

Audit of WMATA's ERP Implementation Project

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OIG 27-03





Results in Brief

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Audit Objective

The audit objective was to determine whether the Washington Metropolitan Area Transit Authority (WMATA) is following a structured, disciplined process for implementing the new Enterprise Resource Planning (ERP) solution.

Why We Did the Audit

- This is the Office of Inspector General's (OIG's) second report of the project. The purpose of this review was to assess WMATA's current implementation efforts, determine the underlying factors that led to prior challenges, and identify any emerging issues and future risks.
- The Infrastructure Investment and Jobs Act requires OIG to assess the effective use of funding for major capital improvement projects. The ERP solution falls within this required assessment.

Recommendations

OIG issued nine recommendations to improve management oversight and accountability. Those recommendations include completing an accounting assessment, conducting a financial reconciliation to rebuild the budget baseline, enforcing formal change

processes, and enforcing information technology procurement requirements to prevent unauthorized purchases and cost or schedule overruns.

What OIG Found

This report outlines the breakdowns in the project control framework that contributed to the ERP Implementation Project significantly exceeding its budget and its planned implementation time frames.

These breakdowns included incomplete reconciliation of previous decisions and purchases, a general lack of adherence to contract requirements, an outdated ERP Project Management Plan, and inadequate risk management, all of which threaten future scheduling and budgeting.

The current ERP Implementation Project leadership team has taken meaningful steps to address these issues. Stakeholders reported that project management, communication, and overall direction have noticeably improved under the new structure. The team is aware of the risks and has restructured the governance model, enhanced approval workflows, engaged forensic accounting, and hired a contractor for project management assistance.



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On July 29, 2025, the Office of Inspector General (OIG) issued a *Management Assistance Report (MAR)* on WMATA's Enterprise Resource Planning (ERP) Implementation Project.¹ The MAR focused on early-stage governance and project management deficiencies within the Finance components of the project, including accounting, grants management, and project management. OIG found that WMATA did not effectively manage stakeholder engagement; lacked documentation showing that functional and technical leads reviewed and accepted ERP deliverables; experienced significant delays due to disagreements over the grants management and project management modules; and relied heavily on contractors within an inadequate governance structure. WMATA management accepted all the findings and recommendations in the MAR and committed to implementing controls to address deficiencies attributable to previous leadership.

As described in the MAR, WMATA's Digital Modernization (DM) department has assumed responsibility for managing the ERP Implementation Project, which involves providing technical expertise and project leadership. Since April 2025, DM has taken several corrective actions, including assessing costs, restructuring governance and communications processes, implementing structured approval workflows, investigating software purchases for compliance, and instituting change-control protocols.

This report examines the challenges that DM must address to deliver the project within WMATA's revised cost and schedule. It reviews the project progress, explains the causes of earlier setbacks, evaluates the corrective steps taken so far, and highlights risks that could affect upcoming milestones. The scope of this audit includes a review of governance over the entire ERP Implementation Project, particularly with respect to the contractually required oversight and management steps.

The ██████████ Contract for ERP Implementation

On October 2, 2023, WMATA awarded ██████████ Corporation the ERP Replacement Phase II (Software & Implementation) contract (ERP Contract), valued at \$97,485,148, to implement ██████████ ERP solutions. The ERP Contract establishes a comprehensive governance structure intended to guide all aspects of implementation. It sets requirements for structured deliverable management, disciplined change control, auditable documentation, defined reviewer and approval roles, compliance with WMATA's information technology (IT) Procurement Policy,

¹ WMATA. *Management Assistance Report: Review of WMATA's ERP Implementation Project. MAR-ERP-Implementation-Project-IG-Final_Redacted.pdf.*

detailed budgeting, ongoing financial monitoring, periodic reconciliations, and a proactive risk management process with clear ownership and mitigation strategies.

To implement this governance structure, the ERP Contract requires WMATA to follow a formal deliverable acceptance framework that governs how all contract deliverables—including the ERP Project Management Plan—must be developed, reviewed, approved, tracked, and kept current. The ERP Project Management Plan is the principal deliverable that documents scope, schedule, resources, milestones, decision-making responsibilities, and alignment with contract requirements. Together, the deliverable acceptance framework and the ERP Project Management Plan form the contract-mandated oversight mechanism designed to promote disciplined decision-making, transparency, accountability, and effective control throughout the ERP implementation.

Project Management Assistance from ██████ Inc.

WMATA engaged ██████ Inc. (██████) for project management assistance after OIG raised concerns about the ERP Implementation Project's direction. As part of this engagement, ██████ conducted a review and assessment and issued a report entitled *Washington Metropolitan Area Transit Authority (WMATA): ERP Support, 1.4 Review & Assessment with Action Plan*, dated July 18, 2025. The report identified several steps management should take to stabilize the project. The report identifies six key challenges:

1. A lack of clearly communicated vision and effective governance
2. Unclear scope and an inconsistent approach for identifying and resolving gaps
3. Inadequate program management practices
4. Overextended resources and change management limitations
5. Risk exposure due to the current implementation strategy and timeline
6. Lack of integrated coordination across WMATA and vendor teams

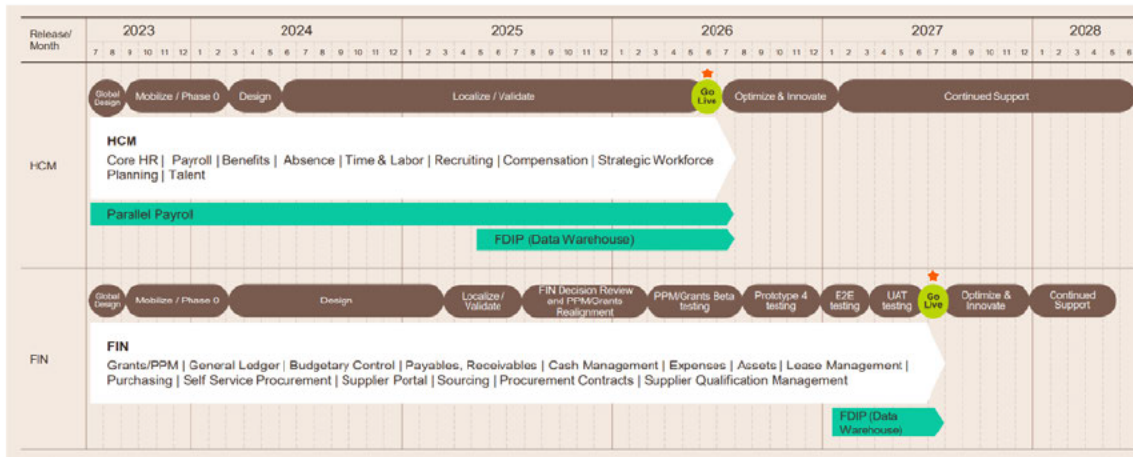
██████ issued 25 recommendations focused on three priority areas: solidifying project governance, pausing and assessing the Finance (FIN) module, and de-risking the Human Capital

