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Description of document: Washington Metropolitan Area Transit Authority (WMATA) Report of Investigation concerning the abuse of WMATA purchase cards, and WMATA Management Response and the Corrective Action Plan, 2011

Requested date: 2012

Release dates: 27-July-2012
14-August-2012

Posted date: 03-September-2012

Source of document: Office of General Counsel
PARP Administrator
Washington Metropolitan Area Transit Authority
600 Fifth Street, NW
Washington, D.C. 20001

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July 27, 2012

Re: PARP Request No. 12-0221

This acknowledges receipt of your request for a copy of the Report of Investigation concerning the abuse of WMATA purchase cards, as well as the 12/16/11 Management Response and the Corrective Action Plan produced by WMATA Management. This also provides a partial response to your request. Your request is being processed pursuant to the Public Access to Records Policy (PARP), which can be viewed on our website at http://www.wmata.com/about_metro/public_rr.cfm, under the section marked, "Legal Affairs." Generally, we aim to issue decisions on a request for records within 20 working days after the date of receipt of the request.

Enclosed is a copy of the Report of Investigation #12-0001-I. In accordance with PARP Exemption 6.1.6, we have redacted information that would constitute a clearly unwarranted invasion of personal privacy.

We are in the process of reviewing the remainder of the records for exempt material and will supplement our response shortly. Although we cannot yet provide any documents, we can impart some general information:

Exemptions:

Certain types of information are exempt from disclosure under the PARP. The exemptions include the following: information that could compromise WMATA's infrastructure or security; contractor proprietary information; internal deliberations on policy matters; attorney-client privileged communications; information that if released would cause a clearly unwarranted invasion of personal privacy; certain information compiled for law enforcement purposes; and SmarTrip and customer financial information. WMATA's response will not include any exempt information.

**Washington
Metropolitan Area
Transit Authority**

600 Fifth Street, NW
Washington, DC 20001
202/962-1234

By Metrorail:
Judiciary Square—Red Line
Gallery Place-Chinatown—
Red, Green and
Yellow Lines
By Metrobus:
Routes D1, D3, D6, P6,
70, 71, 80, X2

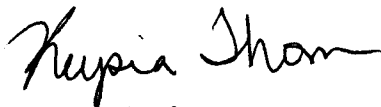
Page 2

Fees:

Our PARP provides for the assessment of fees associated with your request if it takes more than two hours of staff time to search for, assemble and review the records that you requested. This fee shall be calculated at the employees' basic rate of pay, plus an additional 50% to cover benefits, for the time spent responding to this request. Also, there is a 15 cents per page copying fee beyond the first 100 pages. In general, a request is considered an agreement to pay all applicable fees. However, your request notes that you will pay up to \$25.00 for costs associated with this request. If the estimated fee is over \$25.00, we will contact you before processing the request.

Future correspondence regarding your request should reference the PARP request number noted above and be directed to my attention. You may also contact me via telephone at 202-962-2058 or via email at kthom@wmata.com.

Sincerely,

A handwritten signature in black ink, appearing to read "Keysia Thom". The signature is fluid and cursive, with the first name "Keysia" written in a larger, more prominent script than the last name "Thom".

Keysia A. Thom
PARP/Privacy Policy Administrator

Enclosure

M E M O R A N D U M



SUBJECT: OIG Report of Investigation
(Investigation No. 12-0001-I)

DATE: December 2, 2011

FROM: IG – Helen Lew

TO: GMGR/CEO – Richard R. Sarles

The Office of Inspector General (OIG) is hereby transmitting a Report of Investigation (ROI) to you as the appropriate management official. Acting on a complaint from the Purchase Card Administrator, we found that there was serious abuse of WMATA purchase cards in the [REDACTED] by two cardholders and a lack of appropriate oversight by [REDACTED] in [REDACTED] role as a purchase card approving official. Two cardholders purchased, and the approving official approved, the purchase of items for personal use, employee gifts including gift cards that are expressly prohibited, food for office celebratory events, among other things. Numerous items purchased costing thousands of dollars cannot be accounted for. We also found that [REDACTED] accepted a valued gift from [REDACTED] subordinate, in violation of the Standards of Conduct, P/I 7.10/5.

Additionally, it was noted the Purchase Card Policy, P/I 8.11/0, is not sufficient to provide adequate guidance on the proper use of purchase cards.

