

SANDAG

OIPA

**Office of the Independent
Performance Auditor**

Audit and Investigation Recommendation and Corrective Action Plan Status Report

As of July 18, 2025



Courtney Ruby, CPA, CFE
Independent Performance Auditor

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Message from the Independent Performance Auditor

I am pleased to present the annual Audit and Investigation Recommendation and Corrective Action Plan Status Report, prepared by the Office of the Independent Performance Auditor (OIPA).

Background

Board Policy No. 039: Audit Policy Advisory Committee and Audit Activities, section 3.1.9 states the responsibilities of the Audit Committee includes,

“Monitor the implementation of corrective action identified in audit and investigative reports and inform the Board when corrective action is insufficient or untimely.”

OIPA’s authorized annual Audit Work Plan, Goal #4 – Development and Monitoring of Corrective Action Plans states,

“Ensure OIPA’s recommendations are clear, timely, and responsive, and implemented by management expeditiously.”

Most OIPA resources are dedicated to conducting performance audits assessing the economy, efficiency, effectiveness, equity, and compliance of SANDAG’s programs and activities. Performance audits provide independent objective analysis to SANDAG’s leadership and the public and make recommendations to Management and those charged with governance and oversight on how to improve services, reduce costs, and increase public accountability.

Report Overview

This report provides a comprehensive overview of the status of all audit and investigation recommendations not previously reported in last year’s report as implemented on or before August 30, 2024 and new recommendations issued this past fiscal year.

This report aims to inform the SANDAG’s Board of Directors, Audit Committee, Management, San Diego County residents, and other stakeholders about the status of audit and investigation recommendations as of July 18, 2025. OIPA reviews all information provided by SANDAG departments regarding their progress for each corrective action by reviewing documentation and/or conducting testing to independently verify Management’s progress and determine the status of each recommendation.

Process Improvements

Over the last year, OIPA engaged in an intentional process with Management to refine our recommendation follow-up process. This included increased communication with Management on how to make the process more efficient and less disruptive. At the same time, OIPA improved its internal processes resulting in stronger documentation and greater organization.

Report Results

Over the last three years, OIPA made 153 recommendations. As of July 2025, 50 percent of these recommendations were addressed – 68 were successfully implemented and 9 were closed by OIPA as they were deemed no longer relevant. In FY 2025 alone, SANDAG implemented almost 38 percent of open recommendations. These results demonstrate Management's resolve to implement OIPA's audit recommendations and their greater commitment to accountability and strengthening SANDAG's internal control environment.

How to Use this Report

This report is informational. It provides a comprehensive overview of the status of audit and investigation recommendations and does not include any new recommendations. Instead, it serves as a reminder to Management and those charged with governance and oversight of the critical issues identified in audits and investigations, the responsiveness of Management, and the continued need for timely implementation of all corrective action plans to ensure identified deficiencies are corrected, internal controls are strengthened, and SANDAG's regional government operates effectively, efficiently, transparently, and with accountability.

OIPA would like to thank SANDAG Management and departmental staff for their assistance in tracking, implementing, and facilitating testing on the audit and investigation recommendations included in this year's report.

Sincerely,



Courtney Ruby, CPA, CFE
Independent Performance Auditor

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Audits in this Report

Contracts and Procurement Operational and System Control Audit Report (Part I)

Released 10/14/2022

The objective of this engagement was to audit SANDAG's management of contracts and procurement. Specific objectives were to review policies and procedures, evaluate the effectiveness of internal controls, and test contracts and procurement transactions for appropriateness, allowability, and proper documentation. Part I was extensive and involved testing and reviewing operational processes and system controls within the organization.

Contracts and Procurement Operational and System Control Audit Report (Part II)

Released 5/12/2023

The objective of this audit was to review SANDAG's management of contracts and procurement. Specific objectives included testing and evaluating whether policies, procedures, and internal controls over processes existed, were being followed, and functioning effectively. The final objective included testing contracts and procurement transactions to determine whether they were appropriate, allowable, and supported by adequate documentation. Part II focused on the contractor's adherence to the contract, proper submittal of documentation when invoicing, work product and results, timelines, and commitments.

Continuous Auditing Operations Process and System Control Review – Purchase Cards

Released 10/13/2023

The objectives of this audit were to ensure that staff adheres to SANDAG's purchase card policy, including policies which took effect on July 1, 2022, and to apply tests and perform procedures to verify that controls are sufficient and consist of supporting documentation and other relevant data to assess SANDAG's ability to properly and sufficiently track, obtain sufficient documentation, and keep adequate records of processes and controls that support adherence to purchase card policies and procedures.

