



Audit Committee Agenda

Friday, March 7, 2025

9 a.m.

Welcome to SANDAG. The Audit Committee meeting scheduled for Friday, March 7, 2025, will be held in person in the SANDAG Board Room. While Audit Committee members will attend in person, members of the public will have the option of participating either in person or virtually.

For public participation via Zoom webinar, click the link to join the meeting: <https://us02web.zoom.us/j/89527028201>

Webinar ID: 895 2702 8201

To participate via phone, dial a number based on your current location in the US:

+1 (669) 900-6833 +1 (929) 205-6099 International numbers available: <https://us02web.zoom.us/j/89527028201>

All in-person attendees at SANDAG public meetings other than Board of Directors, Policy Advisory Committee members, and SANDAG staff wearing proper identification are subject to screening by walk-through and handheld metal detectors to identify potential hazards and prevent restricted weapons or prohibited contraband from being brought into the meeting area consistent with section 171(b) of the California Penal Code. The SANDAG [Public Meeting Screening Policy](#) is posted on the [Meetings & Events](#) page of the SANDAG website.

Public Comments: Members of the public may speak to the Audit Committee on any item at the time the Audit Committee is considering the item. Public speakers are generally limited to three minutes or less per person.

Persons who wish to address the members on an item to be considered at this meeting, or on non-agendized issues, may email comments to the Clerk at clerkoftheboard@sandag.org (please reference Audit Committee meeting in your subject line and identify the item number(s) to which your comments pertain). Comments received by 4 p.m. the business day before the meeting will be provided to members prior to the meeting. All comments received prior to the close of the meeting will be made part of the meeting record.

If you desire to provide in-person verbal comment during the meeting, please fill out a speaker slip, which can be found in the lobby. If you have joined the Zoom meeting by computer or phone, please use the "Raise Hand" function to request to provide public comment. On a computer, the "Raise Hand" feature is on the Zoom toolbar. By phone, enter *9 to "Raise Hand" and *6 to unmute. Requests to provide live public comment must be made at the beginning of the relevant item, and no later than the end of any staff presentation on the item. The Clerk will call on members of the public who have timely requested to provide comment by name for those in person and joining via a computer, and by the last three digits of the phone number of those joining via telephone. Should you wish to display media in conjunction with your comments, please inform the Clerk when called upon. The Clerk will be prepared to have you promoted to a position where you will be able to share your media yourself during your allotted comment time. In-person media sharing must be conducted by joining the Zoom meeting on the personal device where the content resides. Please note that any available chat feature on the Zoom meeting platform should be used by panelists and attendees solely for procedural or other "housekeeping" matters as comments provided via the chat feature will not be retained as part of the meeting record. All comments to be provided for the record must be made in writing via email or speaker slip, or verbally per the instructions above.

In order to keep the public informed in an efficient manner and facilitate public participation, SANDAG provides access to all agenda and meeting materials online at sandag.org/meetings. Additionally, interested persons can sign up for email notifications at sandag.org/subscribe. A physical copy of this agenda may be viewed at the SANDAG Toll Operations Office, 1129 La Media Road, San Diego, CA 92154, at any time prior to the meeting.

To hear the verbatim discussion on any agenda item following the meeting, the [audio/video](#) recording of the meeting is accessible on the SANDAG website.

SANDAG agenda materials can be made available in alternative languages. To make a request, call (619) 699-1900 at least 72 hours in advance of the meeting.

Los materiales de la agenda de SANDAG están disponibles en otros idiomas. Para hacer una solicitud, llame al (619) 699-1900 al menos 72 horas antes de la reunión.



SANDAG offices are accessible by public transit.
Phone 511 or visit 511sd.com for route information. **Bike parking is available in the parking garage of the SANDAG offices.**

SANDAG operates its programs without regard to race, color, and national origin in compliance with Title VI of the Civil Rights Act. SANDAG has developed procedures for investigating and tracking Title VI complaints, and the procedures for filing a complaint are available to the public upon request. Questions concerning SANDAG nondiscrimination obligations or complaint procedures should be directed to the SANDAG Director of Diversity and Equity at (619) 699-1900. Any person who believes they or any specific class of persons to be subjected to discrimination prohibited by Title VI also may file a written complaint with the Federal Transit Administration.



SANDAG Notice of Non-Discrimination | Aviso de no discriminación de SANDAG | Abiso sa Hindi Pandidiskrimina ng SANDAG | Thông cáo Không phân biệt đối xử của SANDAG | SANDAG 非歧视通知 | SANDAG: إشعار عدم التمييز

This meeting will be conducted in English, and simultaneous interpretation will be provided in Spanish. Interpretation in additional languages will be provided upon request to ClerkoftheBoard@sandag.org at least 72 business hours before the meeting.