Accordingly, we recommend the following:

1. Make a thorough and objective managerial review of the existing processes and procedures for controlling purchase card use in [REDACTED], including but not limited to whether the current approval process is adequate in light of the issues discussed in the ROI, and take administrative action to strengthen the process.
2. Revise the Purchase Card Policy to give more clear guidance and resolve any ambiguities, consistent with upholding the highest standards of integrity in the use of the purchase card and recognizing that public funds are involved. This should include, but not be limited to, defining all key terms in sections 10 and 13.
3. Adopt a clear policy on the award of non-cash, in-kind employee awards, including a process for justification and approval similar to that for cash awards in the Personnel Policies and Procedures Manual (PPPM) 5.3. We understand that, based upon a similar recommendation arising from another OIG report, the Office of Human Resources is working on such a policy.

4. Develop a more comprehensive ethics education program which includes regular, mandatory training for all employees on the Standards of Conduct, similar to what exists in most federal agencies and some large transit authorities.

5. Take whatever additional disciplinary and administrative action you deem appropriate.

Please respond in writing to Assistant Inspector General for Investigations [REDACTED] [REDACTED] by December 16, 2011, as to what action you have taken or intend to take.

cc: COUN – Carol O’Keeffe
CHOS – Shiva Pant
DGMA/CFO – Carol Kissal
HR – Gary Baldwin

WMATA OFFICE OF INSPECTOR GENERAL

OFFICE OF INVESTIGATIONS

Report of Investigation

Complaint No.: 12-0001-I

(Improper Use of Purchase Card; Theft of WMATA Property)

Date: December 1, 2011

Allegation

On August 2, 2011, the Policy Supervisor/Purchase Card Administrator (PCA) of the Office of Procurement and Materials (PRMT), reported purchase card irregularities to the Office of Inspector General (OIG). During a routine review of transactions for purchase card holders in the [REDACTED], the PCA identified a number of purchases in December 2010 charged to the purchase card accounts of [REDACTED], [REDACTED], and [REDACTED], [REDACTED] which he said were prohibited by WMATA's purchase card policy¹ (Exhibit 1). The charges identified by the PCA included, among other things, gift cards, gift items, camcorders, a digital photo album and a Kindle E-Reader.

The PCA also alleged that there was an attempt to cover up these unauthorized purchases with descriptions of legitimate items in the purchase card system which the cardholder enters. The PCA attached a report from the purchase card database showing that some of [REDACTED] questionable purchases were described as "toner cartridges" or "printer cartridges." Several of [REDACTED] card purchases reflected no description at all (Exhibit 2).

Background

WMATA participates in the Citibank Purchase Card program. Designated WMATA employees are authorized to obtain purchase cards, which enables them to make purchases with a WMATA credit card, generally up to a cap of \$3,000.² The purchases must be for official Metro business only. An approving official, who is the cardholder's supervisor or higher level official within the cardholder's department, reviews and approves cardholders' transaction activity on-line. Every cardholder and approving official must attend training on the proper use of the card before they are issued a card and/or granted access to the purchase card database. A WMATA Purchase Card holder Training Acknowledgement Form is to be signed by each cardholder, indicating they have been instructed on the proper use of the card and the card policy.

¹ The PCA cited Policy Instruction (P/I) 8.11/0 §10.07 (Unauthorized (Prohibited) Use of Card).

² Single transactions may be up to \$5,000, but sole-source purchases above \$3,000 require written justification and approval.

The WMATA purchase card policy, § 10.00 *Unauthorized (Prohibited) Use of Card* specifically prohibits the following purchases:

- § 10.02 – Supplies or services for personal gain, pleasure, or enjoyment
- § 10.06 – Meals, drinks or subsistence costs, except that there is an exception for “refreshments for official Metro functions, subject to appropriate approvals (§ 13.02(a) Exceptions)
- § 10.07 – Entertainment, gift cards, luxury items, plants or foliage

██████████ is the ██████████ of ██████████. ██████████ is the ██████████ reports to ██████████. ██████████ reports to ██████████, and ██████████ reported to ██████████.

Summary of Investigation

December Luncheon

██████████ held a lunch at a restaurant on December 15, 2010. The email invitation called the luncheon an “Annual ██████████ Recognition Event” (Exhibit 3).

██████████ said ██████████ authorized ██████████ and ██████████ to use their purchase cards to pay for the lunch and to purchase gifts for ██████████ staff to be given out at the lunch. ██████████ said ██████████ gave general authorization and did not give them specific direction as to what to buy. ██████████ said ██████████ expected them to buy things that were appropriate, which ██████████ said meant, “more than a candy dispenser but less than something shocking.” ██████████ said ██████████ did not know how ██████████ and ██████████ decided what to buy, how much to buy or how it was decided to whom to give gifts.

