

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

MEMORANDUM

TO: Audit Committee

DATE: January 18, 2022

FROM: Harriet Richardson, Inspector General

SUBJECT: For Information and Discussion: FY 2023-2024 Budget Needs for the Office of the Inspector General

At the December 14, 2021, Audit Committee meeting, the Inspector General was asked to provide an update of the budget needs for the Office of the Inspector General (OIG) for fiscal years 2023-2024. The budget needs described below are the minimum needed to meet the legislative mandates prescribed in [California Public Utilities Code \(PUC\) §28840-28845](#) for conducting audits and investigations and identifying opportunities for and making recommendations to improve the efficiency of programs, operations, and data quality, including implementation of best practices.

The current budget of \$1M annually is established in PUC §28842. Although it allows the OIG to request increases in the second and subsequent years of operation of the office based on the OIG's request and justification, there is no requirement for annual increases or that the Bay Area Toll Authority approve such requests.

The BART OIG currently has three staff – the Inspector General, an Assistant Inspector General, and a Principal Investigative Auditor who currently focuses on conducting fraud, waste, and abuse investigations. Because of the increasing volume of fraud and waste complaints the office receives and the amount of work involved to investigate some of the more complex cases, we have not been able to meet our legislative mandates to conduct audits, identify opportunities to improve data, or identify and recommend best practices in the delivery of capital projects. In addition, we share administrative responsibilities among the three of us, which detracts from our ability to focus on our mandated responsibilities.

With additional funding, we would propose adding a Senior Investigative Auditor, who would work primarily on conducting investigations; a second Principal Investigative Auditor and another Senior Investigative Auditor, who would focus on conducting audits; and an Administrative Analyst, who would perform the administrative functions of the office, such as preparing the budget, paying invoices, and ordering supplies and equipment, as well as assisting other staff on audits and investigations as needed. If the additional funding is approved, we would expect to hire the second Principal Investigative Auditor and the Administrative Analyst in July 2022 and the two Senior Investigative Auditors in October 2022. This would increase the amount of the BART OIG's salary and benefit costs from \$944,463 annually to \$1,691,114 in Fiscal Year (FY) 2023 and to \$1,794,774 in FY 2024. Adding BART's overhead costs to the salary and benefit costs, based on the current rate of 24.19 percent, would increase these amounts to \$2,100,193 and \$2,757,215, respectively.

In addition to the need for more staff, our office has other needs to meet the legislative expectations. We estimate the additional costs for these needs to be about \$600,000 in Fiscal Year 2023 and \$530,000 in subsequent years. These costs would support:

- a hotline that allows BART employees and the public to confidentially submit allegations of fraud and waste; we currently have a contract with Ethix360 for this service that we would potentially have to cancel in the future if we do not receive additional funding
- a network, separate from BART's network, that allows us to maintain evidence and case notes for investigations to ensure confidentiality and to develop a website that would allow us to post our reports ourselves and develop content that is not constrained by BART-imposed limitations and restrictions
- office supplies and equipment, including laptops and related peripherals and office chairs for new staff, printer paper and ink, and other general office supplies
- reference books and publications, including copies of the professional standards that we are required to use for our audits and investigations, and other reference publications that are relevant to performing our work
- dues and membership fees for professional associations that are relevant to our work and required to maintain certain professional certifications held by BART OIG staff
- costs to meet the continuing professional education requirements of our professional standards and to maintain professional certifications held by BART OIG staff
- costs to develop educational materials to inform BART employees and the public on how to report allegations of fraud and waste to the BART OIG, including the types of allegations to report and the type of information to report to ensure we can initiate an investigation when appropriate
- for Fiscal Year 2023, costs to build two new workstations within our workspace to accommodate additional staff
- costs for contracting out certain services, such as complex or time-consuming audits that would otherwise limit our internal capacity to perform other mandated work; independent legal advice; subject matter experts; and software subscriptions, such as LexisNexis, that are commonly used for obtaining evidence during investigations

Taxpayers expected a certain level of service from the OIG when they approved the voter initiative in 2018 to establish the office. However, each year in which we continue to receive only the minimum of \$1M means we are losing purchasing power year after year, which could prevent us from being able to function even at our current capacity in the future. I encourage the Audit Committee and the Board of Directors to support efforts to obtain additional funding for the OIG to ensure we can meet voter expectations for the office.



