2025-2026 Contra Costa County Civil Grand Jury Report No. 2608 "BART at a Crossroads: Structural Deficit, Governance Accountability, and the Choices Ahead"

FINDINGS

F1. In FY19, passenger fares generated $520 million in revenue, covering 66.7% of the Bay Area Rapid Transit District's (BART) total operating expenses, nearly double the national heavy rail average of 32%, according to Federal Transit Administration National Transit Database data.

Response: Partially disagree.

According to NTD reporting, BART's systemwide fare revenues were $482.6 million (M) in FY19, covering 72% of systemwide operating expenses of $673M. Nationwide, the average systemwide farebox recovery ratio was 32% across operators with heavy rail service. Additionally, BART generated $37M in parking revenue in FY19, bringing total passenger-generated revenue to $519.6M, or 77% of systemwide operating expenses.

When isolating heavy rail operations, BART's fare revenues were $469.9M, or 72% of $651M of heavy rail operating expenses. Nationwide, the average farebox recovery ratio of heavy rail operations was 39%. Of note, NY MTA and LA Metro have significant non-heavy rail services that can skew farebox recovery.

F2. BART's financial model depends on passenger fares for approximately two-thirds of its operating revenue, making the agency vulnerable to sustained declines in ridership.

Response: Agree, with clarification.

In FY27, BART's operating revenue is budgeted at approximately $387M, of which $308M (80%) is from passenger fares, and the remaining 20% is from non-fare sources like parking fees, investment income, and other operating revenue.

Taken together, operating revenue covers 32% of operating uses in FY27, and so BART remains vulnerable to sustained declines in ridership.

F3. BART's annual ridership peaked at approximately 132 million trips in FY16 and declined 5.2% to 128.2 million trips by FY19, according to BART's National Transit Database reporting.

Response: Partially disagree.

According to NTD reporting, BART's systemwide ridership peaked in FY16 at 137.7M and declined 6.9% to 128.2M in FY19.

F4. Ridership had begun declining prior to the pandemic due to factors including lower gas prices, more dispersed job locations, and increased ride-hailing.

Response: Agree.

F5. In FY25, passenger miles traveled amounted to 44.6% of the FY19 figure, with year over- year improvement slowing from 9.0% between FY22 and FY23 to 2.3% between FY24 and FY25.

Response: Agree, with clarification.

According to NTD reporting, passenger miles traveled (PMT) in FY25 was 45.3% of the FY19 levels. Year over year growth was 30% between FY22 (523.4M) and FY23 (681.3M), as ridership recovered from pandemic lows, and slowed to 7% between FY24 (751.2M) and FY25 (804.2M). The preliminary estimate of PMT in FY26 is 896.4M, or an 11% growth over FY25.

F6. In Fiscal Year (FY) 2025, BART operated 18.5% more service hours than in FY19 while recording 44.6% of FY19 passenger miles.

Response: Agree, with clarification.

In FY25, BART operated 18.5% more train revenue hours than in FY19. This increase is partly due to the opening of the Silicon Valley BART Extension to Berryessa (SVBX), a 10-mile extension that added ~8% track mileage to the system in June 2020. Another factor is that BART's restructured service plan, started in September 2023, increased service levels during the evenings and weekends, decreased commute service levels on some routes, and shortened train lengths to better match ridership demand. Together, this increased train revenue hours but also reduced vehicle revenue hours by 2.5% between FY19 and FY25, despite the addition of SVBX.

According to NTD reporting, PMT in FY25 was 45.3% of FY19 levels.

F7. The gap between BART's service hours index and passenger miles index widened from 55.5% in FY21 to 73.9% in FY25, with no trend toward closure based on data through FY25.

Response: Agree, with clarification.

According to NTD reporting, the gap in FY21 would be 55.4 percentage points, and the gap in FY25 would be 73.2 percentage points.

BART does not believe that the ratio of service hours to passenger miles is the appropriate basis for service planning decisions and this is not a metric that BART tracks or reports. BART's Rail Service Plan is developed through a comprehensive service planning process that considers ridership demand, minimum frequency standards necessary to maintain a functional network, transfer connectivity, peak crowding, service considerations for transit-dependent communities, and operational constraints.

F8. Approximately 63% of BART’s FY25 operating costs are fixed or semi-fixed and do not decline proportionally with service reductions.

Response: Agree, with clarification.

The majority of BART’s operating expenses are fixed or semi-fixed. The key expense categories that are directly impacted by service levels are energy, rolling stock & shops, and transportation. These costs, as a percentage of BART’s overall operating expenses, may vary from year to year. In FY26, these categories totaled approximately $444M, or about 42% of the operating budget, implying that fixed costs totaled approximately 58%.

F9. Between FY19 and FY21, BART reduced service by approximately 40% while operating costs declined by only approximately 12%, demonstrating that large service reductions produce limited cost savings due to the fixed-cost nature of heavy rail operations.

Response: Agree.

F10. BART’s FY27 Preliminary Operating Budget, presented to the BART Board of Directors (Board) on March 31, 2026, projects a $375 million structural operating deficit beginning in FY27.

Response: Agree.

F11. BART's operating cost model, as documented in the FY27 Preliminary Operating Budget, indicates that service reductions alone cannot close the $375 million structural deficit.

Response: Agree.

F12. BART's cost-reduction strategies include both permanent savings and temporary cost deferrals, including $197 million in deferred capital contributions through FY27 and a retirement incentive program that generated $18.5 million in net FY22 savings but increased long-term retiree medical and pension obligations projected to begin in FY28.

Response: Agree, with clarification.

BART has deferred some capital contributions since the start of the pandemic but is unable to confirm the $197M figure. The retirement incentive program generated savings in FY22 but also increased long term obligations; the net savings through FY26 is estimated at $12.1M.

F13. BART has pursued revenue enhancement initiatives including new faregate installation ($8–$10 million), Clipper BayPass ($7 million), fiber and cellular leases ($7.8 million), parking lot leases (approximately $1 million), Transit-Oriented Development ground leases (approximately $2 million), and Low Carbon Fuel Standard credits ($16 million).

Response: Agree, with clarification.

This finding accurately reflects revenue enhancement initiatives as they were documented by the SB 63 Financial Efficiency Study and reflects estimates through FY25. Staff work continues on efforts to further develop non-fare revenue in areas like parking revenue, advertising, telecom, investment income, LCFS credit sales, and ground leases.

