

# OFFICE OF THE INSPECTOR GENERAL FISCAL YEAR 2022 - 1<sup>ST</sup> QUARTER ACTIVITIES REPORT JULY – SEPTEMBER 2021

# QUARTER IN REVIEW

- Moved into our offices at the new BART Headquarters.
- Continued work on the 14 investigations we had underway at the end of fiscal year 2021 and launched three new investigations.
- Issued our office's strategic plan that outlines our goals for fiscal year 2022 and beyond.
- Presented our Fiscal Year 2022-2024 Audit Plan to the Audit Committee on August 17, 2021.
- Redesigned our system for tracking recommendations and implemented a new process for following up on the status of our recommendations and reviewing documentation to confirm implementation.
- Issued six investigation reports and presented them to the Audit Committee on August 17, 2021.
- Conducted follow up on our completed investigations to determine what action management has taken to address our recommendations.

# QUARTER IN REVIEW

- Worked with the Office of the Controller-Treasurer and the Office of Performance and Budget to clarify how BART presents our costs to the Bay Area Toll Authority (BATA) in BART's quarterly invoices showing our use of our underfunded funding mandate of \$1 million.
- Worked with the Office of the Chief Information Officer (OCIO) to gain access to financial and time reporting data in PeopleSoft.
- Conducted preliminary work on our span of control audit and conducted consultant evaluations to determine who we would contract with to conduct a financial structure audit.
- Received and evaluated 12 new allegations of fraud, waste, or abuse:
  - Seven marked for investigation
  - Five declined for insufficient information or for being out of scope

# FRAUD, WASTE, & ABUSE INVESTIGATIONS AT A GLANCE

72 Complaints Received Since OIG Inception

 14 under active investigation

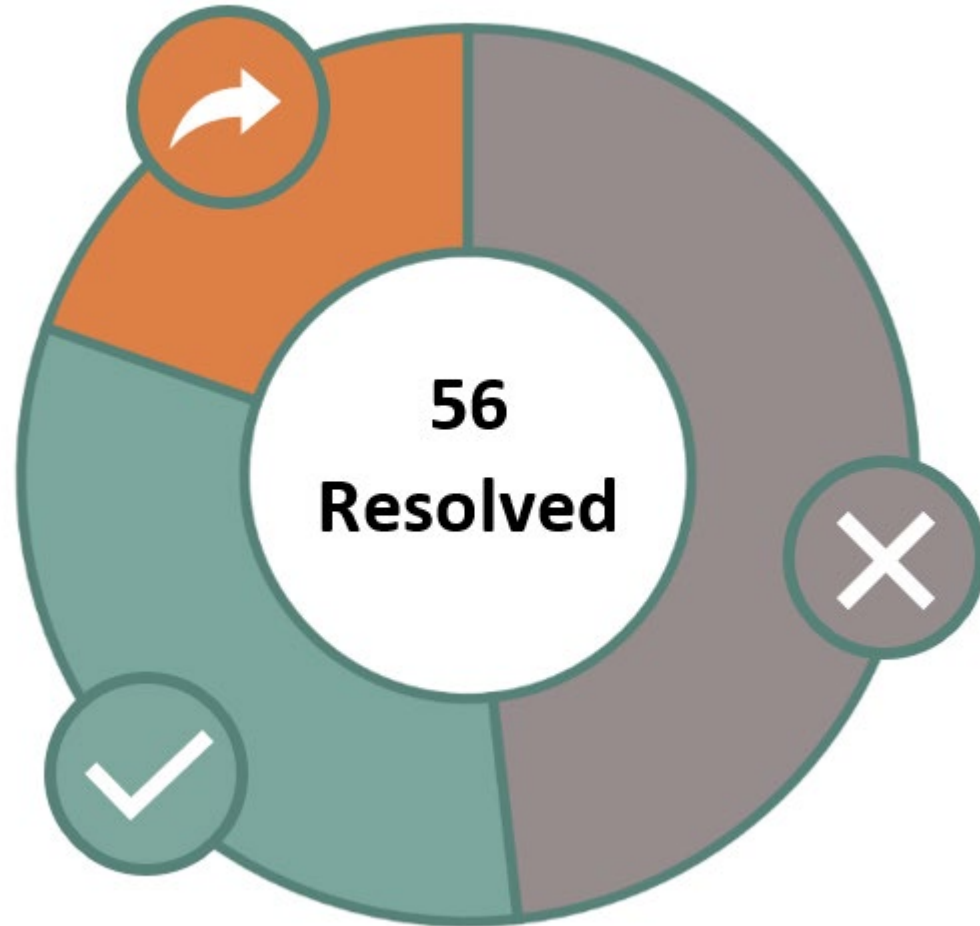
 2 pending resolution

 56 resolved



# FRAUD, WASTE, & ABUSE INVESTIGATIONS AT A GLANCE

56 Cases Resolved Since OIG Inception



- ✓ 18 investigated
- ✗ 27 declined: insufficient information or out of scope
- ➡ 11 forwarded to another department

# FRAUD, WASTE, & ABUSE INVESTIGATIONS AT A GLANCE

## Most Common Allegations

### Fraud

We received **17** complaints alleging fraud or misappropriation. Timesheet and contracting fraud are the most common suballegations.

### Unprofessional Conduct

We received **12** complaints alleging unprofessional conduct. Conflict of interest is the most common suballegation.

### Compliance

We received **16** complaints alleging noncompliance. Policy and procedural noncompliance are the most common suballegations.