Management (HCM) go-live. ██████ advised WMATA to take immediate action in these areas to stabilize the project.

Delays and Current Status of the Project

As of mid-2026, the ERP Implementation Project has undergone significant schedule adjustments. The FIN modules were originally scheduled to go live on July 1, 2026, but have been rescheduled to July 1, 2027. The HCM module was originally scheduled for July 1, 2025, but was rescheduled to July 1, 2026 (see **Figure 1**). Since the completion of this audit, on July 1, 2026, WMATA implemented HCM in line with the new implementation schedule. Other modules outside the FIN and HCM implementations, such as: Enterprise Data Management (EDM), Enterprise Performance Management Planning (EPM-PLN), and Narrative Reporting (EPM-NR), went live in mid-2026. Enterprise Profitability and Cost Management (EPCM) was descoped. For additional modules like Enterprise Learning Management (ELM), Case Management, Inventory Management, and Capital Planning, DM has yet to finalize the implementation timeline.

Figure 1: Rescheduled Go-Live Timeline for Fin and HCM Modules, as of March 2026



Increased Expenses for the ERP Implementation Project

The ERP Implementation Project budget has increased substantially from the originally approved \$226 million to an estimated \$370 million. Of that budget, WMATA has expended approximately \$162 million as of July 2026.²

² These figures were provided by Digital Modernization and are unaudited.

In November 2021, Congress and the President enacted the Infrastructure Investment and Jobs Act (IIJA).³ The act requires OIG to assess the effective use of funding for major capital improvement projects. This ERP Implementation Project audit falls within this assessment and will be incorporated into the five-year IIJA report. Capital Improvement Program (CIP) 0331 is the funding source used to implement a new ERP solution, including integration of the new ERP with various WMATA software and modules, and migration of information from the old system to the replacement system.

³ *Infrastructure Investment and Jobs Act, Pub. L. No. 117-58, 135 Stat. 429 (2021).*

Finding 1: Decision-making and Documentation Practices by Previous Project Management Led to Substantial Project Delays and Rework

The previous ERP leadership team did not fully adhere to the governance, budgeting, scope control, and procurement requirements outlined in the ERP Contract, as further detailed in **Appendix B**. This occurred because previous leadership did not maintain adequate documentation of critical decisions, approvals, or procurements. The lack of documentation made it difficult for DM to identify who made key decisions, approved deliverables, enforced contract requirements, or authorized changes during the project's most critical initial phase. Consequently, these deficiencies led to widespread rework, cost escalation, and project delays, creating significant project uncertainty and management challenges for DM. Specifically, OIG observed the following:

a. Undocumented Prior Decisions and Unclear Accountability

DM leadership identified over 100 key decisions that lacked supporting documentation, written rationale, or traceable approval chains. Approximately half of these decisions required full revalidation to ensure accuracy, safety, and alignment with current project requirements. To address this, DM needed to identify and review the original documentation to establish who made each decision, assess whether it was properly justified and approved, and determine if it remained valid.

DM reported that the previous leadership, in many instances, did not document critical decisions, leaving no reliable records identifying who approved expenditures, authorized changes, or made key technical, financial, and operational directives. As such, DM struggled to determine responsibility for past errors and was unable to justify and validate prior actions. These deficiencies resulted in severe operational consequences, including halting the ERP implementation efforts by reducing staffing and suspending collaboration with key vendors until DM could validate the project's direction.

DM acknowledged that historical issues inherited from the previous leadership continue to affect current timelines, vendor relations, and DM's ability to validate prior deliverables. To address these gaps, DM stated that they had begun redesigning the approval process, which will feature clear role definitions, automated tracking, streamlined stakeholder engagement, and formalized decision documentation.

b. Inefficient and Unclear Approval Process for Contract Deliverables

Representatives from DM stated that the previous leadership did not always approve ERP Contract deliverables in a timely manner for the following reasons:

- **Noncompliance with Contractual Protocols:** Previous leadership ignored explicit contractual approval protocols, such as designated reviewers, time-bound response requirements, and formal documentation steps. The ERP Contract established these protocols to minimize project risks. However, previous leadership approved deliverables outside established channels, without requisite signoffs, or in violation of stipulated timelines. This hindered DM's ability to establish accountability and avoid associated risks.
- **Manual and Decentralized Workflow:** Previous leadership sometimes handled approval activities through email chains, unsigned documents, and offline reviews. This made it difficult for DM leadership to find approval documents because there was no single reliable record for approvals or directives.
- **Unclear Responsibilities:** Some reviewers stated they were uncertain whether they were required to approve, provide input, or simply acknowledge deliverables. This led to redundant efforts, missed reviews, and prolonged waiting periods.
- **Poor Stakeholder Coordination:** Stakeholders from various departments stated they were a part of the ERP Implementation Project, but there was no clear sequence or timeline for feedback, and they were unclear on their roles in the process, including their responsibility for approving deliverables. This led to uncoordinated stakeholder input, conflicting directions, and delays as stakeholders and reviewers juggled competing jobs and project priorities.
- **Lack of Transparency and Accountability:** Previous leadership did not maintain a system to track who had reviewed a specific contract deliverable, what feedback was provided, or who had final approval authority. This hindered DM from readily auditing the current project and determining accountability for past decisions and approvals.