F14. BART estimates its planned revenue enhancement initiatives will generate approximately $43–$45 million in annualized recurring revenue above the FY25 baseline, addressing approximately 11% of the projected $375 million structural deficit, according to BART's FY27 Preliminary Operating Budget.

Response: Agree, with clarification.

This finding accurately reflects revenue enhancement initiatives as they were documented by the SB 63 Financial Efficiency Study. Staff work continues on efforts to further develop non-fare revenue in areas like parking revenue, advertising, telecom, investment income, LCFS credit sales, and ground leases.

F15. The Connect Bay Area Measure is a regional sales tax authorized by Senate Bill 63 for the November 3, 2026 ballot, proposing a 0.5% tax in Alameda, Contra Costa, San Mateo, and Santa Clara counties and a 1% tax in San Francisco, projected to generate approximately $975 million annually across the five-county area for a period of 14 years.

Response: Agree.

F16. BART has identified the Connect Bay Area Measure as the primary mechanism to address its projected structural deficit, with BART's projected annual allocation of approximately $310 million.

Response: Agree.

F17. BART's FY27 Preliminary Operating Budget projects that the Connect Bay Area Measure's $310 million annual allocation to BART is less than the $375 million FY27 structural deficit, and that the Measure alone will not achieve structural balance in FY27.

Response: Agree.

F18. BART's five-year financial forecast (FY27-2031) projects cumulative net deficits of approximately $192 million through FY31 even with Connect Bay Area Measure revenues beginning in FY28, and projects that additional cost reduction or revenue measures will be required to achieve structural balance.

Response: Agree.

F19. BART has not developed an integrated financial strategy combining Connect Bay Area Measure revenues with identified cost reduction measures sufficient to achieve structural balance across the FY28-FY31 forecast horizon.

Response: Agree, with clarification.

Staff work continues to control costs and promote revenue development, with the goal of achieving structural balance.

F20. BART's five collective bargaining agreements have provisions that require minimum staffing levels tied to physical locations rather than service levels, and workforce protections that establish terms that can be expanded through bargaining but require further negotiation to modify.

Response: Partially disagree.

It is true that all terms of BART's collective bargaining agreements are subject to negotiation, and that staffing flexibility is a valuable topic to consider in future agreements.

However, it should be noted that just one of BART's five labor agreements has location-based staffing level requirements. The ATU contract does have location-based staffing levels for a subset of job classifications that make up approximately 11% of BART's workforce. Specifically:

- Most of the covered positions are Station Agents, where minimum staffing levels are set to ensure that each open station area (or "centroid") is staffed at all times for single-centroid stations. At multi-centroid stations, the primary booth is staffed when the station is open but staffing for a second and/or third booth is not always required.
- There are also location-based minimum staffing levels for transportation foreworkers assigned to specific yards, towers, and line terminal zones.
- Minimum staffing levels are also set to ensure appropriate staffing of Scheduling Analysts and Transportation Administration Specialists.

In each of the above cases, the actual staffing need is not driven by service frequency, but by having the station or other facility open. Train Operator staffing is based on service and has no minimum staffing levels.

F21. BART's overtime represented between 9.4% and 12.4% of regular Full-Time equivalent (FTE) staffing in every fiscal year from FY15 through FY25, with the exception of FY21, when COVID-related service reductions and an early retirement program temporarily depressed the ratio.

Response: Partially disagree.

BART does not convert overtime hours to FTEs, as overtime is typically used to cover shifts where scheduled staff are absent (e.g., vacation/sick), perform capital project work, perform maintenance work during non-revenue overnight hours, or provide service above and beyond scheduled levels (e.g., additional trains and staff to support events like the Super Bowl).

F22. The FY24 and FY25 Quarterly Financial Reports did not identify overtime expenditure drivers by cause or category or establish a management target for overtime.

Response: Agree, with clarification.

The Quarterly Financial Report focuses on all overtime paid by BART, which includes a significant amount of work funded by capital project sources, which are not as impacted as the operating budget. For example, in FY25, $24.8M of the total $88.3M in overtime expenditure is attributed to capital project work, frequently delivered at night or over the weekend when BART is running no service or less service. The overtime figure attributable to the operating budget in that year was $63.5M, or 72% of the total overtime expenditure.

F23. All five recommendations from the OIG's 2024 span of control audit remain unimplemented.

Response: Partially disagree.

The finding would benefit from additional context. The OIG publicly issued the Span of Control Audit on April 4, 2024, resulting in five recommendations. BART Management provided an initial response on March 24, 2024, with subsequent updates submitted on July 17, 2024; January 20, 2025; June 16, 2025; January 21, 2026; and June 30, 2026, documenting actions taken and evidence supporting implementation efforts of all five recommendations.

Additionally, the District issued a July 8, 2026 District Announcement regarding span of control data accuracy, reminding managers and supervisors to maintain accurate position information and providing detailed instructions for updating organizational data.

However, additional efforts are needed to address the Inspector General's concerns regarding certain aspects of recommendations including the accuracy of Human Resource Information System (HRIS) data, the guidance provided by the 2019 Compensation and Classification Study for span of control, and maintenance of official organization charts. Management will collaborate with the Inspector General to address these concerns over the next several months.

F24. Four of the five recommendations from the OIG's 2025 overtime management audit remain unimplemented at the time of this report.

Response: Partially disagree.

The OIG released the Overtime Management Audit on June 13, 2025, resulting in five recommendations. Management provided an initial response to the draft audit report on April 15, 2025, followed by subsequent status updates to the final report on February 27, 2026, and June 30, 2026.

As of mid-July, 2026, two of the five recommendations had been implemented and closed. Management provided evidence supporting implementation of these recommendations, including actions taken after the initial audit response.

The remaining three recommendations are in progress, with management responses identifying planned actions and anticipated completion timelines extending into FY27.

While the finding accurately notes that several recommendations remained open at the time of the report, it does not reflect the progress made since the audit's issuance or the documented implementation efforts underway.

F25. BART's organizational chart places Internal Audit within the executive management hierarchy, reporting through the Director of Performance and Audit and Chief Financial Officer (CFO) to the General Manager, with no direct reporting line to the Audit Committee depicted.

Response: Agree, with clarification

BART's organizational chart depicts management reporting relationships only. It does not include Board committees and therefore does not illustrate the relationship between Internal Audit and the Audit Committee.