Esta reunión se llevará a cabo en inglés, y se ofrecerá interpretación simultánea en español. Se ofrecerá interpretación en otros idiomas previa solicitud a ClerkoftheBoard@sandag.org al menos 72 horas antes de la reunión.

Free Language Assistance | Ayuda gratuita con el idioma | Libreng Tulong sa Wika | Hỗ trợ ngôn ngữ miễn phí |

免費語言協助 | 免費語言協助 | مجانية لغوية مساعدة | 무료 언어 지원 | رایگان زبان کمک | 無料の言語支援 |

Бесплатная языковая помощь | Assistència lingüística gratuita | मुफ्त भाषा सहायता | Assistance linguistique gratuite |

ជំនួយភាសាឥតគិតថ្លៃ | ఉచిత భాషా సహాయం | ການຊ່ວຍເຫຼືອດ້ານພາສາຟຣີ | Kaalmada Luqadda ee Bilaashka ah |

Безкоштовна мовна допомога | sandag.org/LanguageAssistance | (619) 699-1900

Closed Captioning is available

SANDAG uses readily available speech recognition technology to automatically caption our meetings in Zoom. The accuracy of captions may vary based on pronunciations, accents, dialects, or background noise. To access Closed Captions, click the "CC" icon in the toolbar in Zoom. To request live closed caption services, please contact the Clerk of the Board at clerkoftheboard@sandag.org or at (619) 699-1900, at least 72 hours in advance of the meeting.

In compliance with the Americans with Disabilities Act (ADA), SANDAG will accommodate persons who require assistance in order to participate in SANDAG meetings. If such assistance is required, please contact the Clerk of the Board at clerkoftheboard@sandag.org or at (619) 699-1985, at least 72 hours in advance of the meeting. To request this document or related reports in an alternative format, please call (619) 699-1900 or (619) 699-1904 (TTY), or fax (619) 699-1905 at least 72 hours in advance of the meeting.

Vision Statement: *Pursuing a brighter future for all*

Mission Statement: *We are the regional agency that connects people, places, and innovative ideas by implementing solutions with our unique and diverse communities.*

Our Commitment to Equity: *We hold ourselves accountable to the communities we serve. We acknowledge we have much to learn and much to change; and we firmly uphold equity and inclusion for every person in the San Diego region. This includes historically underserved, systemically marginalized groups impacted by actions and inactions at all levels of our government and society.*

We have an obligation to eliminate disparities and ensure that safe, healthy, accessible, and inclusive opportunities are available to everyone. The SANDAG equity action plan will inform how we plan, prioritize, fund, and build projects and programs; frame how we work with our communities; define how we recruit and develop our employees; guide our efforts to conduct unbiased research and interpret data; and set expectations for companies and stakeholders that work with us.

We are committed to creating a San Diego region where every person who visits, works, and lives can thrive.



Audit Committee

MEMBERSHIP

The Audit Committee is composed of five voting members with two members of the Board of Directors and three members of the public, whose role is to assist the Board in fulfilling its oversight responsibilities and provide a forum for pursuing the opportunities for improvements in operations, financial reporting and internal controls identified through the agency's audit products. The Audit Committee may hear items within the subject areas of audits, internal controls and investigations into fraud, waste, or impropriety, and may be asked to provide actions or recommendations on other matters within the Audit Committee's purview.

The Audit Committee generally meets at 9 a.m., on the first Friday of the month.

Staff contact: Courtney Ruby (619) 595-5323, courtney.ruby@sandag.org

PRIMARY BOARD MEMBERS

Jack Fisher, Chair
Councilmember, City of Imperial Beach

Luz Molina, Vice Chair
Councilmember, City of National City

PUBLIC MEMBERS

Shawnee Pickney-Forrest

Rowena Dorsey

Agnes Wong Nickerson

ALTERNATE BOARD MEMBERS

David Zito
Councilmember, City of Solana Beach

ALTERNATE PUBLIC MEMBERS

Audit Committee

Friday, March 7, 2025

Comments and Communications

1. Non-Agenda Public Comments/Member Comments

Members of the public shall have the opportunity to address the Audit Committee on any issue within the jurisdiction of the Audit Committee that is not on this agenda. Public speakers are limited to three minutes or less per person. Public comments under this agenda item will be limited to five public speakers. If the number of public comments under this agenda item exceeds five, additional public comments will be taken at the end of the agenda. Audit Committee members and SANDAG staff also may present brief updates and announcements under this agenda item.

2. Office of the Independent Performance Auditor Activities

Information

Courtney Ruby, Independent Performance Auditor

The Independent Performance Auditor will present an update on the Office of the Independent Performance Auditor's activities and other events.

Consent

+3. Approval of Meeting Minutes

Approve

Francesca Webb, SANDAG

The Audit Committee is asked to approve the minutes from its February 7, 2025, meeting.