# OIG FISCAL YEAR 2022-2024 AUDIT PLAN

- Audit plan outlines our audits for fiscal years 2022 to 2024:

## To be performed by OIG staff:

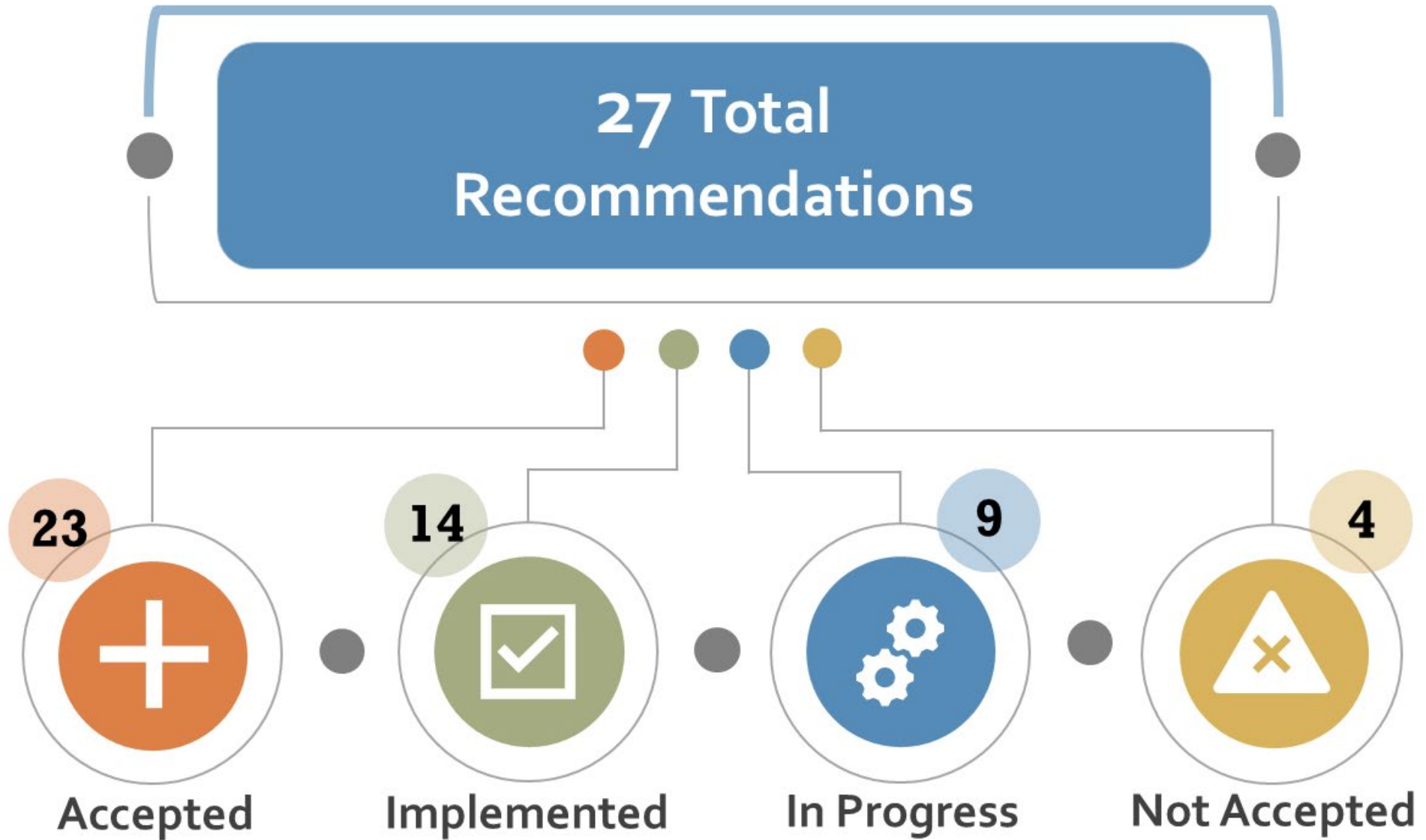
1. Span of Control
2. Employee Compensation and Reporting
3. Construction Contract Change Orders
4. Contract Solicitation Practices
5. Inventory Management

## To be conducted by a contracted third-party:

6. Organizational Assessment of BART's Financial Structure
7. Asset Management

- Financial structure and asset management audits are high priority.
  - Contracting for them is based on BART's ability to provide funding:
    - Funding for asset management unlikely
    - Financial structure audit 50 percent BART funded and 50 percent OIG funded