While the Audit Committee Charter does not describe the organizational reporting relationship between Internal Audit and the Audit Committee, the Internal Audit Charter (July 2025) establishes the intended reporting relationship, stating that:

- The internal audit function is independently positioned with direct accountability to the Audit Committee and senior management.
- The internal audit function will report functionally to the Audit Committee and administratively (for example, day-to-day operations) to the General Manager or designee.

Additionally, the San Francisco Bay Area Rapid Transit District Act (District Act) provides that, except for officers appointed by the Board, the General Manager appoints, disciplines, and removes all other employees, subject to rules and regulations adopted by the Board.

Applying the Global Internal Audit Standards in the Public Sector recognizes that the application of IIA Standards may differ in the public sector where legislation or regulation affects an internal audit function's ability to fully conform with certain requirements. For example, removing Internal Audit from the General Manager's managerial chain of command and giving the Audit Committee management authority over Internal Audit would likely require an amendment of the District Act.

F26. Internal Audit's engagements include audits of financial reporting and other functions within the CFO's organizational span of control.

Response: Partially disagree.

Internal Audit does not perform financial statement audits because:

1. Performing such audits could represent a potential or perceived conflict of interest and compromise appropriate segregation of duties,
2. BART engages an external financial auditor that performs the annual financial statement audit.

Internal Audit may, however, conduct risk-based assurance engagements of processes within the CFO's organizational span of control (for example, payroll processes), provided Internal Audit has no operational responsibility or decision-making authority over those activities. These engagements assess the adequacy and effectiveness of governance, risk management, and internal controls rather than providing an opinion on the financial statements.

F27. Generally Accepted Government Auditing Standards (GAGAS) Section 3.44 and 3.52 and Institute of Internal Auditors (IIA) Standard 7.1 identify the placement of an audit function within the reporting line of the areas it audits as a structural threat to independence.

Response: Partially disagree.

This finding would benefit from additional context. While the finding correctly notes that Internal Audit's reporting line may represent a structural threat to independence, both GAGAS Chapter 3 and IIA Standards identify safeguards to reduce those threats to an acceptable level. For example, GAGAS Section 3.56 establishes criteria for government internal auditors working under the direction of management to be considered independent. BART's Internal Audit Division meets all five of the criteria, including having access to those charged with governance.

Furthermore, IIA's *Applying the Global Internal Audit Standards in the Public Sector* describes governance and organization structures in which the application of IIA Standards may differ for internal auditors in the public sector. The safeguards applicable to BART's Internal Audit include, but are not limited to:

- Functional reporting to an independent audit committee or governing board;
- An audit committee with independent or public members;
- Direct and unrestricted access by the Chief Audit Executive to the Audit Committee; and
- Authority to communicate matters of interference or impairment directly to the Audit Committee.

As a result, this finding is incomplete without acknowledging the safeguards in place around BART's Internal Audit Division to reduce the structural threats to independence to an acceptable level.

F28. BART's Internal Audit Charter and Audit Committee Charter both reflect that final approval authority over the Internal Audit Charter and annual audit plan rests with executive management rather than the Audit Committee, while IIA Standards 6.2 and 6.3 require that the governing body hold this approval authority.

Response: Partially disagree.

The statement is not fully supported by the governing documents.

The Internal Audit Charter (July 2025) does not assign approval authority over the Internal Audit Charter or the annual Audit Plan. Rather, the Charter provides that the chief audit executive is responsible for approving the Internal Charter and the annual Audit Plan.

Although the annual Audit Plan is shared with executive management for awareness and coordination, executive management does not have authority to approve the Plan.

Consistent with its oversight role, the Audit Committee Charter provides that the Audit Committee will, "[r]eview Internal Audit's risk assessment and annual (or periodic) audit plan." The Charter does not state that Audit Committee has final authority over either the Internal Audit Charter or the annual Audit Plan.

Overall, the finding is only partially inaccurate (executive management does not approve) but the District may still not fully conform with the noted Standards as the Audit Committee does not have explicit approval authority, only review and oversight responsibility.

F29. Management's approval of the Internal Audit Charter and annual audit plan does not comply with IIA Standards 6.2 and 6.3, which require the governing body to approve these documents.

Response: Partially disagree.

The finding is not completely accurate as executive management does not approve the Internal Audit Charter and annual Audit Plan. Under the Internal Audit Charter, the Chief Audit Executive, not executive management has final approval authority over both.

Internal Audit's Charter is aligned with the Audit Committee Charter, which states that the Audit Committee will "[r]eview the letter of authority that describes Internal Audit's authority, roles, and responsibilities" and "[r]eview Internal Audit's…annual (or periodic) audit plan."

The Audit Committee is a committee of the Board of Directors, which serves as the governing body.

Overall, the finding is only partially inaccurate (executive management does not approve) but the District may still not fully conform with the noted Standards as the Audit

Committee does not have explicit approval authority, only review and oversight responsibility.

F30. The Audit Committee Charter is inconsistent with IIA Standards 6.2 and 6.3 because it requires only a review, rather than formal approval, of the Internal Audit Charter and the annual risk-based audit plan.

Response: Agree, with clarification

As a clarification, the current IIA Global Internal Audit Standards became effective in January 2025 and were issued after BART's Audit Committee Charter was adopted in 2021. The 2021 Audit Committee Charter was likely developed under the prior 2017 International Professional Practices Framework (IIPF), which required an Internal Audit Charter but did not establish specific requirements for an Audit Committee Charter to align with IIA Standards.

BART has since adopted its first Internal Audit Charter (2025) to reflect the current GIAS, including the roles and responsibilities of the Audit Committee related to Internal Audit oversight.

However, the District may still not fully conform with the noted Standards as the Audit Committee does not have explicit approval authority, only review and oversight responsibility.

F31. BART's Internal Audit Charter states that Internal Audit functionally reports to the Audit Committee—meaning the Committee is responsible for overseeing Internal Audit's work, approving its plans, and receiving its findings.

Response: Partially disagree.

The Internal Audit Charter (July 2025) states that the Internal Audit function reports functionally to the Audit Committee and administratively to the General Manager (or designee). Functional reporting provides the Audit Committee with oversight of Internal Audit's independence, authority, and key activities, while administrative reporting supports the day-to-day operations of the function.

The Internal Audit Charter also provides safeguards to preserve Internal Audit's independence, including requirements for the Chief Audit Executive (or Manager of Internal Audit) to:

- Confirm the organizational independence of the Internal Audit function to the Audit Committee at least annually.
- Disclose any governance limitations affecting independence and the safeguards in place.
- Report directly to the Audit Committee any interference related to the scope, performance, or communication of Internal Audit work and results.