[Meeting Minutes](#)

Reports

4. ERP Implementation Status Update

Information

Kimberly Trammel, Kelly Mikhail, SANDAG

SANDAG Management will provide an update on the implementation status of the Enterprise Resource Planning system.

[Presentation](#)

+5. Revisions to the Proposed Office of the Independent Performance Auditor FY 2026 Budget

Recommend

Courtney Ruby, Independent Performance Auditor

The Audit Committee is asked to review the revised Office of the Independent Performance Auditor FY 2026 budget and recommend its inclusion in SANDAG's budget submittal to the Board of Directors.

[Revisions to the Proposed OIPA FY 2026 Budget](#)

[Att. 1 - Revised Proposed OIPA FY 2026 Budget](#)

[Presentation](#)

6. Office of the Independent Performance Auditor Whistleblower Hotline Operational Update

Information

Courtney Ruby, Independent Performance Auditor

The Independent Performance Auditor will give an update to the Audit Committee on the status of the Whistleblower Hotline program.

+7. Proposed Revisions to the FY 2025 Annual Audit Plan

Courtney Ruby, Independent Performance Auditor

Discussion
/ Possible
Action

The Independent Performance Auditor will propose revisions to the Office of the Independent Performance Auditor FY 2025 Annual Audit Plan for the Audit Committee to discuss and approve.

[Proposed Revisions to the FY 2025 Annual Audit Plan](#)

[Att. 1 - Revised OIPA FY 2025 Annual Audit Plan with Redline Changes Presentation](#)

8. Closed Session - Conference with Security Operations Manager Pursuant to Government Code Section 54957(a)

Courtney Ruby, Independent Performance Auditor; Raj Kyadiggeri, Amberlynn Deaton, SANDAG

The Audit Committee will meet in closed session with the Director of Technology Services and agency counsel to discuss critical infrastructure controls or critical infrastructure information relating to cybersecurity.

Adjournment

9. Adjournment

The next Audit Committee meeting is scheduled for Friday, April 4, 2025, at 9 a.m.

+ next to an agenda item indicates an attachment

March 7, 2025

February 7, 2025, Meeting Minutes

[View Meeting Video](#)

Chair David Zito (Board Member) called the meeting of the Audit Committee to order at 9:01 a.m.

1. Non-Agenda Public Comments/Member Comments

Public Comments: Blair Beekman, Truth.

Member Comments: Chair Zito; Robyn Wapner, SANDAG.

2. Office of the Independent Performance Auditor Activities

The Independent Performance Auditor presented an update on the Office of the Independent Performance Auditor's activities and other sharing events.

Public Comments: Truth.

Action : Information.

Consent

3. Approval of Meeting Minutes

The Audit Committee approved the minutes from its meeting on January 17, 2025.

Public Comments: None.

Action: Upon a motion by Shawnee Pickney-Forrest (Public Member), and a second by Rowena Dorsey (Public Member), the Audit Committee voted to approve the meeting minutes.

The motion passed.

Yes: Chair Zito, Rowena Dorsey, Shawnee Pickney-Forrest.

No: None.

Abstain: None.

Absent: Ed Musgrove (Board Member), Agnes Wong-Nickerson (Public Member).

Reports

4. Grand Jury Report Response

Staff will present an update on the Grand Jury Report findings and response.

Public Comments: Blair Beekman.

Action: Discussion.

5. Audit Recommendation and Corrective Action Plan Quarterly Status Update

The Office of the Independent Performance Auditor will present an update on the status of pending audit recommendations and corrective actions that were due on or before September 30, 2024.

Public Comments: None.

Action: Information.

6. Office of the Independent Performance Auditor's Audit Recommendation and Corrective Action Online Dashboard

The Office of the Independent Performance Auditor will preview a draft of the new online Audit Recommendation and Corrective Action dashboard for information and discussion.

Public Comments: None.

Action: Discussion.

7. Adjournment

The next Audit Committee meeting is scheduled for Friday, March 7, 2025, at 9 a.m.

Chair Zito adjourned the meeting at 9:51 a.m.

DRAFT

Confirmed Attendance at Audit Committee Meeting

Jurisdiction/Organization	Name	Member/ Alternate	Attended
Board Member	David Zito (Chair)	Primary	Yes
Board Member	Vacant	Primary	
Public Member	Shawnee Pickney-Forrest	Primary	Yes
Public Member	Agnes Wong Nickerson	Primary	No
Public Member	Rowena Dorsey	Primary	Yes
Board Member	Ed Musgrove (Alternate)	Alternate	No