# RECOMMENDATION FOLLOW UP



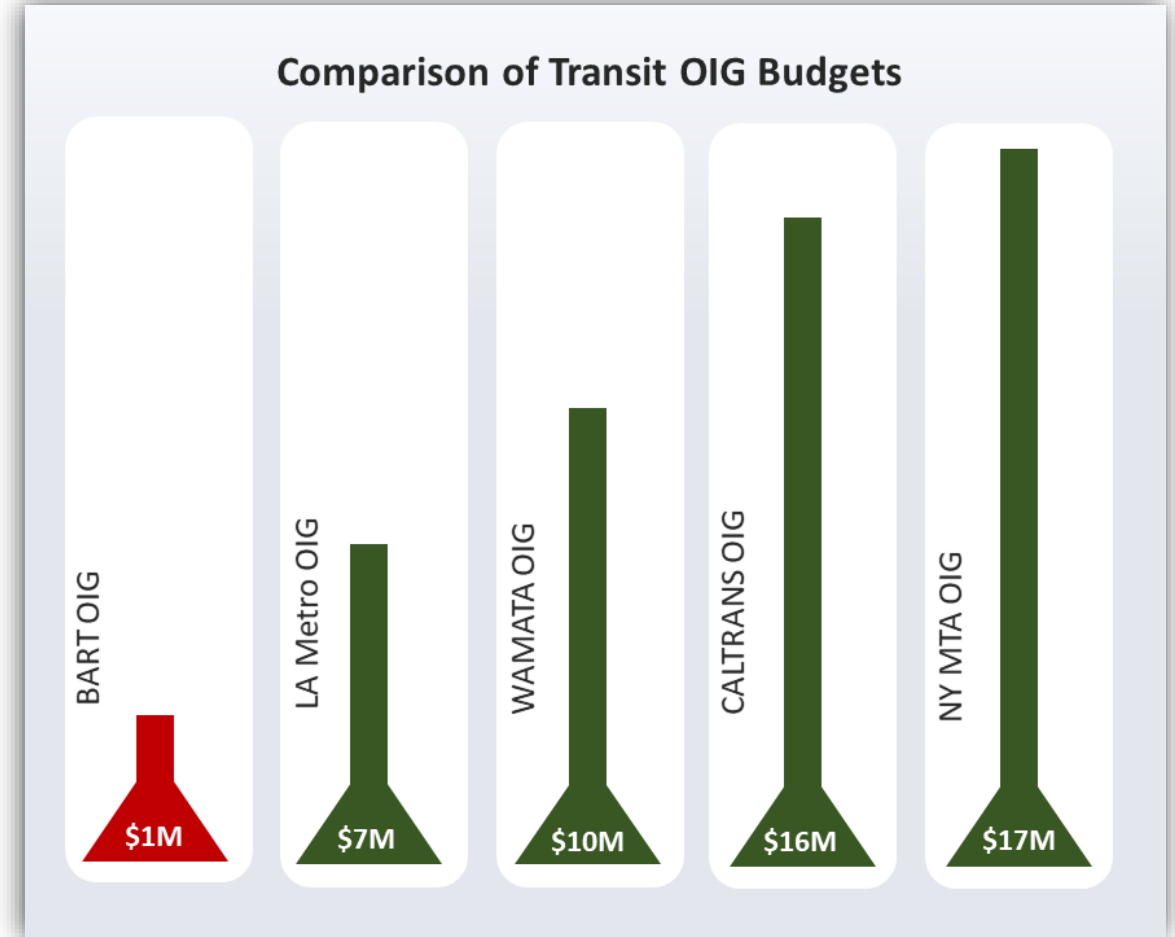


# INVESTIGATIONS ISSUED & UNDERWAY

- Issued six investigation reports
  - Presented to the Audit Committee on August 17, 2021
  - Addressed allegations of noncompetitive contracting practices, failure to obtain BART property from DRIP retirees, nonresponsiveness to pension and pay errors, and subcontractor fraud
  - Five investigations resulted in a need for procedural improvements, none uncovered fraud
- Actively investigating 14 complaints, 12 carried over from fiscal year 2021
  - Declined to continue two carried-over investigations for lack of sufficient information
  - Five carried-over investigations are nearing completion and one is complete and pending management's response
  - Launched three new investigations, one complete and to be presented at the November Audit Committee meeting
- Expect to report on seven investigations by the end of the calendar year

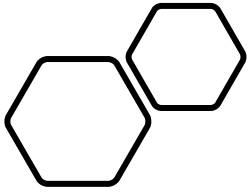
# IMPACT OF UNFUNDED MANDATE

- Labor & nonlabor budget limited to \$1 million a year
- Require assistance for two highest-priority audits
- Two significant allegations require more resources than available
- Far less funded than other transit OIGs
- Insufficient capacity to tackle full workload
- Backlog of work will grow substantially
- Indirect costs further impact underfunded mandate
- Looking to obtain additional funding



# BART EMPLOYEE APPRECIATION





# Questions?





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**510-464-6100**

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

**Integrity • Accountability • Transparency • Honesty**

# ACTIVITIES REPORT

## July 2021 – September 2021

### Office of the Inspector General

#### Fraud, Waste, and Abuse Investigations

The OIG investigates indications of fraud, waste, or abuse regarding BART's programs, operations, and suppliers. Employees, contractors, and citizens are encouraged to report their observations.

Every individual, regardless of religion, race, immigration or documentation status, or national origin, is safe to obtain assistance from the OIG.

#### Audits

The OIG conducts performance audits that contribute to public accountability and transparency by providing independent and objective analysis of the efficiency and effectiveness of BART programs, operations, and activities.



#### Message from the Inspector General

It can be easy to forget that the work my office does protects employees. Given that we conduct investigations that may uncover employee wrongdoing and audits that conclude that operations are not working as expected, I suppose I can see why. However, that is not the whole picture.

Many of the allegations we investigate come from employees who see something wrong and want it fixed. If we uncover fraud, waste, or abuse by a single employee, we are protecting the other employees who come to work committed to doing their best and doing right, and who are discouraged to see that someone is not doing the same. We are not simply trying to catch someone doing something wrong, we are also trying to make other employees feel valued by addressing problems that negatively impact their workplace.

Our audits are similar. When our findings uncover problems, one might think we are placing blame on employees. That is not the case. What we typically see are people doing the best they can with the resources and information that they have. What we offer are ways to use those resources better and provide new information. That helps employees with their work and leads to a more fulfilling workplace. In my 30 years of experience, that is something for which employees have routinely thanked me. They have let me know that my work has helped them do their job and they appreciate my assistance.

As my office moves forward in fiscal year 2022, it is my hope that the benefit of the voice we offer to employees becomes more evident.

*Harriet Richardson*

## Accomplishments & Efforts



We continued with our commitment to the public to do the work expected of an OIG and accomplish the goals we set for our office. This last quarter, we:



- Moved into our offices at the new BART Headquarters. We are grateful to the District for accepting our input and creating a space that meets our needs. We quite like our new office.
- Continued work on the 14 investigations we had underway at the end of fiscal year 2021 and launched three new investigations.



- Issued our office's strategic plan that outlines our goals for fiscal year 2022 and beyond. We identified our objectives and the key performance indicators we will use to measure success or to identify whether we need to make strategic changes.



- Presented our [Fiscal Year 2022-2024 Audit Plan](#) to the Audit Committee on [August 17, 2021](#). The committee continued it to a future meeting citing a need to give more consideration to our request for BART to fund our asset management audit.