These deficiencies caused the previous leadership to miss contract milestones related to deliverable approvals. According to [REDACTED] prior approval delays and non-adherence to contractual protocols were major obstacles to the timely approval of contract deliverables

and to project sequencing. While [REDACTED] has acknowledged that the decision-making process has improved under DM, they noted that approvals continue to take longer than anticipated due to time-intensive committee reviews.

c. Absence of Approval Documentation for Software Acquisitions

DM stated that in some cases, no records existed to verify whether software had been approved prior to its purchase. WMATA's IT Procurement Policy requires that DM pre-approve software purchases, including documenting needs validation, security review, license allocation, and budget authorization.⁴ For example, [REDACTED] was purchased based on an [REDACTED] recommendation in its original proposal. It was procured as a sole-source purchase, and although DM conducted a security review, there is no documentation indicating that it performed a technical sufficiency review. As such, DM could not readily determine whether the software met WMATA's technical requirements.

DM explained that this occurred because the previous leadership did not consistently document justifications and approvals for software purchases. To address this deficiency, DM paused implementation to investigate each previously purchased software product and rebuild governance controls to ensure that future software purchases comply with WMATA's IT Procurement Policy. Until DM completes this reconciliation, they will be unable to accurately assess total software spending, leaving the project at risk of budget misallocation, license noncompliance, and cybersecurity vulnerabilities.

Recommendations

OIG recommends the GM/CEO:

1. Establish formal, auditable documentation standards and implement a centralized, authoritative system for recording, validating, and retaining all approval actions associated with the ERP Contract.

Management Response

Management concurs with the recommendation and has taken a number of steps to ensure all approval actions are fully vetted and documented.

⁴ WMATA: Policy/Instruction Manual Section 15.20/5: Procurement of Administration Information Technology Hardware and Software.

1. A Project Steering Committee consisting of Senior VP and VP-level decision makers from across the organization has been reconstituted. Decisions are validated by the PSC, and in cases where they need to be escalated, recommendations are made to the Executive Steering Committee in cases where decisions involve increases in cost, schedule, scope or are cross-cutting issues. Decision memos are presented to, and signed, by the Executive Steering Committee.
2. A decision matrix with roles and responsibilities has been developed assigning decisionmakers for each functional area. This was recently revisited and updated to account for personnel changes as we begin to move into prototype testing for Financials. For issues that affect more than one functional area, these issues must be escalated to the PSC.

Accountable Organization(s): Digital Modernization

The estimated completion date is: This action was initiated in summer 2026 and WMATA will continue to follow this process through project go-live and stabilization, estimated to complete in December 2027.

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.

2. Establish clear stakeholder role definitions and mandate compliance with the contractually required deliverable review and acceptance process.

Management Response

Management concurs with this recommendation. The decision matrix discussed in response to recommendation 1 also governs who the accountable/responsible parties are for reviewing contractual deliverables. DM has recently instituted a centralized process to track review and sign-off to ensure timeliness of acceptance and invoice processing.

Accountable Organization(s): Digital Modernization

The estimated completion date is: This action was initiated in summer 2026 and WMATA will continue to follow this process through project go-live and stabilization, estimated to complete in December 2027.

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. Require verifiable approvals and documented rationale for all critical ERP decisions and contract deliverables.

Management Response

Management concurs with this recommendation. In alignment with our earlier responses, all critical design decisions are captured in [REDACTED] Issues that involve cross-functional impacts, changes in scope, schedule, or cost are escalated to the PSC for resolution or recommendation. Recommendations to the ESC are documented and approved in decision memos that document all critical ERP decisions and the rationale.

Contract deliverables are reviewed/ approved according to the decision matrix and are accompanied by signature sheets.

Accountable Organization(s): Digital Modernization

The estimated completion date is: This action was initiated in summer 2026 and WMATA will continue to follow this process through project go-live and stabilization, estimated to complete in December 2027.

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. Ensure DM reviews and validates all purchased software and IT equipment according to WMATA's IT Procurement Policy associated with the ERP Implementation Project.

Management Response

Management concurs with this recommendation. As part of the re-baselining effort, DM reviewed and reconciled all software purchases, and three third-party applications were identified. One, [REDACTED] was in early stages of procurement and the Office of Procurement & Materials worked with DM to review the solution for technical

sufficiency and appropriately procure the software. A second, [REDACTED] was purchased without a DM technical or Treasury functional review.

During the course of the baselining, Treasury and DM found that [REDACTED] will meet WMATA's needs. During this review, the [REDACTED] purchase was discovered to have a number of deficiencies. [REDACTED] is a barcoding/inventory management solution.

While the software was purchased, it was discovered that the barcoding equipment and labelling necessary to fully implement the solution had not been procured, rendering the solution incomplete.

In addition, it was discovered that [REDACTED] does not have any capability to integrate with [REDACTED], WMATA's system of record for asset management. As a result, the barcoding solution was recompeted and a new vendor has been selected.

Accountable Organization(s): Digital Modernization, Finance.

The estimated completion date is: This action was initiated in summer 2026 and WMATA will continue to follow this process through project go-live and stabilization, estimated to complete in December 2027.

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: Inadequate Financial Oversight and Scope Management Caused Significant Cost Escalation

DM stated that the previous leadership team did not maintain effective financial oversight or disciplined scope management during the ERP Implementation Project. The previous team did not keep detailed documentation of project estimates, cost breakdowns, or budget justifications, which made it difficult for DM to track who was responsible for spending approvals or to confirm that costs matched the project's needs, as further detailed in **Appendix C**. DM attributed these issues to the previous leadership team's poor project management and a lack of adherence to established management controls. Ultimately, these shortcomings contributed to the estimated escalation of the ERP Implementation Project's costs from \$226 million to \$370 million, a \$144 million or 63.72 percent increase (see **Table 1**).