██████████ purchase card records reflect that ██████████ charged \$1,863.36 at the restaurant (Exhibit 4). The invoice shows that WMATA paid:

Food & beverage:	\$1452.00
Room Use Fee:	\$ 150.00
Gratuities (18 %)	\$ 261.36

Purchase card records (Exhibit 5) reflect that ██████████ and ██████████ purchased 71 items for a cost of \$2,795. The items were:

- 49 gift/merchandise cards
- 8 gift baskets
- 6 boxes of chocolates
- 4 cutting board sets

- 2 digital cameras/camcorders
- 1 Kindle eReader
- 1 digital photo album

During interviews both [REDACTED] and [REDACTED] each claimed to have purchased a Kindle for the lunch gift. In the three weeks before the lunch, [REDACTED] purchased one Kindle and [REDACTED] purchased three Kindles for a total of \$946.99. [REDACTED] also purchased a two-year insurance replacement plan (\$49.99) for a Kindle on December 6. [REDACTED] denied purchasing more than one Kindle, although three appear on her purchase card account records, and [REDACTED] offered no explanation for the other two. One [REDACTED] employee acknowledged receiving a Kindle at the lunch, and the other Kindles are unaccounted for.

[REDACTED] and [REDACTED] purchase card records also show a total of \$427.80 charged at Safeway in December 2010. [REDACTED] described [REDACTED] \$55 charge as "event supplies." [REDACTED] did not document any description for [REDACTED] charges totaling \$372.80, but [REDACTED] claimed [REDACTED] Safeway purchases were for supplies for the December lunch.

[REDACTED] attended the lunch and [REDACTED] said there were about 30 people there. [REDACTED] had no explanation as to why there were more gifts purchased (71) than the total number of [REDACTED] employees (30). According to [REDACTED], everyone in attendance who stayed received a gift. [REDACTED] said the gifts were numbered and individuals picked a number out of a bag to determine which gift they received. [REDACTED] said [REDACTED] did not recall who received gifts or how employees were selected to receive gifts. [REDACTED] said [REDACTED] recalled [REDACTED] and [REDACTED] handed out gifts.

[REDACTED] said there were some gift cards left over and the cards were given to the wait staff "in lieu of tips." This would have been in addition to the \$261.36 reflected on the restaurant invoice as an 18 percent gratuity.

[REDACTED] and [REDACTED] did not produce any list of attendees or gift recipients from the lunch in response to an OIG request. [REDACTED] said [REDACTED] did not make a list. OIG sent an email to 39 [REDACTED] staff members listed in the WMATA telephone directory asking them to indicate whether they attended the December lunch and what, if any, gift they received. OIG received 32 responses. The responding employees claimed one Kindle, one camcorder, one digital photo album, 12 gift cards, and eight gift baskets, mugs, food or coffee items. The rest of the items are unaccounted for.

Camcorder Gift

Other Purchase Card Use by [REDACTED] and [REDACTED]

1. [REDACTED]

We reviewed [REDACTED] purchase card transactions over a 15-month period (May 18, 2010 – August 1, 2011) (Exhibit 6). In addition to the previously mentioned items, [REDACTED] purchased another Kindle on March 18, 2011 for \$139. [REDACTED] said [REDACTED] authorized the Kindle purchase, which [REDACTED] denied.

[REDACTED] was asked and gave the following explanations about [REDACTED] other card transactions:

Purchase	Date of Purchase	Price	Explanation
Edible Arrangements (Fruit)	6/3/10	\$47.00	Receipt indicated this was a birthday present for a [REDACTED] employee.
Priceline.com – car rental	6/12/10	\$69.67	Never rented a car; erroneous charge applied when [REDACTED] searched the internet to compare vehicle rental prices. Priceline refused to refund the money.
Reading glasses	10/7/10	\$14.95	At Staples, [REDACTED] used the glasses to read something, and then put the glasses on the counter; the cashier rung them up in error. Made no attempt to return them to Staples.
Caruso Florist	11/15/10	\$87.95	A five-year anniversary gift plant for [REDACTED].
Safeway	12/22/10	\$372.80	No description entered. During an interview, [REDACTED] alleged this purchase was for additional supplies for the December luncheon.
SmarTrip Card	6/16/11 & 6/29/11	\$25.00 & \$55.00	Initially said that the card was for a summer intern; the second charge was for a replacement card for the first one, which was lost. Later said it was for a subcontractor employee.
Picnic Tote Bag	5/23/11	\$34.99	It was a gift from Staples that someone took

Nook Black Lyra Light	7/14/11	\$19.99	Purchased in error; made no attempt to to return it.
Digital Frame	7/14/11	\$90.96	Retirement gift for an employee

█████ claimed that both █████ and █████ often directed █████ to use █████ card to make purchases even after █████ told them that the purchases were in violation of the policy. █████ did not provide specific examples. █████ also said both of them took her card to make purchases. █████ denied both allegations. █████ said █████ did use the card on several occasions to register online for conferences and then █████ gave back the card with a receipt. █████ denied that █████ informed █████ any transactions were in violation of the purchase card policy.