Inspector General

cc: Board of Directors

Budget Needs to Meet Legislative Mandates for Conducting Audits and Investigations

Office of the Inspector General

January 18, 2022



PROJECTED FUNDING NEEDS

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	FY 23	FY 24
Labor	\$ 1,691,114	\$ 1,794,774
Nonlabor	\$ 597,079	\$ 528,285
Overhead	\$ 409,080	\$ 434,156
TOTAL	\$ 2,697,273	\$ 2,757,215

INCREASED BUDGET IS ROADMAP TO SUCCESS ³

Hire New
Employees

1

Hotline &
Education Videos

3

Complete More
Investigations

5

Private Network
& Web Design

2

Analytics Software: Deep
Dive Data Analyses

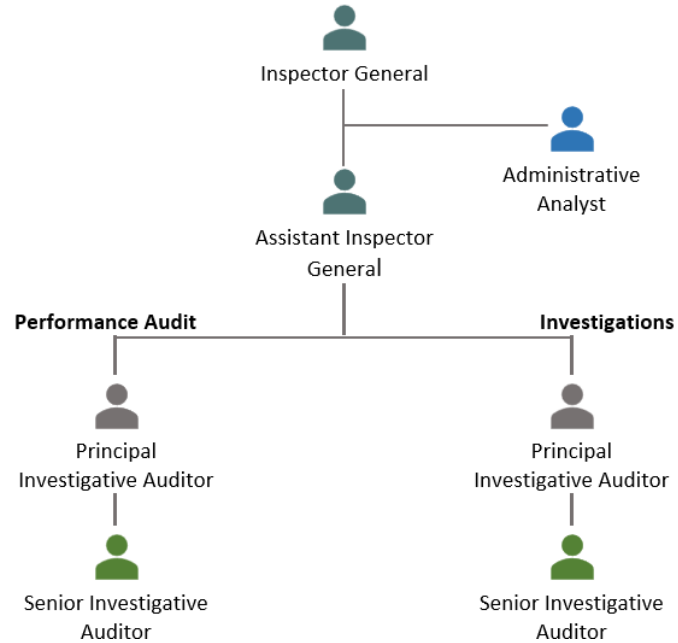
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Complete
Audit Plan

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PROPOSED ORGANIZATION CHART

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LABOR ANALYSIS – FY23

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Title	Salary	Benefits	Total
Inspector General	\$ 210,969	\$ 167,087	\$ 378,056
Assistant Inspector General	181,075	143,411	324,486
Principal Investigative Auditor	135,000	106,920	241,920
Principal Investigative Auditor (new)	135,000	106,920	241,920
Senior Investigative Auditor (new)	86,769	68,721	155,491
Senior Investigative Auditor (new)	86,769	68,721	155,491
Administrative Analyst (new)	108,119	85,630	193,749
Subtotal	\$ 943,702	\$ 747,412	\$ 1,691,114
Overhead @ 24.19%:			\$ 409,080
Grand Total			\$ 2,100,193

LABOR ANALYSIS – FY24

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Title	Salary	Benefits	Total
Inspector General	\$ 210,969	\$ 167,087	\$ 378,056
Assistant Inspector General	181,075	143,411	324,486
Principal Investigative Auditor	135,000	106,920	241,920
Principal Investigative Auditor (new)	135,000	106,920	241,920
Senior Investigative Auditor (new)	115,693	91,628	207,321
Senior Investigative Auditor (new)	115,693	91,628	207,321
Administrative Analyst (new)	108,119	85,630	193,749
Subtotal	\$ 1,001,548	\$ 793,226	\$ 1,794,774
Overhead @ 24.19%:			\$ 434,156
Grand Total			\$ 2,757,215

