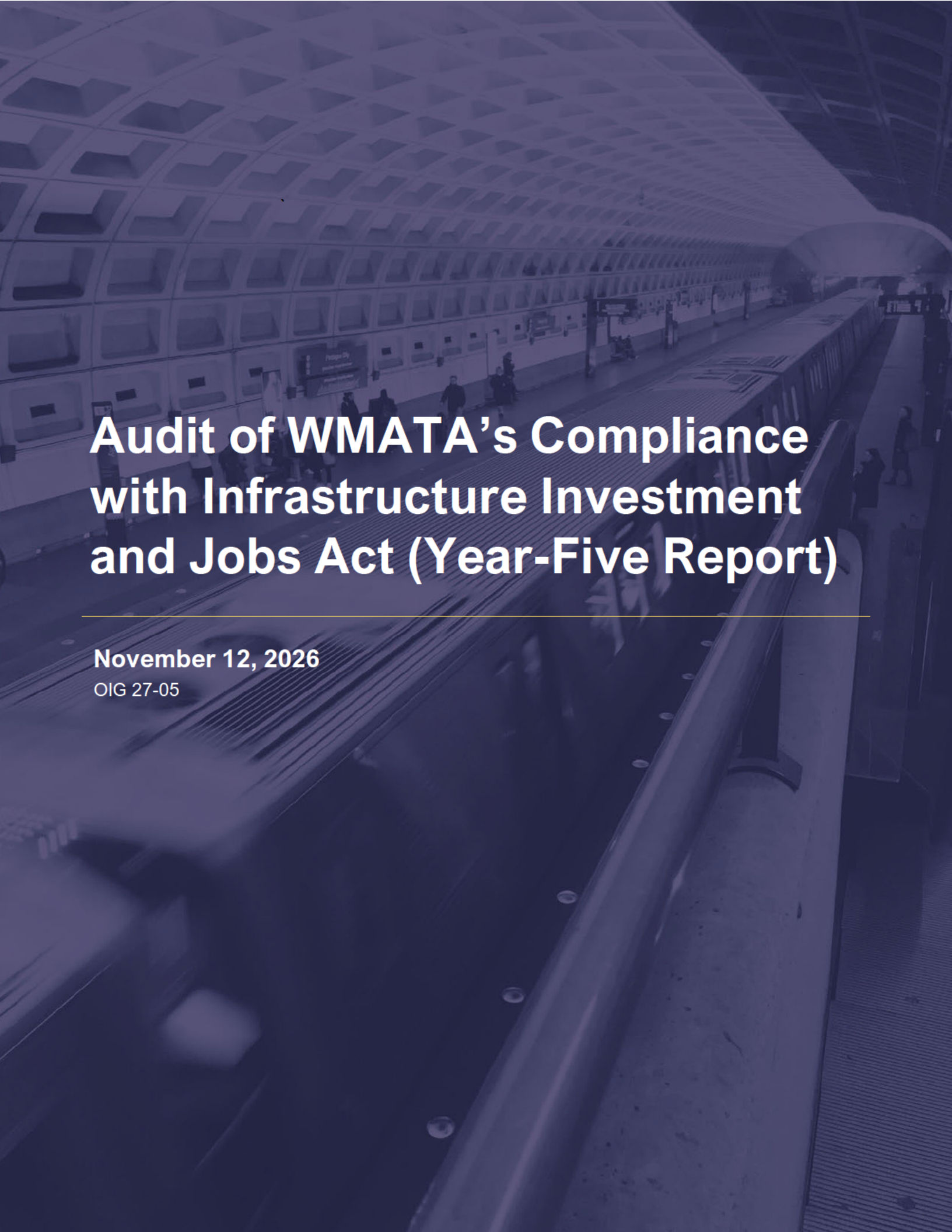


Audit of WMATA's Compliance with Infrastructure Investment and Jobs Act (Year-Five Report)

November 12, 2026

OIG 27-05

Results in Brief

Audit of WMATA's Compliance with Infrastructure Investment and Jobs Act (Year-Five Report)

Audit Objective

The audit objective was to assess the Washington Metropolitan Area Transit Authority's (WMATA's) compliance in four key areas:

1. Use of Dedicated Funding: Determine whether WMATA effectively uses dedicated funding to support major capital improvement projects.
2. Strategic Plan Deadlines: Assess WMATA's compliance with strategic plan deadlines established under jurisdictional Dedicated Funding Agreements.
3. Reform Requirements: Examine WMATA's compliance with required reforms and identify any challenges affecting implementation.
4. Implementation Improvements: Identify recommendations to strengthen WMATA's execution of required reforms.

Why We Did the Audit

- This audit was required under Section 30019(d)(2)(E)(iii) under the Infrastructure Investment and Jobs Act of 2021 (IIJA).
- This audit was included in the Annual Audit and Evaluation Plan for Fiscal Year (FY) 2026.

What OIG Found

Related to WMATA's effective use of Dedicated Funding, the Office of Inspector General (OIG) found, based on 15 audits, evaluations, and reviews, that opportunities exist to improve the effective use of dedicated funds in support of WMATA's capital improvement projects. OIG's reports indicate areas where process controls, documentation practices, and project governance require reinforcement.

In addition, OIG reviewed 30 transactions and found that the use of dedicated funding aligned with its intended purposes, and the transactions complied with relevant criteria.

Finally, OIG assessed that WMATA was in compliance with strategic plan deadlines under its Dedicated Funding agreements; that WMATA met the reform requirements in those agreements (particularly as to reporting on its capital improvement projects); and that WMATA had made all the reforms IIJA required to strengthen OIG independence.







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In November 2021, Congress enacted the Infrastructure Investment and Jobs Act (IIJA), which reauthorized federal capital and preventive maintenance grants to the Washington Metropolitan Area Transit Authority (WMATA), including $150 million annually through the Passenger Rail Investment and Improvement Act of 2008 (PRIIA) for fiscal years (FYs) 2022–2030. IIJA made access to these funds contingent on WMATA's implementation of reforms to the Office of Inspector General (OIG) and its capital planning process.

Section 30019(d)(2)(E)(iii) of the IIJA requires the WMATA OIG to submit congressionally mandated reports two and five years after enactment assessing WMATA's progress in implementing the IIJA-related obligations and evaluating its use of funding authorized by the District of Columbia (D.C.), Maryland, and Virginia Dedicated Funding Agreements. The reports must include four core components: (1) an assessment of WMATA's effective use of dedicated funding to support major capital improvement projects; (2) a discussion of WMATA's compliance with strategic plan deadlines established under the jurisdictional Dedicated Funding Agreements; (3) an examination of WMATA's compliance with the reform requirements, including identifying any challenges to implementation; and (4) recommendations to WMATA to improve implementation.

OIG issued the report, "Review of WMATA's Compliance with the Infrastructure Investment and Jobs Act," in November 2023 (Year-Two Report).[1] The report highlighted how WMATA had begun implementing IIJA-driven reforms and noted improvements in WMATA's capital planning and asset management practices, including the adoption of documented policies and procedures, enhanced asset inventory standards, and the development of performance measures for major capital projects. However, the Year-Two Report also identified ongoing challenges in fully implementing performance measurement frameworks and ensuring that Dedicated Funding is used effectively to achieve the intended outcomes.

As part of the Year-Two Report, OIG issued three recommendations to strengthen compliance and internal controls, including evaluating the prioritization process against industry best practices, formalizing definitions for major funding program categories to improve project comparison and selection, and amending human capital and procurement policies to implement the IIJA-mandated OIG independence reforms. As of September 30, 2024, WMATA had implemented steps to ensure OIG independence by issuing a Board Resolution[2] and two Staff

[1] *https://wmataoig.gov/wp-content/uploads/2023/11/Review-of-WMATAs-Compliance-with-Infrastructure-Investment-and-Jobs-Act-IG-Final.pdf.*

[2] *WMATA Board Resolution 2021-46: Reforms to Office of Inspector General. December 9, 2021.*

Notices[3] addressing one of the three recommendations. Additionally, in July 2026, the Office of Capital Planning and Programming submitted a memorandum[4] to the OIG demonstrating implementation of the remaining two recommendations related to the prioritization process and definitions.

Capital Investments and Dedicated Funding Agreements

WMATA's capital investments are funded through a combination of federal grants, state and local contributions, and debt financing. From FYs 2020-2025, WMATA received nearly $13.7 billion in funding for capital assets, with the largest share allocated to the Railcar & Railcar Facilities and Rail Systems investment categories. Over this period, capital funding was sourced primarily from federal grants (over $3.2 billion) and state and local contributions (over $5.6 billion), with additional funds raised through long-term debt. Annually, D.C., Maryland, and Virginia collectively provide $500 million in dedicated capital funding. The dedicated funding is governed by three separate legislative actions that outline the requirements that WMATA must meet to receive, manage, and use the funds: Chapter 34 of title 33.2 of the Code of Virginia, Section 10-205 of the Transportation Article of the Code of Maryland, and Section 6002 of the Dedicated WMATA Funding and Tax Changes Affecting Real Property and Sales Amendment Act of 2018 (together, the Dedicated Funding Agreements).