Operational Process and System Control Audit for Board Member and Employee Travel and Other Business-Related Reimbursements*Released 12/8/2023*

The objectives of this audit were to examine SANDAG's operational processes and system controls related to Board member and employee travel and other business-related reimbursements to ensure policies and controls existed and were followed.

Performance Audit of SANDAG's Contracts Invoicing and Payment Process*Released 7/3/2024*

This audit was initiated in response to the significant audit findings in OIPA's *Operational Process and System Control Review - Contracts and Procurements Audit Parts I & II*. The objective of this audit was to determine the effectiveness of SANDAG's review and approval controls over contract invoicing and payment processes.

Performance Audit of SANDAG's Sole Source Procurement Process*Released 5/19/2025*

This audit aimed to assess SANDAG's use of sole source contracts, evaluating whether they are properly justified, documented, and aligned with procurement policies. The review focused on the adequacy of internal controls, the consistency of decision-making, and the transparency of the sole source procurement process.

Investigations in this Report

Office of the Independent Performance Auditor's Investigation Report on SANDAG's State Route 125 Toll Operations

Released 3/25/2024

The objectives of the investigation were to determine if SANDAG's SR 125 financial accounting can be relied upon, if SANDAG rectified the publicly reported errors with customer accounts shared with the Board of Directors in December 2023, and if there were other significant matters noted during the investigation.

Office of the Independent Performance Auditor's Whistleblower Investigation Report on SANDAG's New Tolling Back-Office System Implementation

Released 10/7/2024

The objectives of the investigation were to 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, and if A-to-Be's Move Beyond back-office system could provide requisite financial reporting.

Implementation Status Definitions

Throughout fiscal year 2025, OIPA gathered information and obtained updates on all outstanding OIPA audit recommendations from SANDAG departments. Based upon the information received and testing performed, each recommendation's status was determined to be one of the following:

Pending – Implementation has not begun or has not been provided to OIPA for validation.

Partly Implemented – Some elements of the recommendation have been satisfied, but additional work remains.

Implemented – OIPA has verified the satisfactory implementation of the recommendation.

Closed – The recommendation is no longer relevant and implementation is not feasible.

Implementation Date Definitions

Planned Implementation Date – Original date for implementation provided by Management when audit/investigation issued.

Revised Date of Implementation Date – Management revised the original date for implementation.

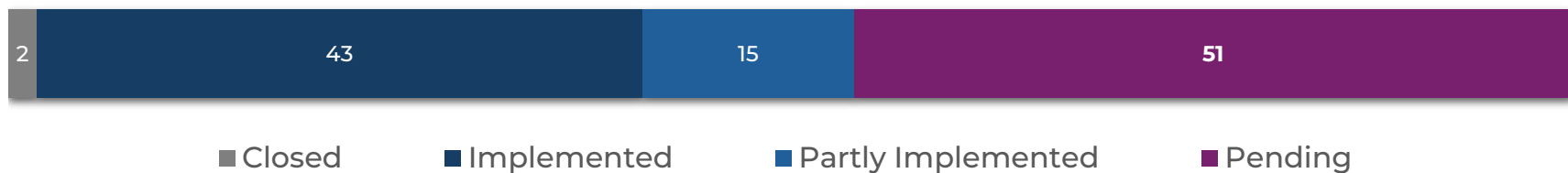
Implementation dates listed in **blue** represent revised dates provided by SANDAG Management. The original planned implementation dates are noted below the revised dates with a strikethrough (example ~~12/31/2024~~).

Implementation dates listed in **red** represent dates that are past due. On July 18, 2025, Management provided support for all past due recommendations. This support is under review and the implementation status will be reflected in upcoming corrective action plan (CAP) reports.

Summary of Audit Recommendations

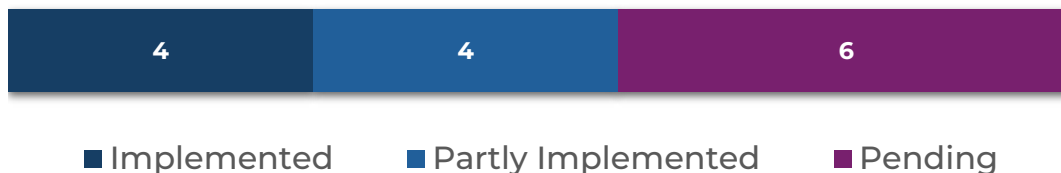
This report documents the status for audit and investigation recommendations with planned implementation dates on or before July 18, 2025 and not previously implemented or closed in prior annual report.