The PCA reported █████ sent █████ an email listing the prohibited charges and asking for an explanation concerning the December 2010 charges. (Exhibit 7). █████ responded:

"The items were purchased for our departmental retreat/gathering welcoming █████ and leadership recognizing employees of the quarter and providing new goals and expectations moving forward which was a formal WMATA gathering. The items were given as rewards for responding to questions used as morale boosters/challenges as to what each department does and this was done as a 'grab bag' activity." This [sic] expenses weren't 'viewed' as 'entertainments, gifts or luxury items...'; but as recognition/thank you for work done by teams and individuals."

In a later email to OIG, █████ stated,

"I do realize that while going along to get along, the purchase card was poorly managed. Some things weren't questioned or reviewed, just allowed my card to be used. Still my obligation and responsibility. I will reimburse WMATA \$328.00 to cover the rental I didn't use; the flowers I didn't receive; and costs of Kindle and picnic tote."

2. [REDACTED]

We reviewed [REDACTED] purchases over a 15-month period (May 18, 2010 – August 1, 2011) (Exhibit 8). In addition, [REDACTED] was asked about the following purchases:

Purchase	Date of Purchase	Price	Explanation
[REDACTED]	1/25/11	\$271.99	Thought [REDACTED] purchased it via [REDACTED] personal Amazon.com account and not WMATA's account.
Two executive cases, American Express gift cards and fees, Visa gift card and fee.	1/4/11	\$346.83	None
Digital camcorder, video adapters, digital camera, replacement insurance for camcorder and camera.	3/7/11	\$449.94	Denied that [REDACTED] purchased any cameras.
Beats by Dr. Dre earbuds.	3/22/11	\$179.99	An employee in [REDACTED] requested them; could not remember which employee.
Three (3) digital camcorders	4/4/11	\$529.97	Did not purchase digital camcorders.
Unlocked Blackberry Torch cellphone	5/20/11	\$499.99	Purchased for a [REDACTED] employee; did not recall which one.
Six (6) American Express gift cards and fees.	6/30/11	\$635.70	Denied purchasing these gift cards.

Below are additional questionable purchases [REDACTED] made and the descriptions [REDACTED] entered for each item on the computer:

Edible Arrangements	9/24/10	\$60.83	Fruit for ill employee
Giant Food	11/9/10 & 11/10/10	\$130.12	Shower supplies for [REDACTED]
Safeway	12/22/10	\$55.00	Event Supplies
Matchbox Pizza	2/28/11	\$97.00	Lunch Meeting – [REDACTED]
Tangy Sweet (Frozen Yogurt)	3/1/11	\$87.00	Lunch meeting – [REDACTED]
Safeway	5/20/11	\$505.95	Biggest Loser Surprise Celebration; and Regional Benefits Meeting Catering
Safeway	6/3/11	\$205.95	No description entered
Staples (Coffee Maker)	6/14/11	\$102.07	Office Supplies
Bed, Bath, and Beyond	6/17/11	\$291.85	[REDACTED] retirement gift/[REDACTED] event
Safeway	7/13/11	\$155.95	Retirement celebration
Bed, Bath, and Beyond	7/18/11	\$266.85	Retirement celebration
Safeway	7/28/11	\$211.93	No description entered

██████ denied purchasing more than one Kindle, although █████ purchase card account reflected three. █████ also denied purchasing any digital camcorders, although █████ purchase card records reflected three had been purchased. █████ offered no explanation. █████ said no one else used █████ card. According to █████ has no camcorders and it has two digital cameras purchased two and four years ago.

A color printer was observed in the living room of █████ home during her interview. It was identified as the same make and model as purchased by █████ with the purchase card March 22, 2011 for \$99. █████ explained █████ purchased the printer for use at home, because █████ sometimes did █████ work at home. █████ also purchased a warranty plan on the printer with the purchase card. █████ said █████ approved the purchase of the printer. █████ denied giving █████ permission to purchase a printer for home use. █████ said █████ forgot to return the printer upon █████ resignation from WMATA. The printer was seized by the assigned OIG special agent.⁴

██████ denied any wrongdoing involving the purchase card but offered to reimburse WMATA.

