



**KPMG's PERFORMANCE AUDIT OF
DULLES CORRIDOR METRORAIL PROJECT PHASE 1**



Phase 1 Performance Report

- At the request of the Board’s Audit Committee, KPMG was engaged to “*assess whether current project management processes and tools are working as intended*”
- KPMG concluded that controls are:
 - “working as intended”
 - “appropriate for the size and complexity of the project”
- The report, issued in April 2012, also identified 20 recommendations to further strengthen controls – of which 16 (80%) have been fully implemented to date



KPMG Remediation Dashboard

#	KPMG Report Finding Reference	# of Recommendations	# In Progress	# Completed
1	A1. Document Management	2	-	2
2	B1. Contingency Reporting	3	-	3
3	B2. Project Cost Reporting	1	-	1
4	B3. Contractor Invoicing	3	-	3
5	B4. Consultant Invoicing	1	-	1
6	B5. Cost Coding	1	1	-
7	B6. Design Build Contract Terms	1	-	1
8	C1. Implementation of Procurement System Review Findings	1	1	-
9	C2. Contract Award	1	-	1
10	C3. Contract Modifications	1	1	-
11	C4. Contract Files	1	1	-
12	D1. Construction Safety Reporting	2	-	2
13	D2. Current Price Adjustments – Escalation (CPAE) – Current Price Index Calculation	1	-	1
14	E1. Schedule Contract Terms	1	-	1
Totals		20	4	16



Project Status

- Entering into a challenging period moving from Phase 1 to Phase 2
- Successful close out of Phase 1 requires:
 - Claim settlement
 - Invoice finalization
 - Rail car delivery
 - Rail yard construction
 - Transfer of financial records to WMATA
- Successful ramp up of Phase 2 requires:
 - New contractor ramp up
 - Enhanced staffing to ensure continued control and implementation of new processes and systems



System Changes

- Phase 1 utilized Prism for project reporting and ROSS/Oracle for financial reporting
 - Prism was a known commodity at project initiation
 - MWAA utilized Prism through the end of Phase 1 to ensure continuous project reporting capability, however lack of integration with the financial system resulted in inefficiencies
- Phase 2 will utilize Oracle as system of record
 - All project reporting will come from the financial system of record
 - Single source of data will enhance control and provide digital documents with easy retrieval

Phase 2 Staffing Plan

- Phase 2 will add a Rail Project Controller, as a direct report to CFO and single point of contact for financial information and audit coordination
- The following new positions will support the Rail Project Controller on Phase 2:
 - Lead Accountant
 - Budget Analyst
 - Grants Accountant
- A second Contracting Officer position, dedicated solely to the Rail Project, will also be recruited

Internal Controls & Compliance Involvement

- A dedicated Internal Controls and Compliance (ICC) position will be established for the Rail Project
- The ICC position will ensure:
 - Project staff adhere to document management and procurement standards
 - All charges to the Rail Project follow established coding structure and review procedures
 - Timely and accurate reporting is produced from Oracle
 - Routine training is conducted
 - Compliance is maintained
 - Identified concerns and recommendations for improvement are raised to management's attention and addressed in a timely manner