This dedicated funding is intended to restore WMATA's assets to a state of good repair (SOGR), improve safety and reliability, and support major capital projects across the following six investment categories:

1. Railcar & Railcar Facilities (replacement and rehabilitation of railcars and maintenance facilities);

2. Stations & Passenger Facilities (elevators, escalators, fare collection equipment, fire safety systems, parking, and passenger amenities at all 98 Metrorail stations);

3. Rail Systems (propulsion power, signals, and communications);

4. Bus, Bus Facilities, & Paratransit (replacement and maintenance of buses and paratransit vehicles);

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[3] WMATA. Staff Notice 2024-12: Guidelines for Procurement and Human Capital Activities of the Office of Inspector General. March 2024. WMATA Staff Notice 2024-28: Guidelines for Submission of the Office of Inspector General's Budget for Approval by WMATA's Board of Directors. September 2024. WMATA Policy Instruction 13.4/5: The Office of the Inspector General. September 2024.

[4] Office of Inspector General. WMATA's Capital Planning Process and the Infrastructure Investment Job Act (IIJA): Response Memo. July 7, 2026.

5. Track & Structures Rehabilitation (running rail, crossties, third rail, retaining walls, and bridges); and

6. Business & Operations Support (information technology (IT) assets, Metro Transit Police facilities, and non-revenue vehicles).

WMATA does not typically designate a single project as funded solely by dedicated funding; rather, dedicated funding flows through a pooled capital program alongside federal grants (PRIIA/formula), debt, and jurisdictional contributions.

WMATA's Dedicated Funding Process

Historically, WMATA relied on annual appropriations from its jurisdictional partners, but in 2018, Virginia, Maryland, and D.C. established the agency's first dedicated capital funding stream. Dedicated funds are primarily authorized for CIPs, federal grant matching, and debt service. Each jurisdiction places different restrictions on the use of the funds, such as Virginia's "restricted" account, which cannot be used for debt service, and D.C.'s requirement for the dedicated funding grant to be expended for eligible SOGR projects as defined by D.C.

WMATA's Funds and Grants Management team is responsible for identifying and assigning fund sources. The Capital Budget Management and Capital Financial Reporting teams support fund allocation and ensure compliance with reporting requirements. The Office of Accounting/Accounts Receivable invoices and receives dedicated funding, except for Virginia, which pays automatically. For CIP capital payments incurred, project managers and the Capital Payment Review Team must conduct a complete review and approval of each invoice package, including the Partial Payment Authorization (PPA) invoice cover form that includes review approvals and a checklist—verifying documentation, receipt of goods and services, and budget alignment—before the package is submitted to the Accounts Payable department for processing and payment.

WMATA must report quarterly on the use of dedicated funds, as required by each Dedicated Funding Agreement for D.C.,[5] Maryland,[6] and Virginia.[7] Reports include capital expenditures, jurisdictional contributions, fund sources aligned to projects, and the status of capital

[5] *Agreement Between the Government of the District of Columbia and the Washington Metropolitan Area Transit Authority for Award and Use of Dedicated Funding Grant § 9, at 9. October 22, 2020.*

[6] *Washington Metropolitan Area Transit Authority Dedicated Capital Funding Agreement § 4, at 4. September 26, 2019.*

[7] *Washington Metropolitan Area Transit Authority Capital Fund Agreement § 5, at 8. May 1, 2019.*

investments. Annually, the Capital Investment Performance Evaluation program follows an evaluation cycle for completed projects and recurring programs. The program tracks how investments improve safety, reliability, and customer experience, translating lessons learned into actionable recommendations informing future investment decisions, enhancing operational performance, and increasing transparency.

I. Assessment of Effective Use of Dedicated Funding

IIJA requires the Year-Five Report to include an assessment of the effective use of dedicated funding to support major capital improvement projects. To meet this requirement under IIJA Section 30019(d)(2)(E)(iii)(aa), OIG reviewed the results of 15 audits, evaluations, and reviews completed between FYs 2022-2027 and tested 30 dedicated funding transactions for compliance with CIP governance, contract documentation, invoice validation, and Dedicated Funding Agreements requirements for FYs 2023-2025. Together, these oversight activities provide the basis for OIG's assessment of WMATA's use of dedicated funding during the review period.

A. OIG Audits and Evaluations Conducted Pursuant to IIJA

Between FYs 2022 and 2027, OIG issued 15 engagement reports. These engagements reviewed a variety of operations, including financial, technological, and infrastructure programs that are directly or indirectly related to WMATA's use of dedicated funding. OIG selected and prioritized these engagements using a risk-based approach that considered the nature, scope, trends, special problems, vulnerabilities, and inherent risks associated with WMATA's programs and operations.

Consistent with IIJA Section 30019(f)(1), which emphasizes that WMATA prioritize the implementation of new technological systems with robust cybersecurity protections, several of OIG's engagements focused on IT modernization, data governance enhancement, and cybersecurity resilience. Key IT projects included the implementation of an enterprise resource planning (ERP) system, the advanced information management (AIM) supervisory control system, and the data center optimization. Other engagement reports focused on operational and infrastructure programs, including regulatory compliance, asset management, and the effectiveness of internal controls and oversight. These included underground storage tanks, the accounts payable process, non-revenue vehicles, and real property asset management. Also, under IIJA Section 30019(f)(2), which noted that WMATA should "prioritize continued integration of new wireless services and emergency communications networks," OIG reviewed the replacement of radio and cellular infrastructure.

While these engagements examined different aspects of WMATA's operations, together they provide insight into the governance, internal controls, documentation practices, asset management processes, and technology systems that support WMATA's capital program and the administration of dedicated funding. Across the 15 engagements, OIG identified recurring weaknesses in governance, internal controls, data quality, and asset and project lifecycle

management practices. These observations highlight the need for stronger oversight, clearer accountability, and more disciplined management practices to reduce financial, operational, safety, and compliance risks.

Table 1 identifies the 15 completed and two ongoing OIG audits, evaluations, and reviews that informed OIG's assessment. In addition, **Appendix B** outlines the scope of each engagement, describes significant results, explains how the work relates to IIJA compliance, and presents the recommendations issued to strengthen internal controls and program effectiveness.

Table 1: OIG Reports Issued from FYs 2022-2027

	Report Title	Date Issued
Information Technology Audits		
1	Management Alert: Audit of WMATA's Cybersecurity Program – Critical Cybersecurity Vulnerabilities	5/17/2022
2	Audit of WMATA's Software Licensing Management	6/13/2024
3	Audit of WMATA's Data Center Cost Optimization	4/10/2025
4	Management Assistance Report: Review of WMATA's Enterprise Resource Planning (ERP) Implementation Project	7/29/2025
5	Audit of WMATA's Data Privacy and Protection Practices	4/9/2026
6	Audit of WMATA's ERP Implementation Project	10/8/2026
7	Audit of WMATA's Advanced Information Management (AIM) Supervisory Control and Monitoring of Rail Systems	11/12/2026
Operational and Financial Audits		
8	Review of WMATA's Compliance with Infrastructure Investment and Jobs Act (Year-Two Report)	11/6/2023
9	Audit of WMATA's Underground Storage Tanks	5/15/2025
10	Audit of WMATA's Accounts Payable Process for Outside Party and Miscellaneous Vendors	3/12/2026
Evaluations		
11	Review of WMATA's Non-Revenue Vehicle Program	1/26/2023
12	Management Assistance Report: Evaluation of WMATA's Real Property Asset Management	5/14/2026
13	Evaluation of WMATA's Security Cameras	6/25/2026
14	Evaluation of WMATA's Radio and Cellular Infrastructure Replacement Project	7/23/2026
15	Evaluation of WMATA's Real Property Asset Management	9/11/2026
Ongoing Audit and Review		

	Report Title	Date Issued
Information Technology Audits		
16	Audit of WMATA's Transit Asset Inventory and Conditions Assessment Process	TBD
17	Limited Review of CIP 0342: Information Technology Hardware State of Good Repair	TBD

OIG's observations are limited to the engagements reviewed and should not be interpreted as an assessment of all activities funded through dedicated funding. However, the recurrence of similar governance, documentation, and control issues across multiple programs suggests that WMATA should evaluate whether similar risks exist in areas not yet reviewed. By addressing these recurring issues and building on progress made thus far, WMATA can further strengthen its stewardship of dedicated capital funds and support informed, well-documented decision-making.

