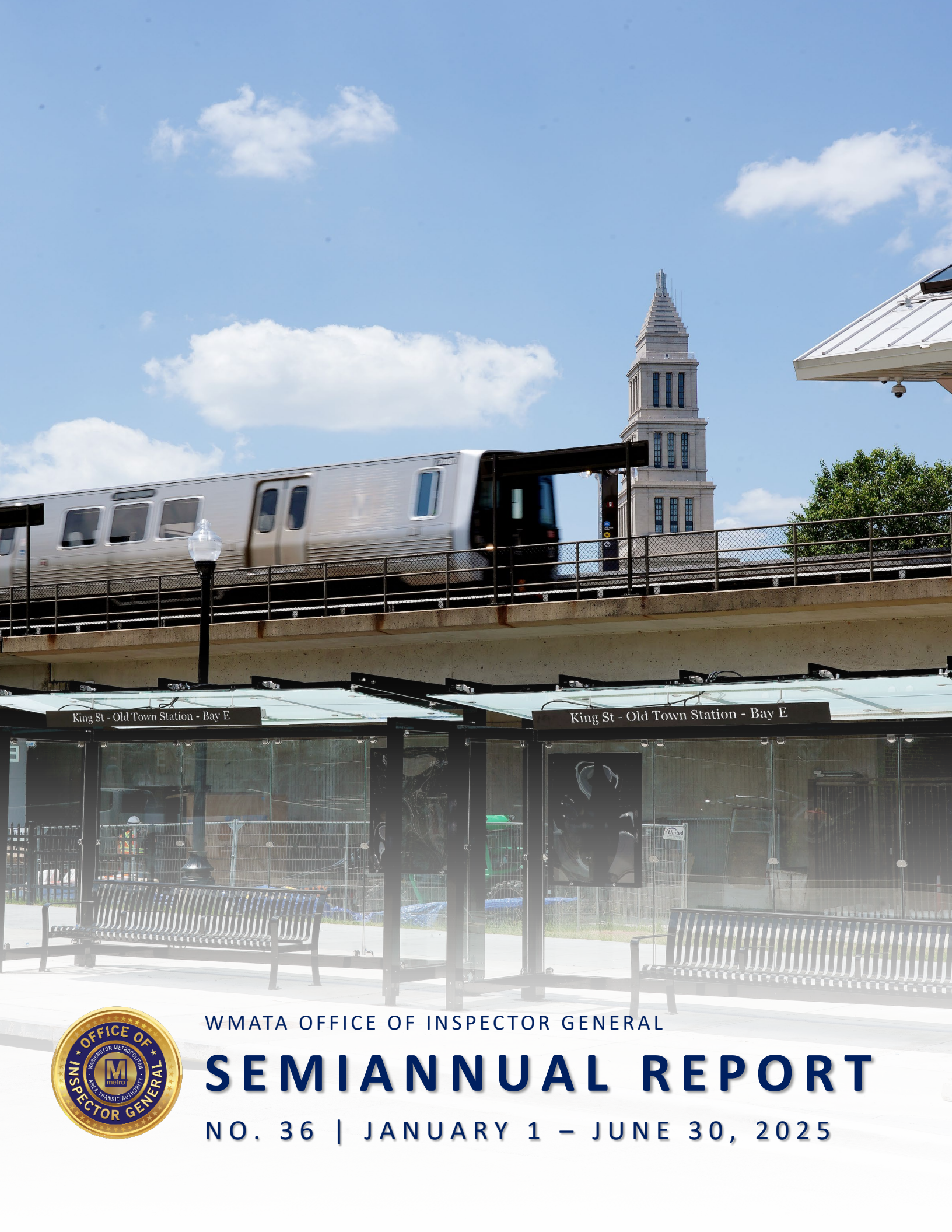




WMATA OFFICE OF INSPECTOR GENERAL

SEMIANNUAL REPORT

NO. 36 | JANUARY 1 – JUNE 30, 2025

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Message from the Inspector General



Michelle A. Zamarin
Inspector General

On behalf of the WMATA Office of Inspector General (OIG), I am pleased to present the 36th Semiannual Report (SAR) to the Washington Metropolitan Area Transit Authority (WMATA) Board of Directors. This SAR covers significant activities and achievements for the six-month period from January 1, 2025, to June 30, 2025.

Over the past six months, OIG's team of Auditors, Special Agents, Evaluators, Data Scientists, Analysts, and Administrative Staff has played a central role in advancing our mission to improve WMATA's economy, efficiency, and effectiveness. Their work is also critical in identifying and addressing fraud, waste, abuse, and other serious misconduct. The outcomes achieved during this period are a direct reflection of their dedication, professionalism, and commitment to excellence across all audits, evaluations, and investigations.

During this time, I have also focused on strengthening connections with WMATA leadership and staff. My staff and I have continued to speak with departments across WMATA to raise awareness about OIG's mission, responsibilities, and availability to all employees. I am grateful to WMATA's leadership team for including us in their meetings and allowing an open dialogue with their groups. I am particularly thankful to the General Manager for supporting these initiatives and promoting open communication, which is vital to our efforts to detect and prevent waste, fraud, and abuse.

Throughout this reporting period, the Office of Audits and Evaluations (OA) continued its efforts to address WMATA's most pressing operational and financial issues. The team completed 13 contract audits, four audit reports, one evaluation report, and one limited review memorandum, resulting in \$34.9 million in identified monetary benefits.

During this period, OA also reorganized our Contract Audit group, which plays a critical role in providing financial advisory services in support of WMATA's procurement process by conducting pre-award audits to assess contractors' financial capability, accounting systems, and regulatory compliance. We have introduced a more strategic approach to selecting which contracts to review, improved reporting to WMATA leadership and the Board, and increased collaboration with WMATA staff. These changes will highlight the importance of contract audit work and better equip WMATA staff to conduct informed, effective contract negotiations.

At the same time, the Office of Investigations (OI) experienced a surge in workload driven by a notable increase in complaints submitted to OIG over the past year. Notably, during this period, six former WMATA employees pled guilty in Federal Court, and two others were indicted in connection with a health care fraud scheme involving forged medical records and fraudulent short-term disability claims. In addition, OIG issued a Management Alert identifying serious concerns with a contractor associated with WMATA's Enterprise Resource

Planning implementation who had a significant undisclosed conflict of interest. This led WMATA management to take decisive action, including suspension or debarment consideration of a vendor and termination of several contracts. OIG's investigative work during this period resulted in an additional \$17.4 million in monetary benefits.

