarding the grouping of POs for payment. If the grouping of POs is permissible, the policies should define the specific circumstances under which this practice is acceptable and require appropriate internal controls to monitor the practice.</u>

   Management Response
   Management concurs with this recommendation. Accounting will review and update the Accounting Policies and Procedures Manual to establish clear criteria governing when

---

[19] *Brianna Blaney, What is a 3 Way Match in Accounts Payable & Why should You Use It (August 13, 2025) (https://tipalti.com/resources/learn/3-way-match/#:~:text=3%2Dway%20matching%20compares%20purchase,it%20hits%20your%20bottom%20line).*

Program Offices may group or "bundle" purchase orders for payment. The updated policy will specify the limited circumstances in which bundling is appropriate, such as scenarios within complex capital projects.

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.

10. Conduct refresher training for employees involved in procurement and A/P processes on best practices and the importance of effective PO management.

Management Response

Management concurs with this recommendation. Accounting will integrate the updated criteria for bundling purchase orders and related documentation requirements into periodic training sessions for employees involved in A/P processes. Additionally, Accounting has already provided guidance clarifying that PPAs should only list purchase orders that are directly relevant to the invoice or retainage being processed.

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 audit scope included reviewing A/P payments for outside parties and miscellaneous vendors for the period January 1, 2023, through February 29, 2024.

Methodology

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

- Researched background information about WMATA's A/P processes by reviewing the ACCT, A/P policy and procedures, WMATA's procurement memorandums, WMATA's procurement-related Program Office policies and procedures, federal procurement and contract modifications guidance, PeopleSoft procurement system manual, and industry construction change order best practices.
- Reviewed prior audits prepared by WMATA OIG and other transit agencies.
- Performed interviews, walkthroughs, and follow-up discussions with WMATA personnel in various departments to understand WMATA's A/P payment processes, Partial Payment Authorization form, contractor certification form, Office of Procurement (PRMT), contracts, contract modifications, and processes, and documented discussions.
- Identified and documented entity and process internal controls for WMATA's A/P payment processes. Concur invoice imaging software and Procore construction software through narrative, flow chart, and risk control matrices.
- Obtained the entire population of outside parties and miscellaneous vendors and selected a sample of outside parties and miscellaneous vendors for WMATA. The sample was chosen judgmentally based on days until payment, payment amounts (aggregate & individual), unit and department for which payment was made, and whether it was an international payment.
- Tested internal controls for days until payments, receipts, vendor match, payment approval chain, duplicate invoices, payments reconciled to terms of the contract, and improper payments for the sample of outside parties and miscellaneous vendors.

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 the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Data Integrity

To assess the data reliability of the data, OIG used processed data obtained from WMATA's PeopleSoft Financial System, *i.e.*, A/P branch for FY 2024, to determine payments made to outside parties and miscellaneous vendors. OIG also used PeopleSoft Financial A/P module data and Pro Core to verify supporting documentation attached to invoices, POs, receipts, contracts, and contract modifications. The data utilized to support the findings in this report was sufficiently reliable. OIG took a sample of data and traced it back to source documentation. This test demonstrated that the data could reasonably be relied on as a sufficient and appropriate basis for the foundation of several audit observations and findings.