Missing and False Expense Descriptions

Descriptions were missing for multiple purchase transactions made with █████ purchase card including the charges for the December luncheon, the flip camcorder and the gift cards.

Three earlier gift card purchases made with █████ card have the expense description of "AGM printer cartridge." A Kindle, digital frame, reading glasses and a light have the description of "██████ Office Supplies." █████ said █████ made a mistake in entering "AGM printer cartridge" as descriptions of the gift cards. █████ said where there was no description, █████ was in a hurry and did not have time to enter the expense description.

██████ purchase card records reflects the description of "printer supplies" was used for nine gift card purchases, two executive cases, six cameras, a digital frame, and a card holder. For the unlocked Blackberry purchased in May 2011, █████ entered "Office supplies – copier/scanner." There was no description for the █████ purchased on January 25, 2011.

⁴ On November 23, 2011, the printer was returned to █████.

Purchase Card Approval Procedures in [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Referral for Prosecution

The evidence was presented to the United States Attorney's Office for the District of Columbia on October 19, 2011, for consideration for prosecution of [REDACTED] and [REDACTED] for theft under D.C. law. The office declined prosecution, explaining:

"We simply are not going to be able to prove this case beyond a reasonable doubt given the culture of purchase card abuse going on in that office by supervisors. [REDACTED] [REDACTED] can say that [REDACTED] used the card or approved the purchases; and [REDACTED] accepted gifts that [REDACTED] shouldn't have and approved purchases that [REDACTED] shouldn't have. They all have something to hide so credibility is a real issue. The conduct by the supervisors and staff is outrageous. I hope that administrative action can be pursued."

Because some of [REDACTED] purchases were made at a store in Prince George's County, Maryland, that evidence was also discussed with the Prince George's County, Maryland State's Attorney's Office. That office declined prosecution of [REDACTED], stating their decision was because of poor internal controls and senior managers not performing their jobs correctly to prevent the purchase card misuse.

Actions Affecting [REDACTED] Purchase Card Use

[REDACTED] cardholder privileges were revoked on August 9, 2011 by the Purchase Card Administrator. [REDACTED] resigned in [REDACTED]. [REDACTED] remains an approving official. The [REDACTED] advised that [REDACTED] held a meeting in August 2011 with affected staff and directed them to comply with the Purchase Card Policy. The PCA attended and answered questions. [REDACTED] sent an email to [REDACTED] staff on September 2, 2011 stating: "Anniversary, retirement, or any other individual personal celebratory events can NOT be funded with WMATA funds."

Relevant Statutes, Regulations, and Other Standards

- 1) Maryland Criminal Code § 7-104(a)(1), § 7-104(b)(1) – Theft;
- 2) D.C. Criminal Code § 22-3211(b) (1) – Theft.
- 3) WMATA P/I 7.10/5 Standards of Conduct – § 6.04 Prohibition of Contributions or Presents to Supervisory Personnel: WMATA personnel will not . . . accept a gift from other Authority personnel subordinate to themselves;
- 4) WMATA P/I 8.11/0 Purchase Card Policy:
 - § 5.03 – The Approving Official is required to review and approve Cardholder's card activity and supporting documentation to ensure and certify purchases were made in accordance with the purchase card policy and applicable Metro regulation. The Approving Official is further required to report in writing to the Purchase Card Administrator all cases of misuse of the card and initiate appropriate administrative and disciplinary actions for such violations by the cardholder. The Approving Official shall not delegate their authority.
 - § 7.03 – Cardholders and Approving Officials will receive formal training and a manual on Metro purchase card policy and procedures from the Purchase Card Administrator

- § 7.07 – Metro personnel shall use their purchase card for “official Metro business only”
- § 7.08 - Cardholder is liable for any unauthorized purchases/transactions
- § 10.00 Unauthorized (Prohibited) Use of Card –
 - § 10.02 – Supplies or services for personal gain, pleasure, or enjoyment
 - § 10.03 – Rental or lease of... buildings
 - § 10.04 - Wireless phones, except those purchased by the Office of Network and Communications (§ 13.01, Exceptions)
 - § 10.06 – Meals, drinks or subsistence costs, except that there is an exception for “refreshments for official Metro functions, subject to appropriate approvals” (§ 13.02(a), Exceptions)
 - § 10.07 – Entertainment, gift cards, luxury items, plants or foliage

OIG Investigative Findings

The OIG investigation revealed the following:

1. Lack of Oversight in [REDACTED] Over Purchase Card Transactions

There was a serious lack of oversight of [REDACTED] and [REDACTED] purchase card use. [REDACTED] failed to adequately review [REDACTED] purchases and by [REDACTED] own admission provided almost no oversight. [REDACTED] accepted [REDACTED] descriptions without looking at any supporting documentation, contrary to the Purchase Card Policy. [REDACTED] approved items for which [REDACTED] gave no description or explanation.