I sincerely thank WMATA Management and staff for their strong commitment to implementing our recommendations promptly and for their continued partnership with OIG in advancing our shared goals. I also want to thank the Board of Directors for its continued support and for the privilege of leading this office and its dedicated team in carrying out such important work for WMATA and the region.

A handwritten signature in black ink that reads "Michelle Zamarin". The signature is written in a cursive, flowing style.

Michelle A. Zamarin
Inspector General

OVERVIEW OF OIG

BACKGROUND

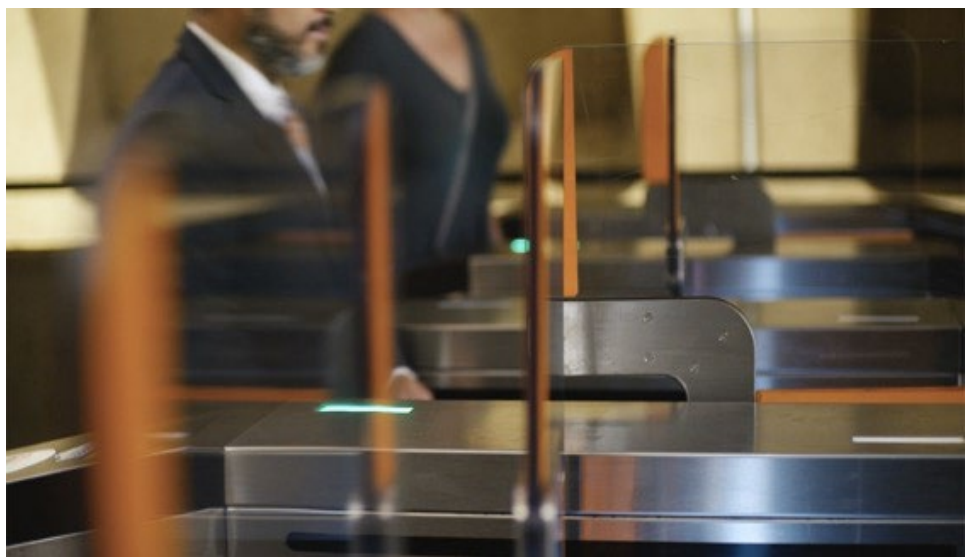
The WMATA Board of Directors (“Board”) established OIG on April 20, 2006, with Resolution 2006-18. On August 19, 2009, the WMATA Compact was amended to codify OIG by statute and to make the Inspector General an officer of WMATA. The Inspector General reports to the Board.

*Promoting
economy,
efficiency, and
effectiveness
in WMATA
activities*

MISSION STATEMENT

OIG’s mission depends on our talented staff who are dedicated to OIG’s independent and objective work.

Under the WMATA Compact, OIG is “an independent and objective unit of [WMATA] that conducts and supervises audits, program evaluations, and investigations relating to [WMATA] activities; promotes economy, efficiency, and effectiveness in [WMATA] activities; detects and prevents fraud and abuse in [WMATA] activities; and keeps the Board fully and currently informed about deficiencies in [WMATA] activities as well as the necessity for and progress of corrective action.” We keep the Board fully informed and keep the General Manager and Chief Executive Officer (GM/CEO) apprised of our work to help WMATA achieve the highest levels of program and operational performance.



OUR CORE VALUES

Excellence

We are committed to excellence in our people, our processes, our products, our impact, and our mission performance.

- We value a proactive, educated, and highly trained workforce that reflects independence, initiative, and mutual respect.
- We value operating within an objective code of standards yet remain open to innovation.
- We support WMATA's mission to provide safe, equitable, reliable, and cost-effective public transit.

Accountability

We insist on high standards of professional conduct from OIG employees at all levels and compliance with professional standards to ensure the Board and Management can rely on our products.

- We have confidence that our work is accurate and that our results hold up to professional scrutiny.
- We encourage an environment of risk-free communication and promote an open, honest, and respectful exchange of ideas and information.

Integrity

We strive to maintain the highest level of trust and integrity in all of our activities, and the approach we take in accomplishing our mission must be fair, balanced, and credible.

- The personal and professional qualities of our employees include honesty, respect for others, and freedom from bias.
- We value and protect our access to information, recognizing that reputations, public confidence, and lives can be affected by our actions.

OUR VISION

We inspire excellence in our people by encouraging their training, advancement, and professional educational development. Through our support, they deliver high-quality independent oversight of WMATA's programs and operations. We are dedicated to working in a collaborative environment with key stakeholders to foster, promote, and maintain the integrity of WMATA's revenue, expenses, assets, and its employees.

OIG comprises two offices – the Office of Investigations (OI) and the Office of Audits & Evaluations (OA).

OFFICE OF INVESTIGATIONS

Office of Investigations (OI) staff has extensive law enforcement experience at the local, state, and federal levels conducting fraud, financial, administrative, misconduct, and myriad other criminal investigations. In addition, OI includes staff who are experts in data analytics and computer forensic investigations. Many OI staff are certified through the Association of Certified Fraud Examiners and/or the Association of Inspectors General. There are currently 20 employees in OI.

Investigations

OI conducts criminal, civil, and administrative investigations relating to WMATA activities, programs, and operations. OI is responsible for investigating complaints from Congress, the partner jurisdictions, the WMATA Board, internal WMATA sources, outside governmental agencies, and the public. OI is also responsible for investigating whistleblower retaliation complaints and assists the Metro Transit Police Department with internal affairs investigations of senior command staff. OI pursues proactive investigations through the recruitment of confidential informants and mining financial information to detect evidence of wrongdoing. Investigations can lead to criminal prosecution, civil penalties, disciplinary or other administrative action, or any combination thereof. OI also provides regular fraud awareness training to various WMATA departments and employees.