These provisions ensure that Internal Audit has direct access to the Audit Committee and the ability to communicate matters affecting independence without management interference.

The finding correctly states that Internal Audit functionally reports to the Audit Committee. It does not reflect the complete reporting structure established in the Internal Audit Charter, which also provides for an administrative reporting relationship to the General Manager (or designee).

F32. BART's organizational chart places Internal Audit within the executive management hierarchy with no direct reporting to the Audit Committee.

Response: Partially disagree.

The finding is not completely accurate, as BART's organizational chart depicts the management reporting structure and does not include Board committees. Therefore, the noted organizational chart does not reflect any relationship between Internal Audit and the Audit Committee and should not be interpreted as indicating the absence of a reporting relationship to the Audit Committee.

The Internal Audit Charter (July 2025) formalized the reporting relationship by stating:

> "The internal audit function will report functionally to the Audit Committee and administratively (for example, day-to-day operations) to the General Manager or designee."

The Internal Audit Charter also outlines additional responsibilities and communication channels between Internal Audit and the Audit Committee, including oversight of Internal Audit's independence, access to the Audit Committee, and communication of significant matters.

While the Internal Audit function is administratively aligned within the management structure, it also has a defined functional reporting relationship with the Audit Committee.

F33. There is no documented policy governing the form, content, or timing of Internal Audit's communications to the Audit Committee, as IIA Standard 15.1 requires. The Grand Jury's review of Audit Committee meeting materials found that the topics the Charter requires Internal Audit to address periodically were not always covered in Internal Audit's appearances.

Response: Partially disagree.

The finding is not completely accurate. IIA Standard 15.1 requires auditors to develop a final communication for each engagement, the style and format of which can vary based on the nature of the engagement and the needs of the intended audience. These communications are commonly provided through written audit reports but may also include oral presentations or other methods of communication.

Internal Audit communicates audit engagement results and other matters to the Audit Committee through a combination of written reports and periodic presentations. The Internal Audit Charter (July 2025) also establishes the types of matters to be communicated to the Audit Committee, including Internal Audit activities, significant findings, and matters affecting independence.

IIA Standard 15.1 does not specifically require a separate policy governing the form, content, or timing of communications to the Audit Committee. Therefore, Internal Audit does not maintain a standalone policy for this purpose.

However, Internal Audit recognizes the importance of consistent and effective communication with the Audit Committee and will continue to evaluate opportunities to enhance communication practices, including the timing and recurring topics addressed in Audit Committee meetings.

F34. Complete Internal Audit reports were not provided to the Audit Committee on a consistent basis in connection with Internal Audit's appearances. Activity summaries were provided instead.

Response: Agree, with clarification.

Internal Audit reports are detailed documents that may contain sensitive information, including information regarding the location, characteristics, and vulnerabilities of District assets. As a result, complete audit reports are not always appropriate for broad distribution.

Consistent with GAGAS Section 9.57, prior to releasing audit results to outside parties, Internal Audit must assess the potential risk to the District and control dissemination of reports by indicating the intended users in the report.

Therefore, Internal Audit provides the Audit Committee with information necessary to fulfill its oversight responsibilities through audit activity summaries and other communications. Complete audit reports may be provided to the Audit Committee when appropriate, considering the nature of the engagement, intended users, and any confidentiality or security considerations.

F35. There is no documented policy establishing how Internal Audit reports are to be distributed to the Audit Committee following completion of an engagement, as required by GAGAS Section 9.57 and IIA Standard 15.1.

Response: Disagree.

The finding is not accurate to the extent it states that there is no documented guidance governing the distribution of Internal Audit reports. The Internal Audit Manual (2026) establishes that, consistent with GAGAS Section 9.57 and IIA Standard 15.1, audit reports should be distributed to individuals who are positioned to ensure that audit results receive appropriate consideration, which may include the Audit Committee.

Furthermore, GAGAS Section 9.57 requires auditors to assess the potential risk to the District before releasing audit results to parties outside the District. This requirement recognizes that report distribution should consider the nature of the information, intended users, and any applicable confidentiality or security considerations.

As such, Internal Audit's documented guidance provides for appropriate distribution of audit results while allowing consideration of the circumstances and risks associated with broader dissemination.

F36. Internal Audit's public webpage includes the Internal Audit Charter and annual activity reports containing summarized audit findings but does not include the annual audit plan, completed audit reports, or the status of audit recommendation implementation.

Response: Agree.

F37. There are no documented restrictions precluding public availability of Internal Audit's completed audit reports, indicating that BART's Internal Audit function does not comply with the public distribution requirements of GAGAS Section 9.56.

Response: Disagree.

GAGAS Section 9.56 recognizes that the distribution of audit reports depends on the auditor's relationship with the audited organization and the nature of the information contained in the reports. As an internal audit function within a local government entity, BART's Internal Audit function applies the guidance in GAGAS Section 9.57, which addresses the communication of results by internal audit functions.

GAGAS Section 9.57 states that auditors should communicate results to parties who can ensure that the results receive appropriate consideration. It also requires auditors to assess the potential risk to the District before releasing audit results.

Specifically, GAGAS does not require BART Internal Audit to publicly distribute completed audit reports. Rather, report distribution should consider the intended users, the purpose of the communication, and the risks associated with disclosure. Because Internal Audit engagements may involve sensitive and/or confidential information regarding BART operations, assets, and controls, Internal Audit evaluates the appropriate distribution of each report to balance transparency with the need to protect organizational interests.

The absence of a requirement to publicly distribute completed audit reports does not indicate noncompliance with GAGAS Section 9.56.

F38. Internal Audit's risk assessment methodology does not comply with IIA Standards 9.3 and 9.4 because it does not include documented scoring criteria, risk-weighting factors, a defined process for gathering risk information, or evidence of management input.

Response: Partially disagree.

IIA Standard 9.3 requires the Chief Audit Executive to develop the internal audit plan based on a documented risk assessment. While the Standard requires documented methodologies, instructions, and criteria, it does not specifically prescribe the use of any particular risk scoring model, weighting methodology, or format for documenting risk factors.

Internal Audit's prior risk assessments have included documented scoring criteria and risk-weighting factors, including impact and likelihood, to evaluate and prioritize potential audit areas. These assessments resulted in an annual inventory of risks and potential audit engagements.