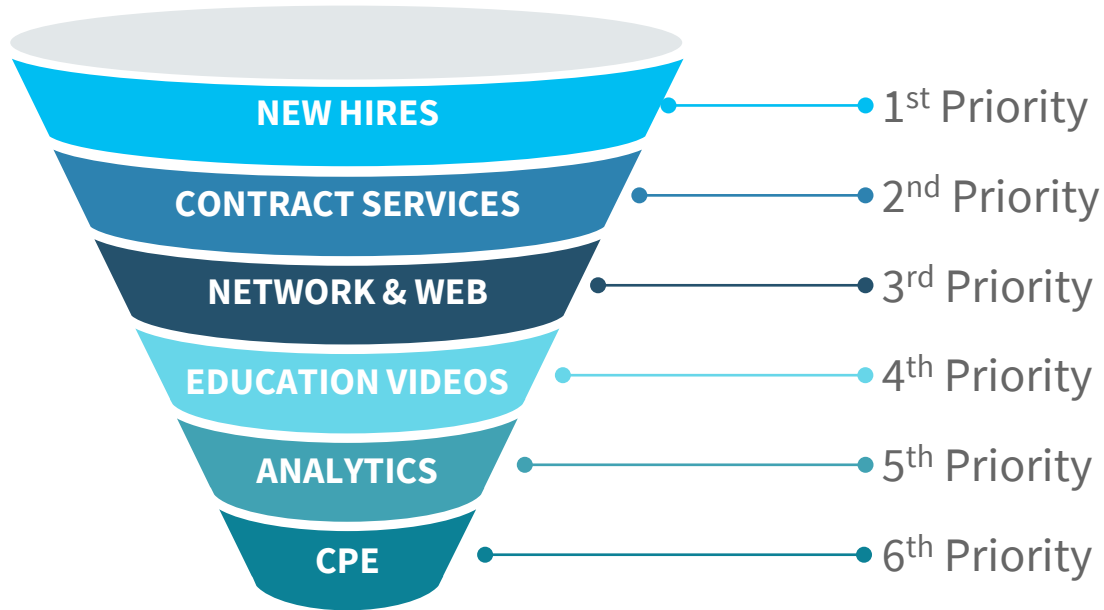
NONLABOR ANALYSIS – BOTH YEARS

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Description	FY23	FY24
Books & Periodicals	\$ 500	\$ 500
Printing & Publishing	2,300	2,300
Dues & Memberships	3,809	3,809
Supplies & Noncapital Furniture	19,000	5,000
Professional & Tech Services	463,481	463,687
Training & Seminar	37,990	36,990
Two New Workstations	31,000	--
Hotline & Education Videos	999	999
Network & Website	38,000	15,000
	\$ 597,079	\$ 528,285

BUDGET PRIORITIES

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FUTURE CONSIDERATIONS

Other Agency Comparisons		
Agency	Title	*Salary
BART	Inspector General	\$210,969
LA County	Inspector General	251,469
LA Metro	Inspector General	224,411
State - CalTrans & Prison Oversight OIGs	Inspector General	213,900
BART	Assistant Inspector General	\$181,075
LA County	Chief Deputy Inspector General	233,921
LA Metro	Sr. Director, Inspector General	156,770
State - CalTrans & Prison Oversight OIGs	Chief Deputy Inspector General	177,990

*Salaries are based on midpoint of salary range for LA Metro and state positions and are actual for LA County

BART Comparisons	
Title	*Salary
Controller-Treasurer	\$279,829
District Secretary	\$220,307
Asst Controller, Asst Treasurer, Assoc. General Counsel	\$204,355
Asst District Secretary	\$141,729

*Salaries are based on midpoint of salary range for assistant/associate positions

GOAL: A BETTER BART



THANK YOU

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Any questions?

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The Office of the Inspector General Holds in High Regard its Duty to Protect the Public's Interests

Integrity • Accountability • Transparency • Honesty