



OFFICE OF THE INSPECTOR GENERAL FISCAL YEAR 2022 – 2ND QUARTER ACTIVITIES REPORT OCTOBER – DECEMBER 2021

QUARTER IN REVIEW

- Issued to two investigation reports: 1) gaps in transparency and procedures regarding backend computer programming changes, and 2) the need to strengthen the social media use policy for elected officials.
- Continued work on 15 investigations and began work on 10 new allegations.
- Developed multiple different budget outlooks that would allow us to better address the expectations of our office and determined that our office needs at least an additional \$1.7 to \$1.8 million in funding annually to be able to meet our legislative mandates for conducting audits and investigations.
- Presented our two issued investigation reports, audit plan, and last activities report at the November 16, 2021, Audit Committee meeting and information on our funding needs at the December 14, 2021, meeting.
- Submitted a letter to the Bay Area Toll Authority (BATA) requesting additional funding. We provided detailed information on how our current budget of \$1 million restricts our progress and how an additional \$1.7 to \$1.8 million would benefit our office.

QUARTER IN REVIEW

- Conducted follow up on our completed investigations to determine what action management has taken to address our recommendations.
- Completed a mid-year review of our strategic plan.
- Celebrated staff accomplishments: our Inspector General was appointed to the Governmental Accounting Standards Advisory Council, and our Assistant Inspector General was appointed to the Association of Inspectors General Western States Chapter Board and earned a Leadership Professional in Ethics and Compliance certification.
- Received and evaluated 13 new allegations of fraud, waste, or abuse:
 - Ten allegations accepted as investigations: All under various stages of active investigation
 - Three allegations forwarded: One to the Office of the Chief Information Officer, one to Human Resources, and one to the California Department of Health