As part of the risk assessment process, Internal Audit obtains input from management, via surveys, to identify current risks, assess changes in the risk environment, and identify emerging risks. The results of these assessments, along with professional judgment, are used to prioritize audits addressing areas of greatest risk.

Accordingly, while Internal Audit's risk assessment methodology may continue to be enhanced through additional documentation of certain elements, the methodology incorporates risk criteria, risk prioritization, and management input consistent with the intent of IIA Standards 9.3 and 9.4.

F39. The 2025 annual audit plan presented to the Audit Committee relied on internal surveys to identify risks and did not include documented input from the Audit Committee or Board of Directors, contrary to IIA Standard 9.4, which requires that the risk assessment be informed by input from the board and senior management.

Response: Partially disagree.

The finding would benefit from additional context regarding the risk assessment process. The FY25 Audit Plan was informed by input from senior management through a comprehensive survey distributed to BART executives, directors, and managers, who are responsible for identifying and managing risks within their respective areas. This process provided significant input from senior management, consistent with the intent of IIA Standard 9.4.

The Audit Committee and Board of Directors were not participants in the formal risk assessment survey process. However, the Audit Committee was engaged through its review and discussion of the risk assessment results and the corresponding annual Audit Plan. This provided an opportunity for the Audit Committee to provide input and oversight regarding the risks identified and the proposed audit priorities.

Specifically, the statement that the FY25 Audit Plan "relied on internal surveys" does not fully describe the process, as it does not recognize the significant role of senior management input or the Audit Committee's review and discussion of the resulting audit plan.

Internal Audit acknowledges that formally documenting input from the Audit Committee and/or Board as part of the risk assessment process would further enhance alignment with IIA Standard 9.4.

F40. During the 2020 and 2025 external auditor procurement cycles, BART staff issued the Request for Proposals in both cycles without prior Audit Committee review, and in the 2025 cycle the Committee was not provided the RFP or the responses received from prospective auditors.

Response: Partially disagree.

The finding would benefit from additional context regarding the Audit Committee and the Request for Proposal (RFP) process. Section 4.2.1.a. of the Audit Committee Charter does not require BART staff to review the RFP for the external auditor with the Audit Committee before issuing the RFP or to provide the RFP to the Committee.

Specifically, the Audit Committee Charter notes,

> "After staff have reviewed external audit firms' responses to Request for Proposals to verify that minimum requirements have been met, review the responses, conduct interviews, and recommend to the Board of Directors the firm to conduct the annual financial statement audit."

On March 30, 2021, the Audit Committee was provided with five audit firm proposals for review. On October 16, 2025, the Committee was provided the three finalist audit firm proposals for review. The Audit Committee had further discussions on "Finalizing Evaluation of RFP 6M2116 Independent Audit Services for FY26-FY30," at the November 10, 2025, meeting.

F41. The Employee Code of Conduct was adopted in 2013. MW/DM

Response: Agree.

F42. The Audit Committee Charter requires the Audit Committee to conduct biennial reviews of the Employee Code of Conduct.

Response: Agree.

F43. The Employee Code of Conduct has not been reviewed by the Audit Committee since the Committee's inception in 2021.

Response: Agree, with clarification.

The Audit Committee has noted their intention to review the Codes of Conduct.

The Code of Conduct was on the Audit Committee Agenda as a "Committee Member Requests For Future Agenda Items," for the meetings of April 16, 2026, and June 18, 2026. The Audit Committee is planning to review the Codes of Conduct at its January 2027 meeting.

F44. BART's Internal Audit Charter, Audit Committee Charter, and organizational chart are inconsistent with one another regarding Internal Audit's reporting relationships and the Audit Committee's authority, creating ambiguity about where authority over Internal Audit actually resides. These conditions are inconsistent with IIA Standards 6.1 and 7.1, which require that internal audit authority, positioning, and reporting relationships be clearly defined and consistently reflected across governance frameworks.

Response: Agree, with clarification.

As noted above, BART's organizational chart is intended to depict the management reporting structure and does not include Board committees or the full governance relationship between Internal Audit and the Audit Committee.

The Internal Audit Charter (July 2025) defines Internal Audit's reporting relationship by establishing that the Chief Audit Executive reports functionally to the Audit Committee and administratively to the General Manager (or designee) for day-to-day operational matters. This distinction is intended to clarify the Audit Committee's oversight role while preserving appropriate administrative support through management.

The Internal Audit Charter is a living document that is reviewed and updated as necessary to reflect changes in governance requirements, organizational structure, or professional standards. If the Audit Committee Charter is revised, the Internal Audit Charter will also be reviewed and updated, as appropriate, to ensure the two governance documents remain aligned.

BART recognizes the importance of maintaining consistency among governance documents and will continue to evaluate opportunities to enhance clarity regarding Internal Audit's authority, positioning, and reporting relationships.

RECOMMENDATIONS

R1. By March 1, 2027, the BART Board of Directors (Board) should consider directing management to incorporate into the Long-Range Financial Plan measurable targets for non-fare revenue as a percentage of total operating revenue, with annual reporting to the Board on progress against those targets, as a structural strategy to reduce the agency's dependence on fare revenue.

Response: The recommendation requires further analysis.

Revenue diversification is an important goal. Staff work continues on efforts to further develop non-fare revenue in areas like parking revenue, advertising, telecom assets, investment income, LCFS credit sales, and ground leases. Currently, targets are adopted and reported-on annually through BART's annual budget process. Longer-term growth targets may also be warranted for some revenue categories.

"Non-fare revenue *as a percentage of total operating revenue*" is not an optimal success metric, because this metric can improve as a result of declining fare revenue, which would produce a misleading signal of diversification progress. BART is also working to increase fare revenue (which makes up the bulk of operating revenue) through ridership recovery.

BART does not maintain a document titled 'Long-Range Financial Plan.' The multi-year financial projections referenced in the report are contained in annual budget presentations, and in BART's Short Range Transit Plan (SRTP) (the format and content requirements of which is established by the Metropolitan Transportation Commission). Staff will make an assessment of the appropriate metrics for non-fare revenue as part of the FY28 budget process.

R2. By March 1, 2027, the BART Board should consider directing management to incorporate into the annual Rail Service Plan a formal service-to-ridership alignment framework that defines target service levels relative to ridership demand, establishes measurable utilization thresholds, and requires annual Board reporting on whether actual service hours are appropriately aligned with passenger miles traveled.