Table 9: A/P Payment Sample Selection List

Payment Sample Item #:	Payment Description:	Payment Amount:	Days Delayed:
Payment 1	Land Purchase Condemnation Payment	$46,800,000.00	9
Payment 2	Yellow-Line Tunnel and Bridge Rehabilitation	$39,722,146.01	50
Payment 3	Design and Construction of Radio System	$17,100,000.00	21
Payment 4	WMATA Real and Personal Property Insurance	$14,974,445.32	15
Payment 5	Bladensburg Bus Replacement	$10,206,376.43	51
Payment 6	Software Licenses	$9,867,194.36	44
Payment 7	Design and Construction for Virginia Headquarters Building	$8,701,508.49	37
Payment 8	Design and Construction for New Carrollton Garage Facility	$8,478,020.79	32
Payment 9	Northern Bus Garage	$7,839,901.80	38
Payment 10	Worker's Compensation Payment to DC	$3,057,060.23	97
Payment 11	Structural Project	$2,968,905.55	44
Payment 12	Carmen Turner Facility Mechanical Rehabilitation	$1,388,550.00	35
Payment 13	Digital Advertising Displays; Power and Communications Infrastructure	$1,115,125.20	476
Payment 14	New Carrollton/Grosvenor Infrastructure Close Out Payment	$15,049.00	757
Payment 15	New Carrollton/Grosvenor Infrastructure Close Out Payment	$11,550.00	757
Payment 16	New Carrollton/Grosvenor Infrastructure Close Out Payment	$10,000.00	757
Payment 17	Multimeter Devices	$6,969.15	641
Payment 18	General Architectural & Engineering Consultant On-Call Design Services	$620,941.30	74
Payment 19	Railway Materials	$91,965.30	185
Payment 20	Rail Maintenance Equipment Rental	$10,580.00	240
Payment 21	Automatic Roll Filters	$541.50	476
Payment 22	High Visibility Uniforms	$4,793.85	1997
Payment 23	WMATA Real and Personal Property Insurance	$1,293,742.99	49
Payment 24	Software License Renewal	$16,580.00	13
Payment 25	International Transit Association Fee	$53,970.35	100
Payment 26	Instant Messaging IT Service Provider	$3,999.99	19
		$174,359,917.61	

M E M O R A N D U M

SUBJECT: Audit of WMATA's Accounts Payable Process for Outside Party and Miscellaneous Vendors	DATE: March 4, 2026
FROM: Executive Vice President and Chief Financial Officer – David Rickard	Dave Rickard Digitally signed by Dave Rickard Date: 2026.03.04 18:12:14 -05'00'
TO: OIG – Michelle Zamarin	

WMATA management has carefully reviewed the Office of Inspector General's (OIG) February 5, 2026, "Audit of WMATA's Accounts Payable Processes for Outside Party and Miscellaneous Vendors." We appreciate the OIG's thorough assessment of our invoice processing, documentation, procurement, and technology governance practices. Management concurs with all recommendations and is committed to strengthening financial controls, improving documentation and record retention, enhancing cyber-vetting for IT purchases, and clarifying procedures to ensure consistency across Accounting, Procurement and Materials, Digital Modernization, and Program Offices. WMATA will implement the recommended policy updates, workflow improvements, and training to reinforce accountability and ensure timely, accurate, and secure financial operations. The Finance department will oversee the creation of a Corrective Action Plan (CAP) to implement each of OIG's recommendations. The CAP will be prepared within 60 days of this memorandum and will outline specific actions and corresponding timelines for addressing every recommendation.

Finding 1 - Internal Controls for WMATA's A/P Need Strengthening to Adhere to its Prompt Payment Policy

Recommendation 1 - Redesign the weekly Aged Exception Report to improve completeness and accuracy by:
a) **Including open account payables for all A/P programs.**
b) **Pulling items into the report based on invoice and requisition number, rather than only the PO number.**
c) **Removing the invoice from the report only when the invoice is actually paid.**
d) **Establishing an A/P "receipt" status in PeopleSoft to determine if the payable is "pending receipt," "receipt rejected," or "receipt accepted" to guide appropriate actions for resolving open payables.**

<u>Response:</u> Management concurs with this recommendation:
1. We concur with the underlying objective of ensuring that all open payables are effectively monitored. However, the Weekly Aged Exception Report is designed specifically to track receipting activities for operating invoices with purchase orders. The Accounts Payable division of Accounting (A/P) utilizes additional dedicated monitoring tools to track capital invoices and miscellaneous payment requests received, along with a separate report that tracks approved vouchers till paid, collectively providing comprehensive oversight. Accounting will update Accounting Policies and Procedures Manual 7.8 (ACCT-SOP-7.8) to document all reporting tools, their purposes, and processes in place to ensure prompt payment.

Washington Metropolitan Area Transit Authority

OIG Audit Report: Audit of WMATA's Accounts
Payable Process for Outside Party and Miscellaneous Vendors
Page 2

2. Purchase orders are the most appropriate driver for the Weekly Aged Exception Report, as the report is designed to monitor receipting activities. Requisition numbers are not used in the matching or receipting process and therefore do not serve as a relevant matrix for this report. Incorporating invoice level data would significantly increase the volume of items on this report, thereby making it administratively impractical and reducing its usefulness for both A/P and Program Offices. Maintaining a PO based structure ensures that the report remains focused, actionable, and aligned with its intended purpose.

