



San Francisco Bay Area Rapid Transit

Office of the Inspector General Fiscal Year 24-26 Audit Plan

MESSAGE FROM THE INSPECTOR GENERAL



A lot has happened since we conducted our districtwide risk assessment in 2021 and issued our FY22-24 audit plan. To adapt to those changes, I am issuing an amended audit plan for fiscal years 2024 to 2026 that takes into consideration new risks facing the District and the needs of the BART Board of Directors and executive leadership, as well as the public's concerns regarding their ridership experience and BART's use of public funds.

The amended audit plan also incorporates audit areas that allow my office to more effectively respond to risks uncovered during fraud or waste investigations. We often receive whistleblower complaints regarding the same or similar issues, indicating a consistent breakdown in procedures or processes that requires further examination. Likewise, we receive complaints that include elements too broad to address in an investigation yet involve millions in public funding. The FY24-26 Audit Plan allows my office to take a deeper dive into those risks.

I am fortunate that the OIG budget is now almost three times what it was in prior years. We received an additional \$1.1M in funding from the Bay Area Toll Authority and \$600,000 from the District, bringing our budget to \$2.7M. The increase allows us to obtain professional services and hire more staff to conduct the audits we are carrying over from our prior audit plan, and to address the five new audit areas added with this amendment. My goal is to launch at least four new audits in FY24 to tackle risks associated with overtime use, construction contract change orders, asset management, and Link21 program spending.

The FY24-26 Audit Plan reflects my continued commitment to the OIG's mission of providing independent oversight of BART's use of revenue. It also demonstrates my office's responsibility to protect the public's interests and provide reliable, useful, and timely information to BART stakeholders and decisionmakers. It is with great pride and sense of accomplishment that I present you with this amended audit plan.

Regards,

ABOUT AUDITS



The OIG conducts performance audits to contribute to public accountability and transparency, and to assess whether BART carries out its functions and provides services to the public effectively, efficiently, economically, ethically, and equitably. Performance audits assist in improving performance and operations, reducing costs, facilitating decision making, and initiating corrective action. They also provide reassurance that work is being done as intended.

THE FIVE ES



Performance audits consider the "five Es" in determining how management carries out its responsibilities to the public:

Effectively – Does the organization achieve its intended objectives?

Efficiently – Does the organization get the most value from available resources?

Economically – Does the organization minimize the costs of resources used in performing its functions while meeting timeliness and quality considerations for those resources?

Ethically – Does the organization administer its programs, functions, or activities in a manner that advances the collective interest of the public rather than private gain and is it conducted with honesty, integrity, and impartiality?

Equitably – Does the organization consistently serve the public, distribute public services, and implement public policy in a manner that promotes fairness, justice, and equality?

OIG CORE VALUES

Honesty: Be consistent and fair in all efforts.

Integrity: Commit to professional standards.

Accountability: Seek answers for stakeholders.

Transparency: Provide visibility on the use of funds.

FY22-24 Audits Carried Over

organized by priority



Construction Contract Change Orders



Asset Management



Employee Compensation & Reporting



Contract Solicitation Practices



Inventory Management

Launching in FY24

Construction
Contract
Change Orders

Asset
Management

Objectives

- Procedural & regulatory compliance
- Best practices alignment
- Keeping work within scope
- Appropriate recording & accounting
- Loss protection & lost asset value
- Centralized asset management

Launching in FY24

Overtime Use

Link21 Spending

Objectives

- Appropriate budgeting
- Procedural compliance
- Unusual or excessive use
- Proper approval & necessity
- Properly supported expenditures
- Fraud & waste examination
- Appropriate accounting
- Transparency

New FY24-26 Audits

organized by priority



Overtime Use



Link21 (Transit Project) Spending



BART Stabilization*



On-Call Contract Use



Hiring Practices

*Audit or series of audits that will examine BART's actions to address ridership declines, respond to public accountability demands, & develop innovative strategies to address its fiscal crisis.

Departments & Divisions

under one or more planned audits



Procurement



Planning & Development



Operations



Infrastructure Delivery



Human Resources



Performance & Budget



Compensation & Payroll



Accounting

Districtwide

The overtime use, hiring practices, and BART stabilization audits will involve all or most of BART's departments & divisions.

Additional Areas

As audits progress, it may be necessary to do work in departments and divisions not listed here. Whether to do so will be entirely dependent on the evidence and information we gather while understanding the nature of the areas under audit.

Top Audit Plan Drivers

Fraud & Waste: Always prime concerns, fraud and waste were the top drivers of our audit plan and prioritization. Therefore, we selected areas to audit that are generally known to have a high potential for fraud or waste. Likewise, our selections are based on indications of potential fraud or waste that we have seen while conducting investigations.

Cost Savings & Avoidance: Our audit plan is designed to identify opportunities for the District to save on costs and avoid unnecessary spending. This can be achieved through audit identification of improved processes and data use, and the use of best practices.

Accountability & Transparency: Our commitment to holding the District accountable for and transparent in its use of public funds was a significant driver in our audit selections and prioritization. Our audit areas reflect the public's desire for clearer information and their concerns that BART's services do not reflect their needs or misuse public and ridership funding.

Compliance: Noncompliance with regulations represents a potential financial loss in terms of fines and penalties, and noncompliance with policies moves the District further away from reaching its goals. Our audit plan aims to reduce or remove those risks and liabilities.

FY24 Audits Performance & Cost estimates



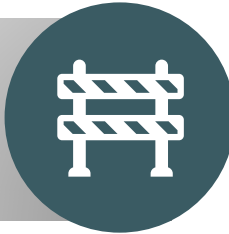
Link21 Spending

performed by	hours	cost
consultant	750	\$198k



Asset Management

performed by	hours	cost
consultant	800	\$200k



Construction Contract Change Orders

performed by	hours	cost
staff	950	\$238k



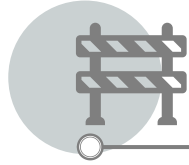
Overtime Use

performed by	hours	cost
consultant	1000	\$300k

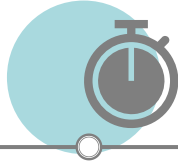


Audit Start Dates

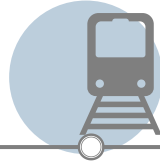
estimates



October 2023



November 2023



December 2023



January 2024

Staff Audits: We are actively recruiting for our new Principal Investigative Auditor. Once onboard, we will start our construction contract change order audit. Our goal is to start that audit in October 2023. When we fill our two new Senior Investigative Auditor positions later this fiscal year, we will evaluate which of our other audits we should conduct in house and develop timelines for starting that work in fiscal years 2025 and 2026.

Consultant Audits: We are working with Procurement to start the contract solicitation process for our consultants. Our goal is to secure the contracts by late November 2023 and then coordinate with our consultants to start work on our overtime, asset management, and Link21 spending audits. We will phase start dates for each of those audits over a three-month period to best manage our time and schedules.



Update FY22-24 Audits

status

Span of Control: Audit is in progress, and we expect to issue it in November 2023. It is intended to help BART streamline operations and identify strategies for addressing the District's funding shortfalls.

BART Financial Structure: Issued [September 2022](#). We recommended establishment of a Chief Financial Officer structure to help the District in identifying new funding strategies and meeting the financial challenges facing the District.

Providing Independent Oversight of the District's Use of Revenue

Stop Fraud, Waste, & Abuse
Report What You See
to the OIG



24/7 Fraud, Waste, & Abuse
Whistleblower Hotline



www.bart.gov/oighotline



510-464-6100

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