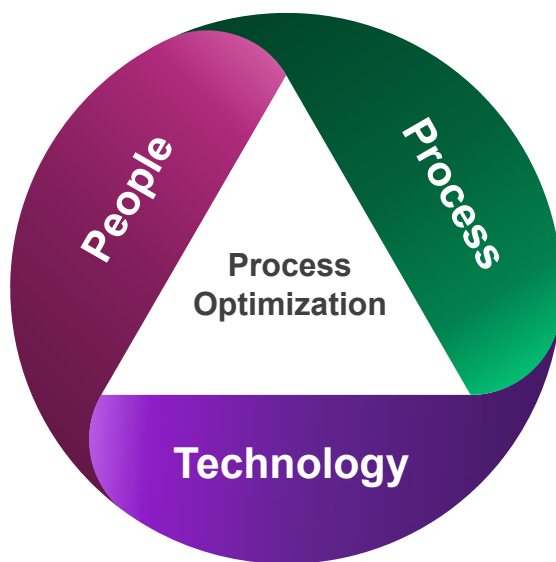
ERP Update

Project Implementation & Timeline

Audit Committee | Item 4
Kelly Mikhail, Director, Contracts and Procurement Services
Kimberly Trammel, Director, Accounting and Finance
March 7, 2025

1

Process Optimization Components



People

Improvements related to organizational structure, employee recruitment and retention, training.

Process

Improvements related to efficiency, effectiveness, standards of operations.

Technology

Platform unification, automation, integration, collaboration and transparency, and compliance.

SANDAG | 2

2

Enterprise Resource Planning System (ERP)

Software system that helps organizations automate and manage core business processes for optimal performance

Complete Phase 1
Current Phase 2
Future Ongoing



SANDAG | 3

3

CMS: Procurement/Contract Lifecycle System of Record

	Contract Management System	ERP
Integrated eSignature	Yes	No
Vendor Platform (BidNet) Integration	Yes	No
Amendment Approvals without Invoice Holds	Yes	No
Auto 30–60–90 Expiration Notifications	Yes	No
Robust Reporting – Contracts Data	Yes	No
Audit Trail	Yes	Yes

ERP will remain the financial system of record with contracts, purchase orders, financial records, and payment history