Table 1: ERP Implementation Project Cost Estimates by Category⁵

Category	Project Cost Estimate (February 25, 2024)	Total Project Cost Estimate (February 26, 2026)
Implementation Costs	\$129,000,000	\$187,000,000
IV & V	\$4,000,000	\$4,600,000
Staff Augmentation	\$58,000,000	\$50,000,000
Staff Salary (WMATA internal)	\$9,000,000	\$7,200,000
Software	\$12,000,000	\$23,500,000
██████ Inc. (Assessment/PMO Governance)*	\$0	\$7,300,000
Other Scope Items (Capital Planning)*	\$0	\$42,100,000
Project Cost (Subtotal)	\$212,000,000	\$322,000,000
Contingency	\$14,000,000	\$48,200,000
Total Project Cost	\$226,000,000	\$370,000,000

* These additional costs were not included in the original project estimates and contribute to the anticipated cost increases.

⁵ DM revised and presented the project cost estimates to WMATA's board on February 26, 2026.

Specifically, OIG identified the following deficiencies that contributed to increases in cost:

a. Poorly Controlled Scope Changes

According to DM, the previous leadership team removed several essential modules from the ERP Implementation Project's scope—including capital planning, grants management, Enterprise Learning Management, Travel, pre-solicitation, and project costing—without adequate justification. DM stated that previous leadership claimed [REDACTED] solutions would not meet WMATA's requirements but provided no supporting analysis. When DM began to reevaluate these decisions, they determined that the grants management module could meet WMATA's needs and reinstated it. DM further indicated that they are reviewing the other removed modules to determine whether they must also be added back into the project scope or incorporated into future solicitations to fulfill WMATA's requirements.

This duplication of effort occurred because the previous leadership failed to control scope changes and did not follow the established change-control processes for managing modifications to project scope, schedule, and budget. These unjustified scope removals and the subsequent need for DM to revisit and redo major design decisions contributed directly to the ERP Implementation Project's significant cost escalation, increasing the estimated budget from \$226 million to \$370 million.

b. Unvetted Software and Other Procurements

According to DM, previous leadership made software purchases that had not been properly approved, vetted, or justified, as required by the WMATA IT Procurement Policy. When DM assumed the project, it was difficult for DM to determine the software-related costs (licensing, maintenance, and other ongoing costs) and their relevance to the ERP Implementation Project. This led DM to identify the need to evaluate all software purchases to determine whether those costs should be incorporated into the ERP Implementation Project's budget. These efforts to validate and assess software purchases diverted resources and stalled project progress.

c. Incomplete Original Budget Documentation

The new leadership team stated when they took the project over, they were unable to "... locate any detailed records of the assumptions underlying original project estimates,

budget justifications, costs and expenditure breakdowns. Although the ERP Contract provides provisions to help management monitor and control costs, the previous leadership team often disregarded these key management controls. Consequently, DM was required to rebaseline the project because they did not have an accurate picture of itemized and total project costs, could not trace financial accountability, or validate cost alignment with project needs.

Implementing an ERP solution is a critical undertaking for WMATA, and success depends on disciplined scope and budget management. The ERP Contract outlines a comprehensive governance framework designed to ensure strong financial and budgetary controls. However, previous leadership failed to follow it, resulting in escalating costs, an unreliable budget baseline, an undocumented expenditure trail, and an inability to forecast total costs with clarity. These incidents caused major cost overruns and prevented WMATA from carrying out the project as originally planned.

Recommendations

OIG recommends the GM/CEO:

5. Construct a validated line-item budget and reconcile all prior expenditures.

Management Response

Management concurs with this recommendation. Prior to initiating the re-baselining effort, DM worked with the then-Comptroller to review and reconcile all prior expenditures from 2023. In parallel, the GM requested that Internal Audit review and reconcile all prior expenditures as well as a review of the [REDACTED] contract and invoices. As a result of these efforts, approximately \$15M was de-obligated for unnecessary staff augmentation and PMO support. Beyond the initial issues identified in the OIG Management Assistance Report dated July 29, 2025, no additional budgetary issues were discovered. Internal Audit did recommend closer review of vendor invoices which was a driver for the revised deliverable review process noted above. The budget has since been re-baselined and being tracked against the following line items: Software, Implementation costs, staff augmentation costs, salary, supplies/other. In addition, monthly reviews are conducted with Management and Budget to review projections, accruals and expenses against open purchase orders. DM continues to review and reconcile expenses prior to 2023 for a true reconciliation of project expenses.

Accountable Organization(s): Digital Modernization, Finance

The estimated completion date is: This action was initiated in summer 2026 and DM estimates a full reconciliation of prior expenses by December 2026.

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.

6. Enforce a structured change control process with documented budget impact analysis and approvals.

Management Response

Management concurs with this recommendation. All technical decisions and changes are documented in [REDACTED]. Any issues that have budgetary or cross-cutting impact are immediately escalated to the PSC as noted in response to recommendation 1.

Accountable Organization(s): Digital Modernization

The estimated completion date is: This action was initiated in summer 2026 and WMATA will continue to follow this process through project go-live and stabilization, estimate to complete in December 2027.

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: WMATA Continues to Have Challenges in Project Management and Governance

DM continues to face significant challenges in overcoming governance deficiencies inherited from or introduced by the previous leadership team. These challenges include developing an updated ERP Project Management Plan, implementing a risk assessment framework, and strengthening compliance with change management practices – steps required under the ERP Contract, as further detailed in **Appendix D**. DM has acknowledged that identifying these shortcomings and implementing the necessary controls to adequately manage the ERP Implementation Project will take time. However, establishing these governance controls is essential for minimizing future risks to the project and preventing further scope creep, cost escalation, and implementation delays.

ERP Project Management Plan Needs to be Updated

DM has yet to develop a revised ERP Project Management Plan. The ERP Contract requires WMATA to maintain a current and comprehensive plan that reflects the baseline scope, schedule, resources, and milestones. Effective project governance depends on an updated plan that integrates these elements and provides clear direction for managing scope changes, staffing needs, module sequencing, and vendor engagement.

Although the previous leadership had an ERP Project Management Plan, it became outdated after their departure due to numerous changes to its scope and requirements. As a result, the existing ERP Project Management Plan no longer reflects the project's current governance needs. DM has explained that an updated plan has not been finalized because they are still assessing the ERP Implementation Project. They indicated that additional time is needed to implement the required management controls, but did not provide a time frame for how long it would take to complete the assessment or develop the ERP Project Management Plan.