Cyber & Forensics

The Cyber & Forensics Unit manages OIG's information technology, cybercrimes, and forensics programs. Its primary function is to provide expert digital forensic support and coordination for OI investigations, and the unit also supports the Office of Audits and Evaluations (OA) with some audits and evaluations. The unit leverages state-of-the-art technologies and innovative methodologies to support OIG operations. Its members also serve as subject matter experts and hold professional certifications in areas such as digital forensic analysis and network administration.

Data Analytics

The Data Analytics Unit manages the intake of OIG hotline complaints and determines the appropriate handling of those matters. Generally, hotline complaints are the initial source of information that leads to investigations, audits, or evaluations. Complaints outside the purview of OIG are referred to WMATA Management or external agencies, as appropriate. The Data Analytics Unit also supports OIG's mission by employing data analytics and technology to uncover fraud and misconduct in WMATA programs and activities that might otherwise go undetected.

OFFICE OF AUDITS & EVALUATIONS

The Office of Audits & Evaluations (OA) comprises three divisions: financial and contract audits, performance audits (including information technology and administrative audits), and evaluations. There are currently 21 employees in OA.

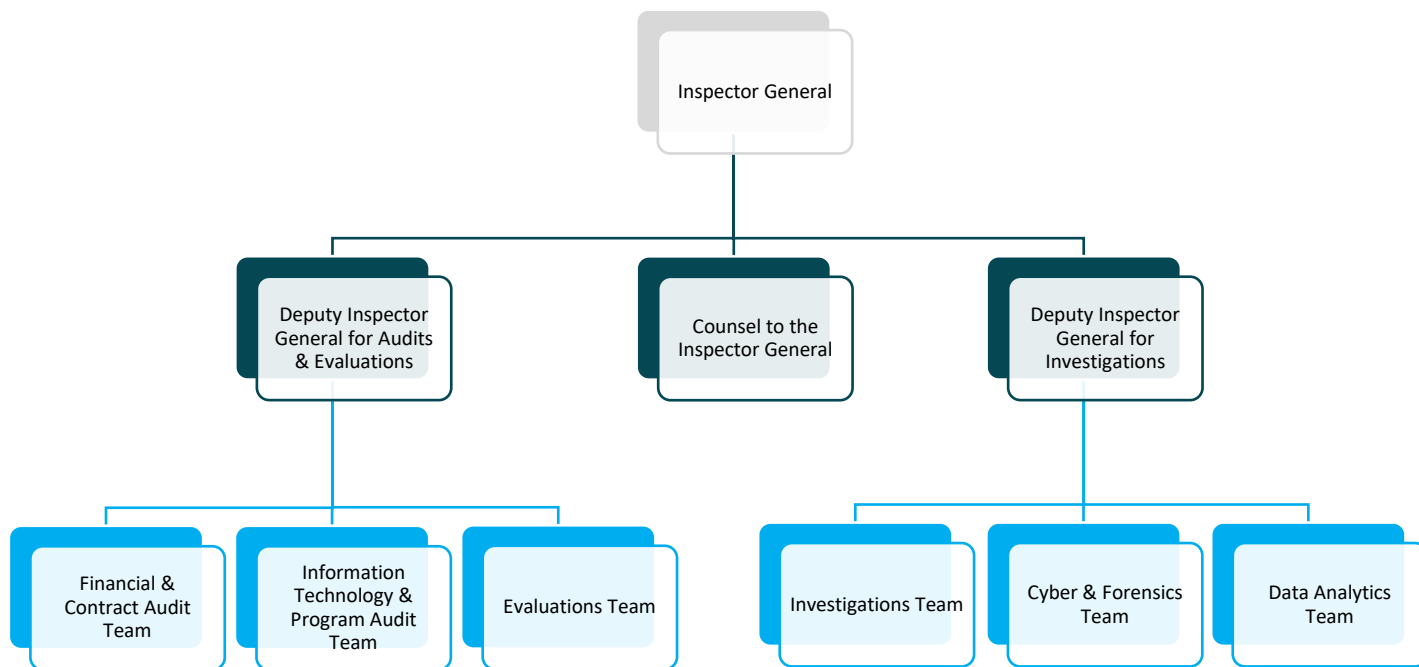
OA provides independent assessments of WMATA programs and operations that help reduce waste, abuse, fraud, and mismanagement, and these assessments also promote the economy, efficiency, and effectiveness of WMATA operations. OA also oversees WMATA's financial audit work conducted by an outside public accounting firm on behalf of OIG. Our staff comprises auditors and evaluators with educational backgrounds and degrees in accounting, finance, and information systems. Most staff have professional certifications as accountants, internal auditors, fraud examiners, and information systems auditors.

On September 11, 2025, OIG issued its Annual Plan that summarizes the audits and evaluations planned for the coming fiscal year. Before issuing its Annual Plan, OIG seeks input from the Board of Directors, the GM/CEO, and his senior executive leadership team as part of the planning phase. Unanticipated high-priority issues may arise

that also generate audits, reviews, and/or evaluations not listed in the Annual Plan. Timeliness, relevance, and impact drive OA’s work, ensuring its success and fostering positive change at WMATA.

OIG ORGANIZATIONAL CHART

The chart below identifies the leadership structure for OIG. This structure enables OIG to be more efficient in our work.



INVESTIGATIONS



\$17.4 MILLION
IDENTIFIED IN
MONETARY BENEFITS



2 CRIMINAL MATTERS



1 MANAGEMENT
ALERT



1 REPORT OF
INVESTIGATION



1 INVESTIGATIVE
REFERRAL



5 DEBARMENT
ACTIONS



OVER 1,400 FRAUD
AWARENESS
BRIEFINGS TO WMATA
STAFF

BACKGROUND

During this reporting period, OI conducted both criminal and administrative investigations involving allegations of wrongdoing. OI staff work closely with federal, state, and local law enforcement agencies and prosecutors to pursue criminal charges when appropriate. During this reporting period, OI also issued numerous subpoenas related to ongoing investigations. To ensure the confidentiality and integrity of sensitive information, only a summary of the variety of complaints and investigations conducted is provided in this report.