SANDAG | 4

4

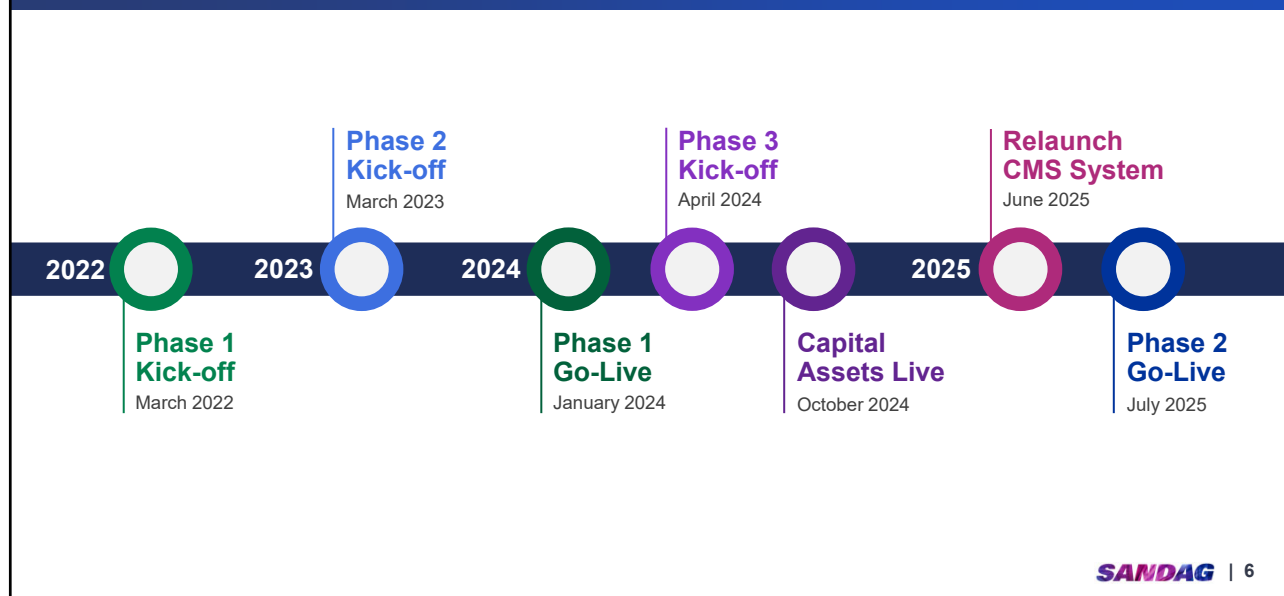
ERP Implementation

Phased Implementation Approach



5

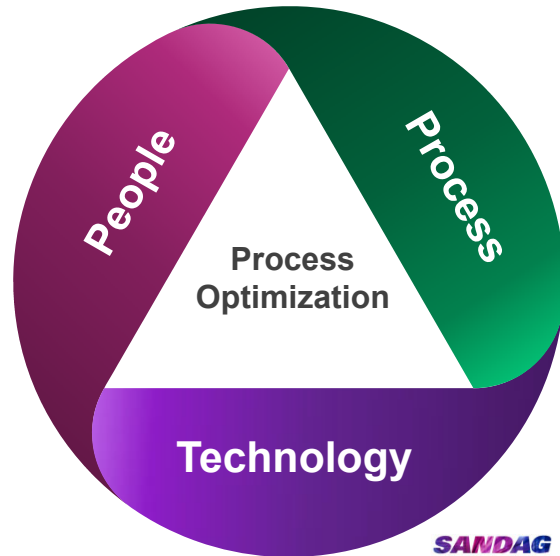
ERP Implementation Timeline



6

Current / Future State

- Phase 1
 - Improvements from Technology
 - Optimization & Training
- Continued Focus on Audit Recommendations
 - Process Improvements
 - Internal Controls
 - Evaluation of remaining needs



7



ERP Update

Project Implementation & Timeline

Audit Committee | Item 4
Kelly Mikhail, Director, Contracts and Procurement Services
Kimberly Trammel, Director, Accounting and Finance
March 7, 2025

8

March 7, 2025

Revisions to the Proposed OIPA FY 2026 Budget

Overview

In accordance with SANDAG Board Policy No. 039, section 6.12, the Independent Performance Auditor (IPA) presented the FY 2026 budget proposal for the Office of the Independent Performance Auditor (OIPA) to the Audit Committee in January 2025. The IPA is presenting a revised FY 2026 budget proposal removing one new entry level staff audit position and allocating these funds instead to contract a performance audit of SANDAG's HR hiring and promotion policies and practices as recommended in the [2024 SANDAG Ethical Climate Survey](#). A small portion of funds will be allocated to annual audit software costs.

Key Considerations

The FY 2026 budget proposal initially included a request for two additional Independent Auditor I/II positions, with annual salary and benefits estimated at \$138,315.77 per position. Due to recent staff vacancies, and a previously approved position, the OIPA has three recruitments in process for a senior auditor and two associate auditors. Therefore, the OIPA is revising our FY 2026 budget proposal to allocate funding for one of the two Independent Auditor I/II positions to Contracted Services and Software License costs instead.

Due to current staffing constraints, the OIPA seeks to contract an outside firm to conduct the performance audit of SANDAG's HR hiring and promotion policies and practices. In order to help fund this audit, the FY 2026 revised budget proposal allocates \$118,316 to Contracted Services (funds which had previously been dedicated to salaries and benefits for one Independent Auditor I/II).

The OIPA is currently putting together a solicitation for audit management software services. Implementing an automated audit management system will free up staff time for essential auditing work while also streamlining the reporting and follow-up processes. The revised FY 2026 budget proposal allocates \$20,000 to Software Licenses for this purpose; this amount represents the estimated annual cost for audit management software services.

Action: Recommend

The Audit Committee is asked to review the revised Office of the Independent Performance Auditor FY 2026 budget and recommend its inclusion in SANDAG'S budget submittal to the Board of Directors.

Fiscal Impact:

One of the two Independent Auditor I/II positions that were scheduled to be added in FY 2026 will be removed from the budget. The amount set aside for salary and benefits for that position, \$138,315.77 will instead be allocated to Contracted Services (\$118,316) and Software Licenses (\$20,000). Total proposed OIPA budget for FY 2026 will remain the same as presented in January 2025.

Schedule/Scope Impact:

FY 2026

Next Steps

Once the Revised OIPA FY 2026 Budget is approved by the Audit Committee, it will be forwarded for inclusion in the SANDAG Proposed FY 2026 Budget and brought to the Board of Directors for approval.

Courtney Ruby, Independent Performance Auditor

Attachment: 1. Revised Proposed OIPA FY 2026 Budget

Revised Fiscal Year 2026 Budget

Office of the Independent Performance Auditor
July 1, 2025 to June 30, 2026

SANDAG Audit Committee
March 7, 2025

	FY 2025 Budget	FY 2026 Budget	% of Non-Personnel Costs	Annual % Change
Personnel				
Salaries and Benefits ¹	\$2,085,898	\$2,306,516 \$2,168,200	-	10.5% 3.9%
Subtotal Personnel	\$2,085,898	\$2,168,200	-	3.9%
Non-Personnel				
Memberships and Publications	\$7,000	\$1,690	2.6% 0.8%	- 75.9%
Training Program ²	\$30,600	\$36,400	55.5% 17.9%	19%
Contracted Services ³	-	\$26,000 \$144,316	39.6% 70.8%	-
Software Licenses ⁴	-	\$1,500 \$21,500	2.3% 10.5%	-
Subtotal Non-Personnel	\$37,600	\$65,590 \$203,906		
Total Budget	\$2,123,498	\$2,372,106		11.7%

¹ FY 2026 Salaries and Benefits are reduced by one full-time equivalent (FTE) Independent Auditor I/II position. The funding previously set aside for that position's annual salary and benefits (\$138,315.77) will instead be included in Contracted Services (\$118,316) and Software Licenses (\$20,000).