The six audits detailed in this report contained **111 open recommendations**. At year end, **2 were closed, 43 were implemented, 15 are partly implemented, and 51 are pending.**

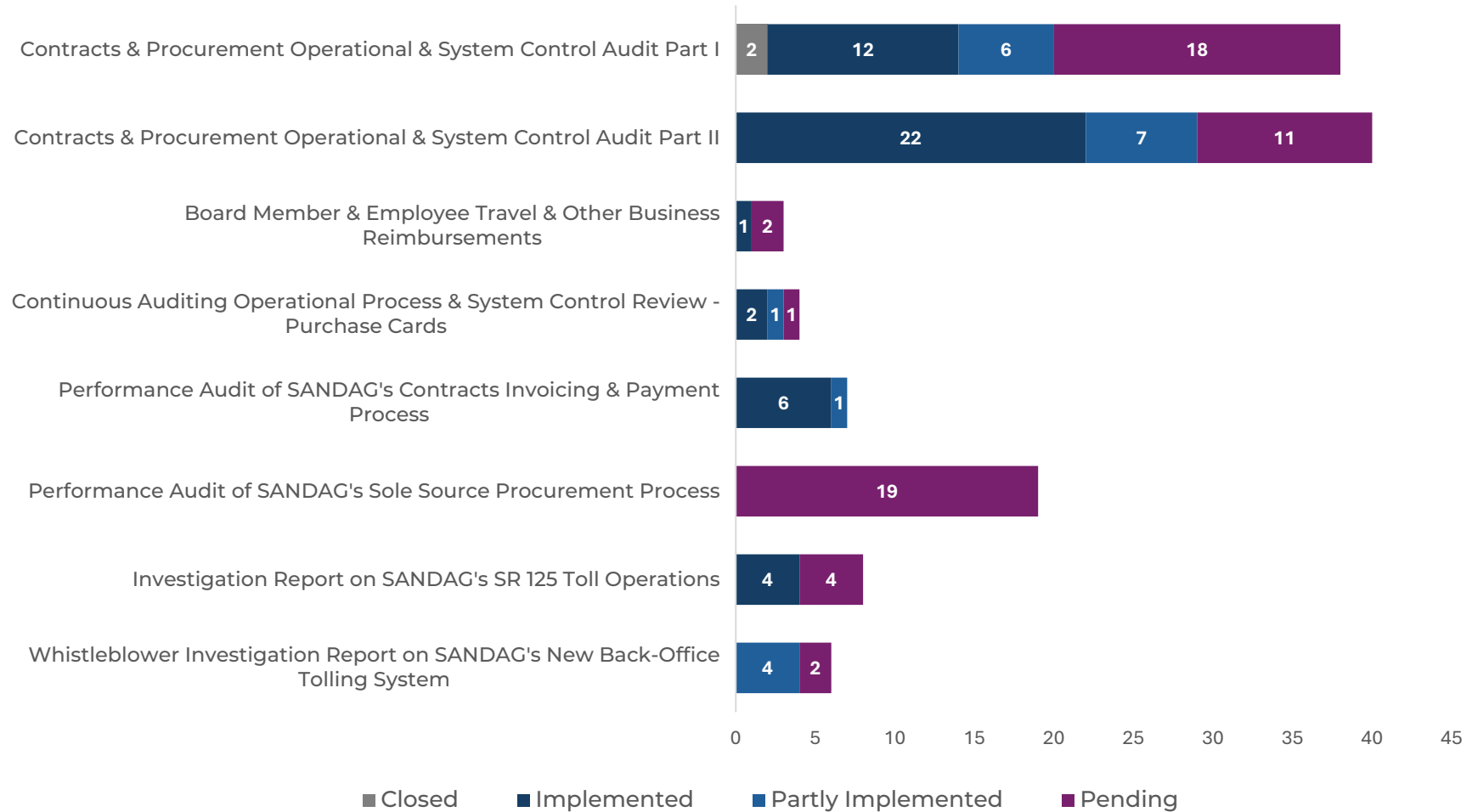


Summary of Investigation Recommendations

The two investigations contained **14 open recommendations**. At year end, **4 were implemented, 4 are partly implemented, and 6 are pending.**



The graph below illustrates the corrective action implementation status by audit/investigation:



Results of Recommendations Completed by Year

Over the last 3 years, OIPA issued **153** recommendations. As of this report, **76** are open, **68** were implemented by Management, and **9** were closed by OIPA. These results demonstrate Management's commitment to addressing OIPA's audit recommendations.