- Redesigned our system for tracking recommendations and implemented a new process for following up on the status of our recommendations and reviewing documentation to confirm implementation.



- Issued six investigation [reports](#) and presented them to the Audit Committee on [August 17, 2021](#). We addressed allegations of noncompliance with contracting procedures, failure to obtain BART property from DRIP retirees, nonresponsiveness to pension and pay errors, and subcontractor fraud. Most investigations identified opportunities for procedural improvements, and none uncovered fraud.



- Conducted follow up on our completed investigations to determine what action management has taken to address our recommendations.
- Worked with the Office of the Controller-Treasurer and the Office of Performance and Budget to clarify how BART presents our costs to the Bay Area Toll Authority (BATA) in BART's quarterly invoices showing our use of our underfunded funding mandate of \$1 million.



- Worked with the Office of the Chief Information Officer (OCIO) to gain access to financial and time reporting data in PeopleSoft. OCIO employees were extremely helpful in getting us the access we need.

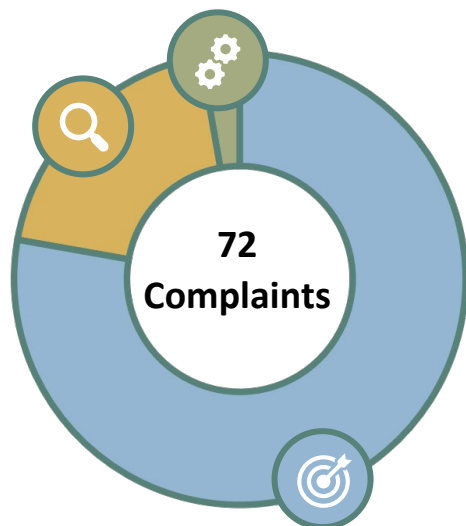


- Conducted preliminary work on our span of control audit and conducted consultant evaluations to determine who we would contract with to conduct a financial structure audit.



- Received and evaluated 12 new allegations of fraud, waste, or abuse:
  - Seven marked for investigation
  - Five declined for insufficient information or for being out of scope

## Investigations at a Glance



### 72 Complaints Received Since OIG Inception



**14**

Under active investigation



**2**

Pending Resolution



**56**

Resolved

### 56 Cases Resolved Since OIG Inception



**18**

Investigated



**27**

Declined for insufficient information or out of scope



**11**

Forwarded to another department



### Most Common Allegations

#### **Fraud**

We received **17** complaints alleging fraud or misappropriation. Timesheet and contracting fraud are the most common suballegations.

#### **Unprofessional Conduct**

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## Major Activities

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### OIG Fiscal Year 2022 – 2024 Audit Plan

 We developed an [audit plan](#) that outlines our audits for fiscal years 2022 to 2024. Our plan includes seven audits that we plan to conduct or oversee over the next three years:

To be performed by OIG staff:

1. *Span of Control*: Audit of BART's organizational layers and staffing.
2. *Employee Compensation and Reporting*: Audit of the accuracy of BART's payroll and related accounting and CalPERS reporting requirements.
3. *Construction Contract Change Orders*: Audit of the appropriateness of contract change orders of select major construction projects.
4. *Contract Solicitation Practices*: Compliance with federal and state regulations and BART's policies and procedures, and achievement of contract strategies.
5. *Inventory Management*: Audit of inventory controls and management.

To be conducted by a contracted third-party:

6. *Organizational Assessment of BART's Financial Structure*: Audit of the Controller-Treasurer Office's independence, functions, and responsibilities.
7. *Asset Management*: Audit of asset controls and management.

We consider both the financial structure and asset management audits to be high priority based on the results of our districtwide risk assessment. Due to our limited funding and staffing, however, contracting for them is based on BART's ability to provide funding for the services. When we presented our audit plan to the Audit Committee on [August 17, 2021](#), they continued our item to a future meeting to give them time to consider whether BART could fund our asset management audit. Committee members expressed concern about BART's ability to commit \$250,000 to the work given the District's significant loss in revenue resulting from the pandemic.

The Audit Committee did accept our proposal to provide BART funding for our financial structure audit and requested that BART management determine whether the District had the funding available to assist us.




Management agreed to split the costs 50/50 and fund up to \$50,000. Given the significance of the audit, we decided to commit a portion of our budget to contract for the services. We estimate the audit will cost \$95,000, making our and BART's share \$47,500 each. BART management also agreed to allow us to use one of their on-call professional services contracts, which helped reduce the amount of time to engage with the third-party auditor. We appreciate the District's support to move this important work forward.

## Major Activities



### Recommendation Follow Up

 The Audit Committee requested more information on the status of our recommendations. Therefore, we developed a process to obtain quarterly updates from BART management describing the actions they have taken to implement our recommendations. We gave management a list of our recommendations with space to provide a description on their progress for each recommendation. We then reviewed their responses and related documentation and records to confirm implementation where possible.

We are pleased to report that management implemented 14 of 23 accepted recommendations and began taking action on nine others. Their actions resulted in improving procedures, contracting, communication, and retiree and employee service. During our confirmation process, we determined that management's actions did not fully address the intent of one of our recommendations to develop procedures. We communicated with the responsible party who made immediate updates to the procedures in question and we considered the recommendation fully implemented. In another instance, we determined that a recommendation that management reported as complete did not address our intent. We communicated our concerns to the responsible party saying that we do not consider the recommendation resolved and are continuing follow up. We will report on the status of that recommendation in our next activities report. The full details our follow up work is in the appendix to this report.

This process was helpful in familiarizing BART employees with a standard follow-up process. Most audit and investigation offices conduct similar work to ensure action is taken on recommendations and that the action is appropriate. Implementing our new process also allowed us to make improvements of our own. We have updated how we track our recommendations and keep a record of who provided management comments in response to our original reports. The former helps with providing metrics and the latter helps us respond to questions or comments from management regarding their original response.

