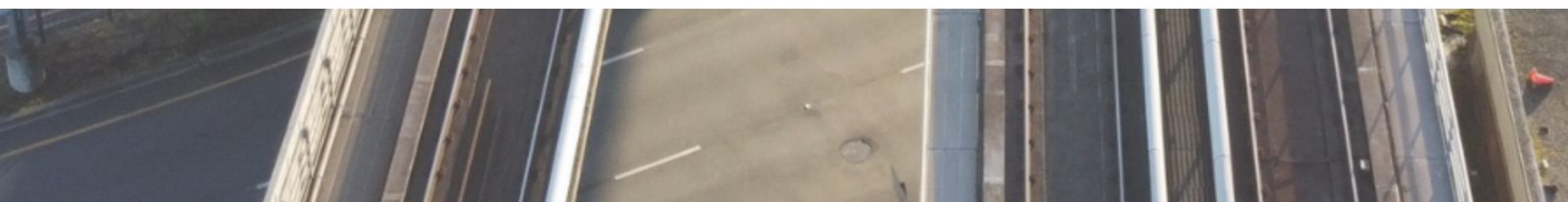




San Francisco Bay Area Rapid Transit

Office of the Inspector General Fiscal Year 26-28 Audit Plan



MESSAGE FROM THE INSPECTOR GENERAL



I am pleased to present the BART Office of the Inspector General's (OIG) FY26-28 Audit Plan, an updated roadmap for independent oversight that builds on lessons learned and aligns with BART's most pressing risks. I opted to amend our FY24-26 plan a year early to focus on cost savings and cost avoidance opportunities, while remaining responsive to BART's needs. This updated plan sharpens our focus and targets areas with more potential for operational improvement and financial impact.

Rather than list audits in broad strokes, the new plan breaks each category into narrow audit topics. For example, asset management targets equipment tracking, disposal practices, uninstalled assets, and warranty recovery as individual audits. This revised plan retains continuity with core areas identified in our prior plan, like compensation and contracting, and adds important audit areas: capital projects and non-revenue vehicles. Both were added based on risk factors that we identified during our fraud, waste, or abuse investigations.

Capital projects will focus on funding compliance, lifecycle costing, return-on-investment analysis, and preventative maintenance. These areas target opportunities for cost savings, cost avoidance, funding protection, and waste prevention. Non-revenue vehicles will focus on evaluating BART's fleet – composition, use, and maintenance – and its take-home policies.

While this plan carries most audits over from the FY24-26 Audit Plan, we did remove the previously proposed hiring practices audit. This was in response to BART's current hiring freeze and a drop in allegations on the topic. We have refocused efforts to other workforce areas that promise broader cost control and risk mitigation.

Our FY26-28 Audit Plan is both a continuation and a refinement. It equips us to deliver actionable insights that reduce costs and strengthen public accountability, and it sharpens our alignment with BART's fiscal realities.

Respectfully,

Claudette Bemeret

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 operations, reducing costs, facilitating decision making, and initiating corrective action. They also ensure that work is being done as intended.

THE FIVE ES



Under federal Generally Accepted Government Auditing Standards (GAGAS), Performance audits consider the “five Es” in determining how management carries out its responsibilities:

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.

AUDIT CATEGORIES

Subject Areas & Potential Objectives

Equipment Tracking: Are expensive assets properly accounted for in BART systems?

Retirement & Disposal Practices: Are there audit trails for retired or disposed of high-value items?

Uninstalled Assets: Are assets uninstalled, unused, and aging because of project delays, charge orders, or other issues?

Warranty & Recovery: Are asset warranties tracked and enforced so that BART isn't paying for repairs that should be covered?



Asset Management

Together, equipment tracking, retirement and disposal, uninstalled equipment, and warranty and recovery form the operational backbone of capital asset management at BART. Each touch on a different phase of the asset lifecycle but share a common thread: the need for visibility, discipline, and accountability in managing public resources. Prioritizing audits in these areas can help BART identify inefficiencies, prevent losses, and build a more resilient asset management system.

Subject Areas & Potential Objectives

Benefit Calculations: Do benefit calculations comply with policies, laws, and agreements?

Fraud Identification & Investigations: How are red flags identified and addressed?

Leave Accruals: Are there discrepancies in accrual rates or balances suggestive of abuse or systemic issues?

Overpayments & Recovery: How effective are the processes for limiting and recovering overpayments?



Benefits Administration

Auditing key aspects of benefit administration promotes fiscal integrity and legal compliance. Examining calculation accuracy, red flag detection, accrual consistency, and recovery processes can identify systemic issues, strengthen internal controls, and support the recovery or prevention of inappropriate payments. Collectively, these efforts contribute to more transparent, accountable, and cost-effective management of employee benefits.



AUDIT CATEGORIES

Subject Areas & Potential Objectives

Funding Compliance: Are adequate procedures in place to track and segregate expenditures by funding source?

Lifecycle Costing: Do lifecycle models accurately reflect future maintenance needs?

Preventative Maintenance: Are capital projects maintained through proactive maintenance schedules?

