

Proposed Annual Work Plan and Risk Assessment FY 2026

SANDAG Audit Committee
August 1st, 2025



Courtney Ruby, CPA, CFE
Independent Performance Auditor

1

Introduction

- Board Policy No. 039, **Section 6.4**, states the Independent Performance Auditor (IPA) shall annually prepare an audit plan, based upon the results of the risk assessment, and conduct audits in accordance therewith.
- Under Board Policy No. 039, **Section 3.1.7**, the Audit Committee is granted the authority to “approve the annual audit plan after discussion with the independent performance auditor, pursuant to Public Utilities Code Section 132354.1(b).”

2

Introduction

The IPA conducts an annual risk assessment to inform the areas to be audited in the coming year. This year, the process identified the following significant risks:

- Contract Management Processes
- Hiring and Promotion Practices
- Budget Management
- Agencywide Internal Controls

Introduction

The risks were then prioritized and incorporated in OIPA's proposed Annual Work Plan (Work Plan) for FY 2026 as follows: :

- **A review of sole source solicitation process improvements** (recommended in the *Performance Audit of SANDAG's Sole Source Procurement Process*).
- **An assessment of planned capital project outcomes** (recommended in the *Performance Audit of SANDAG's Sole Source Procurement Process*).
- **An audit of SANDAG's Hiring and Promotion Practices** will be contracted (staff concerns were raised in OIPA's Ethical Climate Survey released in January 2025).
- **Budget management practices** were incorporated into the scope of the contracted *Independent Assessment of the Finance Department* that is currently nearing completion.
- **SANDAG's inventory management over major and minor assets.**

The Work Plan also uses a risk-based approach to expand OIPA's oversight capabilities:

A Third-Party Integrity Unit designed to apply risk profiles to SANDAG's contractors and vendors, and when warranted, to analyze the integrity of their activities further.

The Work Plan includes:

- **Performance Audits Currently in Process and to be Completed in FY26**
- **Performance Audits/Investigations to be Initiated and Completed in FY26**
- **Performance Audits to be Initiated in FY26**
- **OIPA's Annual and Quarterly Reports Presented in FY26**
- **OIPA's Key Initiatives in FY26**

FY 2026 Annual Work Plan

Performance Audits Currently in Process and to be Completed in FY 2026:

- Contract Oversight of and by HNTB
- Independent Assessment of the Finance Department*
- Administration of Bike Program – Early Action Plan (EAP)

Performance Audits/Investigations to be Initiated and Completed in FY 2026:

- Inventory Management: Major and Minor Assets
- Review of Sole Source Solicitation Process Improvements
- Two (2) Investigation Reports anticipated

* Contracted audit performed by Weaver, LLP and managed by IPA.

FY 2026 Annual Work Plan

Performance Audits to be Initiated in FY 2026:

- SANDAG's Hiring and Promotion Practices*
- Assessment of Planned Capital Project Outcomes

OIPA's Annual and Quarterly Reports Presented in FY 2026:

- Annual Audit and Investigation Recommendation and Corrective Action Plan (CAP) Status Report
- Annual Investigations Report
- Annual Work Plan and Risk Assessment
- Annual External Recommendation Compilation
- Quarterly CAP updates

* Contracted audit – Request for Proposal (RFP) to be prepared and released. Contract will be managed by the IPA.

OIPA's Key Initiatives in FY 2026

Third-Party Integrity Unit

- Evaluates SANDAG's contractors and vendors based upon a risk profile framework and application of assessment procedures.
- Maintains database of third parties' risk profiles with required annual submission of updated information.
- Deters bad actors. The existence of such a program serves as a deterrent to contractors, vendors, and employees as awareness spreads that companies and transactions are scrutinized for fraudulent activities.
- Identifies lapses, gaps, or circumvention of critical processes and procedures sooner, thereby reducing harmful impacts to SANDAG.

Peer Review

- A peer review is required **every three years** for an audit organization to remain in compliance with Generally Accepted Government Auditing Standards (GAGAS).
- OIPA's Peer Review must be completed by **November 2025**.
- Preparation for a peer review requires coordinating with the peer review team, completing questionnaires, organizing files, and conducting a preliminary self-assessment.

System Implementations

- Comprehensive Online Corrective Action Dashboard
- ETHICO Third Party Whistleblower Hotline Reporting and Case Management System
- Audit Workpaper Management System
- Website Refresh

Surveys

- Ethical Climate Survey (ECS)
 - The first ECS was initiated in November 2024, and the next ECS is in May 2026 (18 months after the baseline ECS).
- Public Risk Assessment Survey
 - This survey will gather input from employees, stakeholder and the public to be included in the annual risk assessment process for FY 2027.