## Major Activities

### Recommendation Follow Up (Cont.)

We did not conduct follow up on the recommendations from our report [BART Approved Fixture for the M-Line Tunnel Lighting Upgrade That Did Not Meet Key Contract Specifications](#) because we are in process of conducting a follow up investigation, and management did not accept four of our recommendations from that investigation. We expect to issue our follow up report later this fiscal year.

### Investigations Issued & Underway



On [August 13, 2021](#), we issued six investigation reports, which we presented to the Audit Committee on [August 17, 2021](#). We addressed allegations of noncompetitive contracting practices, failure to obtain BART property from DRIP retirees, nonresponsiveness to pension and pay errors, and subcontractor fraud. Five of our investigations resulted in a need for procedural improvements and none uncovered fraud. The allegation of potential fraud uncovered a need for better internal controls that will protect BART against theft. It will also provide protections for employees by avoiding the appearance of theft or wrongdoing. BART management has already implemented six of our 15 recommendations from the investigations and started work on nine others.



We are actively investigating 14 complaints, 12 of which we carried over from fiscal year 2021. We declined to continue two of the investigations we carried over from 2021 after preliminary work concluded that the allegations lacked sufficient information. Five of our carried-over investigations are nearing completion, and one is complete and awaiting management's response. We also launched three new investigations so far this fiscal year, one of which is complete pending a discussion with the BART Board President. We expect to report on all seven of the investigations that are near completion or awaiting a response or discussion by the end of the calendar year.

The Assistant General Manager of Technology and the Director of Procurement shared with us that they appreciated our recommendations. It is good to know that our work is making an impact and that people understand that our recommendations make operations more efficient and effective, improve service delivery and reliability, and improve product and service quality.

### BART Employee Appreciation



Coming into BART with no preexisting OIG staff to help show us the way has been a challenge to say the least. We often found ourselves at a loss on how to get simple administrative processes complete. Luckily, BART employees have been there to guide us and answer our many questions. We are extremely grateful to the employees who have helped us with our needs.



## Looking Ahead

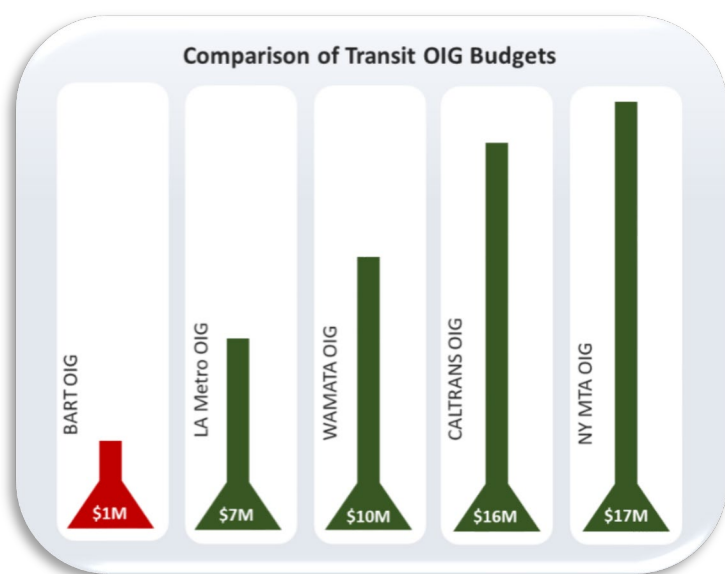
### Impact of Underfunded Mandate



Our budget for labor and nonlabor costs is limited to the \$1 million in annual funding committed by the legislation that created our office. This is not enough to address our workload. As we mentioned above, our funding restrictions required that we seek assistance from BART to conduct two of the most significant audits on our [FY 22-24 audit plan](#). We were fortunate to get the District's help to conduct the financial structure audit. However, we do not have the funding needed to conduct our asset management audit. We have not received a final decision from BART on that funding need, but we expect that our request for assistance will be denied. Both the Audit Committee and BART management have expressed concerns regarding the District's financial outlook due to the deep decline in revenues since the start of the pandemic.

A lack of funding to conduct the asset management audit is a significant concern for us as it is one of BART's more high-risk areas. Our districtwide risk assessment revealed that BART would benefit greatly from the audit. Outside of the risk assessment, we have also had a number of employees express their concerns regarding asset management. Without an audit, we cannot be sure of the full scope of those concerns and how they are impacting BART's efforts to improve control over its assets.

We also have two allegations under investigation that require more resources than we have available. Both will require a big lift by our staff to do the extensive work needed to address the allegations. We had intended to obtain specialized services from an outside consultant to assist us in the work. However, by using a portion of our budget for the financial structure audit, we have reduced our available funding for those outside services.



As we discussed in our [Fiscal Year 2021 Annual Report](#), our office has far less funding than other transit agency OIGs. That has been a burden on our office by limiting what we can do and results in work staying in the pipeline longer than we would like. We simply do not have the capacity to tackle all the work we have to do. I am impressed with the work we have been able to accomplish and how well we manage our workload, but without more funding, our backlog of work will grow substantially. Further impacting our underfunded mandate is the District's desire to recoup the OIG's indirect costs by applying overhead charges against our already-limited budget. Over the next year, we plan to pursue

additional funding to ensure we can meet our underfunded state mandates for performing independent oversight of BART revenues and operations.