B. Additional Transaction Testing

To supplement the results of the engagements discussed above, OIG assessed the effective use of dedicated funding by judgmentally selecting 30 capital expenditure transactions from CIPs during FYs 2024-2026. These transactions were derived from the 15 audits and evaluations but were outside of the scope of the original objectives and thus had not been previously tested. In selecting the transactions, OIG focused on higher-risk items, including higher-dollar-amount expenditures, non-contract labor and indirect cost charges, and transactions indicating possible accrual or recording issues.

For each of the 30 transactions, OIG applied the following criteria:

1. Cost Estimate Documentation - According to GAO's *Cost Estimating and Assessment Guide* (GAO-20-195G), agencies should update cost estimates when requirements change and document, reconcile, and justify revisions to the baseline estimate to ensure transparency, traceability, and informed decision-making.

2. Project Charter Requirements - WMATA's Project Development Manual (PDM) requires capital projects with a total estimated cost exceeding $10 million (or requiring five or more

days of rail track outages) to have an approved project charter that documents the total project cost.

3. Contract-Based Capital Expenditures - According to WMATA's Accounting Manual and the related contract, capital expenditures should be supported by an approved Partial Payment Authorization, and the invoice amounts should be consistent with the terms, conditions, and authorized values of the approved contract and purchase order.

4. Labor-Related Capital Expenditures - Under WMATA's Indirect Rates Statement and Labor Hours Reports, OIG assessed whether fringe benefits, indirect burden, and overtime labor costs were supported by adequate documentation and reconciled to labor records and related capital expenditure amounts.

5. Dedicated Funding Reporting Requirements - The Capital Funding Agreement and Dedicated Funding Agreements require WMATA to provide quarterly reports on capital investment progress and conduct annual evaluations of completed projects and recurring programs to assess performance outcomes and inform future investment decisions.

In the 30 transactions sampled by OIG, the overall use of dedicated funding generally aligned with its intended purposes, and the transactions complied with relevant criteria.

II. Assessment of Compliance with Strategic Plan Deadlines

IIJA requires the OIG's Year-Five Report to discuss WMATA's compliance with the strategic plan deadlines established under the dedicated funding laws of D.C., Maryland, and Virginia. These jurisdictional laws outline the timing for WMATA's long-range strategic planning, annual and multi-year budgeting, financial reporting, and progress reporting on capital projects. OIG reviewed WMATA's planning and reporting materials to determine whether WMATA fulfilled these obligations during the five-year period under IIJA Section 30019(d)(2)(E)(iii)(bb) requirements.

Each jurisdiction's Dedicated Funding Agreement contains requirements tied to maintaining updated strategic plans, issuing annual and six-year capital budgets, publishing periodic Capital Improvement Program progress reports, and submitting audited financial statements and Single Audit materials. WMATA is also required to undergo annual dedicated funding expenditure reconciliations performed by an independent public accountant, as part of the accountability framework adopted by D.C., Maryland, and Virginia's Dedicated Funding law further requires WMATA to update its Strategic Transformation Plan on a three-year cycle.

To evaluate compliance with these statutory and contractual deadlines, OIG reviewed the documents produced during the IIJA review period, including:

1. WMATA's most recent Strategic Transformation Plan
2. Annual and six-year capital budgets for the past three FYs
3. A sample of quarterly CIP progress reports
4. Annual financial statements and Single Audit submissions for the past three years
5. Annual dedicated funding reconciliations completed by RSM US LLP (RSM), an independent accounting firm, for the past three years

Based on this review, OIG found that WMATA met the strategic plan deadlines established under the jurisdictional Dedicated Funding Agreements. WMATA issued required updates to its Strategic Transformation Plan on schedule, produced annual and six-year budgets within required timeframes, submitted quarterly CIP progress reports throughout the period, and fulfilled the annual financial reporting and reconciliation requirements applicable to Maryland and D.C.

III. Examination of Compliance with OIG and Capital Reforms

IIJA Section 30019(d)(2)(E)(iii)(II)(cc) required that OIG provide an examination of WMATA's compliance with reforms described in the Act to strengthen OIG independence as well as reforms required by the cited Dedicated Funding Agreements.

A. Compliance with Reforms Required for OIG Independence

Congress included several provisions in the IIJA intended to strengthen the independence of the WMATA OIG. Under IIJA Section 30019(d)(2)(E)(iii)(II)(cc), Congress required an examination of WMATA's compliance with these reform requirements. The reforms addressed OIG budget authority, procurement authority, hiring authority, access to independent legal counsel, and public reporting requirements.

Following IIJA's passage, in December 2021, the Board adopted Board Resolution 2021-46 (Reforms to Office of Inspector General), which adopted the Congressionally mandated reforms and directed WMATA staff to implement them, adding to existing provisions in the WMATA Compact and Board Res. 2006-18. Subsequently, in September 2024, the Board adopted Board Resolution 2024-26 (Amendment of Inspector General Term and Implementing Reforms to the Office of Inspector General) and related policies and staff notices that formalized OIG authorities related to budget submissions, procurement activities, and personnel actions.

The Inspector General now has final authority over OIG budget submissions, procurement decisions, and personnel actions. Even prior to IIJA, dating back to 2019, the OIG had a Counsel to the Inspector General. Finally, OIG publicly publishes on its website all required reports including recommendations to WMATA and semiannual reports for all periods since IIJA. In sum, the WMATA Board has made all the Congressionally mandated reforms to strengthen OIG's independence and there are no current challenges to compliance or implementation.[8]

B. RSM's Examinations of Compliance with Dedicated Funding Agreements

IIJA Section 30019(d)(2)(E)(iii)(cc) directs that OIG examine WMATA's compliance with the requirements set forth in the Dedicated Funding Agreements between WMATA and D.C., Maryland, and Virginia. To do so, for each of the past three FYs, OIG engaged RSM, an

[8] *A related portion of IIJA (at Section 30019(g)(1)(A)) required that the Comptroller General (through the Government Accountability Office (GAO)) report to Congress, including on implementation of reforms strengthening OIG independence. In November 2024, GAO issued its report, Actions Needed to Safeguard Inspector General Independence and Evaluation Capital Investment Outcomes, available at https://www.gao.gov/assets/gao-25-107104.pdf. GAO found that WMATA had implemented policies and procedures for each of the IIJA provisions for reforming the OIG. Id. at 12.*

independent accounting firm. Each Dedicated Funding Agreement requires WMATA to submit various reports, including a series of financial, reconciliation, and planning reports. Specifically, the reports WMATA must issue include a quarterly financial report on WMATA's progress in its use of funding for capital improvements, an annual reconciliation report showing planned and actual expenditures at the project level, an indirect cost report, a capital budget, and a six-year capital improvement program.

For each FY from 2023 to 2025, RSM issued an unmodified opinion, concluding that WMATA complied, in all material respects, with the requirements of the Dedicated Funding Agreements. No material exceptions or deficiencies were identified. An example of the Independent Accountant's Opinion Memorandum documenting their conclusion of the FY 2025 examination can be found in **Appendix C**. The following is a summary of the results of those examinations (*see* **Table 2**):

Table 2: Summary of RSM's Examinations of WMATA Dedicated Funding

	Report Title	Report Date	Results
1	Dedicated Funding Report FY2023	3/5/2024	Unmodified
2	Dedicated Funding Report FY2024	2/4/2025	Unmodified
3	Dedicated Funding Report FY2025[9]	3/26/2026	Unmodified

Based on a review of RSM's most recent dedicated funding reports, OIG determined that WMATA complied with reform requirements under the laws that authorized jurisdictional dedicated funding.

[9] *RSM. Dedicated Funding Report for FY 2025. https://www.wmata.com/content/dam/wmata-com/migrated-assets/about/records/upload/FY2025%20Consolidated%20Dedicated%20Funding%20Report%20-%20Final%203.27.26.pdf.*

IV. Recommendations to Improve Dedicated Funding Implementation

IIJA Section 30019(d)(2)(E)(iii)(dd) requires the OIG's Year-Five Report to include recommendations to WMATA. Across the 15 engagement reports completed during the review period, OIG issued 136 recommendations intended to strengthen WMATA's governance, internal controls, documentation practices, and oversight structures. These recommendations support WMATA's continued implementation of the dedicated funding statutes and the broader reforms established by the IIJA. As of the time of this report:

- 107 recommendations remain open, meaning corrective actions are still in progress or pending completion;[10] and
- 29 recommendations are closed, indicating WMATA has fully implemented the required corrective actions and OIG has verified their completion.