² Includes tuition for all training and continuing professional education requirements, plus travel to the Association of Local Government Auditors Annual Conference.

³ Contracted services include a third-party Whistleblower Hotline and online reporting platform, outside legal counsel for the Audit Committee and the OIPA, and a contracted audit.

⁴ Necessary software license fees in FY 2025 paid using the Memberships and Publications budget. FY 2026 licenses include timekeeping and audit management software.

Proposed Revisions to the OIPA FY 2026 Budget

SANDAG Audit Committee
March 7th, 2025

Courtney Ruby, CPA, CFE
Independent Performance Auditor

1

Introduction

- The Independent Performance Auditor presented the FY 2026 budget proposal for the OIPA to the Audit Committee in January 2025.
- The IPA is presenting a revised FY 2026 budget proposal removing one new entry level staff audit position and allocating these funds to contract a performance audit of SANDAG's HR hiring and promotion policies and practices.
- A small portion of funds will be allocated to annual audit software costs.

Independence • Transparency • Accountability

2

Summary

- The FY 2026 budget proposal initially included a request for 2 additional Independent Auditor I/II positions:
 - ✓ Annual salary and benefits were estimated at **\$138,315.77** per position.
- Due to recent staff vacancies, and a previously approved position, the OIPA has **3 recruitments in process**:
 - ✓ 1 senior auditor
 - ✓ 2 associate auditors
- The OIPA is revising our FY 2026 budget proposal to allocate funding for 1 of the 2 Independent Auditor I/II positions to **Contracted Services** and **Software License costs** instead.

Independence • Transparency • Accountability

3

Proposed Changes

- Due to current staffing constraints, the OIPA seeks to contract an outside firm to conduct the **performance audit of SANDAG's HR hiring and promotion policies and practices**.
- In order to help fund this audit, the FY 2026 revised budget proposal allocates **\$118,316** to Contracted Services
 - ✓ These funds had previously been dedicated to salaries and benefits for one Independent Auditor I/II.

Independence • Transparency • Accountability

4

Proposed Changes

- The OIPA is putting together a solicitation for **audit management software services**.
- Implementing an automated audit management system will free up staff time for essential auditing work while also streamlining the reporting and follow-up processes.
- The revised FY 2026 budget proposal allocates **\$20,000** to Software Licenses for this purpose.
 - ✓ This amount represents the estimated annual cost for audit management software services.

Independence • Transparency • Accountability

5

	FY 2025 Budget	FY 2026 Budget	% of Non-Personnel Costs	Annual % Change
Personnel				
Salaries and Benefits	\$2,085,898	\$2,306,516	-	10.5%
		\$2,168,200		3.9%
Subtotal Personnel	\$2,085,898	\$2,168,200	-	3.9%
Non-Personnel				
Memberships and Publications	\$7,000	\$1,690	2.6%	- 75.9%
			0.8%	
Training Program	\$30,600	\$36,400	55.5%	19%
			17.9%	
Contracted Services	-	\$26,000	99.6%	-
		\$144,316	70.8%	
Software Licenses	-	\$1,500	2.3%	-
		\$21,500	10.5%	
Subtotal Non-Personnel	\$37,600	\$65,590		
		\$203,906		
Total Budget	\$2,123,498	\$2,372,106		11.7%

6

Questions?

Independence • Transparency • Accountability

March 7, 2025

Proposed Revisions to the FY 2025 Annual Audit Plan

Overview

In accordance with Assembly Bill 805 (Gonzalez, 2017) and SANDAG Board Policy No. 039: Audit Policy Advisory Committee and Audit Activities, Section 3.1.7, the Audit Committee approved the Office of the Independent Performance Auditor (OIPA) Annual Audit Plan (Plan) for the period of July 1, 2024, through June 30, 2025, on July 11, 2024. When necessary, the IPA presents the Audit Committee with a Plan revision for discussion and approval. Additionally, when needed, the Independent Performance Auditor (IPA) proposes changes to the IPA's annual performance goals and measures included in the Plan. These changes are mostly identified during the Audit Committee's annual performance evaluation process of the IPA.

Action: Discussion/Possible Action

The Independent Performance Auditor will propose revisions to the Office of the Independent Performance Auditor FY 2025 Annual Audit Plan for the Audit Committee to discuss and approve.

Fiscal Impact:

None

Schedule/Scope Impact:

None

Key Considerations

The IPA is responsible for periodically reviewing the Plan to ensure auditing/investigative activities are on track to reach the approved milestones. When necessary, the IPA will propose Plan revisions to the Audit Committee.

The IPA is proposing revisions to the Plan for FY 2025 after examining the status of audits and investigations in progress, and audit and project work yet to be initiated against current staffing levels.