**Office of the  
Inspector General**



**Harriet Richardson  
Inspector General**



**510-464-6132**



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

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



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



**[www.bart.gov/OIGHotline](http://www.bart.gov/OIGHotline)**



**510-464-6100**



## Appendix: Recommendation Follow Up

### More Frequent Reviews of Dell Pricing Will Ensure BART Pays Less for Its Computer Equipment

Recommendations	Initial Management Response	Status	Implementation Date	Management Update 9/27/21
Require vendor to include in their quote information showing that their negotiated prices for BART are lower as compared to current Dell Small Business prices.	Include the requirement in RFQ	Implemented	10/1/2020	Complete. OCIO has informed staff to ensure that this requirement will be included in future quotes.
Directly address employees' concerns when they have reason to believe that prices for computer equipment may be excessive, including providing accurate information on why there may be variances in market prices as compared to quoted prices.	Train staff in answering employee question with proper explanation.	Implemented	10/15/2020	Complete. Help Desk Staff has been trained to handle questions from users regarding pricing and standardization. Escalation to Help Desk supervisor and director of IT in place.
Move forward with including the OCIO's computer purchasing requirements on the employee website to clarify why computer purchases are generally limited to three options and alleviate misconceptions on purchasing practices.	Intranet site was updated to reflect current standards with clear instructions on procurement of these devices. This is a living document which will be reviewed every six months and modified if needed.	Implemented	11/1/2020	Complete. OCIO SharePoint site has been updated to reflect current standards and procedures for ordering new equipment. The site will be updated as needed.



Correct Candidate Selected, but a Better Process Is Needed to Identify Scoring Errors				
Recommendations	Initial Management Response	Status	Implementation Dates	Management Update 9/27/21
Provide each candidate with a report of their points after the recruitment process ends but before offering a position to any candidate to avoid inadvertently offering a position to an incorrect candidate. Allow the candidate a reasonable period of time (e.g., 2-3 business days) to contact Human Resources if the candidate believes there is a discrepancy. Human Resources can then reach out to the Union President to notify them of the error and to determine if the Foreworker Evaluation Committee (FEC) chair should be contacted to reconvene and reevaluate the scores.	For Foreworker Evaluation Committees, the recruiter will provide each candidate an overview of their scores, and allow 3 business days for candidates to contact HR with questions or potential discrepancies. If no discrepancies are brought up, HR will extend the appropriate offer. If a discrepancy is brought up, HR will notify the FEC chair to review the concern and decide if the panel needs to be reconvened to reevaluate.	Implemented	Response will be provided by 9/30/21	<p>Complete.</p> <p>9/24/2021 Management Response (HR) -The recruiters will run a report of all applicants who meet the minimum qualification to confirm if they have interviewed for any previous recruitments. If so, the recruiter will pull the rating sheet and hold for a review comparison at the end of the recruitment. Once the evaluation committee concludes their rating of the candidates the recruiter will compare the rating to the candidates previous rating sheet. If the recruiter finds discrepancy, the recruiter will speak with the evaluation committee chair and go over the information for a final decision.</p> <p>A formal notice went to all of the Recruiters from the Talent Managers on 9/28/21.</p>

### No Evidence of Fraud but Employees Would Benefit from Training on Their Fiduciary Responsibilities

Recommendations	Initial Management Response	Status	Implementation Dates	Management Update 9/27/21
Obtain the \$3,204 from HNTB Corporation for the invoice error.	AP will coordinate with Design and Construction Department for the collection of the overpayment.	Open	ASAP	Design and Construction has reached out to HNTB on August 6, 2021 about the overpayment. HNTB has acknowledged the overpayment and they've informed the District that a check will be issued for the refund.
Develop training and guidance to assist BART employees in fulfilling their fiduciary responsibility in reviewing and approving invoices. Include examples that demonstrate common invoice errors and methods by which vendors might attempt to or could submit false information. Require personnel to complete the training before they are inserted into the PeopleSoft invoice approval workflow. Training need not be in person and can be achieved through online tutorials and videos.	<p>Management concurs with the recommendation. AP will coordinate with HR, OCIO, and IA to develop a training plan that will provide guidance and assistance to BART employees on how to conduct and perform a proper review of invoices. Currently OCIO conducts 'Purchase Requisitions and Receiving' and 'Creating and Approving Expense Reports' training on a quarterly and 'as needed/requested' basis, both including approval processes. Due to shelter-in-place, the frequency of training has diminished. OCIO will return to scheduled training as soon as possible. All the current training materials are also posted and available in Employee Connect.</p> <p>Performance &amp; Innovation (P&amp;I) performed an Accounts Payable Improvement Initiative in FY21 that resulted in the development of invoice process desk guides for AP staff. Both the online and P&amp;I training materials focus on the PeopleSoft process and not necessarily on fraud detection. IA will work with AP to conduct fraud awareness training, and training materials will be enhanced to include fraud awareness and prevention techniques to detect fraud and fraud red flags.</p> <p>To prevent instances of inappropriate segregation of duties, the OCIO will check the system configuration in PeopleSoft to determine if there is a way to prevent or not allow</p>	Open	N/A	<p>(V. Thomas) HR spoke with AP and advised they will need to work with M&amp;E, who is responsible for managing the Pathlore Training system to coordinate district wide training – CLOSED</p> <p>(D. Markham) Operations Training &amp; Development, AP, OCIO, and Performance &amp; Audit (Internal Audit) are working together to:</p> <ol style="list-style-type: none"> <li>1) review AP desk guides to determine where specific fraud detection tips should be added;</li> <li>2) develop and configure fraud awareness and prevention training material;</li> <li>3) determine if and how security roles in PeopleSoft and other enterprise software can be updated to ensure that contract staff cannot be final approvers of certain workflows.</li> </ol> <p>Item #3 is the most difficult and will take the most time to implement once an approach is determined. Current timing is TBD. Item #2 is in progress and projected deployment is no earlier than early in calendar 2022. Item #1 is in development and planned to be deployed in October 2021.</p>