Continuing to address the open recommendations will promote WMATA's efficiency and effectiveness and advance the goals Congress set forth in IIJA. **Table 3** summarizes the status of recommendations by report, including issue date, and the breakdown of open and closed recommendations:

[10] *Out of 107 recommendations, 52 were issued in FY 2027 (that is, since July 1, 2026), 33 of which were issued as part of the October 2026 Audit of WMATA's AIM Supervisory Control and Monitoring of Rail Systems.*

Table 3: Status of Recommendations by OIG Report

	Report Title	Issue Date	Recommendations	Open	Closed
1	Management Alert: Audit of WMATA's Cybersecurity Program – Critical Cybersecurity Vulnerabilities	5/17/2022	6	0	6
2	Audit of WMATA's Software Licensing Management	6/13/2024	5	3	2
3	Audit of WMATA's Data Center Cost Optimization	4/10/2025	19	18	1
4	Management Assistance Report: Review of WMATA's Enterprise Resource Planning (ERP) Implementation Project	7/29/2025	5	5	0
5	Audit of WMATA's Data Privacy and Protection Practices	4/9/2026	7	7	0
6	Audit of WMATA's ERP Implementation Project	10/8/2026	9	9	0
7	Audit of WMATA's Advanced Information Management (AIM) Supervisory Control and Monitoring of Rail Systems	11/12/2026	33	33	0
8	Review of WMATA's Compliance with Infrastructure Investment and Jobs Act	11/6/2023	3	0	3
9	Audit of WMATA's Underground Storage Tanks	5/15/2025	6	2	4
10	Audit of WMATA's Accounts Payable Process for Outside Party and Miscellaneous Vendors	3/12/2026	10	10	0
11	Review of WMATA's Non-Revenue Vehicle Program	1/26/2023	13	0	13

	Report Title	Issue Date	Recommendations	Open	Closed
12	Management Assistance Report: Evaluation of WMATA's Real Property Asset Management	5/14/2026	4	4	0
13	Evaluation of WMATA's Security Cameras	6/25/2026	6	6	0
14	Evaluation of WMATA's Radio and Cellular Infrastructure Replacement Project	7/23/2026	4	4	0
15	Evaluation of WMATA's Real Property Asset Management	9/11/2026	6	6	0
		Total:	136	107	29

Objective, Scope, and Methodology

The following are the audit objectives, scope, and methodology.

Objective

The objective of the audit was to assess WMATA's compliance in four key areas:

1. **Use of Dedicated Funding:** Determine whether WMATA effectively uses Dedicated Funding to support major capital improvement projects.

2. **Strategic Plan Deadlines:** Assess WMATA's compliance with strategic plan deadlines established under jurisdictional Dedicated Funding laws.

3. **Reform Requirements:** Examine WMATA's compliance with required reforms and identify any challenges affecting implementation.

4. **Implementation Improvements:** Determine whether recommendations were implemented to strengthen the Transit Authority's execution of required reforms.

Scope

The review period is OIG audit reports issued from November 15, 2021, to November 15, 2026; and capital expenditures for FY 2024, FY 2025, and FY 2026 (expenditures after the Year-Two Report).

Methodology

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

- Obtained and reviewed background documentation related to WMATA's dedicated funding structure, IIJA funding allocations, and CIP governance processes to gain an understanding of how capital funding was managed and overseen during the reporting period.

- Obtained and reviewed WMATA CIP annual reports, capital budget documents, Board presentations, grant summaries, and IIJA funding updates to understand the nature and extent of capital funding activities

- Developed a timeline identifying significant capital funding milestones and relevant OIG oversight reports issued during the five-year review period.

- Identified WMATA personnel responsible for the oversight, administration, management, and monitoring of dedicated funding and IIJA-related activities.

- Developed interview questions focused on funding oversight, project monitoring, governance practices, reporting processes, and implementation challenges.

- Conducted interviews with WMATA personnel to obtain an understanding of how dedicated funding and IIJA funding were managed, monitored, and reported. Interview discussions included:

    - Governance structures, oversight responsibilities, project tracking processes, grant monitoring activities, and reporting mechanisms related to capital funding.

    - Challenges encountered in administering dedicated funding and IIJA-related activities, including project delivery concerns, staffing limitations, reporting requirements, and funding management issues.

- Obtained and compiled an inventory of OIG audits, evaluations, and other oversight reports issued during the five-year review period.

- Reviewed the OIG report inventory and identified reports related to dedicated funding, capital improvement program activities, capital project oversight, grant management, infrastructure investments, and other funding-related oversight activities.

- Evaluated the identified reports to determine their relevance for inclusion in the congressional report based on the relationship of the report subject matter to dedicated funding and IIJA-related oversight activities.

- Summarized the purpose and results of relevant OIG reports, including significant findings, control weaknesses, operational concerns, governance issues, and oversight challenges identified in the reports.

- Documented management responses and corrective actions identified in the relevant OIG reports

- Identified recurring themes, trends, and systemic issues across multiple OIG reports issued during the review period.

- Obtained the most recent RSM Dedicated Funding Report and related presentations and supporting documentation relevant to WMATA's dedicated funding oversight.

- Reviewed the RSM report objectives, scope, methodology, conclusions, and recommendations to understand the nature and extent of the independent assessment performed.

- Interviewed the RSM team to gain an understanding of the 2025 dedicated funding compliance audit, including its objectives, scope, procedures performed, significant findings, conclusions, and areas identified for management attention.

- Summarized significant RSM conclusions relevant to the congressional report narrative.

- Identified the population of CIP capital expenditure reports for FYs 2024-2026 and judgmentally selected a sample of 30 transactions to review and test.

- Developed audit test metrics to evaluate the effective use of dedicated funding and applied the metrics to the selected sample of transactions.

- Documented the results of testing, including the procedures performed, supporting evidence reviewed, exceptions identified, and conclusions reached regarding the effective use of dedicated funding.

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.

1. Management Alert: Audit of WMATA's Cybersecurity Program – Critical Cybersecurity Vulnerabilities

On May 17, 2022, OIG issued a Management Alert (MA) to advise WMATA leadership about critical cybersecurity vulnerabilities identified during its ongoing audit of WMATA's Cybersecurity Program.[11] OIG found at least three cybersecurity vulnerabilities that, if exploited, could expose WMATA's network, data, and operations to cybersecurity attacks and cybersecurity threat actors. These cybersecurity vulnerabilities included the following:

1. [redacted]

2. [redacted]

3. [redacted]

The MA included six recommendations to strengthen WMATA's cybersecurity posture. As of September 30, 2026, WMATA has closed all six of the recommendations (*see* **Table 3**).

2. Audit of WMATA's Software Licensing Management

On June 13, 2024, OIG issued an audit report evaluating the control over software licensing within WMATA's Digital Modernization (DM) department.[12] Software licenses come with specific terms and conditions that organizations must adhere to. Non-compliance can result in legal and

[11] *https://wmataoig.gov/wp-content/uploads/2023/05/MAR-OIG-Concerns-Over-Critical-Cybersecurity-Vulnerabilities-That-Remain-Unresolved-IG-Final_Redacted-SECURED.pdf.*

[12] *https://wmataoig.gov/wp-content/uploads/2024/06/Audit-of-WMATAs-Software-Licensing-Management-IG-Final.pdf.*

financial consequences. By tracking licenses accurately and efficiently, redundant or underutilized licenses can be identified and reallocated, potentially leading to cost savings. In addition, poor software license management can expose organizations to security risks, vulnerabilities, and susceptibility to cyber threats. The objective of this audit was to determine whether DM has established adequate controls to manage WMATA's software licenses.

OIG found that DM lacked a centralized system for managing software licenses and instead relied on decentralized tools and manual processes. DM administered licenses through 34 Contracting Officer Technical Representatives without centralized oversight or standardized training, limiting its ability to coordinate license management and optimize software utilization. OIG also found that weaknesses in controls over purchase card transactions allowed staff to acquire IT assets without DM approval, violating policy. These findings demonstrated the need for WMATA to implement a robust MIS, centralize license management processes and training, and strengthen oversight of IT-related purchase-card transactions to improve efficiency and mitigate risks.

WMATA's software licensing management was funded by CIP projects CIP 0043 (Bus and Rail Scheduling and Operations Software Improvements), CIP 0357 (Cybersecurity Legacy Software Improvements), CIP 0390 (Web-Based Applications Maintenance), and CIP 0392 (Transit Systems Applications Maintenance). From the previously issued Year-Two Report to March 31, 2026, approximately the amount of $34.3 million dollars has been expensed and remains unaudited[13] (*see* **Appendix C**).