Response: The recommendation will not be implemented because it is not warranted or is not reasonable.

BART's Rail Service Plan is developed through a comprehensive service planning process that considers ridership demand, minimum frequency standards necessary to maintain a functional network, transfer connectivity, peak crowding, service considerations for transit-dependent communities, and operational constraints. A framework that ties service levels to a single utilization metric such as passenger miles traveled would not account for these factors and could result in service reductions that slow ridership recovery. The Board receives reporting on service levels and ridership through both the Rail Service Plan and Quarterly Performance Report, which provide the context necessary to evaluate service-to-demand alignment.

R3. By March 1, 2027, the BART Board should consider incorporating its existing fixed/semivariable/ variable cost model into regular Board reporting and budget presentations and requiring that any proposed service reduction be accompanied by a written analysis applying that model to demonstrate projected cost savings, estimated effects on ridership and fare revenue, and net impact on the structural deficit.

Response: The recommendation requires further analysis.

BART agrees that proposed service reductions with material budget impact should be accompanied by analysis of projected cost savings, ridership effects, and fiscal impact.

BART's O&M Cost Model (the basis for the simplified fixed/semi-variable/variable cost breakdown referenced in the Grand Jury's report) is designed for inter-operator cost allocation and long-run estimation of service change costs; the Model was not developed to or intended to produce the level of accuracy needed for near-term budget decisions.

For significant service change proposals, including the FY27 Alternative Service Plan, staff consider O&M Cost Model analysis, but also evaluate more detailed scheduling, crew assignment, and energy cost data that provide greater precision than the district-level unit cost model referenced in the report. All of these methodologies were considered and reported on to the BART Board during consideration of the FY27 Alternative Service Plan.

BART will continue to refine presentation of fiscal impact analysis for significant service changes in Board reporting, including through the FY27 Alternative Service Plan process if applicable.

R4. By March 1, 2027, the BART Board should consider directing management to develop structural cost reductions in future budgets.

Response: The recommendation has been implemented.

The Board has approved several budgets with cost reductions (most recently, FY26, $35M in savings, and FY27, an additional $18M in savings) and has indicated its expectation, should the Connect Bay Area measure be successful, that management and the Board would continue work to close future projected shortfalls with reductions that would not impact the customer experience. In addition to non-customer focused cost reductions, the Board has long supported the position that the best way to stabilize BART financials and to best utilize BART's significant assets is to provide high quality service that grows ridership.

Also, on June 11, 2026, the BART Board approved all eight recommendations developed by the independent consultant team leading Phase One of the Financial Efficiency Review required by SB 63. These early-action strategies are aimed at increasing or improving service/enhancing the customer experience with existing resources. Three recommendations focused on actions that could reduce expense and improve customer experience. These recommendations are to improve speed and reliability of service, right-size the fleet to serve demand, and to examine contracts for opportunities to reduce costs.

Some actions to reduce costs are currently underway, including a July 20, 2026 schedule change with some longer trains on the transbay routes during the peak period, shorter midday Red trains, and some shorter Orange trains during the weekdays, to better match service to ridership.

With the Board's support, staff continues to engage in identifying, scoping, and implementing structural cost reductions. Given the uncertainty around passage of the revenue measure, implementation of strategies that could impact service is on hold until the scale of the long-term deficit is known.

In accordance with Senate Bill 63, should the revenue measure be successful Phase Two of the required Financial Efficiency Review will be initiated. This more comprehensive analysis is expected to be completed in spring 2028. Phase Two requires identification of a menu of cost-saving measures that would reduce one-time and ongoing fixed and variable costs, as well as a comprehensive regional assessment of development and financing strategies to maximize the value of each operator's real property assets.

R5. By March 1, 2027, the BART Board should consider directing management to expand revenue initiatives.

Response: The recommendation has been implemented.

On June 11, 2026, the BART Board approved all eight recommendations developed by the independent consultant team leading Phase One of the Financial Efficiency Review.

These early-action strategies are aimed at increasing or improving service/enhancing the customer experience with existing resources. Five recommendations focused on actions that could increase revenues and improve the customer experience. These include improving fare compliance and enforcement, enhancing parking revenue, leasing fiber and communications assets, expanding Clipper BayPass, and conducting a study to assess the benefits and challenges of expanding retail and/or amenity partnerships at stations.

In addition, at the direction of the Board, staff continues efforts to further develop other non-fare revenue in areas including but not limited to advertising, investment income, Low Carbon Fuel Standard credit sales, and ground leases.

R6. By March 1, 2027, the BART Board should consider directing management, during collective bargaining, to evaluate whether minimum staffing provisions tied to physical locations rather than service levels can be modified to provide greater operational flexibility in response to changing ridership demand.

Response: The recommendation requires further analysis.

Staffing flexibility is a valuable topic to consider in future agreements. However, the location-based staffing requirements that currently appear in the ATU contract do not serve as a significant constraint on staffing flexibility.

Currently, BART has separate agreements with each of its five bargaining units (AFSCME, ATU, BPOA, BPMA, and SEIU). Four of the five contracts do not have location-based staffing level requirements. The ATU contract does have location-based staffing levels for a subset of job classifications that make up approximately 11% of BART's workforce. All potential bargaining proposals would be evaluated and considered.

R7. By March 1, 2027, the BART Board should consider directing management to implement analytical tools to identify, categorize, and manage the underlying drivers of overtime costs.

Response: The recommendation has been implemented.

Staff has already implemented analytical tools to identify and categorize underlying drivers of overtime costs via the timekeeping system and software that enables granular analysis. This analysis is reviewed on a bi-weekly basis by senior leadership. In addition, effective February 2, 2026, BART implemented a mandatory requirement to enter an Override Reason Code (ORC) for any overtime hours reported so that the purpose and need for overtime can be accurately tracked and reported. Dashboards have been developed to monitor and summarize overtime by employee, classification, and driver (ORC). An initial group of supervisors and managers have been trained in the use of these dashboards and video training will be distributed to a broader group of managers and analysts by September 2026.

R8. By March 1, 2027, the BART Board should consider directing management to develop and implement a comprehensive workforce strategy informed by the analytical tools directed under R7, to evaluate whether changes to staffing levels, hiring practices, scheduling practices, or work rules could reduce reliance on overtime as a recurring element of BART's workforce deployment.