3. We agree with the objective of improving visibility into receipting status; however, in PeopleSoft, a receipt is a transactional entry, rather than a workflow item and therefore cannot be assigned status such as "pending," "accepted," or "rejected." Once a receipt is entered, the system's matching engine performs the standard three-way match. If a receipt exists, the transaction matches; if it does not, the invoice routes to an exception queue, which is included in the Weekly Aged Exception Report. Introducing an additional "receipt status" within PeopleSoft is not feasible. As part of the transition to Oracle Fusion, we will assess whether receipting workflows or status indicators are available and can be incorporated.

Recommendation 2: Update policies and procedures to require COTRs and Program Offices to promptly notify the A/P branch when a COTR no longer serves in the role, including instances of departure or reassignment.

Response: Management concurs with the recommendation. As an interim solution, Procurement & Materials will provide A/P with Active Contracts Report generated from a public query in PeopleSoft FIN monthly. This report includes all active contract IDs, associated vendors, assigned COTRs, and other relevant contractual data. The report will enable A/P to independently verify current contract assignments and maintain accurate payment processing records until the CCM and related notification procedures are implemented.

Management will review options in both PeopleSoft and Oracle Fusion to develop a long-term Corrective Action Plan (CAP) to update the policies and enforce updating the systems, including notifications to A/P when a COTR has changed within 90 days.

Recommendation 3: Conduct refresher training for staff on the weekly and monthly Aged Exception Report processes.

Response: Management concurs with this recommendation. Accounting was unable to provide evidence of follow-up activities for the payable samples because the correspondence occurred through emails. A/P did not retain those emails after 180 days. Accounting will develop a SharePoint site as a central repository. This site will be used to store monitoring reports, document any identified issues, and preserve evidence of efforts to resolve unpaid invoices, ensuring full compliance with WMATA's record retention policy per Policy Instruction 6.1. Once ACCT-SOP-7.8 is updated and the SharePoint site is developed, Accounting will conduct refresher training sessions on a periodic basis for all A/P personnel and relevant Program Offices. Training will cover all the reporting tools A/P utilizes to track payments, evidence retention requirements, and escalation procedures

OIG Audit Report: Audit of WMATA's Accounts
Payable Process for Outside Party and Miscellaneous Vendors
Page 2

outlined in ACCT-SOP-7.8.

Recommendation 4: Implement a centralized invoice submission and tracking process to ensure all invoices are routed to A/P and that A/P has full visibility into the invoice status.

Response: Management concurs with this recommendation. This is a collaborative effort between Accounting and Program Offices.

Accounting will implement the following actions:

- For operating invoices with purchase orders, A/P will continue to reinforce during training sessions that operating invoices with purchase orders must be submitted directly to A/P as an interim measure. As a long-term solution, Accounting will design a centralized invoice intake process supported by an automated workflow as part of our transition to Oracle Fusion.
- For capital invoices, a feasibility analysis will be conducted to determine whether the centralized invoice submission and tracking process can be implemented in Oracle Fusion for capital invoices.
- For miscellaneous payment requests without purchase orders, Accounting through collaborative efforts with program offices, will develop a new Policy Instruction, or modify an existing one, to clearly define the types of transactions that may be processed through miscellaneous payment requests and the proper method for submitting them. This will ensure consistency, transparency, and alignment with the centralized intake model.

Recommendation 5: Update the prompt payment policy to provide clear, comprehensive guidance on (1) what constitutes a valid invoice, and (2) how the 30-day payment period should be calculated under various scenarios. The revised policy should be communicated to all departments and incorporated into relevant procedures and training to ensure consistent application across WMATA.

Response: Management concurs with this recommendation. This is a collaborative effort between Accounting and Program Offices. Accounting will update Policy Instruction 5.26 Vendor Invoice Prompt Pay Policy to explicitly define the criteria for a valid invoice and clarify how the 30-day prompt payment period is calculated under various scenarios.

Finding 2 - Some A/P Documentation Missing for Receipt, Invoice Validation, and Approval

Recommendation 6: Update and enforce WMATA policies to require COTRs to maintain financial documentation, including receipt of goods and services.