The report included five recommendations for WMATA to address the findings and strengthen the program and operations. OIG recommended that WMATA implement a robust MIS, establishing centralized processes and training for license management, and strengthening controls over IT-related purchase card transactions. Management concurred with all findings and had begun corrective actions. OIG monitored progress through the Corrective Action Plan (CAP) process. As of September 30, 2026, WMATA has closed two of the recommendations (*see* **Table 3**).

3. Audit of WMATA's Data Center Cost Optimization

On April 10, 2025, OIG issued the *Audit of WMATA's Data Center Cost Optimization*.[14] The audit objective was to determine whether WMATA had implemented appropriate data center cost-reduction initiatives and strategies. Data center cost optimization involves identifying and

[13] The extra amount expensed as of March 31, 2026, starting from the previously issued OIG IIJA audit report, remains unaudited since the audit report was issued. Conclusions, observations, and recommendations were based on tests completed as of this audit report's issuance.
[14] https://wmataoig.gov/wp-content/uploads/2025/04/Audit-of-WMATAs-Data-Center-Cost-Opt-IG-Final_Redacted.pdf.

implementing strategies to reduce expenses while maintaining or improving the data center's efficiency and performance. The Office of Infrastructure & Operations manages the data center infrastructure. It is responsible for designing, building, maintaining, and monitoring a robust, state-of-the-art IT infrastructure that enables Metro to deliver safe, reliable, and efficient transit services. With MetroMoves, a new data center is being built to replace the Jackson Graham Building (JGB) data center, and the other facility is being upgraded. Additionally, an Equinix data center is being leased to replace JGB.

OIG found that significant investments, including $44.8 million for the Eisenhower data center, were underutilized. Further, WMATA decided to abandon its own data center and lease data center services from Equinix facilities, made without comprehensive cost, technology, or risk assessments. Also, deficiencies in asset management, monitoring of key metrics, and the absence of a formal data center strategy to address cost optimization and operational efficiency were identified. These gaps exposed WMATA to unplanned costs, inefficiencies, and reputational risks.

The data center replacement project was funded by CIP projects CIP 0330 and CIP 0337. CIP 0330 is a data center specific project tasked with supplying hardware, software, and consulting services to Eisenhower and Equinix, bolstering operations across all headquarters, and leasing a colocation facility at Equinix. CIP 0337 covered the construction of the new Eisenhower office building, including a floor specifically designed for use as a data center. During the audit, OIG verified that $22,876,385 in dedicated funds had been invoiced to WMATA as of October 2024 under this CIP. From the previously issued the Year-Two Report to March 31, 2026, approximately the amount of $87.4 million dollars has been expensed and remains unaudited[15] (*see* **Appendix C**).

The report included 19 recommendations for WMATA's DM department to optimize cost savings across WMATA's data centers. By addressing the recommendations outlined in this report, WMATA can improve cost tracking and monitoring, optimization strategies, and data center operations. As of September 30, 2026, WMATA has closed one of the recommendations (*see* **Table 3**).

[15] *The extra amount expensed as of March 31, 2026, starting from the previously issued Year-Two Report, remains unaudited since the audit report was issued. Conclusions, observations, and recommendations were based on tests completed as of this audit report's issuance.*

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

On July 29, 2025, OIG issued a Management Assistance Report (MAR) on WMATA's Enterprise Resource Planning (ERP) Implementation Project.[16] WMATA uses PeopleSoft as its primary system for Financial, Human Capital Management, Enterprise Learning Management, and other critical operational activities, supporting over 14,000 users across the organization. WMATA planned to implement a new ERP system to enhance operational efficiency and improve financial reporting. This initiative aimed to deploy an integrated suite of enterprise solutions designed to elevate service delivery, adopt best practices, and significantly boost the efficiency and effectiveness of WMATA's customer service and business processes.

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, DM 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.

The report included five recommendations to strengthen governance and promote the successful delivery of the ERP solution. As of September 30, 2026, the five recommendations remain open (*see* **Table 3**).

5. Audit of WMATA's Data Privacy and Protection Practices

On April 10, 2026, OIG issued an audit report assessing WMATA's compliance with applicable data privacy laws, regulations, and standards and to evaluate whether controls sufficiently

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

protect sensitive information.[17] Data privacy and the use of personal information are issues of increasing concern for many organizations as a result of digital transformation and global regulations. Data privacy and protection is a crucial aspect of business continuity. It is also one of an organization's greatest risks and, if mishandled, can become one of its most significant liabilities.

OIG found that WMATA had not developed a data privacy program that fully incorporated applicable requirements and leading standards. The audit revealed systemic weaknesses in WMATA's data privacy posture, including the absence of a comprehensive data privacy framework, [redacted]. WMATA also lacks enterprise-wide coordination and enforcement mechanisms, which further increases the risk of data breaches and non-compliance.

These deficiencies suggest that WMATA's current data privacy posture and practices do not adequately safeguard sensitive data in accordance with the National Institute of Standards and Technology, the Health Insurance Portability and Accountability Act, or other best-practice privacy standards.

The report identified seven recommendations for establishing an enterprise-wide privacy program, [redacted], completing data mapping for all systems, integrating privacy risk assessments, strengthening training, and adopting unified policies and governance processes across IT and OT environments. As of September 30, 2026, the seven recommendations remain open (*see* **Table 3**).

6. Audit of WMATA's ERP Implementation Project

On October 8, 2026, OIG issued a second report on the ERP Implementation Project.[18] This report examined the challenges that DM must address to deliver the project within WMATA's revised cost and schedule. It reviewed the project progress, explained the causes of earlier setbacks, evaluates the corrective steps taken so far, and highlighted risks that could affect upcoming milestones. The scope of this audit included a review of governance over the entire ERP Implementation Project, particularly with respect to the contractually-required oversight and management steps.

OIG found that WMATA's ERP Implementation Project faced significant governance and

[17] *https://wmataoig.gov/wp-content/uploads/2026/04/Audit-of-WMATAs-Data-Privacy-Final-Redacted-v3.pdf.*
[18] *Audit-of-WMATAs-ERP-Implementation-Project_Redacted.pdf.*

management deficiencies under previous leadership, including undocumented decisions, unclear accountability, and noncompliance with contract requirements. These weaknesses led to significant project delays, cost overruns, and rework, with the project's estimated budget escalating from $226 million to $370 million. The audit also revealed inadequate financial oversight, poorly controlled scope changes, and unvetted software purchases, all of which contributed to the project's instability. 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.

The report included nine recommendations to improve management oversight and accountability. Those recommendations include completing an accounting assessment, conducting financial reconciliation to rebuild the budget baseline, enforcing formal change processes, and enforcing IT procurement requirements to prevent unauthorized purchase and cost or schedule overruns.

From the previously issued Year-Two Report to March 31, 2026, approximately the amount of $124.6 million has been expensed and remains unaudited[19] (*see* **Appendix C**).

7. Audit of WMATA's Advanced Information Management (AIM) Supervisory Control and Monitoring of Rail Systems

Issued in November 2026, this report assessed WMATA's Advanced Information Management (AIM) system, a mission-critical supervisory control and data acquisition platform for rail operations, focusing on its reliability, continuity, modernization readiness, and governance. The purpose was to evaluate whether AIM and related supervisory control systems are managed, maintained, and modernized effectively to support safe, reliable rail operations, and to identify risks and deficiencies that could impact operational continuity and modernization initiatives such as the Red Line Communications-Based Train Control (CBTC) program.

The report showed that WMATA continues to rely on an aging AIM system despite recurring system disruptions, communication failures, missed alarms, and visibility deficiencies. Many Remote Terminal Units (RTUs) are decades old and unsupported, and most communications still depend on legacy copper networks. There is limited evidence of documented continuity plans, configuration management, and effective vendor oversight.

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[19] The extra amount expensed as of March 31, 2026, starting from the previously issued OIG IIJA audit report, remains unaudited since the audit report was issued. Conclusions, observations, and recommendations were based on tests completed as of this audit report's issuance.

These issues exist because of key deficiencies such as lack of a continuity strategy for AIM, absence of software escrow or source code access protections, insufficient evaluation of AIM's long-term capability, key-person and vendor dependency, weak contract oversight, and poor configuration management. Delays in RTU upgrades and Data Transmission Systems (DTS)-to-Fiber conversion further exacerbate operational risks.

These weaknesses increase the risk of extended service disruptions, reduced operational awareness, delayed response to incidents, inefficient use of funds, duplicate payments, and diminished readiness for modernization. Operators may rely on inaccurate information, leading to unsafe conditions and reduced resilience.

OIG recommended implementing a long-term AIM replacement and continuity strategy, establishing software escrow and source code access, conducting independent engineering assessments, strengthening workforce and knowledge continuity, improving vendor and contract oversight, accelerating RTU modernization and DTS-to-Fiber upgrades, and centralizing configuration management with robust review and validation controls.