### No Evidence of Fraud but Employees Would Benefit from Training on Their Fiduciary Responsibilities

Recommendations	Initial Management Response	Status	Implementation Dates	Management Update 9/27/21
	<p>subcontractors and contractors from being inserted as a fiscal approver of invoices. In cases where it is necessary to obtain concurrence from the contractor or subcontractor due to the nature of the work they were engaged to perform, the system will be configured to allow them to be inserted only as 'reviewer'. IA will also add a review of invoice approval policies and procedures to its master audit plan.</p> <p>Approval by District staff knowledgeable about the charges being billed will always be required. It should be noted that BART AP staff would be required to adhere to existing procedures for fiscal approval, regardless of 3rd party reviewers.</p>			

### BART Required DRIP Retirees to Return Property but Individual Noncompliance Occurred

Recommendation	Initial Management Response	Status	Implementation Dates	Management Update 9/27/21
Contact the remaining 157 DRIP retirees whose offboarding checklists were not returned to ensure BART property is returned.	In regards to the outstanding offboarding checklists for the remaining 157 DRIP retirees, follow-up emails have been sent out to the respective departments of the former employees. All offboarding checklists are required to be submitted to Human Resources by August 13, 2021. Additional follow up will continue for non-responsive departments.	Open*	7/30/2021	Complete. All departments have been contacted and all DRIP checklists have been collected 9/28/21.*

\*OIG Comment: We confirmed that Human Resources collected all the checklists. However, we learned that the complainant has not yet been asked to return BART property. We are conducting additional follow up to ensure DRIP retirees returned their property to their managers or supervisors. We consider this recommendation still open and will provide an update in our next activities report.

### Unmanned Storeroom Access Procedure Is Outdated

Recommendations	Initial Management Response	Status	Implementation Dates	Management Update 9/17/21
Update the <i>Issues – During Unattended Stores Hours</i> procedure to align with current practices, positions, and automated systems.	Update the Unmanned Storeroom Procedure to include current practices, positions and automated systems. The update will take place with all stakeholders involved.	Implemented	1/25/2021	Complete. Unmanned Storeroom Procedure updated to include current positions, practices and automated systems. Update was completed with all Stakeholders involved (sent as separate document).
Provide employees with the updated <i>Issues – During Unattended Stores Hours</i> procedure and enforce its use. Follow appropriate performance evaluation actions when employees fail to follow the procedure.	Update the Unmanned Storeroom Procedure and circulate among all stakeholders. Once implemented we will ensure enforcement. If an employee fails to follow the procedure, we will take the necessary actions.	Implemented	1/25/2021	Complete. Procedure updated and circulated among all stakeholders. New procedure implemented (sent as separate document).

### Circumvention of Procurement Rules Risks Disruption to Payroll

Recommendations	Initial Management Response	Status	Implementation Dates	Management Update 9/17/21
Plan for long-term contractual needs for maintaining and updating PeopleSoft beyond one fiscal year.	Identify contractual needs for the next three years.	Open	10/1/2021	In progress. Scheduled to be completed by Jan 2022.
Use BART's competitive contracting process to obtain proposals from multiple consultants who can provide the necessary PeopleSoft technical support	OCIO has been using State of California's CMAS program which was approved by the BART board. OCIO will extend the use of the program to include procurement of PeopleSoft consulting help.	Implemented	10/1/2021	Complete. All CIO direct reports have been informed. OCIO PMO will lead the procurement of consultants using CMAS.

### BART Has Been Unresponsive to Police Retirees in Correcting Pay and Benefit Reporting Errors

Recommendations	Initial Management Response	Status	Implementation Dates	Management Update 9/27/21
Create a tracking system to monitor the resolutions of retiree benefit inquiries. This system should have benchmark timeframes for resolution, require communication updates to the retiree, and include escalation triggers to involve higher-level management.	<p>The following procedure will be used to address questions and concerns about pension or retiree benefits.</p> <ol style="list-style-type: none"> <li>1. Retirees should first check with CalPERS for any questions regarding calculation of their pension or issues with their retiree medical.</li> <li>2. If after confirming the information with CalPERS the retiree still has questions about actions that occurred during employment with BART or about BART retiree benefits, the retiree should contact the BART HR Benefits.</li> <li>3. Benefits will serve as the point of contact for retirees. Benefits will review the issue and either direct the retiree to the right department for resolution or if more than one department is involved, Benefits will coordinate the process and monitor the resolution through the use of a worksheet tracking system.</li> <li>4. The retiree will receive acknowledgement of their request/inquiry and will be advised within 30 days of the status of their request.</li> <li>5. Issues that are not able to be resolved in a timely manner will be escalated to the Director of Human Resources and the retiree will be notified.</li> </ol> <p>Communications will be sent out to recent retirees regarding this new protocol.</p>	Implemented	7/19/2021	<p>Complete.</p> <p>Communication via email was sent to all recent retirees and managers, as well as posted on Employee Connect under Benefits/Information for Retirees.</p> <p>Complete.</p> <p>Standard Operating Procedures were established for the Benefits Team outlining step-by-step of the process listed under the Management Response.</p>
Designate a single office to manage retiree benefit inquiries for timely resolutions, regardless of whether they are first submitted through Human Resources, the Office of the Controller-Treasurer, or Labor-Relations.	<p>Prior to retirement, Benefits will review the process for addressing questions and concerns about pension or retiree benefits with the employee during the offboarding process.</p> <p>Benefits will send a notification to all AGMs, Board Appointed Officers, and managers to advise if they are contacted by a retiree regarding a pension or retiree benefit issue, to direct the retiree to contact HR Benefits.</p> <p>Procedures for addressing retiree questions and concerns will be posted on Employee Connect under the Benefits Section.</p>	Implemented	7/19/2021	<p>Complete.</p> <p>Notices were sent to all AGM's, Board Appointed Officers and Managers regarding the proper contacts for Retirees.</p>