Response: The recommendation requires further analysis.

The Board and management agree that a comprehensive strategy based on analysis would be beneficial and work is underway to better align staffing, overtime, and schedule needs. As noted in R7, overtime dashboards have been developed, and manager training is underway. In addition, in January 2026, management initiated a multi-departmental effort to reduce the number of staff on leave at any given time. Efforts are also underway to implement the OIG Overtime Audit recommendations, with two recommendations implemented and three more in progress (see R10). Negotiations on the new Collective Bargaining Agreement (CBA) will begin in FY27 and changes to existing scheduling practices and work rules are a normal bargaining topic when negotiating the CBA.

R9. By March 1, 2027, the BART Board should consider directing management to develop a plan to integrate projected Measure revenues with long-term cost reduction

strategies in the event the Measure passes as part of a comprehensive financial plan to achieve structural balance across the forecast horizon.

Response: The recommendation has not yet been implemented but will be implemented in the future.

As noted in R4, should the revenue measure be successful, the Board has indicated that management and the Board would continue work to close future projected shortfalls with reductions that would not impact the customer experience. In addition to non-customer focused cost reductions, the Board has long supported the position that the best way to stabilize BART financials and to best utilize BART's significant assets is to provide high quality service that grows ridership. Staff will continue to identify, scope, and implement short- and long-term cost reduction strategies to achieve structural balance, work that has been underway since before the pandemic began.

BART staff will initiate an update to the Short Range Transit Plan, a ten-year operating and financial forecast, starting this fall, with a draft submitted to MTC by May 2027. MTC requires the SRTP to show a balanced financial forecast and BART will also incorporate recommendations from Phase Two of the Financial Efficiency Review, as available at the time.

R10. By March 1, 2027, the BART Board should consider directing management to fully implement the outstanding Office of the Inspector General (OIG) recommendations from the 2024 span of control audit and 2025 overtime management audit.

Response: The recommendation has not yet been implemented but will be implemented in the future.

Several aspects of the recommendations in both audits has been substantially implemented. Management has made progress in addressing recommendations from the 2024 Span of Control Audit and has made significant progress toward completing the remaining recommendations from the 2025 Overtime Management Audit.

The OIG publicly issued the Span of Control Audit on April 4, 2024, resulting in five recommendations. BART Management provided an initial response on March 24, 2024, with subsequent updates submitted on July 17, 2024; January 20, 2025; June 16, 2025; January 21, 2026; and June 30, 2026, documenting actions taken to address five outstanding recommendations.

In addition, the District published a July 8, 2026, District Announcement on span of control data accuracy, which reminded managers and supervisors to maintain accurate position data and provided detailed instructions to best update organizational data in the Human Resources Information System (HRIS).

The OIG released the Overtime Management Audit on June 13, 2025, which included five recommendations. BART Management provided an initial response to the draft audit report on April 15, 2025, followed by additional status updates on February 27, 2026, and June 30, 2026.

Of the five remaining overtime recommendations, two recommendations have been implemented and closed, and three remain in progress. Actions underway (also see R7) include expanded ethics training and fraud prevention efforts, development of overtime monitoring dashboards, enhanced timesheet approval oversight, and continued data collection to evaluate potential relationship between overtime usage and industrial injuries. Target completion dates range from July 2026 through FY27.

Management will continue to provide updates to the OIG on the remaining overtime management and span of control audit recommendations until all actions are completed.

R11. By April 1, 2027, the BART Board should consider restructuring Internal Audit's reporting to establish a direct reporting relationship between Internal Audit and the Audit Committee— meaning the Committee approves the audit plan, receives engagement results, and exercises oversight of the internal audit function— consistent with IIA Standards 6.1 and 7.1 and GAGAS Section 3.56.

Response: The recommendation requires further analysis.

Internal Audit already has a direct reporting relationship to the Audit Committee. According to the Internal Audit Charter (July 2025): "The internal audit function will report functionally to the Audit Committee and administratively (for example, day-to-day operations) to the General Manager or designee." The Audit Committee already exercises a functional reporting relationship with Internal Audit through its oversight responsibilities, including review of the audit plan, receipt of audit results, and oversight of the internal audit function, as set forth in the Internal Audit Charter and Audit Committee Charter.

As noted in our response to F32, BART's organizational chart does not include Board committees and therefore is not intended to depict the functional reporting relationship between Internal Audit and the Audit Committee.

To the extent this recommendation is intended to clarify the existing functional reporting relationship established in the Internal Audit Charter (2025), that relationship is already in place. However, if the recommendation suggests changes beyond the current governance, such as modifying the authority, responsibilities, or reporting structure of the Audit Committee or Internal Audit, those potential changes will require further analysis, including a review of the District Act.

R12. By April 1, 2027, the BART Board should consider amending the Audit Committee Charter to grant the Audit Committee authority to approve the Internal Audit Charter, the annual risk-based audit plan, and audit resources consistent with IIA Standards 6.1 (Organizational Positioning), 6.2 (Internal Audit Charter), and 7.1 (Organizational Independence).

Response: The recommendation requires further analysis.

The Audit Committee already has an established role in reviewing the Internal Audit Charter and the annual risk-based audit plan under the current governance framework.

If there were substantive changes to the Audit Committee Charter, the Internal Audit Charter would correspondingly be updated and presented to the Audit Committee for review and approval, consistent with the Committee's existing oversight responsibilities.

To the extent this recommendation is intended to clarify or formalize the Audit Committee's existing review responsibilities for the Internal Audit Charter and annual risk-based audit plan, those responsibilities are already included within the current governance framework.

However, to the extent the recommendation contemplates expanding the Audit Committee's authority beyond its current role, specifically with respect to approving audit resources, additional analysis would be required. Decisions regarding the allocation of audit resources are ultimately the responsibility of the BART Board and are subject to the Board's budget authority and available resources. Any change to the respective authorities of the Board and the Audit Committee may require further analysis, including potentially a review of the District Act.

R13. By April 1, 2027, the BART Board should consider directing management to align the Internal Audit Charter, Audit Committee Charter, and organizational chart to consistently reflect Internal Audit's reporting relationships and the Audit Committee's authority, as required by IIA Standards 6.1 and 7.1.

Response: The recommendation requires further analysis.

Internal Audit will work collaboratively with the Audit Committee, the General Manager, and the Office of the District Secretary (DSO) to review the Internal Audit Charter, Audit

Committee Charter, and the appropriate District organizational charts to ensure they consistently reflect Internal Audit's reporting relationships and the Audit Committee's oversight responsibilities.