From the previously issued Year-Two Report to March 31, 2026, approximately the amount of $222.1 million dollars has been expensed and remains unaudited[20] (*see* **Appendix C**).

8. Review of WMATA's Compliance with the Infrastructure Investment and Jobs Act (Year-Two Report)

On November 6, 2023, OIG issued its Year-Two Report, *Review of WMATA's Compliance with the Infrastructure Investment and Jobs Act*.[21] The report highlighted that WMATA had made progress implementing IIJA-required reforms by strengthening its capital planning and asset management processes, including adopting formal policies and procedures, improving asset inventory practices, and developing performance measures for major capital projects. However, OIG also identified opportunities to further strengthen performance measurement and ensure the effective use of dedicated funding (*see* **Background Section**).

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[20] The extra amount expensed as of March 31, 2026, starting from the previously issued OIG IIJA audit report, remains unaudited since the audit report was issued. Conclusions, observations, and recommendations were based on tests completed as of this audit report's issuance.

[21] Review-of-WMATAs-Compliance-with-Infrastructure-Investment-and-Jobs-Act-IG-Final.pdf.

9. Audit of WMATA's Underground Storage Tanks

On May 15, 2025, OIG issued an audit report assessing the effectiveness of WMATA's internal controls for managing the Underground Storage Tank (UST) program.[22] USTs are used to store hazardous substances or petroleum and are regulated by the U.S. Environmental Protection Agency. Aging USTs can pose environmental hazards due to corrosion and potential leaks that could contaminate groundwater, the source of drinking water for many Americans. The audit reviewed 36 tanks across seven facilities in D.C., Maryland, and Virginia to assess compliance with federal and state environmental requirements and the effectiveness of internal controls designed to prevent fuel leaks and associated environmental and financial risks.

OIG found that WMATA's internal controls for managing USTs are working effectively, with noted observations. Specifically, OIG found insufficient physical security at UST sites. This included insufficient barriers and access controls, which could allow unauthorized entry or tampering. Additionally, the audit noted gaps in documentation and oversight practices that could hinder WMATA's ability to demonstrate full compliance with regulatory requirements. Furthermore, the audit found several systemic vulnerabilities that posed operational and environmental risks.

WMATA's UST project includes a UST replacement contract, which is part of the environmental compliance program outlined in CIP 0010. The objective of CIP 0010, titled "Environmental Compliance Program," is to initiate construction programs focused on environmental issues. Dedicated funds are allocated to support the contract, which aligns with IIJA's priorities of building stronger infrastructure that combats the climate crisis. During the audit, OIG verified that $389,928 in dedicated funds had been invoiced to WMATA as of December 2024 under this CIP. From the previously issued Year-Two Report to March 31, 2026, approximately the amount of $66.9 thousand had been expensed and remains unaudited[23] (*see* **Appendix C**).

The report included six recommendations to strengthen internal controls, improve physical security, and reduce the risk of fuel leaks and associated penalties. As of September 30, 2026, WMATA has closed four of the recommendations (*see* **Table 3**).

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[22] *https://wmataoig.gov/wp-content/uploads/2025/05/Audit-of-WMATAs-Underground-Storage-Tanks-IG-Final.pdf.*

[23] *The extra amount expensed as of March 31, 2026, starting from the previously issued Year-Two Report, remains unaudited since the audit report was issued. Conclusions, observations, and recommendations were based on tests completed as of this audit report's issuance.*

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

On March 12, 2026, OIG issued an audit report assessing the effectiveness and efficiency of WMATA's internal controls over the Accounts Payable (A/P) process for Outside Party and Miscellaneous vendors.[24] The audit was conducted in response to concerns raised by WMATA personnel and vendors regarding delayed invoice payments and was included in OIG's FY 2025 Annual Audit and Evaluation Plan.

The audit reviewed 26 judgmentally selected Operating and Capital payment transactions totaling approximately $174 million from a population of 44,641 payments valued at approximately $3 billion. The review assessed whether invoices were appropriately supported, receipted, and approved; accurately validated, and paid in accordance with WMATA policies, contractual requirements, and Prompt Payment Policy requirements.

OIG found that WMATA's internal controls over the A/P process required strengthening to ensure invoices are adequately supported, accurate, and paid within required timeframes. Specifically, OIG found weaknesses in the monitoring and oversight of aged invoices, resulting in significant payment delays. More than 42 percent of payments within the audited population exceeded WMATA's 30-day Prompt Payment Policy requirement, and 81 percent of the sampled transactions were paid late. OIG also identified deficiencies in supporting documentation, including missing evidence of receipt of goods and services, incomplete invoice validation records, and incomplete contract documentation. In addition, the audit found that certain miscellaneous IT purchases were processed without documented review by DM, increasing potential cybersecurity and operational risks. The audit further noted that the practice of bundling multiple purchase orders and invoices into single payment packages created challenges for invoice reconciliation, payment tracking, and cost accountability.

The audit also reviewed sampled contractual capital payments funded through dedicated sources within CIPs. OIG identified five dedicated funded payments within the sample, totaling approximately $4.12 million. From the previously issued Year-Two Report to March 31, 2026, approximately the amount of $56 million has been expensed and remains unaudited[25] (*see* **Appendix C**).

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[24] *https://wmataoig.gov/wp-content/uploads/2026/03/Audit-of-WMATAs-AP-Process-for-Outside-Party-and-Miscellaneous-Vendors-IG-Final.pdf.*

[25] *The extra amount expensed as of March 31, 2026, starting from the previously issued Year-Two Report, remains unaudited since the audit report was issued. Conclusions, observations, and recommendations were based on tests completed as of this audit report's issuance.*

The audit included ten recommendations to strengthen internal controls for prompt payment policy adherence, records retention and documentation practices, strengthening oversight of IT purchases, and establishing clearer controls over purchase order management. WMATA management concurred with all ten recommendations and committed to implementing corrective actions designed to improve accountability, transparency, compliance, and the timely processing of vendor payments. As of September 30, 2026, the ten recommendations remain open (*see* **Table 3**).

11. Review of WMATA's Non-Revenue Vehicle Program

On January 26, 2023, OIG issued a review report assessing WMATA's management and utilization of their non-revenue vehicle (NRV) program.[26] WMATA maintains a fleet of owned and leased vehicles used to support the Authority's administrative, maintenance, construction, law enforcement, and operational functions. These licensed vehicles range from small passenger transport vehicles to specialized heavy-duty trucks. As of December 2021, WMATA reported an inventory of 1,525 non-revenue vehicles with an estimated total purchase cost of $76.6 million. OIG performed this review to determine whether non-revenue vehicles are managed and used appropriately in compliance with applicable policies and procedures.

OIG found that WMATA's weaknesses in the NRV program's organizational structure and fleet management's ability to assess vehicle utilization and needs accurately. OIG also identified an Authority-wide lack of compliance with substantive areas of relevant policies. Specifically, OIG found the NRV program is disconnected from the process of identifying and monitoring WMATA's vehicle needs and utilization; departments and offices with assigned NRVs did not comply with Policy/Instruction (P/I) 1.9/8; P/I 1.9/8 does not prohibit or limit personal use of take home vehicles (THVs) by executives/senior level employees (also known as "control employees") 43 percent (219 accidents) of all NRV accidents reported in the past two years were not properly classified in the Safety Measurement System as required by policy; and the new GPS tracking services implementation was delayed due to the inability to timely install GPS devices, resulting in WMATA personnel installing the majority of the new devices.

WMATA's NRV program acquires vehicles through the Service Vehicle Acquisition Program outlined in CIP 0009. The objective of CIP 0009, is to maintain the Authority's service vehicle fleet in SOGR. The CIP also notes that WMATA's planned transition to zero-emission vehicles will reduce the number of vehicles in the fleet. Dedicated Funds are allocated to support the CIP,

[26] *https://wmataoig.gov/wp-content/uploads/2023/01/Review-of-WMATAs-Non-Revenue-Vehicle-Program-IG-Final_redacted.pdf.*

which aligns with IIJA's priorities of building stronger infrastructure that combats the climate crisis. From the previously issued Year-Two Report to March 31, 2026, approximately the amount of $21.9 million has been expensed and remains unaudited[27] (*see* **Appendix C**).

The report included 13 recommendations to strengthen internal controls, update and ensure compliance with applicable procedures, and recover funds due to contractor performance issues. As of September 30, 2026, WMATA has closed all 13 of the recommendations (*see* **Table 3**).