DM must develop a revised plan that incorporates the numerous project changes to include major scope modifications, timeline shifts, staffing adjustments, descoped and rescoped modules, and vendor ramp-ups. Without a developed project management plan, the risk of misaligned priorities, inefficient use of resources, schedule delays, and escalating costs is likely to be repeated.

Risk Assessment Framework Needs to be Developed

DM has not developed a formal project management risk assessment framework to track and mitigate ERP Implementation Project risks. The ERP Contract requires a structured, proactive risk management process—with clear ownership, tracking, and escalation protocols—to identify, evaluate, and mitigate threats to project success. DM stated that they conduct weekly risk reviews; however, these reviews lack the rigor needed to systematically track and mitigate high-level risks.

DM acknowledged the deficiencies in their risk assessment framework but indicated that they have not had sufficient time to fully complete the project assessment to identify gaps in requirements. Until a formal risk management framework is implemented, high-level project risks may not be adequately tracked or mitigated, and DM may face the same unexpected delays, cost overruns, and operational disruptions that previous leadership experienced.

Change Management Process is Inadequate and Ineffective

DM identified significant deficiencies in how the previous ERP leadership managed changes to the ERP Implementation Project. The ERP Contract requires WMATA to develop and implement a comprehensive Change Management Process that outlines how WMATA will evaluate, approve, and implement changes during the ERP Implementation Project. Change Management is a holistic and proactive approach to managing the transition from a current to a desired organizational state, focusing specifically on the critical human, or “soft,” elements of change. These provisions are intended to ensure changes are properly justified, communicated, and documented, while increasing stakeholder buy-in, reducing miscommunication, and promoting accountability.

For example, DM stated that the previous ERP leadership team did not follow the contract-required provisions for the [REDACTED] grants management module. Instead of implementing the grants management module through the required process, the previous leadership sought a third-party vendor for the module without completing the mandated evaluation, documentation, or approval steps. Many stakeholders disagreed with some of the decisions former leadership made for the grants management module and the process they used to implement changes during the pre-implementation phase. As part of its reassessment, DM reversed this decision and chose to implement the [REDACTED] grants management module as originally contemplated by the ERP Contract.

DM stated they are working to refine the change management processes to better align with the updated governance framework and to increase stakeholder trust and participation. DM acknowledged that this process would take time, as the previous team's handling of the change management process led to poor communication among stakeholders, mistrust, and an inability to address deep-seated organizational and operational resistance to adopting new systems and processes. Until DM fully implements a formal process to identify and mitigate these risks, they are likely to persist.

Recommendations

OIG recommends the GM/CEO:

7. Develop and formally approve a revised ERP Project Management Plan that integrates scope, schedule, resources, and milestones.

Management Response

Management concurs with this recommendation. As part of the re-baselining effort, both the HCM/Payroll and Financials efforts were updated for scope, schedule, resources and milestones. With the launch of HCM and Payroll, DM will be working with [REDACTED] to fine tune the project management plan with an updated schedule and budget in the October timeframe. As of September 2026, the project remains on track and within budget, but we will be updating the plan to take into account issues and needs that arose as part of the beta testing on grants/projects.

Accountable Organization(s): Digital Modernization

The estimated completion date is: This action was initiated in summer 2026 and WMATA will continue to follow this process through project go-live and stabilization, estimate to complete in December 2027.

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.

8. Implement a structured risk management framework with assigned owners, tracking, and escalation rules.

Management Response

Management concurs with this recommendation. Risks have been tracked in a RAID log (Risks, Assumptions, Issues, Decisions) from the beginning of the project, but WMATA concurs with the findings that the former PMO leadership did not take a disciplined approach to monitoring or mitigating these risks. As part of the re-baselining effort, DM has worked with IA to utilize the IV&V to identify and monitor risks in addition to the RAID log. Also, as this report mentions, [REDACTED] provided twenty-five (25) recommendations to manage risk that they are tracking quarterly in a “scorecard.” Escalation of issues follows the same protocol as noted above, with cross-cutting issues, or issues impacting scope, budget or schedule immediately escalated to the PSC.

Accountable Organization(s): Digital Modernization

The estimated completion date is: This action was initiated in summer 2026 and WMATA will continue to follow this process through project go-live and stabilization, estimate to complete in December 2027.

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.

9. Enforce contract change management deliverables, including stakeholder analysis, communication plans, and training to ensure compliance and improve user adoption.

Management Response

Management concurs with this recommendation. Regarding technical program changes, please see above. Regarding organizational changes, a key lesson learned during the HCM/Payroll go-live was that a dedicated WMATA “cutover manager” is required, in addition to a change/communications lead. To avoid conflicting or fractured communications and ensure transparency, these two leads must work together to ensure programmatic changes and impacts are communicated clearly and expectations managed. OCFO has assigned a cutover lead and DM has dedicated two training

resources and additional personnel to assist with communications, training and user adoption efforts.

Accountable Organization(s): Digital Modernization

The estimated completion date is: This action was initiated in summers 2026 and WMATA will continue to follow this process through project go-live and stabilization, estimate to complete in December 2027.

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.

Audit Scope

The OIG review focused on the ERP Implementation Project, including governance, project management, procurement, and financial controls.

Methodology

To accomplish audit objectives, OIG performed the following:

- Reviewed contract documents, deliverables, and project artifacts.
- Conducted interviews with DM, contractor representatives, and other stakeholders who are or were directly involved in the ERP Implementation Project.
- Analyzed cost estimates, budget revisions, and procurement records.
- Reviewed contract requirements, relevant best practices, and other relevant ERP Implementation Project criteria.
- Compared observed practices against contract requirements.

Generally Accepted Government Auditing Standards (GAGAS) Statement

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

For Finding 1, this appendix summarizes the specific provisions of the contract that require the governance, budget, scope-control, and procurement disciplines that the previous team did not follow. The table links each OIG-identified cause to relevant contract terms.