2. December Luncheon

(a) Restaurant charges: [REDACTED] defended the restaurant charges to the [REDACTED] purchase card on the basis that it was for an office event to recognize all [REDACTED] staff. The policy prohibits use of the purchase card for meals, drinks, and entertainment (P/I 8.11, §10.05, §10.06), and it is reasonable to interpret those prohibitions to cover these restaurant charges. However, the policy also contains an exception to the meals and beverages prohibition for "refreshments for official Metro functions, subject to appropriate approval" (P/I 8.11, §13.02(a)). The refreshments exception does not cover the room charge and the tip. The room charge may also be prohibited as a building rental (P/I 8.11, §10.03).

(b) Gifts: Section 10 specifically prohibits card use for gift cards and luxury items. [REDACTED] authorized purchases because they were given out at an office staff recognition event. However, there is nothing in the Purchase Card Policy that allows such an exception for that purpose.

There is no WMATA policy or other regulation on non-cash, in-kind employee awards or gifts. There is a policy on cash awards (P/I 5.3). That policy contemplates awards to individuals based upon individual accomplishments within the categories spelled out there. At the December luncheon, there were no special or specific accomplishments for which the gifts were being awarded. The gifts employees got were arbitrary and bore no relation to any employee's accomplishments. Under these circumstances, the items distributed at the lunch were more in the nature of door prizes than employee recognition awards.

[REDACTED] stated reliance on the Standards of Conduct rule that prohibits acceptance of gratuities by employees, but allows them to accept a gratuity of less than \$25, is misplaced. The rule, P/I 7.10/5, § 6.02, applies to gifts from outside sources, not gifts funded with WMATA funds, according to [REDACTED], a principal drafter of the Standards of Conduct. [REDACTED] rejected the aggregate argument that the rule would allow an office to use WMATA funds to buy gifts for employees up to \$24 per employee per event.

7. False entries in purchase card system

There were numerous (55) instances where [REDACTED] entered an inaccurate expense description into the purchase card system or no description at all. While [REDACTED] described this as a mistake or the result of haste, the number of times this occurred makes [REDACTED] explanation questionable. [REDACTED] also had numerous (34) instances. This is not consistent with the Purchase Card Policy (5.04 – cardholder responsibilities; 8.01(f) – documentation). The false or non-existent entries also give rise to an inference of wrongdoing and deception by [REDACTED] and [REDACTED].

Exhibits

1. The PCA's email allegation, dated August 2, 2011, attaching [REDACTED] and [REDACTED] email responses
2. Select purchase card transactions for [REDACTED]
3. [REDACTED] December 15 evite
4. Purchase card transactions for [REDACTED] reflecting [REDACTED] charges
5. Select purchase card transactions for [REDACTED]
6. [REDACTED] purchase card transaction (May 18, 2010 – August 1, 2011)
7. The PCA's email to [REDACTED] and [REDACTED]
8. [REDACTED] purchase card transactions (May 18, 2010 – August 1, 2011)

[REDACTED]

Senior Special Agent

[REDACTED]

Assistant Inspector General for Investigations



August 14, 2012

Re: PARP Request No. 12-0221

This completes our response to your request for a copy of the Report of Investigation concerning the abuse of WMATA purchase cards, as well as the Management Response and the Corrective Action Plan produced by WMATA Management. Your request was processed pursuant to the Public Access to Records Policy (PARP), which can be viewed on our website at http://www.wmata.com/about_metro/public_rr.cfm, under the section marked, "Legal Affairs."

On July 27, 2012, we released to you a copy of Report of Investigation #12-0001-I. Enclosed are copies of Management's Responses and Required Training Standards of Conduct-Ethics, which is the corrective action. In accordance with PARP Exemption 6.1.6, we have redacted information that would constitute a clearly unwarranted invasion of personal privacy. Additionally, pursuant to PARP Exemption 6.1.1 (safety and security), we have redacted the link to WMATA's internal computer system.

If you wish to appeal WMATA's decision, in accordance with PARP § 9.1, you may file a written appeal of the action with the Chief of Staff within 30 business days of the date of this decision letter. The appeal panel will inform you of its determination within 30 business days of receipt of the appeal. Further details about our appeals process can be found on our website.

There is no charge for processing your request because the first two hours of staff time and minor copies are provided free of charge. Future correspondence regarding your request should reference the PARP request number noted above and be directed to my attention. You may also contact me via telephone at 202-962-2058 or via email at kthom@wmata.com.