12. Management Assistance Report: Evaluation of WMATA's Real Property Asset Management

On May 14, 2026, OIG issued a MAR regarding WMATA's compliance with the Federal Transit Administration's (FTA's) data reporting requirements for real property.[28] WMATA owns more than 1,000 acres of property in DC, Maryland, and Virginia. The properties include rail stations, rail yards, track structures, parking facilities, and office buildings. WMATA's Annual Comprehensive Financial Report for FY 2025, shows that WMATA owns land, buildings, and improvements, and transit facilities with acquisition costs of $834,269,000, $2,160,502,000, and $21,170,186,000, respectively. The objective of this evaluation was to assess whether WMATA effectively managed its real property portfolio and complied with FTA data reporting requirements.

OIG found significant deficiencies with WMATA's Department of Real Estate and Development's inventory listings. Specifically, the property inventory submitted to FTA in 2024 and its Real Property Inventory updated as of October 2025 did not include all FTA-required data elements. WMATA's October 2025 Real Property Inventory did not include all WMATA-owned real estate interests. Further, WMATA did not account for the risk of not maintaining adequate property records within its Real Estate Risk Register.

The report included four recommendations to improve processes to strengthen management of its real property portfolio and comply with FTA data reporting requirements. As of September 30, 2026, the four recommendations remain open (*see* **Table 3**).

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[27] *The extra amount expensed as of March 31, 2026, starting from the previously issued Year-Two Report remains unaudited since the audit report was issued. Conclusions, observations, and recommendations were based on tests completed as of this audit report's issuance.*

[28] *https://wmataoig.gov/wp-content/uploads/2026/09/Evaluation-of-WMATAs-Real-Property-Asset-Management-27-02-IG-FINAL.pdf.*

13. Evaluation of WMATA's Security Cameras

On June 25, 2026, OIG issued an evaluation report assessing the functionality and operational effectiveness of security cameras installed across WMATA.[29] WMATA maintains over 30,000 cameras installed across its railcars, buses, MetroAccess vehicles, and facilities. WMATA's security cameras serve as both a visible deterrent to crime and a critical tool for real-time incident response, investigative support, and operational oversight.

OIG found that WMATA's camera systems are functioning effectively, with over 96 percent of sampled cameras working correctly and free of obstructed views. However, OIG identified limitations in WMATA's ability to monitor its bus fleet in real time; limited access and monitoring controls over the bus fleet camera system; and gaps in preventative maintenance and inspection records for fixed facilities.

WMATA's security improvements, which include security cameras, are funded by CIP 0145, CIP 0007, and CIP 0386. CIP 0145 provides funding for improvements to WMATA's life safety and security system and associated SOGR maintenance for those related systems. CIP 0007 provides funding for replacing CCTV cameras on board buses to maintain SOGR. CIP 0386 provides Metro with an integrated video surveillance and operations system. The purpose of the project, in part, is to bring all security camera systems under a single application to include bus, rail, and facilities. Dedicated funds are allocated to support the CIP, which aligns with IIJA's priorities of building stronger infrastructure. $1,015,318.38 in dedicated funds had been invoiced to WMATA through November 30, 2025. From the previously issued Year-Two audit report to March 31, 2026, approximately the amount of $23.3 million has been expensed and remains unaudited[30] (*see* **Appendix C**).

The report included six recommendations to strengthen internal controls, increase the reliability of real-time camera access, and improve record-keeping. As of September 30, 2026, the six recommendations remain open (*see* **Table 3**).

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[29] *https://wmataoig.gov/wp-content/uploads/2026/06/Evaluation-of-WMATAs-Security-Cameras-IG-Final-Redacted.pdf.*

[30] *The extra amount expensed as of March 31, 2026, starting from the previously issued Year-Two Report, remains unaudited since the audit report was issued. Conclusions, observations, and recommendations were based on tests completed as of this audit report's issuance.*

14. Evaluation of WMATA's Radio and Cellular Infrastructure Replacement Project

On July 23, 2026, OIG issued an evaluation report assessing WMATA's management of the Radio and Cellular Infrastructure Replacement Project.[31] WMATA initiated this project to upgrade its radio system in January 2016, which aims to upgrade WMATA's internal radio system, the Public Safety Radio System used by first responders, and provide improved cellular coverage throughout the Metrorail system. The project included work under two contracts: contract FQ15000 (the Radio Contract) and contract FIRPG211190 (the Fiber Optic Cable and Metro Box Enclosure Contract (Fiber Contract)). The objective of this evaluation was to assess how well WMATA manages and oversees the Radio and Cellular Infrastructure Replacement Project against the new baseline and milestones.

OIG found the project was significantly behind schedule due to contractor delays and issues installing the fiber optic cable. Moreover, WMATA does not have adequate controls to ensure that contractors charge fair and reasonable prices on the project. This had led to lengthy negotiations over contract changes, further delaying the project and increasing costs.

The radio and cellular infrastructure replacement project is performed under CIP 0136. The objective of CIP 0136, entitled "Radio Infrastructure Replacement," is to replace outdated internal communication and public safety radio systems, as required by the Federal Communications Commission. This includes the public safety radio system, the Metro area radio system and cellular services throughout the system allowing customers to utilize cellular service while underground. Dedicated funds are allocated to support the contract, which aligns with IIJA's priorities of building stronger infrastructure. From the previously issued Year-Two audit report to March 31, 2026, approximately the amount of $127.9 million has been expensed and remains unaudited[32] (*see* **Appendix C**).

The report included four recommendations to improve project management, oversight, and risk controls related to this and future similar projects. As of September 30, 2026, the four recommendations remain open (*see* **Table 3**).

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[31] *https://wmataoig.gov/wp-content/uploads/2026/07/Evaluation-of-WMATAs-Radio-and-Cellular-Infrastructure-Replacement-OIG-27-01-IG-Final_Redacted.pdf.*

[32] *The extra amount expensed as of March 31, 2026, starting from the previously issued Year-Two Report, remains unaudited since the audit report was issued. Conclusions, observations, and recommendations were based on tests completed as of this audit report's issuance.*

15. Evaluation of WMATA's Real Property Asset Management

On September 11, 2026, OIG issued an evaluation report assessing the effectiveness of WMATA's management of its real property portfolio.[33] OIG identified significant deficiencies with WMATA's Department of Real Estate and Development's real property asset management. Specifically, OIG found that WMATA has not established a real property asset management framework, and that insufficient oversight of real property assets undermines WMATA's ability to achieve its desired operational and financial outcomes. During this evaluation, OIG reviewed three major real estate activities: L'Enfant Plaza rail station HVAC equipment installed on the roof of the GSA regional office building; Sheriff Road maintenance facility lease; and office space leased at 8100 Professional Place.

Replacement of the L'Enfant Plaza HVAC equipment was part of CIP 0151. The objective of CIP 0151, entitled "Station Cooling Systems Upgrade," is to rehabilitate station air conditioning systems including, but not limited to, rehabilitation/replacement of chiller plants, cooling towers, ventilation systems, air handling units and ductwork. Dedicated funds are allocated to support the contract, which aligns with IIJA's priorities of building stronger infrastructure that combats the climate crisis.

Construction conducted at the Sheriff Road maintenance facility was part of CIP 0283, titled, "Railcar Maintenance Facilities State of Good Repair," and CIP 0284, titled "Railyard Facility and Site Rehabilitation." The objective of CIP 0283 is to rehabilitate and replace major railcar maintenance equipment including those requiring facility modifications such as railcar washes. The objective of CIP 0284 is to rehabilitate railyard facilities, systems, and site assets to achieve and maintain an SOGR and improve the safety of employees and operational efficiency. Dedicated funds are allocated to support these CIPs, which aligns with IIJA's priorities of building stronger infrastructure that combats the climate crisis. From the previously issued Year-Two Report to March 31, 2026, approximately the amount of $24 million has been expensed and remains unaudited[34] (*see* **Appendix C**).

OIG identified six recommendations to improve processes to strengthen management of WMATA's real property portfolio. As of September 30, 2026, the six recommendations remain open (*see* **Table 3**).

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[33] https://wmataoig.gov/wp-content/uploads/2026/09/Evaluation-of-WMATAs-Real-Property-Asset-Management-27-02-IG-FINAL.pdf.

[34] The extra amount expensed as of March 31, 2026, starting from the previously issued Year-Two Report, remains unaudited since the audit report was issued. Conclusions, observations, and recommendations were based on tests completed as of this audit report's issuance.

Ongoing Audits, Evaluations, and Reviews

16. Audit of WMATA's Transit Asset Inventory and Conditions Assessment Process

WMATA maintains a comprehensive transit asset inventory encompassing all vehicles, infrastructure, and equipment essential for transportation operations. This inventory serves as a vital resource for strategic planning, maintenance scheduling, and budget allocation.