Table 2: Key Contract Requirements Related to Finding 1

Finding 1 Area	Contract Provision (Clause/Section)	Contract Requirement	What Did Not Occur (Non-Compliance)
Undocumented Prior Decisions and Unclear Accountability	Exhibit 1, Section 1.E, D1; PM9, PM10, PM12; Section 2 (Acceptance of Deliverables); RFP 14.4.1, 14.4.5.6	All key decisions, approvals, and changes must be documented, traceable to authorized personnel, and retained as part of project records. The ERP Project Management Plan and Deliverable Acceptance Framework must be maintained and updated.	Key decisions were undocumented; approvals were missing or unsigned; rationale was not recorded; ownership of decisions could not be traced. No consistent or verifiable records for critical decisions.
Undocumented Prior Decisions and Unclear Accountability	Exhibit 1, PM7, PM8; RFP 14.4.1, 14.4.5.1	The project governance model must be documented, roles and responsibilities defined, and a governance committee established. Governance processes must be executed, and escalations must be managed.	According to the new leadership team, “[t]he previous team made decisions without following governance protocols. Although a Steering Committee of stakeholders was formed, it was not consulted, as a result many decisions had little institutional buy-in.”

Finding 1 Area	Contract Provision (Clause/Section)	Contract Requirement	What Did Not Occur (Non-Compliance)
Undocumented Prior Decisions and Unclear Accountability	Exhibit 1, PM10, PM12; RFP 14.4.1, 14.4.6.1	Controlled documentation management, centralized workflow, version control, and single-source tracking for all project documentation and approvals are required.	Reviews were handled via email and offline documents, leading to misplaced files, version conflicts, and a lack of a reliable, centralized approval record.
Undocumented Prior Decisions and Unclear Accountability	Exhibit 1, PM12; RFP 14.4.1	Reviewers must have defined roles (approve, comment, acknowledge) for each deliverable.	Reviewers did not understand their roles, leading to missed reviews, redundant input, and delayed approval cycles.
Undocumented Prior Decisions and Unclear Accountability	Exhibit 1, PM5, PM13; RFP 14.4.1	Stakeholder engagement must be coordinated, with structured review timelines and dependencies.	Departments submitted conflicting or uncoordinated input; no structured review sequencing existed; reviewers juggled competing priorities, delaying deliverables.
Inefficient and Unclear Approval of Contract Deliverables	Exhibit 1, Section 2 (Acceptance of Deliverables); PM12; RFP 14.4.1, 14.4.6.1	All deliverables must be formally reviewed, approved, and documented per the Deliverable Acceptance Framework. WMATA must provide written acceptance or rejection within three business days.	Deliverable approvals occurred outside required channels, lacked signoffs, did not meet required timelines, and were not consistently documented. Some deliverables cannot be validated as properly reviewed or accepted.
Inefficient and Unclear Approval of Contract Deliverables	Exhibit 1, PM12, Section 2; RFP 14.4.1	All review activity must be documented, including who reviewed, what feedback was given,	No system tracked reviewer actions, feedback, or authority; decision records were incomplete or missing,

Finding 1 Area	Contract Provision (Clause/Section)	Contract Requirement	What Did Not Occur (Non-Compliance)
		and who had final approval authority.	creating audit and compliance risks.
Unvetted Software Acquisitions	RFP 14.4.6.5, 14.4.6.3, 14.4.6.7, 14.4.6.9; Exhibit 1, PM21, PM22	Software purchases must follow validated needs assessments, budget authorization, security review, and be fully documented under WMATA procurement and IT compliance rules.	Some purchases lacked documented need validation; documentation was incomplete; and the legitimacy of the purchases could not be verified
Unvetted Software Acquisitions	RFP 14.4.6.3, 14.4.6.5, 14.4.6.7; Exhibit 1, PM21, PM22	Procurement must follow formal documentation, justification, compliance checks, and retention requirements.	Some documentation for licenses, security reviews, and justification was missing; procurement actions were not traceable or validated.

For Finding 2, this appendix summarizes the specific provisions of the contract that require the governance, budget, scope-control, and procurement disciplines that the previous team did not follow. The table links each OIG-identified cause to relevant contract terms.

Table 3: Key Contract Requirements Related to Finding 2

Finding 2 Area	Contract Provision (Clause/Section)	Contract Requirement	What Did Not Occur (Non-Compliance)
Poorly Controlled Scope Changes	RFP 14.4.1, 14.4.5.6, 14.4.6.1; Exhibit 1, PM7, PM8, PM12	The contract requires a structured change control process to evaluate, approve, and communicate scope and budget impacts, with formal documentation and stakeholder approval.	Repeated, poorly controlled changes to project scope (e.g., descoping and subsequent reintegrating key modules) occurred without proper change control, documentation, or communication of budget impacts.
Poorly Controlled Scope Changes	RFP 14.4.1, 14.4.5, 14.4.6; Exhibit 1, PM9, PM10	The contract requires resource planning and management to be aligned with the approved ERP Project Management Plan and budget, with changes managed through formal processes.	Contractor staffing was ramped down and up in response to budget and scope uncertainty, without proper planning or documentation.
Poorly Controlled Scope Changes & Incomplete Original Budget Documentation	RFP 14.4.1, 14.4.5.6, 14.4.6.1; Exhibit 1, PM7, PM8, PM12	All changes affecting budget or scope must be evaluated, approved, and documented through a structured change control process, with impacts communicated to stakeholders.	Changes to the budget and scope were made without following a structured change control process, resulting in unapproved and undocumented financial impacts.
Incomplete Original Budget Documentation	RFP 14.4.1, 14.4.5, 14.4.6; Exhibit 1, D1, D2, PM9, PM10	The contract requires a detailed, documented, and traceable project budget and cost estimates, including	The original budget documentation lacked sufficient detail to support line-item allocations, making it difficult to trace financial

Finding 2 Area	Contract Provision (Clause/Section)	Contract Requirement	What Did Not Occur (Non-Compliance)
		line-item allocations and supporting documentation for all financial planning and reporting.	accountability and validate alignment with project needs.
Incomplete Original Budget Documentation	RFP 14.4.1, 14.4.5, 14.4.6; Exhibit 1, PM10, PM11	The contract requires ongoing budget monitoring, timely reconciliations, and revised forecasts as the project evolves, with regular reporting to stakeholders.	There is little documentation of timely budget reconciliations or revised forecasts as the project evolved, despite significant changes in scope and spending.
Undocumented Software and Other Procurements	RFP 14.4.6.3, 14.4.6.5, 14.4.6.7; Exhibit 1, PM21, PM22	All software and other procurements must be documented, justified, and executed in compliance with financial & WMATA governance protocols and procurement controls.	Software and other procurements were executed without documentation or adherence to financial governance protocols, introducing unaccounted costs and compliance risks.