Sincerely,

Keysia A. Thom
PARP/Privacy Policy Administrator

Enclosures

**Washington
Metropolitan Area
Transit Authority**

600 Fifth Street, NW
Washington, DC 20001
202/962-1234

By Metrorail:
Judiciary Square—Red Line
Gallery Place-Chinatown—
Red, Green and
Yellow Lines
By Metrobus:
Routes D1, D3, D6, P6,
70, 71, 80, X2

M E M O R A N D U M



SUBJECT: OIG Report of Investigation No. 12-0001-1

DATE: December 16, 2011

FROM: GM/CEO - Richard Sarles

SK Paul for

TO: OIG - Helen Lew
[REDACTED]

This memorandum is in response to the referenced report regarding abuse and irregularities in the use, oversight and approval related to use of purchase cards by [REDACTED]. The report has been reviewed and discussed with appropriate staff and the following course of action has or will be taken in response to the recommendations:

1. *Make a thorough and objective managerial review of the existing processes and procedures for controlling purchase card use in [REDACTED], including but not limited to whether the current approval process is adequate in light of the issues discussed in the ROI, and take administrative action to strengthen the process*

Response: I have directed Carol Kissal, DGMA, to remove all purchase cards from [REDACTED] until further notice. This has been done. With regard to review of existing processes and procedures, please see response to Recommendation #2 below, since such a review has to be undertaken in the context of authority-wide use of purchase cards.

2. *Revise the Purchase Card Policy to give more clear guidance and resolve any ambiguities, consistent with upholding the highest standards of integrity in the use of the purchase card and recognizing that public funds are involved. This should include, but not be limited to, defining all key terms in sections 10 and 13.*

Response: I have directed Carol Kissal, DGMA:

- to work with her staff to review the current Purchase Card Policy to determine if the lapses that occurred in the referenced situation require further amendments and clarifications to the policy. If so, these should be incorporated in a revised policy.
- specifically review and recommend needed changes to the protocols and controls associated with the cardholder and the

approver, and the approver's review and approval of such purchases.

- ensure that purchases are reconciled on a monthly basis.
- to provide me with a report on this matter within 30 days from the date of this memorandum with implementation soon thereafter in accordance with the process for revising policies.

3. *Adopt a clear policy on the award of non-cash, in-kind employee awards, including a process for justification and approval similar to that for cash award in the Personnel Policies and Procedures Manual (PPPM) 5.3. We understand that, based upon a similar recommendation arising from another OIG report, the Office of Human Resources is working on such a policy.*

Response: Any changes in this regard will be incorporated in appropriate revisions to the Purchase Card Policy and/or in the applicable standards of conduct policies, as noted in #2 above.

4. *Develop a more comprehensive ethics education program which includes regular, mandatory training for all employees on the Standards of Conduct, similar to what exists in most federal agencies and some large transit authorities.*

Response: Have directed Gary Baldwin, CHRO and Carol O'Keeffe, COUN, to propose and implement such a program including providing annual/refreshers training on an annual basis.

5. *Take whatever additional disciplinary and administrative action you deem appropriate.*

Response: I have discussed potential actions with Carol Kissal, DGMA and these will be finalized in due course. One of the individuals involved is on leave and will return to the office on January 3, 2012.

cc: CHOS – Shiva Pant
DGMA/CFO – Carol Kissal
CHRO – Gary Baldwin
COUN – Carol O'Keeffe

M E M O R A N D U M



SUBJECT: Response to OIG 12-0001-1

DATE: January 20, 2012

FROM: DGMA/CFO – Carol Dillon Kissal

LD TO: OIG – Helen Lew

The following management response is submitted in reference to the OIG report as a result of the Investigation (No. 12-0001-1) of the abuse of the program by the [REDACTED]

The Report of Investigation (ROI) identified the following investigative findings and issues:

1. Lack of oversight by the Approving Official in [REDACTED] over purchase card transactions;
2. December luncheon which involved restaurant charges and gifts purchased prohibitively through card use;
3. Other restaurant and food establishment charges and grocery store purchases challenging the "official Metro business" clause;
4. Other gifts for various office celebrations or individual employee's presents;
5. [REDACTED] acceptance of a gift from a subordinate in violation of a Standards of Conduct prohibition;
6. Transactions unaccounted for and personal purchases by cardholders [REDACTED] and [REDACTED]; and
7. False or non-existent entries in purchase card system which gave inference of wrongdoing and deception by the cardholders.