CRIMINAL MATTERS

Multiple Guilty Pleas for Health Care Fraud Scheme

An OIG joint investigation uncovered a health care fraud scheme whereby multiple WMATA Train Operators conspired to submit fraudulent health care and short-term disability claims to American Family Life Assurance Company of Columbus (AFLAC) for injuries, medical treatments, and disability periods that did not exist. Co-conspirators used WMATA documents and forged real doctors' signatures to create and submit fraudulent medical documentation to AFLAC in support of the insurance claims. AFLAC paid at least \$362,035 in phony insurance benefits to the co-conspirators as a result. After receiving the fraudulent benefit payments from AFLAC, most co-conspirators provided kickback payments to a particular Train Operator who facilitated the scheme. Six WMATA employees were charged and pled guilty in the U.S. District Court for the District of Columbia; two employees were indicted on federal health care fraud and related charges and are awaiting trial dates.

Criminal Information for IT Equipment Theft

An OIG joint investigation determined a WMATA IT contractor took possession of and sold WMATA IT equipment to a third-party vendor for personal gain. The evidence demonstrated the IT contractor received \$350 from the third-party vendor in exchange for a router that was originally purchased by WMATA for approximately \$24,000. The District Court of Maryland for Prince George's County issued the IT contractor a criminal information for Felony Theft. The case is scheduled for trial on September 29, 2025.

MANAGEMENT ALERT

Enterprise Resource Planning (ERP) Project Concerns

During the course of an investigation, OIG identified improper procurement activities impacting WMATA's ERP project. One particular vendor was awarded more than \$18 million in 15 months to perform ERP-related work. Evidence shows that a WMATA Senior Manager engaged in behavior with vendor personnel that improperly benefited the vendor. The WMATA Senior Manager shared information about an upcoming solicitation and knowingly allowed a vendor executive to help draft the statement of work and independent cost estimate. The WMATA Senior Manager also served as part of a team that evaluated the vendor's bid, and the vendor ultimately received a \$2.4 million award as a result. In a separate instance, the same WMATA Senior Manager improperly approved at least \$1.4 million of payments to the vendor for contractors that were not authorized to perform work on the contract. OIG also identified a third circumstance where the same vendor executive and a subcontractor helped to draft a solicitation for a \$5.9 million WMATA contract in a way that benefited a tertiary company where the subcontractor served as an executive. This affiliation and conflict was never reported to WMATA by the vendor, the subcontractor, or the company where the subcontractor served as an executive.

As a result of OIG's Management Alert, WMATA management terminated multiple contracts with the vendor and the Senior Manager resigned. OIG identified \$17.4 million in monetary benefits for WMATA based on the contract terminations, and the vendor and associated personnel are being reviewed by WMATA's Procurement Office for suspension and/or debarment consideration. OIG's investigation of this matter is ongoing.

REPORT OF INVESTIGATION

Misuse of WMATA Motor Pool Vehicles

An OIG investigation determined that a WMATA Train Operator engaged in substantial misuse of WMATA motor pool vehicles over an approximate three-year period. The evidence demonstrated the employee used a WMATA motor vehicle for personal use on at least 132 occasions without Management's knowledge or authorization, totaling 7,931 miles. Based on government mileage rates and fuel costs during the relevant timeframes, OIG determined the employee's unauthorized activity cost WMATA an estimated \$5,758. Management terminated the employee as a result of OIG's report.

INVESTIGATIVE REFERRAL

Investigative Referrals are issued in circumstances where allegations relating to fraud, waste, abuse, or misconduct may be within OIG's investigative purview but are better suited for WMATA Management officials to address administratively at their discretion.

OIG issued one Investigative Referral to Management during this reporting period, which resulted in Management's termination of an employee.

DEBARMENT ACTIONS

During this reporting period, five debarment-related actions occurred. WMATA's Procurement Office officially issued one debarment and four suspensions pending debarment for entities previously referred by OIG. WMATA's Procurement Office is currently considering the suspension and/or debarment of another entity.

HOTLINE ACTIVITY

The OIG Hotline receives information from WMATA employees, customers, vendors, and the public. It is an important avenue for reporting criminal and other misconduct. OI staff review the Hotline information received to evaluate the need for OIG investigative action, referral to an outside agency, or referral to an internal WMATA office for appropriate review and action.

Tables 1 through 3 below provide an overview of the number of complaints received, dispositions, sources of complaints, and whistleblower activity throughout this reporting period.

Table 1: Hotline Complaints Received ¹

Total Complaints Received	278
Investigations Initiated from Complaints	23
Hotline Complaints Under Review	7
Referred to Management or Other Entity	129
Closed - No OIG Action	119

¹As of June 30, 2025.