Regular assessments of asset conditions are conducted to evaluate their performance, safety, and reliability. These assessments involve systematic inspections, data collection, and analysis to identify maintenance needs, prioritize investments, and ensure compliance with regulatory standards. As part of WMATA's transit asset management plan framework, the integrity of the transit asset inventory and the condition assessment process should be validated. Additionally, data accuracy and compliance with asset management policies should be verified.

The objective of the audit is to determine the effectiveness of internal controls over WMATA's transit asset inventory and conditions assessment process.

17. Limited Review of CIP 0342: Information Technology Hardware State of Good Repair

WMATA's DM supports all operating components of WMATA by delivering technology solutions to provide, protect, maintain, and support WMATA's daily operations. As part of its responsibilities, DM is tasked with upgrading and maintaining WMATA's IT infrastructure, ensuring that hardware and network assets are current and reliable for operational needs. The DM Service Delivery and Operations team oversees the CIP 0342 for the IT hardware and SOGR.

This limited review will assess the appropriateness of expenditures and evaluate the adequacy of internal controls associated with CIP 0342.

Summary of CIP Capital Expenditures Totals from 11/06/2023 to 03/31/2026

Report #	Report Title	Report Issuance Date	Project	Project Description	as of 3/31/2026
2	Audit of WMATA's Software Licensing Management	6/13/2024	CIP 0043_01	Bus HASTUS Upgrade	6,142,465.10
			CIP 0043_02	Metro Access Trapeze Upgrade	144,177.00
			CIP 0043_03	BTRA Form Digit& ProccessAuto	391,362.72
			CIP 0357	Cyber Legacy Technology	15,204,235.84
			CIP 0390_01	Public Web - FY25	1,045,197.36
			CIP 0390_02	Intranet Applications - FY25	696,743.56
			CIP 0390_03	Program Management Web - FY25	125,004.21
			CIP 0390_04	SmarTrip - FY25	1,413,099.03
			CIP 0390_05	GOTRS/SSWP - FY25	1,266,806.48
			CIP 0390_06	Misc. Web Applications - FY25	422,532.78
			CIP 0390_07	Bus Support - FY25	1,221,940.40
			CIP 0390_08	GIS - FY25	1,430,355.43
			CIP 0390_09	SMS - FY25	1,080,480.28
			CIP 0392_01	AIM/TCI - FY25	612,925.59
			CIP 0392_02	PIDS - FY25	1,101,806.45
			CIP 0392_03	RPM - FY25	403,855.85

Report #	Report Title	Report Issuance Date	Project	Project Description	as of 3/31/2026
			CIP 0392_04	TPS/LOS - FY25	326,920.89
			CIP 0392_05	Documentum-Transit Systms FY25	952,026.75
			CIP 0392_06	Program Mngm New TS	286,916.07
				Sum Total:	34,268,851.79
3	Audit of WMATA's Data Center Cost Optimization	4/10/2025	CIP 0330	IT Data Center	7,512,639.84
			CIP 0330_01	Off-Premises Data Center Lease	5,878,421.00
			CIP 0330_02	Mill Rd. Data Center Rebuild	6,025,875.56
			CIP 0330_03	PowerFlex	4,623,094.62
			CIP 0337	Office Consolidation - VA	58,521,403.04
			CIP 0337_01	MICC Control Center	1,607,809.69
			CIP 0337_02	OCC Unified Comms Effort	3,279,445.61
				Sum Total:	87,448,689.36
6	Audit of WMATA's Enterprise Resource Planning (ERP) Implementation Project	10/8/2026	CIP 0331	ERP Software Replacement	986,337.55
			CIP 0331_01	Software Purchase & Install	89,777,829.22
			CIP 0331_02	Proj Support Resources	24,862,703.62
			CIP 0331_04	Rebaselined StaffAugm. Support	4,853,698.41
			CIP 0331_05	Rebaselined SW Purch & Install	4,124,116.30
				Sum Total:	124,604,685.10

Report #	Report Title	Report Issuance Date	Project	Project Description	as of 3/31/2026
7	Audit of WMATA's Advance Information Management (AIM) Supervisory Control and Monitoring of Rail Systems	11/12/2026	CIP 0056	Rail Ops Mgmt Software	937,446.48
			CIP 0056_03	ROCC IT Upgrade	2,404.96
			CIP 0251	Automatic Train Control SOGR	18,706,727.21
			CIP 0253	Traction Power SOGR	103,664,636.85
			CIP 0253_06	Tagging Relay & SCADA Upgrade	79,794,265.77
			CIP 0273	Facility Improvements	4,057,015.61
			CIP 8029_03	Audit/Risk Repository	(1,199,814.00)
			CIP 8029_06	Asset Mgmt Standardization	6,861.95
			CIP 8029_09	Enterprise Identity&Access Mng	-
			CIP 8029_12	Operational Health & Wellness	1,155,474.95
			CIP 8029_16	AlertMeter	106,000.00
			CIP 8029_21	Transit Data Std Analysis Ph I	1,963,441.03
			CIP 8029_23	IT Security	10,937,290.96
			CIP 8029_24	Armis - Grant	1,499,600.00
			CIP 8029_25	Armis - Non Grant	382,481.07
			CIP 8029_27	Electronic Procurement Softwar	109,400.00
				Sum Total:	222,123,232.84

Report #	Report Title	Report Issuance Date	Project	Project Description	as of 3/31/2026
9	Audit of WMATA's Underground Storage Tanks	5/15/2025	CIP 0010_01	Underground Storage Tank Rplc	66,930.14
				Sum Total:	66,930.14
10	Audit of WMATA's Accounts Payable Process for Outside Party and Miscellaneous Vendors	3/12/2026	CIP 0084	Andrews Federal Bus Garage	3,329.38
			CIP 0272_01	Digital Media Wall Scapes	(1,500.00)
			CIP 0274	Grosvenor Parking Garage (J/D)	1,438,344.65
			CIP 0330	IT Data Center	7,512,639.84
			CIP 0348	Structural Rehab - Package A	47,078,973.56
				Sum Total:	56,031,787.43
11	Review of WMATA's Non-Revenue Vehicle Program	1/26/2023	CIP 0009	Service Vehicle Replacement	21,899,852.08
				Sum Total:	21,899,852.08
13	Evaluation of WMATA's Security Cameras	6/25/2026	CIP 0007	Bus CCTV Replacement Prgm	338,008.00
			CIP 0145	Facility Security Equip Prog	22,850,864.36
			CIP 0386	Enterprise Video Ops &Sec Prgm	118,538.35
				Sum Total:	23,307,410.71
14	Evaluation of WMATA's Radio and Cellular Infrastructure Replacement Project	7/23/2026	CIP 0136	Radio Infrastructure Replace	8,660,304.03
			CIP 0136_01	FQ15000-700 MHz Radio Contract	112,213,993.58
			CIP 0136_04	Tunnel DAS Installation	182,848.90

Report #	Report Title	Report Issuance Date	Project	Project Description	as of 3/31/2026
			CIP 0136_05	Tunnel DAS (PRIIA)	(326,669.48)
			CIP 0136_07	Master Site Zone Controller	-
			CIP 0136_08	Materials (non-Fed)	278,387.96
			CIP 0136_08	Radio Materials (non-Federal)	6,920,116.26
				Sum Total:	127,928,981.25
15	Evaluation of WMATA's Real Property Asset Management	9/11/2026	CIP 0151_03	Station Cooling Rehab-4 Sites	20,506,508.68
			CIP 0284_05	Sheriff RD HVAC Outfitting	3,532,746.76
				Sum Total:	24,039,255.44

RSM US LLP

Independent Accountant's Report

Ms. Valerie Santos, Executive Committee Chair
Ms. Michelle Zamarin, Inspector General
Mr. David Rickard, Chief Financial Officer
Washington Metropolitan Area Transit Authority

We have examined Washington Metropolitan Area Transit Authority's (the Authority) compliance with the specified requirements in the Dedicated Capital Funding Agreements (Agreements) between the Authority and the Commonwealth of Virginia, District of Columbia, and State of Maryland, as listed in the accompanying Appendix A, during the period July 1, 2024 to June 30, 2025. Management of the Authority is responsible for the Authority's compliance with the specified requirements. Our responsibility is to express an opinion on the Authority's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Authority complied, in all material respects, with the specified requirements. An examination involves performing procedures to obtain evidence about whether the Authority complied with specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the Authority's compliance with specified requirements.

In our opinion, the Authority complied, in all material respects, with the specified requirements included in the Agreements, as listed in Appendix A, during the period July 1, 2024 to June 30, 2025.

RSM US LLP

Washington, D.C.
March 26, 2026

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Address:	WMATA Office of Inspector General Hotline Program 500 L'Enfant Plaza SW, Suite 800 Washington, D.C. 20024