Return on Investment (ROI): Are the outcomes used to justify projects' ROI tracked and measured?



Capital Projects

Capital project audits that focus on return on investment, lifecycle costing, preventative maintenance plans, and funding compliance are critical to safeguarding public investments. They target areas with the highest potential for cost savings, cost avoidance, and funding protection, and aid in preventing waste, improving decision-making, and ensuring long-term value from every dollar spent on infrastructure and its sustained value.

Subject Areas & Potential Objectives

Contract Management: Are contract monitoring practices adequate to ensure vendors meet deliverables and timelines?

Contract Solicitation Practices: Are scopes of work and contract terms clearly defined to ensure desired outcomes?

Contractor Performance: Are contractors compliant with contract terms?

On-Call Contracts: Is coordination sufficient to avoid duplication of effort or inconsistent work quality across contractors?



Contracting

Contracting is where public dollars meet private delivery. When not managed well, it is also where money leaks out. By auditing contract management, contractor performance, on-call contract use, and solicitation practices, we can uncover inefficiencies, prevent cost overruns, and ensure taxpayers get full value. These audits will help flag waste, tighten oversight, and promote fair, competitive practices, all of which translate into cost savings and stronger public trust



AUDIT CATEGORIES

Subject Areas & Potential Objectives

Cost-Containment Strategies: Are there opportunities to reduce premium pay?

Pay & Benefit Coding: Are pay and benefit codes accurate and consistently applied?

Reporting Accuracy: Are reports to external parties complete and accurate?

Separation Costs: How are compensation patterns impacting payout obligations?



Employee Compensation

With compensation being the largest component of BART's budget, these audits are strategic imperatives for sustainable operational integrity and financial management. Scrutinizing areas like cost-containment strategies, pay and benefit coding, reporting requirements, and separation costs will help uncover waste and prevent fraud; ensure compensation accuracy; control liabilities; strengthen public trust; and comply with various rules, policies, and regulations.

Subject Areas & Potential Objectives

Fleet Composition & Assignment: How many and what kind of NRVs are there and where are they assigned?

Maintenance & Tracking: Are NRVs properly tracked and maintained?

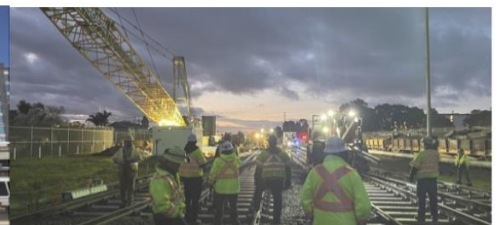
Take-Home Policy: What is the cost of BART's take-home policy and are take-home assignments justified?

Usage Analysis: Are there NRVs that are overused or used outside their purpose?



Non-Revenue Vehicles (NRV)

BART maintains a fleet of support vehicles essential to maintenance, safety response, and fieldwork used throughout the district by multiple departments, making it an area difficult to control and monitor. Without clear oversight on how these vehicles are assigned, tracked, maintained, and used, the risk of policy noncompliance, inefficiency, and misuse grows quietly and expensively. These audit areas offer opportunities to uncover savings, reduce waste, and ensure policy compliance.



MAXIMIZING FISCAL IMPACT & VALUE

High-Impact Audit Focus Areas: Driving Savings, Efficiency, & Accountability

Asset Management

Cost Avoidance: Prevent asset loss, overruns, and scope drift.

Cost Savings: Enforce warranties to optimize spending.

Efficiency & Resilience: Streamline lifecycle, ensure continuity.

Strategic Impact: Align with funding rules, drive long-term value.

Cost Savings

Capital Projects

Cost Avoidance: Prevent cost overruns and scope drift.

Cost Savings: Optimize long-term project expenditures.

Funding Protection: Ensure compliance with external grants and capital rules.

Strategic Impact: Better infrastructure decisions and long-term value.



Employee Compensation

Cost Avoidance: Prevent payroll miscalculations and overpayments.

Compliance: Ensure adherence to policies, rules, and regulations.

Fraud Prevention: Detect manipulation or errors in payroll data.

Operational Efficiencies: Reduce budget shocks through better succession planning.

Benefits Administration

Cost Avoidance: Avoid retroactive corrections or litigation.

Cost Savings: Detect false claims or misuse that result in disallowed costs.

Risk Reduction: Reduce exposure to compliance violations.

Strategic Impact: Better align benefit programs with workforce needs and operational realities.



Contracting

Cost Avoidance: Prevent cost overruns and billing errors.

Cost Savings: Identify inefficient vendor arrangements; increase competition.

Efficiency: Improve oversight and enforcement of contract terms.

Trust: Promote transparency, accountability, and public confidence.

Risk Reduction

Non-Revenue Vehicles

Cost Avoidance: Curb unauthorized use and inefficient deployment.

Cost Savings: Lower maintenance and idle-time costs.

Efficiency: Optimize allocation and lifecycle planning.

Risk Reduction: Limit liability exposure from misuse.

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**Providing Independent
Oversight of the District's
Use of Revenue**

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



**24/7 Fraud, Waste, & Abuse
Whistleblower Hotline**



www.bart.gov/oighotline



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