

Testimony of
Paul C. Smedberg, Chairman of the Board
Washington Metropolitan Area Transit Authority
Before
U.S. House Subcommittee on Government Operations
Committee on Oversight and Investigations
October 22, 2019

Good Afternoon Chairman Connolly, Ranking Member Meadows, Subcommittee members and members of the National Capitol Regional delegation. I am Paul Smedberg, Chairman of the Board of the Washington Metropolitan Area Transit Authority (Metro) and I appreciate the opportunity to be here today to discuss the Board's goals and priorities. I want to also acknowledge and thank the members of the National Capitol Regional delegation for their unwavering support.

It is truly an honor to have been elected Chair of the Metro Board. As I take on this new role, I'm focused on the future and I'd like to highlight my priorities going forward:

- Ethics reform
- PRIIA funding
- Customer-focused improvements
- Office of Inspector General

WMATA Board Ethics Reform

I would like to address the recent action the WMATA Board has taken as a follow up to the ethics investigation into former Board Chair Jack Evans.

Following the investigation and report to the WMATA Board Ethics Committee, we determined that the matter was resolved and no longer presented an issue under the Ethics Code as permitted under the then existing Ethics Code. Upon further review, we recognized that there was room for improvement and greater transparency and that is why my first action as board chair was to lead the adoption of a revised Ethics Code soon after the Board's August recess.

On September 26, 2019, the Board unanimously adopted a revised Board Ethics Code that strives to ensure greater transparency, accountability and clarity. Some key changes include:

- (1) Reported violations of the Code or conflicts of interest by a Board Member will be referred to the WMATA Inspector General for investigation;
- (2) A written summary report of the investigation must be provided to the full Board;
- (3) The determination of the Board (whether finding a violation or not) will be considered in public session and the Board will vote on a written Board Resolution regarding the investigation;
- (4) There is no distinction between an "actual conflict of interest" and an "apparent conflict of interest" – Instead, one definition requiring all conflicts to be similarly addressed: "A conflict of interest arises whenever a Board Member's ability to perform his or her duties fairly and objectively would be compromised";
- (5) The amended annual disclosure form requires additional reporting of (a) "clients or vendors" of a Board Member's employer and (b) businesses or persons that the Board Member **or a** Household member provides services, such as legal, audit, consulting etc.

This revised Ethics Code will provide all Metro stakeholders with the assurance that the Metro Board has in place an ethics code that will provide guidance and transparency to current and future Board members.

Reauthorization of federal dedicated funding

As the Chairman of the Northern Virginia Transportation Commission, I worked closely with elected officials in Richmond to support their historic legislation providing \$500 million in dedicated funding for WMATA. Our other regional partners in Maryland and the District of Columbia also acted to ensure dedicated funding will be available to address Metro's critical capital needs.

Our funding work isn't finished and there is a lot at stake in terms of safe and reliable service now and in the future – and we need our federal partners to recommit. The \$1.5 billion in federal dedicated funding, also known as PRIIA, has supported safety and state of good repair projects across the region. As you know, the federal government depends on WMATA to get federal employees to work every day, to provide access to federal agencies, and to support the federal government in times of emergency.

Elected stakeholders across the region are unified in support of reauthorization of federal dedicated funding. We applaud our regional Congressional delegation for introducing legislation in both the House and Senate.

Customer-focused improvements

We will continue the progress that Metro has made to date in key customer-focused areas that the General Manager highlighted in his testimony. The Board wants to ensure we maintain that momentum and build on those accomplishments for our customers.

Working with the General Manager we will soon begin Metro's FY21 budget process, which will focus on continuing the work to made strategic investments in our capital program and support improved capital planning. Our policy decisions will focus on continuing the service reliability turnaround we are experiencing and responsiveness to customers. The Board will consider fare policy that addresses the needs of the agency and maintains affordable fares.

Office of Inspector General

In 2006, the Washington Metropolitan Area Transit Authority (WMATA) Board of Directors approved resolution 2006-18 establishing the Office of Inspector General (OIG). This independent office reports to the Board and replaced the Office of Audits and Inspections that reported to the General Manager. The Inspector General (IG) is the Authority's lead for the review of WMATA's operational integrity, and prevention and detection of fraud and abuse within the administration. The IG is also responsible for managing an independent office that establishes a programmatic process for conducting systemwide audits that are prioritized in accordance with the Authority's most critical needs. With language similar to 2006-18, the WMATA Compact as amended in 2009 declared the Inspector General "shall report to the Board and head the Office of Inspector General, an independent and objective unit of the Authority that conducts and supervises audits, program evaluations and investigations relating to Authority activities; promotes economy, efficiency, and effectiveness in Authority activities; detects and prevents fraud and abuse in Authority activities; and keeps the Board fully and currently informed about the deficiencies in Authority activities as well as the necessity for and progress of corrective action."

In 2017, the Board hired a new Inspector General following a national search and he has received unprecedented support from the Authority since he began. His experience in the federal IG system has helped improve the operation and structure of the WMATA OIG. And, the Board has also paid careful attention to the provisions in the PRIIA reauthorization bill, led by Chairman Connolly.

Over the past two years, the new IG and the Board of Directors have worked collaboratively to strengthen and ensure the OIG is operationally independent:

1. Steady budget increases have been approved annually to facilitate better OIG work including increased staffing levels for special agents, criminal analysts and forensic auditors.

2. Exceptions to WMATA's policies for the OIG are now permitted and are handled on a case-by-case basis where the OIG can demonstrate a *bona fide* business reason that would assist the effectiveness of the OIG.
3. An attorney has been hired to provide legal advice to the OIG. This attorney reports directly to the IG, not WMATA's General Counsel or management.
4. Separate office space has been created for the OIG staff outside of the main headquarters building.
5. The Board's Executive Committee is responsible for oversight of the OIG's work.

The Board will continue to consult with the IG on the resources that he believes are necessary to strengthen the work of that office.

The Board is also looking to provide policy guidance on longer term issues in a number of areas including technology advances, response to climate change, and addressing the new regional mobility paradigm.

Thank you for the opportunity to be with you today. I would be pleased to address your questions.