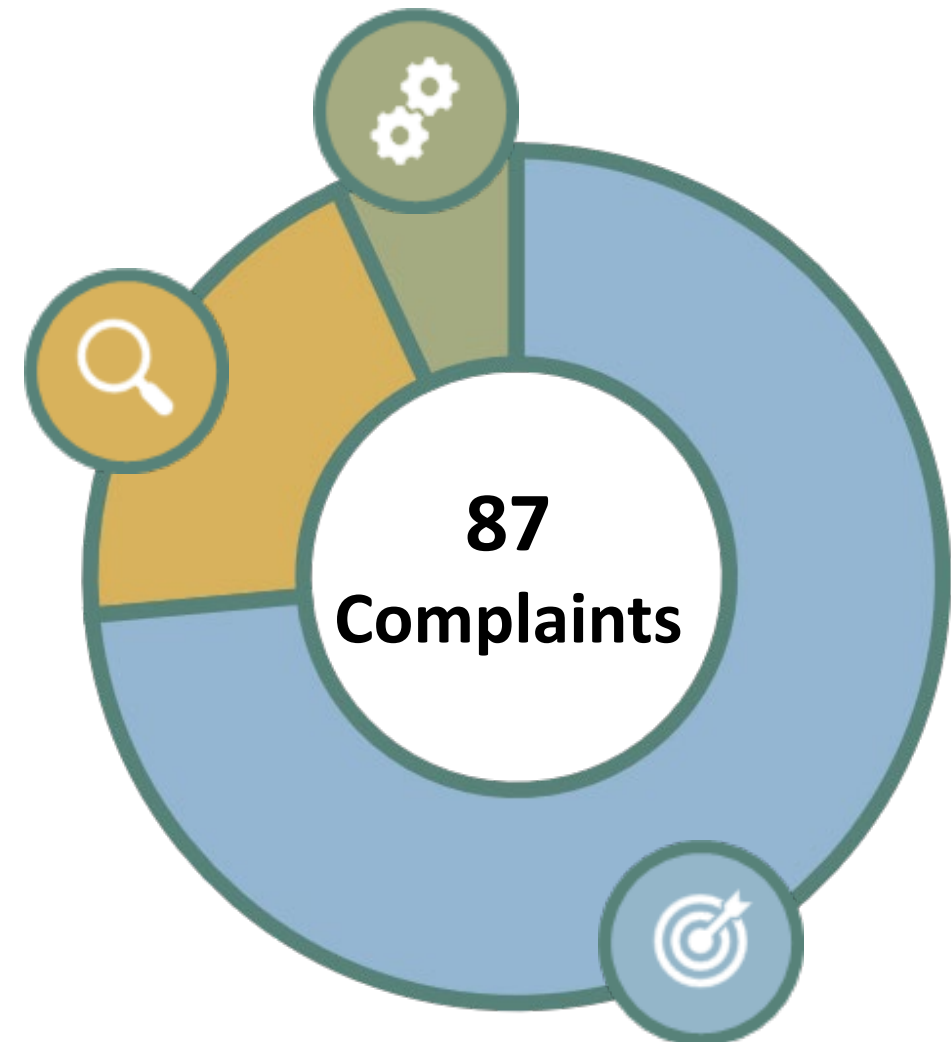
FRAUD, WASTE, & ABUSE INVESTIGATIONS AT A GLANCE

87 Complaints Received Since OIG Inception

 17 under active investigation

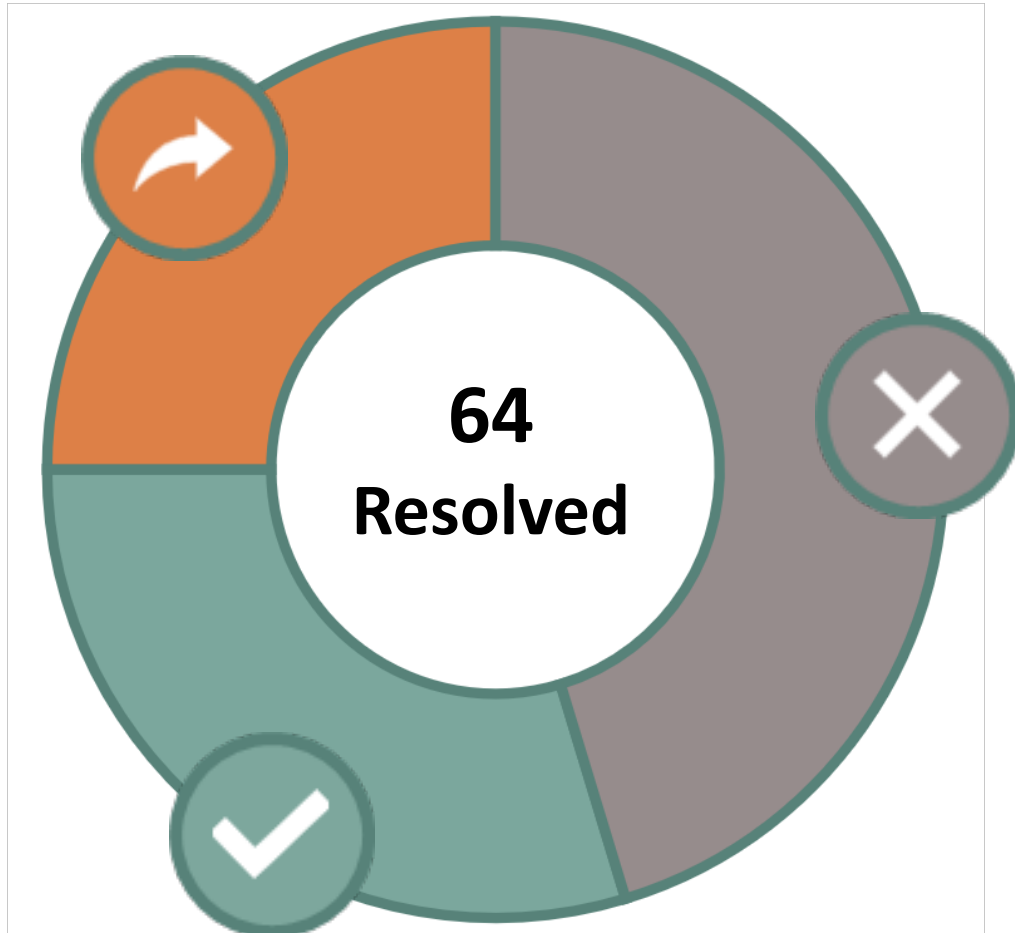
 6 pending resolution

 64 resolved



FRAUD, WASTE, & ABUSE INVESTIGATIONS AT A GLANCE

64 Cases Resolved Since OIG Inception



19 investigated



29 declined: insufficient information or out of scope



16 forwarded to another investigation unit

FRAUD, WASTE, & ABUSE INVESTIGATIONS AT A GLANCE

Most Common Allegations

Fraud

We received **19** complaints alleging fraud or misappropriation. Timesheet and contracting fraud are the most common suballegations.