Table 2: Hotline Complaints by Source

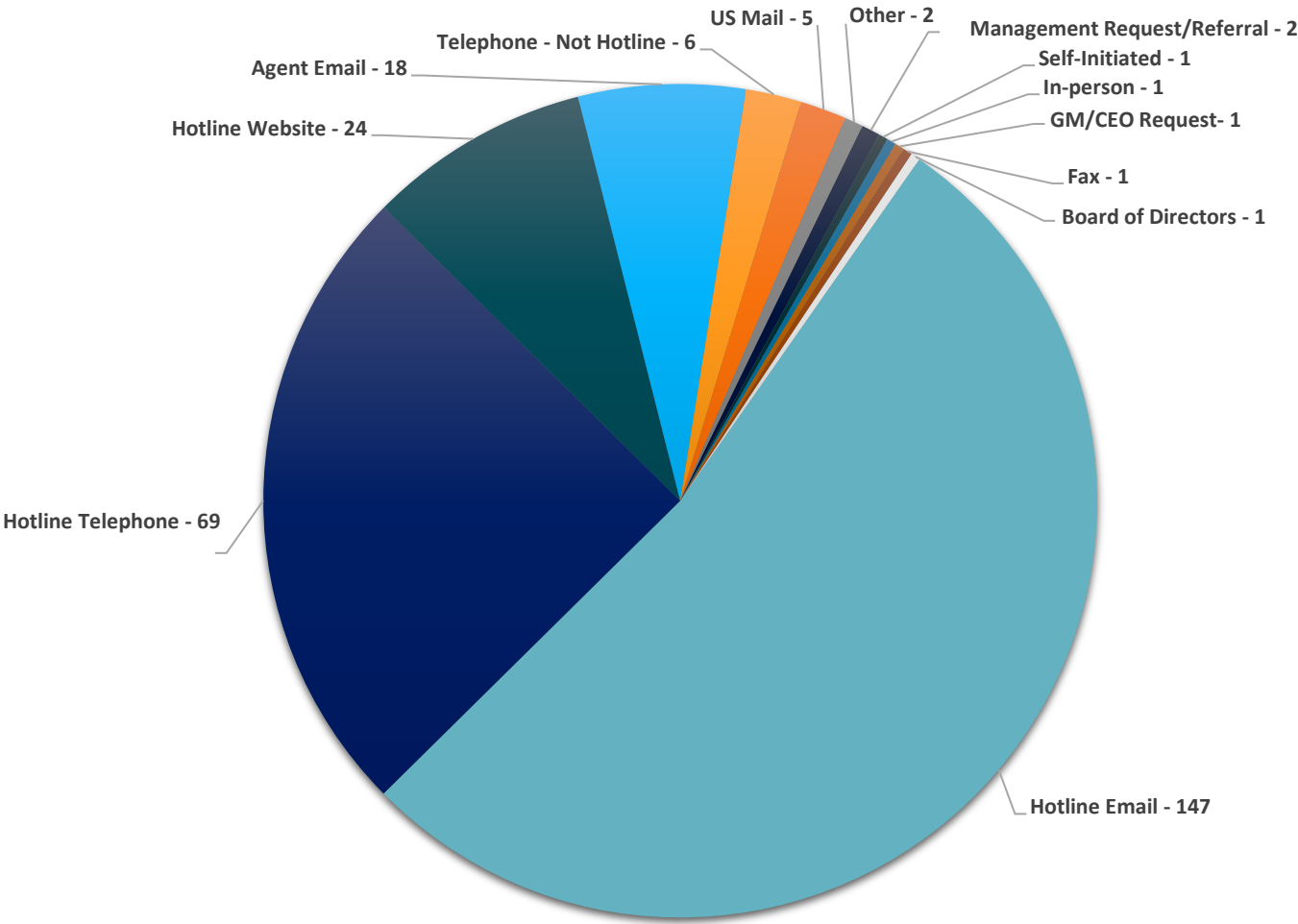
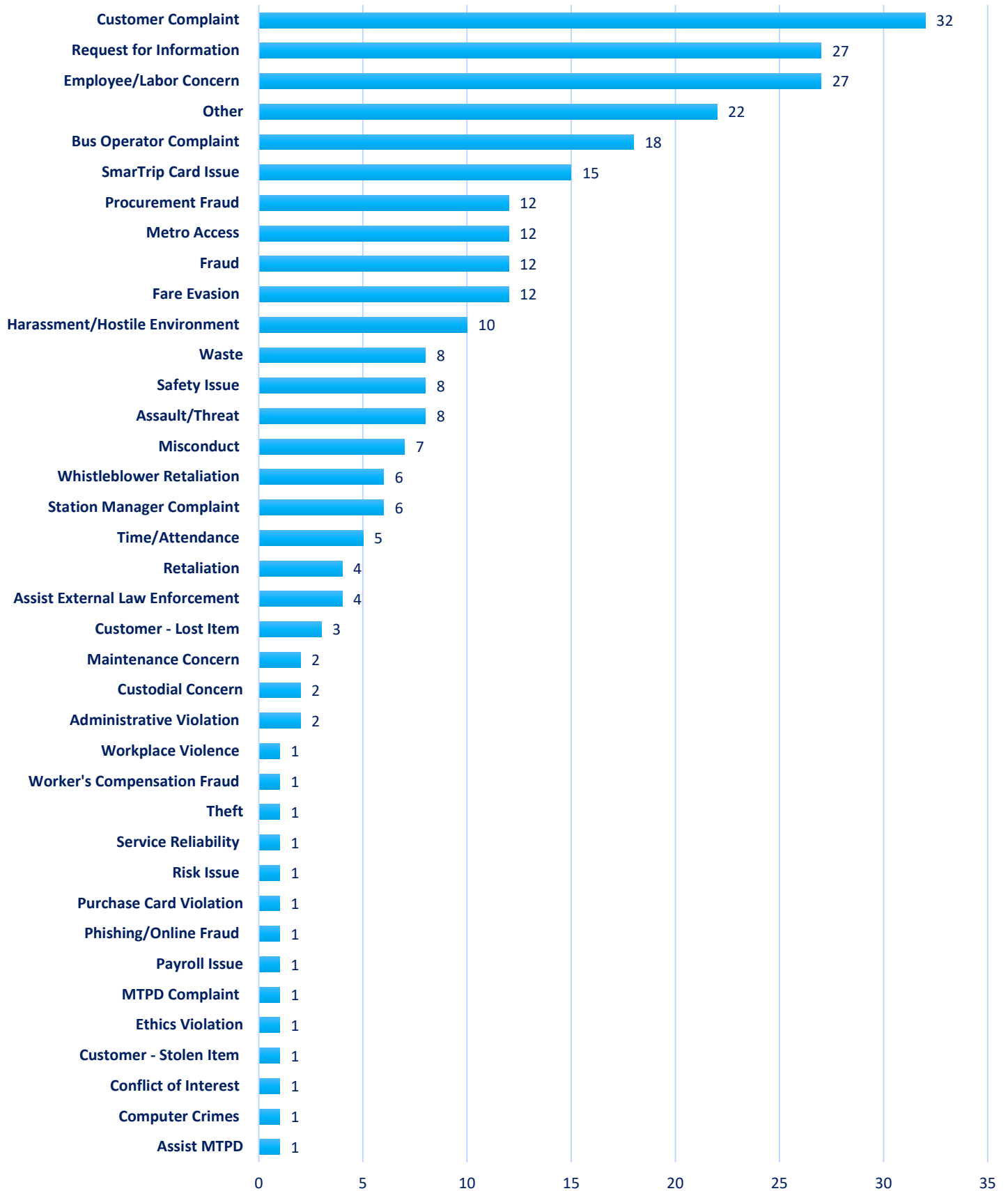


Table 3: Number of Hotline Complaints by Category



AUDITS & EVALUATIONS



\$34.9 MILLION
IDENTIFIED IN
MONETARY BENEFITS



4 AUDIT REPORTS



13 CONTRACT AUDITS



1 EVALUATION REPORT



1 LIMITED REVIEW
MEMO

BACKGROUND

OA's work focuses on areas of concern such as IT security, financial management, contracts, human capital, administrative issues, and high-risk programs that impact the safe operation of the transit system. During this reporting period, OA issued four audit reports, one evaluation report, one limited review memorandum, and 13 procurement contract audit reports. OA's audit and evaluation work identified \$34.9 million in monetary benefits during this reporting period.