For Finding 3, this appendix summarizes the specific provisions of the contract that require the project to maintain an updated, integrated management framework, including planning, risk management, and governance disciplines that the previous team did not follow. The table links each OIG-identified cause to relevant contract terms.

Table 4: Key Contract Requirements Related to Finding 3

Finding 3 Area	Contract Provision (Clause/Section)	Contract Requirement	What Did Not Occur (Non-Compliance)
Need for Project Management Plan	Exhibit 1, Section 1.E, D1; PM9, PM10; RFP 14.4.1, 14.4.5.6	The ERP Project Management Plan must be current, comprehensive, and reflect the baseline scope, schedule, resources, and milestones. It must be maintained and updated to capture changes and realign the project toward updated objectives.	The ERP Project Management Plan was not updated to reflect major scope modifications, timeline shifts, staffing adjustments, descoped modules, or vendor ramp-ups. The plan did not realign the project to current objectives, resulting in misaligned priorities and inefficient resource use.
Risk Assessment Framework	Exhibit 1, PM7, PM8, PM12; RFP 14.4.1, 14.4.6.3, 14.4.6.8	The contract requires a structured, proactive risk management process with clear ownership, tracking, escalation protocols, and systematic risk mitigation. Risks must be identified, evaluated, tracked, and mitigated with assigned accountability.	No formal project management structure was implemented to track and mitigate ERP Project Management Plan risks. Weekly risk reviews lacked rigor, systematic tracking, and clear accountability for high-level risks.
Need for Change Management Planning and Execution	Exhibit 1, D4; PM7, PM8; RFP 14.4.3, 14.4.5.1, 14.4.5.2	The contract requires a comprehensive Change Strategy deliverable, including stakeholder analysis, communication, training, and a plan to address resistance and ensure adoption of new processes and technologies. Change	The previous team did not develop or execute an adequate change management plan, resulting in poor communication, insufficient training, and resistance to new systems and processes. DM is still refining change management

Finding 3 Area	Contract Provision (Clause/Section)	Contract Requirement	What Did Not Occur (Non-Compliance)
		management must be integrated with project governance.	processes to align with updated governance.



Washington Metropolitan
Area Transit Authority

OIG Audit of WMATA's
ERP Implementation
Project
Management Response

Memorandum

Subject: OIG Audit of WMATA's ERP Implementation Project **Date:** 09.30.2026

From: Executive Vice President and Chief Digital Officer, Terrence Goines |
Executive Vice President and Chief People Officer, Sherri Dickerson
Executive Vice President and Chief Financial Officer, David Rickard

To: Inspector General, Michelle Zamarin

CC: GM & CEO – Randy Clarke, SVP & CRAO – Elizabeth Sullivan, Senior Executive Team

WMATA reviewed the Office of Inspector General's (OIG) September 9, 2026, Evaluation of WMATA's ERP Implementation Project (OIG 27-03). WMATA concurs with the recommendations and is committed to implementing sustainable corrective actions that address the root causes of the identified deficiencies. Management has, and will continue to, strengthen governance, financial management, project controls, risk management, change management, procurement oversight, and documentation practices to improve accountability, transparency, and compliance with contractual requirements. WMATA will track corrective actions through formal governance and reporting processes, incorporate approved changes into project baselines and management controls, and maintain supporting documentation necessary to validate implementation and support future oversight reviews.

Finding 1: Decision-making and Documentation Practices by Previous Project Management Led to Substantial Project Delays and Rework

Recommendation:

1. Establish formal, auditable documentation standards and implement a centralized, authoritative system for recording, validating, and retaining all approval actions associated with the ERP Contract

Response: Management concurs with the recommendation and has taken a number of steps to ensure all approval actions are fully vetted and documented.

1. A Project Steering Committee consisting of Senior VP and VP-level decision makers from across the organization has been reconstituted. Decisions are validated by the PSC, and in cases where they need to be escalated, recommendations are made to the Executive Steering Committee in cases where decisions involve increases in cost, schedule, scope or are cross-cutting issues. Decision memos are presented to, and signed, by the Executive Steering Committee.
2. A decision matrix with roles and responsibilities has been developed assigning decisionmakers for each functional area. This was recently revisited and updated to account for personnel changes as we begin to move into prototype testing for Financials. For issues that affect more than one functional area, these issues must be escalated to the PSC.

Accountable Organization(s): Digital Modernization

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Date: 09.30.2026

The estimated completion date is: This action was initiated in summer 2026 and WMATA will continue to follow this process through project go-live and stabilization, estimated to complete in December 2027.

2. Establish clear stakeholder role definitions and mandate compliance with the contractually required deliverable review and acceptance process.

Response: Management concurs with this recommendation. The decision matrix discussed in response to recommendation 1 also governs who the accountable/responsible parties are for reviewing contractual deliverables. DM has recently instituted a centralized process to track review and sign-off to ensure timeliness of acceptance and invoice processing.

Accountable Organization(s): Digital Modernization

The estimated completion date is: This action was initiated in summer 2026 and WMATA will continue to follow this process through project go-live and stabilization, estimated to complete in December 2027.

3. Require verifiable approvals and documented rationale for all critical ERP decisions and contract deliverables.

Response: Management concurs with this recommendation. In alignment with our earlier responses, all critical design decisions are captured in [REDACTED] Issues that involve cross-functional impacts, changes in scope, schedule, or cost are escalated to the PSC for resolution or recommendation. Recommendations to the ESC are documented and approved in decision memos that document all critical ERP decisions and the rationale.