The IPA proposes postponing the following audits:

- Talent Management: Workforce Planning and Succession Management
- Project Management: Internal Projects and Capital Projects

And changing/adding:

- Departmental Risk Assessment changed to a Departmental Internal Control Training Series.
- Online Recommendation Dashboard and implementation of continuous recommendation follow-up process.
- Reducing investigation reports issued from four (4) to two (2).

Additionally, the following changes to the IPA's performance measures and goals were mostly identified during the Audit Committee's annual performance evaluation process of the IPA:

- Adding a fifth goal focused on "Administration" to include effective tracking of Audit Committee requests, along with the successful recruitment and retention of staff.
- Removing the target to "increase Whistleblower Hotline reporting by 50%" due to whistleblower hotline trends and program experience.

- Emphasizing timely reporting of Corrective Action Plans to Audit Committee and specifying quarterly cadence of verbal updates.

Next Steps

Once the Revised OIPA FY 2025 Annual Audit Plan is adopted, the updated plan will be posted to the OIPA website.

Courtney Ruby, Independent Performance Auditor

Attachment: 1. Revised OIPA FY 2025 Annual Audit Plan with Redline Changes

OIPA

Revised March 7, 2025

Introduction

Following its adoption by the Audit Committee each year, periodic review of the Office of the Independent Auditor (OIPA) Annual Audit Plan (Plan) are necessary to ensure that the OIPA is equipped to meet the goals and objectives set forth in Assembly Bill 805 (Gonzalez, 2017) and SANDAG Board Policy No. 039: Audit Policy and Advisory Committee and Audit Activities (Board Policy No. 039) and to adapt to changing priorities and circumstances. Additionally, when needed, the IPA proposes changes to the IPA's annual performance goals and measures included in the Plan. These changes are mostly identified during the Audit Committee's annual performance evaluation process of the IPA.

The proposed modifications include:

- Changes to the IPA's current¹ year performance metrics and goals based upon feedback from Audit Committee members and the IPA, and whistleblower hotline trends/experience.
- Postponement of planned reports due to changes in staffing levels.
- Streamlining the audit recommendation follow-up process to allow for additional transparency, better public access and increased efficiency.
- A continuous recommendation follow-up process based upon suggestions from management and the Audit Committee.
- A determination that departmental internal control training would yield more impactful results than a risk assessment at this time.

The following pages contain the proposed revisions to the FY 2025 Annual Audit Plan. Only the pages containing changes have been included. The original page numbers have been retained to allow for easier reference to the [prior plan](#). All additions have been highlighted; proposed deletions are denoted with a strikethrough.

¹ IPA's annual evaluation aligns with the anniversary of her hire date. Current performance period is November 14, 2024, through November 13, 2025.

Strategic Goals for Fiscal Year 2025

The strategic goals for the OIPA include those actions which will directly contribute to improving SANDAG by promoting efficiency and accountability throughout the Agency. These clearly defined goals incorporate planned audits, targeted risk management, timely recommendation follow-up, and the identification, reduction, and deterrence of fraud, waste, abuse, and gross mismanagement.

Goal #1 – Policy, Process Improvements, and System Controls

- Conduct performance audits focused on high-risk areas where improvements will create needed organizational change and address systemic issues impacting operations.

Goal #2 – Detection and Deterrence of Fraud, Waste and Abuse

- Perform timely investigations in the areas of fraud, waste, abuse, and gross mismanagement. Prioritize resources based upon potential impact to the organization, the public, and stakeholders.

Goal #3 – Enhancement of the Whistleblower Hotline Program

- Educate all SANDAG employees and governing body on the OIPA's Whistleblower Hotline Program including Whistleblower protection from retaliation.
- Develop contractor outreach campaign.

Goal #4 – Development and Monitoring of Corrective Action Plans

- Ensure OIPA's recommendations are clear, timely, and responsive, and implemented by management expeditiously.

Goal #5 – Administration

- Effective tracking of Audit Committee Requests.
- Successful recruitment and retention of staff.

Performance Measures

These performance measures are designed to evaluate the IPA's effectiveness in meeting the legislated mandate, including producing quality impactful work; maintaining and developing a professional audit team; and conducting work independently while maintaining professional and respectful working relationships with auditees, management and the governing body.