As of June 30, 2025, an additional five performance audits, three financial audits, 13 procurement and contract audits, and one evaluation report were in progress.

AUDIT SUMMARIES

Audit of WMATA's Travel Expenses

Travel expenses are the ordinary and necessary costs associated with traveling for the purpose of conducting business-related activities. According to WMATA policies, expenses consist of reimbursable meals, lodging, mileage, transportation, parking, and miscellaneous expenses related to official WMATA business travel. Official travel means travel in connection with the performance of the traveler's duties to serve and benefit the interests of WMATA.

The objective of the audit was to determine whether internal controls for WMATA's travel expense program are effective and efficient, specifically to:

- Determine whether employee travel expense reimbursements comply with WMATA and federal travel program policies and procedures; and
- Examine the processes for pre-approval and expense reimbursements.

Audit Results: WMATA has implemented internal controls and processes for managing the travel program. However, OIG identified opportunities to strengthen internal controls for managing the travel advance and reimbursement process.

Specifically, OIG's audit found that:

- The Office of Accounting (ACCT) needs to improve management oversight of travel advance requests and reimbursement compliance to ensure timely submissions and reimbursement.
- Some travel advances were processed after employee departure dates, contrary to policy.
- Some travel requests are missing evidence of approval in PeopleSoft.
- ACCT lacks a management information system for handling travel requests, advances, and reimbursements.

Audit of WMATA's SmarTrip Regional Partner Comparative Billing Statements for Fiscal Years Ended 2024 & 2023

WMATA has a funding agreement with ten local jurisdictions (the Participating Jurisdictions) to provide a seamless regional system for transit fare collections for both the service areas of the Authority and the Maryland Transportation Administration using smart card technology (SmarTrip). WMATA and the Participating Jurisdictions have agreed to fund their share of the operating expenses of the SmarTrip system. The agreement defines the regionally shared operating expenses, allocation methods, and funding requirements.

Each year, WMATA is required to prepare SmarTrip Regional Partner Comparative Billing Statements to provide an allocation of the actual operating expenses incurred for the Regional SmarTrip Program for each of the Participating Jurisdictions for the current and prior fiscal years ended June 30. The actual operating expenses incurred and the allocation to each Participating Jurisdiction are audited at the end of each fiscal year.

The objective of this audit was to express an opinion on WMATA's SmarTrip Regional Partner Comparative Billing Statements for FYs 2024 and 2023. OIG retained RSM US, LLP (RSM) to conduct this annual audit.

Audit Results: WMATA received an unmodified opinion on the report.

Audit of WMATA's Data Center Cost Optimization

Data center cost optimization involves identifying and implementing strategies to reduce expenses while maintaining or improving the efficiency and performance of the data center. WMATA's Digital Modernization (DM) department is responsible for designing, procuring, building, maintaining, and monitoring WMATA's IT infrastructure, which enables WMATA to deliver safe, reliable, and efficient transit services. The department is also responsible for providing overall IT governance and managing the budget for the IT infrastructure, including the data center infrastructure.

The audit objective was to determine whether WMATA has implemented appropriate data center cost reduction initiatives or strategies.

Audit Results: OIG found significant deficiencies in WMATA's data center cost management and operational practices. These deficiencies could result in unplanned costs to WMATA and hinder cost optimization and operational efficiency.

Specifically, OIG's audit found that:

- DM did not conduct necessary comprehensive cost and technology assessments before designating Equinix as the new permanent primary data center.
- WMATA invested approximately \$44.8 million to build a new data center at Eisenhower that is significantly underutilized.
- DM has not implemented a risk management process for its data center operations.
- DM does not have a data center strategy that addresses cost optimization and operational efficiency.
- DM did not effectively manage its data center asset inventory.
- DM does not monitor key data center metrics.

Audit of WMATA's Underground Storage Tanks

The Office of Environmental Management and Compliance oversees WMATA's environmental management programs and compliance with federal, state, and local environmental laws and regulations. Underground Storage Tanks (USTs) are used to store hazardous substances or petroleum and are regulated by the U.S. Environmental Protection Agency. Aging USTs can become hazardous to the environment due to corrosion and possible leaks that could contaminate groundwater, which is the source of drinking water for many Americans. The objective of the audit was to determine the effectiveness of managing the program for USTs.

Audit Results: OIG found that WMATA's internal controls for managing USTs are working effectively, with noted observations.

Specifically, OIG's audit found that:

- WMATA consistently performed both preventative and detective controls for UST maintenance, with some observations.
- WMATA has insufficient physical security controls of USTs.

AUDITS IN PROGRESS

Audit of ERP System Pre-Implementation Readiness

WMATA currently utilizes PeopleSoft as the primary system of record for its Financial, Human Capital Management, Enterprise Learning Management, and other critical operational activities, supporting over 14,000 users across the organization. WMATA plans to implement a new enterprise resource planning (ERP) system to enhance operational efficiency and improve financial reporting. This initiative aims 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 objective of this audit is to assess WMATA's pre-implementation readiness for the new ERP system and ensure that a sound project management framework is in place to support an effective and efficient implementation process.

Audit of WMATA's Vendor Master File and Supplier Portal

The vendor master file and the supplier portal are critical components of WMATA's financial and procurement operations, serving as the centralized repository for all vendor-related information. It includes key details such as vendor names, addresses, contact information, payment terms, and banking details. While the vendor master file database facilitates efficient vendor management and payment disbursements, the supplier portal supports the procurement processes to ensure adequate competition among all eligible vendors. The integrity and reliability of the vendor master file and supplier portal are crucial for ensuring financial transparency and accountability. The accuracy of vendor information and adherence to procurement policies must also be assessed. Maintaining a clean and reliable vendor master file and supplier portal supports informed decision-making, strengthens vendor relationships, and safeguards WMATA's financial interests.