As part of this effort, the governing documents will be evaluated for alignment with the IIA Standards 6.1 (Internal Audit Mandate) and 7.1 (Organizational Independence). Any recommended revisions will be presented to the Audit Committee for review.

This action is intended to strengthen governance, reinforce Internal Audit's organizational independence, and ensure that governing documents consistently articulate the Audit Committee's authority and Internal Audit's reporting structure.

Note that BART's organizational charts do not include Board committees, so organizational charts will not reflect any relationship between Internal Audit and the Audit Committee.

R14. By April 1, 2027, the BART Board should consider requiring Internal Audit to develop and implement a documented policy governing the form, content, and timing of its communications to the Audit Committee, consistent with IIA Standard 15.1, and to report to the Audit Committee on the topics defined in the Internal Audit Charter at each scheduled Committee meeting.

Response: The recommendation will not be implemented because it is not warranted or is not reasonable.

Internal Audit already has documented guidance governing the communication of audit results. Consistent with IIA Standard 15.1, the BART Internal Audit Manual (revised May 2026) requires audit results to be communicated to the parties responsible for ensuring the results receive appropriate consideration, including the Audit Committee. Consistent with IIA Standard 15.1, communications may be tailored in form, content, and level of detail to meet the needs of their intended audiences.

Neither IIA Standard 15.1 nor the Global Internal Audit Standards require a separate policy prescribing the form, content, and timing of communications to the Audit Committee or require Internal Audit to report on specified topics at every scheduled Audit Committee meeting. Rather, the Standards require communications that are appropriate, timely, and responsive to the needs of governance.

The frequency and content of additional communications are determined based on the needs of the Audit Committee, the status of Internal Audit activities, and matters requiring governance attention. Accordingly, BART believes its current policies and practices are consistent with the IIA Standards, and a separate policy or mandatory reporting at every scheduled Audit Committee meeting is not warranted.

R15. By April 1, 2027, the BART Board should consider requiring that full Internal Audit reports be provided on a timely basis to the Audit Committee, OIG, and Board without restriction consistent with GAGAS Section 9.57.

Response: The recommendation will not be implemented because it is not warranted or is not reasonable.

BART's Internal Audit Manual (revised May 2026) provides that audit reports are communicated to the parties responsible for ensuring that audit results receive appropriate consideration, potentially including the Audit Committee and the Board.

Furthermore, providing reports "without restriction" is not consistent with GAGAS Section 9.57. GAGAS requires auditors to assess the potential risks associated with public distribution of audit reports and, when appropriate, to limit distribution by identifying the intended users of the report. Consistent with GAGAS Section 9.57, Internal Audit evaluates whether distribution limitations are appropriate based on the nature of the information contained in the report and identifies any intended users accordingly.

As BART's existing policies and practices are consistent with GAGAS Section 9.57, requiring unrestricted distribution of all Internal Audit reports is neither warranted nor consistent with the standard.

R16. By April 1, 2027, the BART Board should consider directing Internal Audit to expand the Internal Audit webpage to include the annual audit plan, completed audit reports, and the status of recommendation implementation, consistent with the public availability requirements of GAGAS Section 9.56.

Response: The recommendation requires further analysis.

The recommendation cites GAGAS Section 9.56; however, that section recognizes that the distribution of audit reports depends on the auditors' relationship with the audited organization and the nature of the information contained in the reports. As an internal audit function within a local government entity, Internal Audit's reporting is more specifically addressed by GAGAS Section 9.57, which provides that internal auditors should communicate audit results to the parties who can ensure that the results receive due consideration. Neither standard requires Internal Audit to publicly post audit reports, annual audit plans, or the status of recommendation implementation on a public website.

GAGAS Section 9.57 also requires internal auditors to assess the potential risk to the District before releasing audit results to parties outside the District and, when appropriate, to identify the intended users of the report. BART's Internal Audit Manual incorporates these requirements.

As Internal Audit conducts risk-based audits that may involve sensitive operational, security, legal, personnel, or other confidential information, decisions regarding the public release of audit plans, audit reports, or recommendation status should be made only after careful consideration of the potential risks to the District, applicable legal requirements, and the public interest. Accordingly, any expansion of information published on the Internal Audit webpage requires further analysis and cannot be based solely on the cited GAGAS provisions.

R17. By April 1, 2027, the BART Board should consider requiring Internal Audit to formalize and document its risk assessment methodology, including scoring, weighting, and prioritization criteria.

Response: The recommendation has not yet been implemented but will be implemented in the future.

Internal Audit intends to formalize and document its risk assessment methodology by April 1, 2027, and incorporate it in time for the FY28 risk assessment.

R18. By April 1, 2027, the BART Board should consider directing Internal Audit to implement a formal, documented process to obtain and incorporate input from the Audit Committee and Board into the annual risk assessment process, ensuring alignment with the IIA Standards and GAGAS.

Response: The recommendation has not yet been implemented but will be implemented in the future.

Internal Audit intends to obtain input from the Audit Committee and Board by April 1, 2027, and incorporate in time for the FY28 risk assessment.

R19. By April 1, 2027, the BART Board should consider clarifying and formalizing the Audit Committee's authority and role in external auditor procurement within the Audit Committee Charter, including defined responsibilities for participation in request for proposal development, evaluation criteria, and selection.

Response: The recommendation has not yet been implemented but will be implemented in the future.

Staff from the Office of Chief Financial Officer, Inspector General, and Procurement are drafting revisions to the Audit Committee Charter for the Audit Committee's review, including clarifying the Committee's role in the external auditor procurement, to evaluate and recommend to the Board in January 2027.

R20. By April 1, 2027, the BART Board should consider requiring the Audit Committee to conduct and document biennial reviews of the Employee Code of Conduct as required by the Audit Committee's Charter.

Response: The recommendation has been implemented

The Board-adopted Audit Committee Charter (section 4.4.1) already requires that the committee shall "At least biennially, review and, as needed, recommend changes to the District's Code of Conduct policies." The specific content of each Audit Committee Agenda is subject to the discretion of the Chair and the Audit Committee members based on issues raised by the members, and reports, audits, and investigations conducted by the Inspector General and the Internal Audit division.

Management has indicated that they will provide an updated Employee Code of Conduct for review and discussion at the January 2027 Audit Committee meeting.