IPA Performance Measure	Target
PRODUCTIVITY / INCREASED WHISTLEBLOWER HOTLINE PROGRAM AWARENESS	
Audit/Investigation Reports per auditor	1.5
Budgeted vs. Actual audit hours per engagement	70%
Increase Whistleblower Hotline reporting (cases received) over prior year	50%
Employee Whistleblower Hotline education and outreach events	3
TRANSPARENCY AND ACCOUNTABILITY	
The status of Corrective Action Plans (CAP)s in response to the OIPA's audit findings and recommendations will be verified and reported timely to the Audit Committee on an annual basis. Periodic Quarterly verbal updates will occur at the Audit Committee.	100%
The IPA will work with Management to maintain a summary of all SANDAG internal and external audit recommendations to be included in the annual CAP report.	100%
LEADERSHIP	
Percentage of strategic goals achieved	90%
Foster collaborative, respectful, and productive working relationships with auditee, SANDAG Board, Audit Committee, management, and staff. <i>A 360-type performance review/survey will be conducted to include, at a minimum, auditees, management, governing body and staff of SANDAG, and may include external stakeholders. Survey tool will calculate % score.</i>	75%
STAFF DEVELOPMENT	
Auditors will adhere to professional certification and licensing requirements, completing no less than 40 annual hours of continuing education.	100%
Increase specialized audit and investigations expertise within the OIPA. 50% of audit team to participate in specialized training in contracting and investigations.	50%

Fiscal Year 2025 Audit Plan

The Audit Plan includes projects already in process, and those that will begin in FY25, based on the above framework described in the “Prioritizing Performance Audits” section.

The number of planned audits is based on an assumed rate of 1.5 audits per auditor per year, with an average of two auditors assigned to each audit.

Audits Currently in Process and Anticipated to Be Completed in FY25

- HNTB: Evaluate if there was sufficient oversight over contractor and provided by contractor, and if SANDAG complies with established contracting requirements and models best practices

OIPA’s Required Annual Work to be Completed in FY25

- *Annual Recommendation Follow-up
(Status of Management’s Corrective Action Plans)*
- *Annual Investigations Report*
- *Annual Risk Assessment and Proposed Audit Plan*

Priority Audits/Reports/Projects to Launch in FY25

- *Independent Assessment of Finance Department (Contracted)*
- *Sole-Source Procurement Process*
- *Ethical Climate Survey*
- *Recommendation Follow-up: Publish Online Recommendation Dashboard and implement continuous recommendation follow-up process*
- *Administration of Bike Program – EAP: Early Action Plan*
- ~~*Talent Management – Workforce Planning and Succession Management*~~
- *Departmental Internal Control Training Series* ~~*Risk Assessment*~~
- ~~*Project Management: Internal Projects and Capital Projects*~~
- *Anticipate Issuing Four (4) Two (2) Investigation Reports*

There are more audit topics considered for the upcoming fiscal year than resources available. For a list of all audit topics considered see Appendix C: Potential Audit Topics Considered.

Proposed Revisions to the FY 2025 OIPA Annual Audit Plan

SANDAG Audit Committee
March 7th, 2025



Courtney Ruby, CPA, CFE
Independent Performance Auditor

1

1

Introduction

- The Audit Committee approved the OIPA Annual Audit Plan for the period of July 1, 2024, through June 30, 2025, on July 11, 2024.
- When necessary, the IPA presents the Audit Committee with a Plan revision for discussion and approval.
- Additionally, when needed, the IPA proposes changes to the IPA's annual performance goals and measures included in the Plan.
- These changes are mostly identified during the Audit Committee's annual performance evaluation process of the IPA.

Independence • Transparency • Accountability

2

2

Introduction

The proposed modifications include:

- Changes to the IPA's current year performance metrics and goals based upon feedback from Audit Committee members and the IPA, and whistleblower hotline trends/experience.
- Postponement of planned reports due to changes in staffing levels.
- Streamlining the audit recommendation follow-up process to allow for additional transparency, better public access and increased efficiency.

Independence • Transparency • Accountability

3

3

Introduction

- A **continuous recommendation follow-up process** based upon suggestions from management and the Audit Committee.
- A determination that **departmental internal control training** would yield more impactful results than a risk assessment at this time.



Independence • Transparency • Accountability

4

4

Summary

The IPA is proposing revisions to the Plan for FY 2025 after examining the status of audits and investigations in progress, and audit and project work yet to be initiated against current staffing levels.

The IPA proposes postponing the following audits:

- Talent Management: Workforce Planning and Succession Management
- Project Management: Internal Projects and Capital Projects

Summary

The IPA proposes changing/adding the following :

- Departmental Risk Assessment changed to a Departmental Internal Control Training Series.
- Online Recommendation Dashboard and implementation of continuous recommendation follow-up process.
- Reducing investigation reports issued from four (4) to two (2).

Summary

The following changes to the IPA's performance measures and goals were mostly identified during the Audit Committee's annual performance evaluation process of the IPA:

- Adding a fifth goal focused on "Administration" to include effective tracking of Audit Committee requests, along with the successful recruitment and retention of staff.

Summary

- Removing target to "increase Whistleblower Hotline reporting by 50%" due to hotline trends and program experience.
- Emphasizing timely reporting of Corrective Action Plans to Audit Committee and specifying quarterly cadence of verbal updates.



Questions?

Independence • Transparency • Accountability