Response: Management concurs with this recommendation. Management will review the policies and develop a long-term CAP within 90 days that will define documentation that COTRs should retain and linking it to the records retention policy.

Recommendation 7: Implement controls to ensure adherence to and enforcement

OIG Audit Report: Audit of WMATA's Accounts
Payable Process for Outside Party and Miscellaneous Vendors
Page 2

of the current WMATA records retention policy by requiring distribution of the policy to all departments that administer contracts and agreements, as well as to staff responsible for invoice review and payment processing.

Response: Management appreciates the OIG's commitment to driving positive outcomes and is equally committed to acting on them. Accordingly, within 60 days Finance will lead the development of a Corrective Action Plan (CAP) that defines the detailed steps and timelines required to implement controls ensuring adherence to and enforcement of the current WMATA Records Retention Policy for all employees who administer contracts and agreements and who are responsible for invoice review and payment processing.

Finding 3 - Miscellaneous Information Technology (IT) Purchases Are Not Subject to Digital Modernization (DM) Department Vetting

Recommendation 8: Expand and mandate WMATA's existing cyber vetting process to include all miscellaneous hardware and software purchases.

Response: Management concurs with this recommendation. Digital Modernization (DM) and Finance have already taken steps to strengthen cyber vetting requirements across all purchasing pathways. In 2024, DM and Finance issued Staff Notice 2024 042, which mandates that all information technology hardware, software, and related services—regardless of procurement method, dollar value, or payment type—must be submitted to DM for review and approval prior to acquisition.

Additionally, the recently updated P/I 15.20 (Procurement of Administration Information Technology Hardware and Software), approved October 24, 2024, formally requires DM review and approval for all IT purchases, including commercial off the shelf items, PCard purchases, and direct payments. The policy explicitly states that no IT hardware, software, or associated service may be acquired without DM review, including items traditionally procured through miscellaneous or non-PO pathways. Finance and DM will jointly develop an integrated process to ensure miscellaneous IT purchases cannot bypass cyber vetting. This collaborative effort will include identifying technology capabilities to ensure all IT-related requests are routed to DM and unvetted purchases will not be processed by Accounts Payable.

Finally, DM and Finance will conduct targeted outreach and refresher training to Program Offices and requisitioners to reinforce the updated requirements, improve awareness of P/I 15.20 and Staff Notice 2024 042, and ensure consistent, organization wide compliance. These actions will help safeguard WMATA's technology environment, support cybersecurity standards, and ensure alignment with WMATA's Technology and Financial Management risk appetites.

Finding 4 - Bundled PO Process Poses Risks of Errors in Matching and Cost Tracking

Recommendation 9: Review A/P policies to ensure clear guidelines exist regarding the grouping of POs for payment. If the grouping of POs is permissible, the policies

OIG Audit Report: Audit of WMATA's Accounts
Payable Process for Outside Party and Miscellaneous Vendors
Page 2

should define the specific circumstances under which this practice is acceptable
and require appropriate internal controls to monitor the practice.

Response: Management concurs with this recommendation. Accounting will review and
update the Accounting Policies and Procedures Manual to establish clear criteria
governing when Program Offices may group or "bundle" purchase orders for payment.
The updated policy will specify the limited circumstances in which bundling is appropriate,
such as scenarios within complex capital projects.

**Recommendation 10: Conduct refresher training for employees involved in
procurement and A/P processes on best practices and the importance of effective
PO management.**

Response: Management concurs with this recommendation. Accounting will integrate the
updated criteria for bundling purchase orders and related documentation requirements
into periodic training sessions for employees involved in A/P processes. Additionally,
Accounting has already provided guidance clarifying that PPAs should only list purchase
orders that are directly relevant to the invoice or retainage being processed.

cc: Senior Executive Team
VP & Chief Risk and Audit Officer – Paula Cook

To report fraud, waste, or abuse at WMATA, please contact:

Email:	hotline@wmataoig.gov
Website:	wmataoig.gov/hotline-form/
Telephone:	1-888-234-2374
Facsimile:	1-800-867-0649
Address:	WMATA
	Office of Inspector General
	Hotline Program
	500 L'Enfant Plaza SW, Suite 800
	Washington, D.C. 20024