The objective of the audit is to determine if WMATA has effective internal control over its:

1. Vendor master file; and
2. Supplier portal.

Audit of WMATA's Cloud Computing Strategy

Cloud computing provides on-demand access to a shared pool of computing resources. The adoption of cloud computing has become mainstream among large enterprises because it provides benefits such as: (1) potential cost savings, (2) improved delivery, (3) ease of scalability and procurement efficiencies, as well as (4) operational efficiencies and security. WMATA has a limited presence in the cloud computing environment.

The objective of the audit is to assess the strategy and plan for migrating applications to the cloud.

Audit of WMATA's Data Privacy Practices

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 is a crucial aspect of business continuity. It is also one of an organization's greatest risks and potentially one of its biggest liabilities if mishandled.

The audit will assess WMATA's compliance with applicable data protection laws, regulations, and privacy standards.

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

WMATA's accounts payable team is responsible for ensuring that payments to vendors, third parties, jurisdictions, and employee reimbursements are processed timely, accurately, efficiently, and in compliance with policies and regulations.

The objective of the audit is to determine the effectiveness and efficiency of internal controls over WMATA's accounts payable process and payments.

Audit of WMATA's Financial Statements for Fiscal Year 2025

The WMATA Compact and related Board resolutions require an independent external auditor, as determined by the Inspector General, to audit WMATA's financial statements annually in accordance with applicable standards. In compliance with this requirement, OIG retained RSM US, LLP (RSM) to conduct this annual audit.

The objective of this audit is to:

- Express opinions on WMATA's financial statements;
- Review compliance with applicable laws and regulations;
- Review the controls in WMATA's computer systems that are significant to the financial statements; and
- Assess WMATA's compliance with the Office of Management and Budget's Uniform Guidance.

WMATA's Single Audit for Fiscal Year 2025

The Single Audit Act, as amended, requires an independent external auditor to audit WMATA's federal awards annually in accordance with applicable standards. In compliance with this requirement, OIG retained RSM to conduct this annual audit.

The objective of the Single Audit is to ensure that WMATA, as a recipient of federal funds, is in compliance with the federal program's requirements for how the money can be used. OIG is responsible for overseeing WMATA's Single Audit.

Audit of WMATA's SmarTrip Regional Partner Comparative Billing Statements Fiscal Years Ended 2025 & 2024

WMATA has a funding agreement with ten local jurisdictions (the Participating Jurisdictions) to provide a seamless regional system for transit fare collections for both the service areas for WMATA and the Maryland Transportation Administration using smart card technology. WMATA and the Participating Jurisdictions have agreed to fund their share of the operating expenses of the SmarTrip system. The agreement defines the regionally shared operating expenses, allocation methods, and funding requirements.

Each year, WMATA is required to prepare SmarTrip Regional Partner Comparative Billing Statements to provide an allocation of the actual operating expenses incurred for the Regional SmarTrip Program for each of the Participating Jurisdictions for the current and prior fiscal years ended June 30. The actual operating expenses incurred and the allocation to each Participating Jurisdiction are audited at the end of each fiscal year.

The objective of this audit is to express an opinion on WMATA's SmarTrip Regional Partner Comparative Billing Statements for FYs 2025 and 2024.

PROCUREMENT AND CONTRACT AUDITS

OIG issued 13 contract audits this reporting period. Contract audits are performed within their stated scope and objective(s) as agreed with management. They can cover a broad range of financial and non-financial subjects, which assist WMATA's procurement department in its contract negotiation process. These audits may uncover fraud, waste, abuse, or other procurement-related issues. Because these reports generally involve contractor proprietary information, the reports are not posted on OIG's website and are not publicly distributed. The types of reviews and methodology are as follows:

- **Pre-Negotiation** - Assess a contractor's proposal (e.g., labor rates, indirect rates, materials, etc.) to determine whether the pricing information is current, accurate, complete, and ties back to the contractor's accounting systems and supporting documentation.
- **Billing Rates** - Assess the basis of the billing rates and support for the cost elements (base wage rates and overheads) included in a contractor's proposal to ensure that the pricing information is current, accurate, and complete.
- **Pre-Award** - Assess financial data provided by a prospective contractor to determine whether the contractor has adequate financial resources and meets the applicable standards for a responsible prospective contractor.
- **Buy America** - Assess the pre-award and post-delivery certification of rolling stock vehicle compliance with the Federal Transit Administration's Buy America Act regulations by reviewing supplier certifications, invoices, and final assembly costs.

From January 1, 2025, through June 30, 2025, OIG issued 13 contract audits.

Table 4: Contract and Buy America Audit Reports

Report Number	Report Title	Date Issued	Potential Monetary Benefits
CAR 25-022	Independent Review of Proposed Rates, Contract No. CCIMO23002, General Architectural and Engineering Consultant Services Program - PMCM	01/14/2025	TBD
CAR 25-023	Independent Review of Proposed Rates, Contract No. FQ18033, General Architectural and Engineering Consultant Services - PMCM	01/16/2025	TBD
CAR 25-024	Independent Review of Proposed Rates, Contract No. CCIMO23002, General Architectural and Engineering Consultant (GEC) Services Program	01/22/2025	TBD
CAR 25-025	Independent Review of Proposed Rates, Contract No. CCIMO23002, General Architectural and Engineering Consultant Services - PMCM	01/27/2025	TBD
CAR 25-026	Independent Review of Proposed Rates, Contract No. CCIMO23002, General Architectural and Engineering Consultant Services - PMCM	02/21/2025	TBD
CAR 25-027	Independent Review of Proposed General and Administrative (G&A) Rate, Contract No. FELES233505, New Rehabilitate Elevator Contract	03/12/2025	TBD
CAR 25-028	Independent Review of Proposed Rates, Contract No. FPLAN244229 Architect and Engineering General Planning Services	03/27/2025	TBD