### BART Has Been Unresponsive to Police Retirees in Correcting Pay and Benefit Reporting Errors

Recommendations	Initial Management Response	Status	Implementation Dates	Management Update 9/27/21
Set a firm date by which to have the CalPERS underreporting error corrected and communicate with the affected retirees and the BART Police Officers' Association's law firm that BART is working on the problem, when BART expects to have it corrected, and then when the error is corrected.	<p>The record for each pay period for each retiree impacted must be manually corrected. This is thousands of lines of data corrections. Due to recent retirements and staff changes, the Payroll Department is currently severely understaffed, however, their target is to make all the corrections by August 31, 2021. The District will be securing temporary help to process the corrections. Once the corrections are made, we will notify CalPERS and CalPERS will do the recalculations. The District is not involved in recalculation process. Tentatively, the retirees will see the adjustment in their monthly retirement check in October or November 2021.</p> <p>Communications will be sent out to the BPOA, the BPOA's law firm, and the impacted retirees regarding the status of the corrections with periodic updates until the correction are completed. Any pension recalculations will be processed by CalPERS. CalPERS will notify the retirees directly.</p>	Open	7/14/2021 - Initiated	<p>In Progress.</p> <p>HR Benefits has completed all of the corrections in the PeopleSoft system as of May 17, 2021 and subsequently provided Payroll with the list of impacted retirees. Payroll is still understaffed and is working with HR to get temporary help to manage the completion of the CalPERS payroll corrections, which is the final steps.</p>

### Misunderstanding of the NASPO Program Led to BART Making Purchases Without Proper Contracts in Place

Recommendations	Initial Management Response	Status	Implementation Dates	Management Update 9/17/21
Provide training and education on the rules concerning the NASPO ValuePoint cooperative purchasing program to staff with a role in making, reviewing, and approving purchases.	Issue an internal memo on the revised rules and provide training to the Procurement Department as required to ensure compliance.	Open	9/30/2021	In progress

### Misunderstanding of the NASPO Program Led to BART Making Purchases Without Proper Contracts in Place

Recommendations	Initial Management Response	Status	Implementation Dates	Management Update 9/17/21
Institute procedures whereby Procurement verifies that proposed purchases are covered by NASPO agreements prior to submitting the EDD to the Board. Require the department requesting the purchase provide Procurement with a copy of the Master Agreement, California Participating Addendum, or Letter of Authorization.	Review all current and ongoing EDD's for adherence to this recommendation to ensure the Purchase/Scope of Work is in line with the NASPO Agreement and CA PA requirements and require Staff to provide documentation as stated. Develop and document formal NASPO Procurement procedures and update the Procurement Manual.	Open	10/30/2021	In progress
Institute procedures whereby staff are required to cite the specific NASPO Master Agreement or California Participating Addendum on EDDs submitted to the Board, or state that BART received a Letter of Authorization from DGS.	Review all current and ongoing procurements for adherence to this recommendation prior to processing. Develop and document formal NASPO Procurement procedures and update the Procurement Manual.	Open	10/30/2021	In progress
Ensure appropriate contracts are in place with Oracle and SHI to continue using them as suppliers.	Ensure no future contracts/PO's are put in place with SHI or Oracle without proper and approved contract documentation.	Implemented	Immediate	Complete. Met with Staff and communicated no future contracts/PO's are put in place with SHI or Oracle or any other vendor without proper and approved contract documentation. Provided Cooperative agreement training to department and currently developing NASPO procedure to guide staff.

### Special Compensation Reportable to CalPERS is Limited by Law

Recommendations	Initial Management Response	Status	Implementation Dates	Management Update 9/27/21
Develop a template for use in providing a written agreement between BART and employees that explains the terms of special assignments and special compensation, including if the special compensation is reportable to CalPERS for pension purposes, and use it when such circumstances arise.	Human Resources will revise the auto-generated email that is received by employees selected for temporary upgrades or special assignments to indicate whether or not the pay associated with the assignment is reportable to CalPERS. Additionally, we will institute a standard form offer letter to all prospective candidates of special assignments which will contain the specific details of the temporary assignment, including whether or not the compensation received during the assignment is reportable to CalPERS.	Implemented	3/1/2021	<p>Complete.</p> <p>The last sentence on the auto-generated response reflecting CalPERS penalties has been updated as of the end of March 2021, which states:</p> <p>Should an employee work more than 960 hours on a Temporary Upgrade in a fiscal year, penalties may be imposed on BART by CalPERS.</p> <p>Complete.</p> <p>The standard form offer letter has been implemented as of Spring 2021 and includes specific details of the temporary assignment and whether or not the compensation is reportable to CalPERS.</p>

### Use of Existing Contract Acceptable but BART Double Paid for Some Delivery Services and Incurred Avoidable Customs Storage Fees

Recommendations	Initial Management Response	Status	Implementation Dates	Management Update 9/17/21
Update the Procurement Manual with procedures for handling international shipments to clarify who is required to handle customs and to define BART's process for receiving goods from an international supplier. Ensure necessary staff are familiar with and understand the procedures.	Establish acceptable International Commercial Terms for both Domestic and International orders to be used by the District on Purchase Orders. Update the Procurement Manual to identify and define the use case for each identified International Commercial Term.	Implemented	9/30/2021	Complete. Established International Commercial Terms for both Domestic and International orders. Updated the Procurement Manual to reflect the statement above.
Recoup \$325 from Stadler Bussnang for services agreed to in the delivery terms but not rendered.	Contact Stadler Bussnang to recoup \$325 delivery charge.	Implemented	7/16/2021	Complete. Contacted Stadler and received refund.
Amend the contract with Transpak to ensure it covers customs brokerage services and the potential use of a third party to handle those services.	Amend the contract with Trans Pak to ensure it covers customs brokerage services and the potential use of a third party to handle those services.	Open	7/30/2021	Agreement is with the vendor, waiting on signature. Negotiations are in progress. Transpak has concerns regarding the unlimited limits of liability on the BART side, which is standard language. Currently working with Risk, Legal and the Vendor.