

Independence • Transparency • Accountability

SANDAG

OIPA

Office of the Independent
Performance Auditor

Annual Investigations Report

Fiscal Year 2025

Courtney Ruby, CPA, CFE
Independent Performance Auditor

Doug D’Pete, CFE
*Principal Independent Auditor
Whistleblower Hotline Manager*

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Agenda

-  **Introduction/Background**
-  **AC/BOD Initiated Investigation**
State Route 125 Toll Operations Companion Investigation
-  **Whistleblower Hotline Investigation**
SANDAG’s New Tolling Back-Office System Implementation
-  **Whistleblower Hotline**
Purpose
Investigation and Referral Process
Summary of Cases
Results
-  **Questions**

Independence • Transparency • Accountability

- The Office of the Independent Performance Auditor (OIPA) is the official body of SANDAG to investigate potential fraud, waste, abuse and gross mismanagement.
- Investigations may be initiated:
 - Directly by the Independent Performance Auditor (IPA)
 - Upon request by the SANDAG Board of Directors and Audit Committee
 - Through reports filed via the Whistleblower Hotline

SR 125 Companion Investigation

In Spring 2024, the Audit Committee and Board of Directors requested OIPA conduct an investigation to determine what members of SANDAG's Executive Team and Board knew of ETAN's significant performance issues and why the new BOS RFP was not reported earlier to the Board.

Purpose

- Determine WHO on the Executive Team and Board knew.
- Determine WHEN they became aware.
- Determine WHAT they knew.
- Determine what actions were taken by SANDAG, if any, to address the issues.

AC/BOD Initiated Investigation

SR 125 Companion Investigation Summary

Findings

- The Board was not notified until late 2023.
- All members of the Executive Team were aware of ETAN's BOS performance issues to varying degrees.
- Due to poor management, critical time needed to issue a Back-Office RFP was lost.



Whistleblower Hotline Investigation

SANDAG's New Tolling Back-Office System Implementation Investigation

On May 29, 2024, OIPA's Whistleblower Hotline received a report regarding the replacement back-office system being implemented by Deloitte and A-to-Be for tolling operations alleging:

- The system is unsuitable for fulfilling the financial reporting needs required by SANDAG to capture and complete reliable financial reporting.
- The need to produce reliable and accurate financial reports was not considered when A-to-Be was selected and awarded a sole source contract.

SANDAG's New Tolling Back-Office System Implementation Investigation

Purpose

- Determine if SANDAG's financial reporting needs were taken into consideration during the selection of Deloitte and A-to-Be as vendors for the new BOS to replace ETAN's BOS.
- Determine if A-to-Be's Move Beyond back-office system can provide the requisite financial reporting.

SANDAG's New Tolling BOS Implementation Investigation

Findings

- The Finance Department's financial reporting needs were not considered during the procurement process.
- System requirements were not developed for the replacement BOS implementation and therefore are absent in the contract with Deloitte.



SANDAG's New Tolling BOS Implementation Investigation

Findings

- The A-to-Be MoveBeyond software does not include an internal financial accounting system, or a similar internal general ledger, like ETAN's BOS.
- SANDAG discovered a critical component needed to facilitate the integration of the new BOS with SANDAG's ERP system was missing.



SANDAG's New Tolling BOS Implementation Investigation

Outcome

- Six recommendations provided to the Board of Directors and SANDAG Executive Management.





Purpose

- Secure, confidential, and reliable way for Reporters, including SANDAG employees, contracted parties, members of the public and other stakeholders to report allegations of **fraud, waste, abuse and gross mismanagement**.
- Information submitted through the Hotline is classified as a Whistleblower Report.
- Whistleblower Reports can be submitted via email, phone or a mailed report form.
- Reporters can remain anonymous.

Investigation Process

- OIPA conducts a preliminary analysis of each report to determine if the matter warrants an investigation and enough information is available to initiate an investigation.

Preliminary Analysis

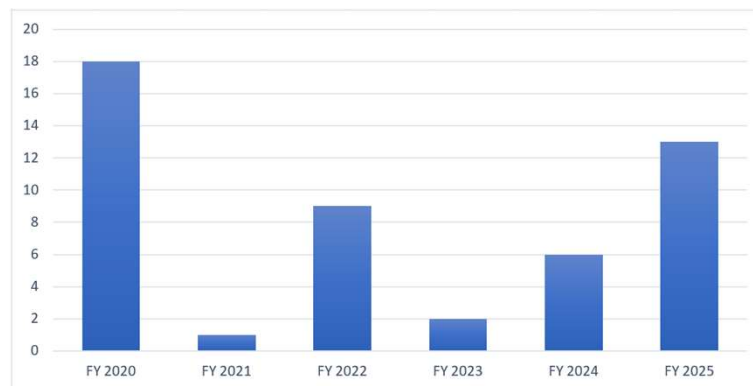
- Does the report involve SANDAG property, infrastructure, employees, officials, contractors or does it otherwise fall within OIPA's jurisdiction?
- Does it meet the criteria of fraud, waste, abuse or gross mismanagement?
- Did it occur within the last year? If not, does it impact current operations?
- Is there sufficient information provided to initiate an investigation?
- Is the matter currently being litigated?

New Whistleblower Reports by Allegation Type

Allegation Type	Total
Other*	7
Misconduct or Inappropriate Behavior	1
Waste	1
Theft	1
Hiring Irregularities	1
Environmental Protection, Health or Safety Law	2
Grand Total	13

*Allegations categorized as "Other" include a diverse range of allegations including improper grant awards, project management issues, security protocol vulnerability, operational inefficiencies, and poor customer service.

New Whistleblower Reports Received FY2020 to FY2025



Summary of Whistleblower Reports

- Year started with 2 open reports
- 13 new reports received
- 13 reports closed in FY 2025
- 2 reports remain open



Results

Whistleblower Reports were closed for the following reasons:

- 1 report resulted in multiple allegations being **substantiated**. After an investigation, there was conclusive information to substantiate the allegations. An investigation report was publicly issued, and recommendations were made to the SANDAG Board and Executive Management.
- 2 reports were **refuted**.
- 1 report was **not substantiated**.
- 1 report was closed before an investigation was initiated. SANDAG Staff detected and resolved the issue while OIPA was conducting a preliminary review.
- 1 report was closed before an investigation was initiated. SANDAG Management provided evidence to demonstrate staff previously detected and resolved the matter, and operational controls were effective.

Whistleblower Hotline

Results

Whistleblower Reports were closed for the following reasons:

- 1 report was closed before an investigation was initiated. OIPA's preliminary review determined the allegation did **not have merit**.
- 6 reports were closed as they **did not qualify** as fraud, waste, abuse or gross mismanagement or were outside the OIPA's Whistleblower Hotline jurisdiction.

Looking Ahead

- ETHICO Third-Party Whistleblower Hotline Reporting and Case Management System
- Publicize the Whistleblower Hotline to contractors, subcontractors and vendors
- Third-Party Integrity Unit
- Let's Talk Ethics Quarterly Series
- Ethical Climate Survey (ECS)