Unprofessional Conduct

We received **17** complaints alleging unprofessional conduct. Conflict of interest and harassment are the most common suballegations.

Compliance

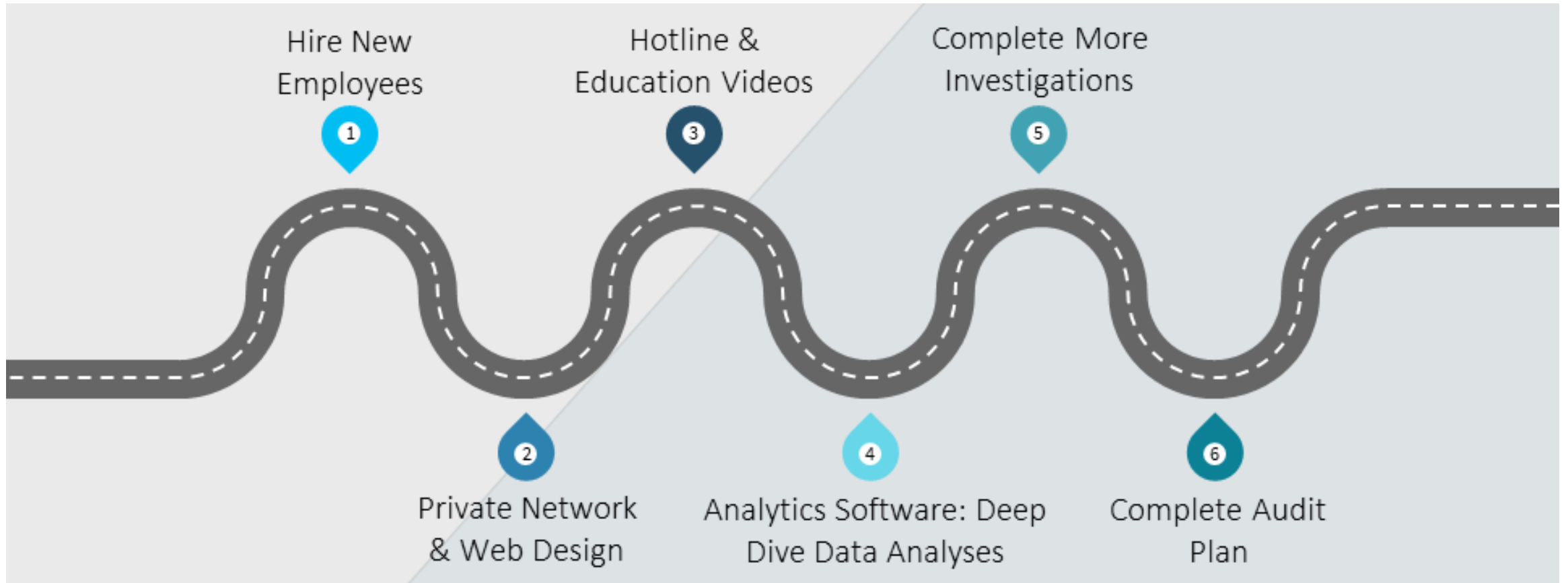
We received **19** complaints alleging noncompliance. Unfair competition and policy and procedural noncompliance are the most common suballegations.

SEEKING ADDITIONAL FUNDING

We continued with our commitment to seek additional funding for our office.