Contract deliverables are reviewed/ approved according to the decision matrix and are accompanied by signature sheets.

Accountable Organization(s): Digital Modernization

The estimated completion date is: This action was initiated in summer 2026 and WMATA will continue to follow this process through project go-live and stabilization, estimated to complete in December 2027.

4. Ensure DM reviews and validates all purchased software and IT equipment according to WMATA's IT Procurement Policy associated with the ERP Implementation Project.

Response: Management concurs with this recommendation. As part of the re-baselining effort, DM reviewed and reconciled all software purchases, and three third-party applications were identified. One, [REDACTED] was in early stages of procurement and the Office of Procurement & Materials worked with DM to review the solution for technical sufficiency and appropriately procure the software. A second, [REDACTED] was purchased without a DM technical or Treasury functional review.



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During the course of the baselining, Treasury and DM found that [REDACTED] will meet WMATA's needs. During this review, the [REDACTED] purchase was discovered to have a number of deficiencies. [REDACTED] is a barcoding/inventory management solution.

While the software was purchased, it was discovered that the barcoding equipment and labelling necessary to fully implement the solution had not been procured, rendering the solution incomplete.

In addition, it was discovered that [REDACTED] does not have any capability to integrate with [REDACTED] WMATA's system of record for asset management. As a result, the barcoding solution was recompeted and a new vendor has been selected.

Accountable Organization(s): Digital Modernization, Finance.

The estimated completion date is: This action was initiated in summer 2026 and WMATA will continue to follow this process through project go-live and stabilization, estimated to complete in December 2027.

Finding 2: Inadequate Financial Oversight and Scope Management Caused Significant Cost Escalation

Recommendations:

5. Construct a validated line-item budget and reconcile all prior expenditures

Response: Management concurs with this recommendation. Prior to initiating the re-baselining effort, DM worked with the then-Comptroller to review and reconcile all prior expenditures from 2023. In parallel, the GM requested that Internal Audit review and reconcile all prior expenditures as well as a review of the [REDACTED] contract and invoices. As a result of these efforts, approximately \$15M was de-obligated for unnecessary staff augmentation and PMO support. Beyond the initial issues identified in the OIG Management Assistance Report dated July 29, 2025, no additional budgetary issues were discovered. Internal Audit did recommend closer review of vendor invoices which was a driver for the revised deliverable review process noted above. The budget has since been re-baselined and being tracked against the following line items: Software, Implementation costs, staff augmentation costs, salary, supplies/other. In addition, monthly reviews are conducted with Management and Budget to review projections, accruals and expenses against open purchase orders. DM continues to review and reconcile expenses prior to 2023 for a true reconciliation of project expenses.

Accountable Organization(s): Digital Modernization, Finance

The estimated completion date is: This action was initiated in summer 2026 and DM estimates a full reconciliation of prior expenses by December 2026.

6. Enforce a structured change control process with documented budget impact analysis and approvals.



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Response: Management concurs with this recommendation. All technical decisions and changes are documented in [REDACTED]. Any issues that have budgetary or cross-cutting impact are immediately escalated to the PSC as noted in response to recommendation 1.

Accountable Organization(s): Digital Modernization

The estimated completion date is: This action was initiated in summer 2026 and WMATA will continue to follow this process through project go-live and stabilization, estimate to complete in December 2027.

Finding 3: WMATA Continues to Have Challenges in Project Management and Governance

Recommendations:

7. Develop and formally approve a revised ERP Project Management Plan that integrates scope, schedule, resources, and milestones.

Response: Management concurs with this recommendation. As part of the re-baselining effort, both the HCM/Payroll and Financials efforts were updated for scope, schedule, resources and milestones. With the launch of HCM and Payroll, DM will be working with [REDACTED] to fine tune the project management plan with an updated schedule and budget in the October timeframe. As of September 2026, the project remains on track and within budget, but we will be updating the plan to take into account issues and needs that arose as part of the beta testing on grants/projects.

Accountable Organization(s): Digital Modernization

The estimated completion date is: This action was initiated in summer 2026 and WMATA will continue to follow this process through project go-live and stabilization, estimate to complete in December 2027.

8. Implement a structured risk management framework with assigned owners, tracking, and escalation rules.

Response: Management concurs with this recommendation. Risks have been tracked in a RAID log (Risks, Assumptions, Issues, Decisions) from the beginning of the project, but WMATA concurs with the findings that the former PMO leadership did not take a disciplined approach to monitoring or mitigating these risks. As part of the re-baselining effort, DM has worked with IA to utilize the IV&V to identify and monitor risks in addition to the RAID log. Also, as this report mentions, [REDACTED] provided twenty-five (25) recommendations to manage risk that they are tracking quarterly in a "scorecard." Escalation of issues follows the same protocol as noted above, with cross-cutting issues, or issues impacting scope, budget or schedule immediately escalated to the PSC.

Accountable Organization(s): Digital Modernization



**OIG Audit of WMATA's ERP
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Date: 09.30.2026

The estimated completion date is: This action was initiated in summer 2026 and WMATA will continue to follow this process through project go-live and stabilization, estimate to complete in December 2027.

9. Enforce contract change management deliverables, including stakeholder analysis, communication plans, and training to ensure compliance and improve user adoption.

Response: Management concurs with this recommendation. Regarding technical program changes, please see above. Regarding organizational changes, a key lesson learned during the HCM/Payroll go-live was that a dedicated WMATA "cutover manager" is required, in addition to a change/communications lead. To avoid conflicting or fractured communications and ensure transparency, these two leads must work together to ensure programmatic changes and impacts are communicated clearly and expectations managed. OCFO has assigned a cutover lead and DM has dedicated two training resources and additional personnel to assist with communications, training and user adoption efforts.

Accountable Organization(s): Digital Modernization

The estimated completion date is: This action was initiated in summers 2026 and WMATA will continue to follow this process through project go-live and stabilization, estimate to complete in December 2027.

Report Fraud, Waste, or Abuse

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Facsimile: 1-800-867-0649

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