Recommendations and Responses:

Recommendation from OIG:

- 1) Make a thorough and objective managerial review of the existing processes and procedures for controlling purchase card use in [REDACTED], including but not limited to whether the current approval process is adequate in light of the issues discussed in the Report of Investigation and take administrative action to strengthen the process.

Management Response:

The following action was taken with the [REDACTED] in relation to purchase card use:

- Suspension of all cards in the Office of [REDACTED] - Completed in December, 2011; Cards held by [REDACTED] and [REDACTED] were immediately suspended in August, 2011;

- Training of the Approving Official, [REDACTED] by the Purchase Card Administrator- Completed in September, 2011
- Participation by the Purchase Card Administrator in a [REDACTED] meeting of cardholders and Approving Officials which emphasized requirements for compliance with policy, and the validation of need for each purchase – Completed in September, 2011
- Creating a position within [REDACTED] ([REDACTED]) which would have oversight over office support administrative personnel that would include the centralization of the approving process for purchases under one manager – Presented by [REDACTED] for consideration of the DGMA in January, 2012- Pending approval of DGMA

A proposed short term solution to tighten controls of the approval process to address the gaps in the current reconciliation system is under development:

- Implementation of the next generation version of the online card management system is being provided by Citigroup. As part of this upgrade, [REDACTED] is currently in a design phase effort which includes identifying the business requirements needed to strengthen approval controls and utilize email communication as a notification system for pending transactions that need approval. This effort is currently due for implementation by March, 2012.

A formalized long term solution that will require a detailed project management approach is also under current consideration. This is a coordinated effort between the current PeopleSoft ERP system and the Citigroup account reconciliation system. [REDACTED] is currently under design efforts to document all of the requisite business processes and create the future state workflows associated with this long term solution. This solution will also include a training component to complete the implementation of the solution. It is anticipated that the design phase of this effort would be completed by June, 2012.

Recommendation from OIG:

- 2) Revise the Purchase Card Policy to give more clear guidance and resolve any ambiguities, consistent with upholding the highest standards of integrity in the use of the purchase card and recognizing that public funds are involved. This should include, but not be limited to, defining all key terms in sections 10 and 13.

Management Response:

- a) A thorough review of the Purchase Card Policy is currently in process by [REDACTED] which includes any Policy Instructions that have been issued in relation to the Policy. Concurrent to the [REDACTED] review, the entire policy will come under review of the CEO and ELT. We anticipate a revised Purchase Card Policy by April, 2012.

- b) In addition to the Policy review, the DGMA has ordered a complete business review and audit on every purchase card holder, currently at 247 active accounts. The purpose is to ensure adherence and compliance with the Procurement Card Policy, as well as, identifying further changes to the policy and procedure. Expected completion is targeted for March 31, 2012.

Recommendations three through four are presently under action based upon a prior OIG report which highlighted these issues. Human Resources is taking the lead in these corrective action plans.

Recommendation from OIG:

- 5) Take whatever additional disciplinary and administrative action you deem appropriate.

• Response from DGMA:

- a) Appropriate action has been taken effective January 13, 2012.

STAFF NOTICE



Date: May 4, 2012 Number: 2012-014

Subject: Required Training - Standards of Conduct - Ethics

Distribution: All Employees

Accountability is at the forefront of Metro's responsibility to ensure employees complete Standards of Conduct training. This training reflects the information contained in our Policy/Instruction 7.10/5, *Standards of Conduct- Ethics*.

Training Requirements: Effective May 1, 2012, and each year thereafter, Metro employees are required to complete Standards of Conduct training annually. This training ensures that employees are aware of and understand Metro's ethical principles and reporting requirements with regard to:

- Conflicts of Interest;
- Gratuities, Gifts and Donations;
- Contributions or Gifts/Presents to Supervisory Employees;
- Negotiations for Employment and Post-employment Restrictions; and
- Use of Metro Property and Services

Course Information: The Standards of Conduct training is a computer-based training (CBT) program.

- The CBT is currently available by accessing the Training Server at:
[REDACTED]
- Name of Course and Code: Standards of Conduct - HPSOC
- Course Duration: Approximately 25 minutes
- Completion of the training is required to receive credit and will be recorded in the Training Server, as appropriate
- Deadline for course completion: June 29, 2012

Delivery of Training: For non-represented and Local 2 employees, the CBT is currently available. For represented employees including Local 689, Local 922, Metro Transit Police and Special Police, a follow-on Staff Notice will be released that details course information and delivery of training upon finalization of arrangements.

Required Training - Standards of Conduct – Ethics
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Please direct questions regarding this Staff Notice to the Department of Human Resources at 202-962-2225.

Gary W. Baldwin
Chief Human Resources Officer