Report Number	Report Title	Date Issued	Potential Monetary Benefits
CAR 25-029	Independent Review of Proposed Rates, Contract No. FPLAN244229 Architectural and Engineering General Planning Services	03/27/2025	TBD
CAR 25-030	Independent Review of Proposed Rates, Contract No. CCIMO23002, General Architectural and Engineering Consultant Services - PMCM	04/09/2025	TBD
CAR 25-031	Independent Review of Proposed Rates, Contract No. FPLAN244229 Architectural and Engineering Consultant Services - PMCM	04/22/2025	TBD
CAR 25-032	Independent Review of Proposed Rates, Contract No. FQ19172, General Engineering and Architectural (GEC) On-Call Design Services	04/25/2025	TBD
CAR 25-033	Independent Review of Proposed Rates, Contract No. FPLAN244229, Architectural and Engineering General Planning Services	05/05/2025	TBD
CAR 25-034	Independent Review of Proposed Rates, Contract No. FQ18033, General Architectural and Engineering Program Management/Construction	05/28/2025	TBD

EVALUATIONS SUMMARIES

Evaluation of Alternate Inventory

Supply Chain Management ensures WMATA employees have the materials and parts they need by providing quality inventory management services and warehousing solutions to support WMATA's mission. However, several departments maintain parts and materials outside the control environment of Supply Chain Management. The objective of this evaluation was to determine the processes and controls to manage, safeguard, and account for parts and materials outside the purview of WMATA's Supply Chain Management.

Evaluation Result: OIG found that WMATA can improve its management of alternate inventory by strengthening controls in the following areas:

- Determining the current value of alternate inventory;
- Developing an overall management strategy for alternate inventory;
- Establishing overarching policy and standardized procedures; and
- Expanding security and access controls based on a cost/benefit analysis and risk assessment.

Review of WMATA's Heavy Repair and Overhaul Facility Project

OIG conducted a limited review of WMATA's Heavy Repair and Overhaul (HRO) facility project at the Pennsy Drive location, which WMATA canceled after spending approximately \$104 million on the project. WMATA plans to meet its future HRO needs by retrofitting the Dulles Railyard facility to accommodate the projected increase in HRO activities. WMATA expects to complete this retrofit by 2031, with an estimated cost of approximately \$200 million.

OIG concluded that the total expenditures on the HRO project appeared reasonable given the totality of events and circumstances. WMATA's initial plan to consolidate HRO activities at a single location presented potential process efficiencies. However, construction cost estimates far exceeded initial projections due to external

economic factors and site-related challenges. WMATA’s executive leadership faced the decision of balancing the need for the HRO project with the imperative to remain fiscally responsible. WMATA made several attempts to reduce costs before ultimately determining that building the HRO facility at Pennsy Drive was cost-prohibitive.

EVALUATION IN PROGRESS

Evaluation of Controls Over Bus Operator Program Licensing Requirements

When operating WMATA vehicles, employees must comply with all jurisdictional motor vehicle laws, rules, and regulations. The safety of our customers and the public may be at risk when WMATA employees do not have valid driver’s licenses while operating revenue vehicles. The objective of this evaluation is to determine the effectiveness of controls over bus operator program licensing requirements.

CORRECTIVE ACTIONS ON RECOMMENDATIONS

OIG tracks and documents the status of audit recommendations and WMATA corrective action plans. Positive change results from the process in which management acts to improve operations based on the recommendations in the published audit report. Management actions are monitored until final action is taken on all recommendations. Listed below are outstanding OIG recommendations. In every case, management’s ongoing actions will correct the deficiency identified during the audit.

Table 5: Recommendations Described in Previous Semiannual Reports for Which Corrective Action Has Not Been Completed as of June 30, 2025

Report Number	Report Title	Date Issued	Open	Final Action Completed	Total Recommendations	Latest Target Date for Completion
MAR-19-0003	Cybersecurity Vulnerabilities - 7000 Series Railcars	02/22/2019	1	3	4	12/31/2027
OIG 19-10	Audit of WMATA’s End-of-Service Life Operating System Software	05/01/2019	3	3	6	12/15/2025
OIG 19-11	Audit of WMATA’s Software Asset Management Program	06/19/2019	1	0	1	12/15/2025
IE-19-0001	Evaluation of WMATA’s Inventory Practices	01/06/2020	1	4	5	06/30/2025
OIG 22-01	Review of WMATA’s Mission Critical Legacy Systems	08/24/2021	3	0	3	12/31/2025
MAR-22-0001	Pension Plan Overpayments	10/28/2021	1	5	6	06/30/2027
OIG 22-02	Audit of WMATA’s Controls and Accountability of Fuel or Non-Revenue Vehicles	01/27/2022	4	7	11	02/15/2025
MA-22-0003	Audit of WMATA’s Cybersecurity Program – Critical Cybersecurity Vulnerabilities	05/17/2022	4	2	6	TBD
OIG 22-06	Audit of WMATA’s Health and Welfare Plan Management	06/23/2022	3	6	9	06/30/2025

OIG-23-01	Audit of WMATA's Defined Benefit Pension Plan	07/28/2022	1	5	6	06/30/2025
MAR-23-003	OIG Concerns Over Critical Cybersecurity Vulnerabilities That Remain Unresolved	02/17/2023	3	11	14	12/31/2029
OIG 23-007	Audit of WMATA's Procurement Pre-Award Cycle Time	06/08/2023	1	9	10	07/31/2025
OIG 23-008	Audit of WMATA's Money Train Operations	06/22/2023	1	11	12	TBD
OIG 24-03	Review of WMATA's Compliance with the Infrastructure Investment and Jobs Act	11/06/2023	2	1	3	TBD
OIG 24-07	Evaluation of WMATA's Background Screening Process for Employees of Contractors	02/08/2024	3	2	5	TBD
OIG 24-09	Audit of WMATA's Software Licensing Management	06/13/2024	35	20	5	12/31/2025
OIG 25-02	Audit of WMATA's Contract Modifications Process	11/21/2024	6	0	6	10/31/2025
OIG 25-05	Audit of WMATA's Travel Expenses	01/16/2025	6	0	6	TBD
OIG 25-07	Audit of WMATA's Data Center Cost Optimization	04/20/2025	19	0	19	12/15/2027
OIG 25-09	Audit of WMATA's Underground Storage Tanks	05/15/2025	6	0	6	06/30/2026
OIG 25-10	Evaluation of WMATA's Alternate Inventory and Material Practices	06/26/2025	6	0	6	09/01/2025

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