- On December 14, 2021, we presented to the Audit Committee an evaluation of our budget needs to meet legislative mandates set forth in California Public Utilities Code (PUC) §28841.
- On December 22, 2021, we sent a letter describing our current funding restrictions, concerns with meeting our legislative mandates, and budget needs to the Bay Area Toll Authority (BATA).
 - We requested that BATA increase our annual funding from \$1 million to \$2.7 million and \$2.8 million in fiscal years 2023 and 2024, respectively.
 - California PUC 28841 gives BATA the authority to increase our funding allocation to the extent that the OIG requests and justifies the need for such an increase.

BUDGET INCREASE ROADMAP TO SUCCESS



RECOMMENDATION FOLLOW UP

BART management continued to act on our recommendations:

- They implemented six recommendations since our September 2021 activities report, including:
 - the two recommendations from our investigation into an allegation of inappropriate backend computer programming changes that we issued on November 12, 2021.
 - completed corrections of CalPERS underreporting errors.
 - obtained refund of overpayment to a vendor.
 - updated procedures for procurements conducted through NASPO agreements.
 - updated warehouse services contract to cover customs brokerage services.

We also conducted further follow up into the return of BART property from the District Retiree Incentive Program (DRIP) retirees. Management implemented our recommendation on July 31, 2021. However, we had information suggesting that managers and supervisors had not collected the property. We have now satisfied ourselves that they collected the BART property.

RECOMMENDATION FOLLOW UP



INVESTIGATIONS & AUDITS UNDERWAY

Investigations

- We continued work on 15 fraud, waste, or abuse investigations, including six that are near completion and two that we completed. Started work on 10 new investigations.
- Administrative tasks have detracted investigators' attention from six investigations near completion. We also had trouble tracking down some information. We expect to release our reports on those investigations before the end of fiscal year 2022.

Audits

- Our span of control and organizational assessment of BART's financial structure audits are underway:
 - Span of control audit: taking some time due to other work. Estimated completion: end of calendar year 2022.
 - Financial structure audit: moving forward as expected. The audit recommendations will provide a great opportunity for BART to rethink its financial structure and make changes to align with financial management best practices. Estimated completion: March 2022.

OIG EMPLOYEE ACHIEVEMENTS

We are excited to share our team members' recent achievements:

- The board of the Financial Accounting Foundation voted to appoint Inspector General Harriet Richardson to the Governmental Accounting Standards Advisory Council (GASAC), which advises the Governmental Accounting Standards Board (GASB).
- Assistant Inspector General Claudette Biemeret was appointed to the Western States Chapter Board of the Association of Inspectors General. The board provides local professional educational and networking opportunities to the federal, state, and local OIGs in the Western States.
- Assistant Inspector General Claudette Biemeret also earned a Leadership Professional in Ethics & Compliance Certification (LPEC), demonstrating her ongoing commitment to supporting effective ethics and compliance programs, which is essential to conducting audits and investigations.

LOOKING AHEAD

Board & BATA Presentations

- Presenting our FY22-24 Audit Plan to the BART Board of Directors on January 13, 2022. We look forward to having an open conversation about our audit selections and the benefits they will have for the District.
- Planning on a discussion of our funding needs analysis with the BART Board of Directors as an extension of the conversation with the Audit Committee. Tentatively scheduled for February 2022.

Bay Area Toll Authority

- Hoping to hear back from BATA on our letter and that they will invite us to do a presentation on our funding needs. We would like to have a conversation with BATA that will allow us to learn what the future holds for our office by understanding whether we will be able to receive additional funding support or not.

LOOKING AHEAD

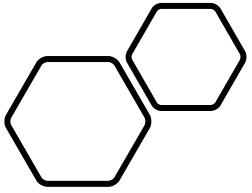
Animated Educational Videos

- Devoting some time to determining if we can develop educational videos using online animation software. Short videos that cover topics such as the purpose of an OIG; how to report a fraud, waste, or abuse concern; and what to report, or not, to us versus one of BART's other compliance or oversight departments.

Association of Inspectors General Institute

- Assistant Inspector General Claudette Biemeret and Principal Investigative Auditor Jeffrey Dubsick have been accepted into the March 2022 Association of Inspectors General Institute. This is an excellent training and networking opportunity.





Questions?





510-464-6132



hrichar@bart.gov



bart.gov/oig



bart.gov/oighotline

510-464-6100

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