Outreach

- Let's Talk Ethics Quarterly Series.
- Publicize the Whistleblower Hotline to contractors, subcontractors and vendors.



Revisions to FY 2025 Work Plan

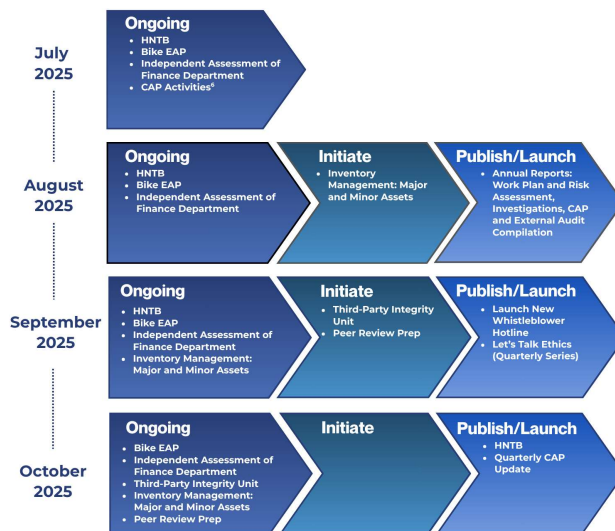
- Talent Management – Workforce Planning and Succession Management removed and Hiring and Promotion Practices Audit added in March 2025.
- Project Management: Internal Projects and Capital Projects removed in March 2025.

Revisions to FY 2025 Work Plan

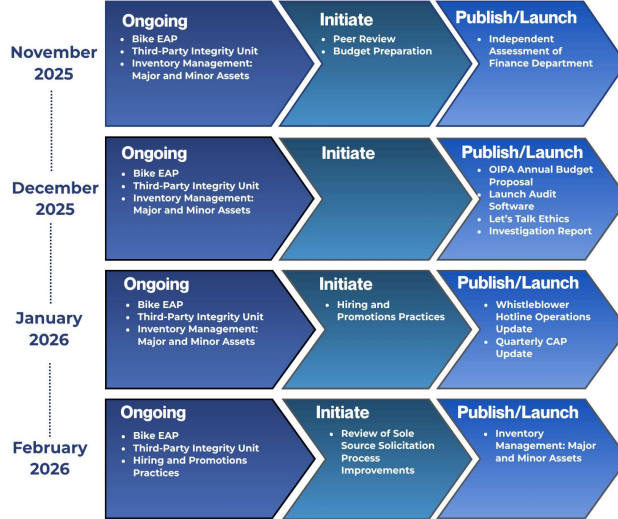
- Departmental Risk Assessment Removed in March 2025.
 - **Update:** *OIPA anticipates initiating a department-wide risk assessment in FY 2027. A department-wide risk assessment provides a comprehensive evaluation of key internal controls across the entire department.*
- Departmental Internal Controls Training Added in March 2025.
 - **Update:** *This item was suspended in June 2025 after discussions with Management regarding their ability to conduct this training with the assistance of the new Internal Controls Director.*

Work Plan by Month

Work Plan by Month

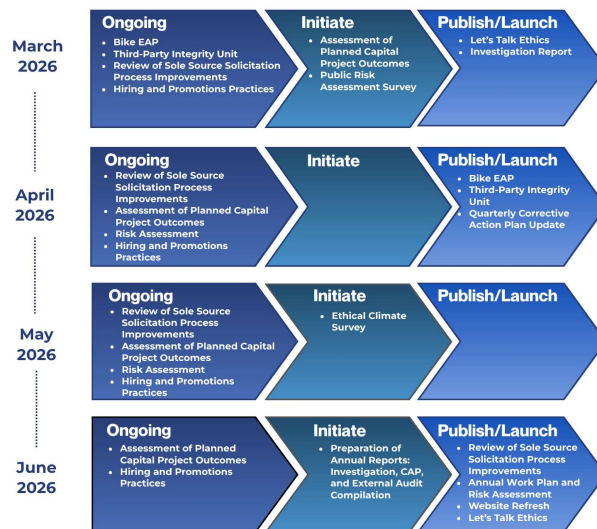


Work Plan by Month



Independence • Transparency • Accountability

Work Plan by Month



Independence • Transparency • Accountability

Questions?