Overall, 50% of all recommendations issued were implemented.

| Recommendations | | | | | |
|--------------------|--------------|-----------|-------------|----------|---------------------|
| FY | Total Issued | Open* | Implemented | Closed | Percent Completed** |
| 2022-23 | 98 | 42 | 47 | 9 | 57% |
| 2023-24 | 13 | 4 | 9 | - | 69% |
| 2024-25 | 42 | 30 | 12 | - | 29% |
| Grand Total | 153 | 76 | 68 | 9 | 50% |

* Open recommendations include recommendations with the status of pending and partly implemented.

**Percent completed includes implemented and closed recommendations.

Results of Recommendations Completed During FY 2025

In FY 2025, SANDAG implemented about 38%* of open recommendations.

| FY** | Pending | Partly Implemented | Implemented | Closed | Total |
|--------------------|-----------|--------------------|-------------|----------|------------|
| 2022-23 | 29 | 13 | 34 | 2 | 78 |
| 2023-24 | 3 | 1 | 3 | 0 | 7 |
| 2024-25 | 25 | 5 | 10 | 0 | 40 |
| Grand Total | 57 | 19 | 47 | 2 | 125 |

* Percent of implemented recommendations include implemented recommendation during the last fiscal year.

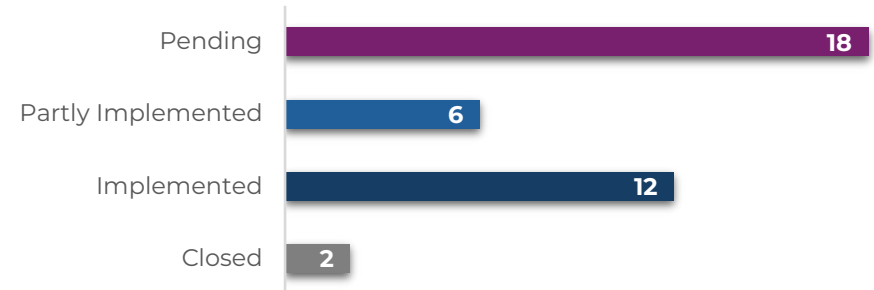
** All audit and investigations recommendations are included.

Audit Recommendations



Contracts and Procurement Operational and System Control Audit Report (Part I)

Publish Date: October 2022



| Recommendation | Number | Due Date | Status | Department | OIPA Comments |
|--|--------|------------|-------------|---------------------------|---------------|
| Create standard operating procedures with step-by-step instructions for tasks for both contract analysts and project managers (e.g., desk procedures). | 1.1 | 12/31/2025 | Pending | Contracts and Procurement | |
| Provide formal and regular training to contract analysts and project managers on their assigned roles, responsibilities, and procedures. | 1.2 | 12/31/2025 | Pending | Contracts and Procurement | |
| Update the Procurement Manual to clearly identify and segregate roles and responsibilities for contract analysts and project managers. | 1.3 | 12/31/2024 | Implemented | Contracts and Procurement | |
| Create standard operating procedures for contract analyst and project manager specific tasks. | 2.1 | 12/31/2025 | Pending | Contracts and Procurement | |
| Segregate the duties of contract analysts and project managers. | 2.2 | 12/31/2024 | Implemented | Contracts and Procurement | |

| Recommendation | Number | Due Date | Status | Department | OIPA Comments |
|--|--------|------------|-------------|---------------------------|--|
| Provide consistent training for contract analysts provided by contracts subject matter experts and/or Management. | 2.3 | 12/31/2025 | Pending | Contracts and Procurement | |
| Provide annual and/or continuous training on the Procurement Manual and standard operating procedures for both contract analysts and project managers. | 2.4 | 12/31/2025 | Pending | Contracts and Procurement | |
| Identify and require that employees meet specific qualifications and have attended external formal project manager specific training prior to being assigned to a project manager role; for employees assigned as project managers over higher risk and dollar projects, formal certified project manager training should be required. | 2.5 | 12/31/2025 | Implemented | Contracts and Procurement | |
| Encourage staff to attend external training provided by professional associations specific to contracts (such as CAPPO and NIGP) and project management. | 2.6 | 12/31/2025 | Implemented | Contracts and Procurement | |
| Require detailed/itemized invoices and progress reports or detailed summary of work performed for a payment to be processed. | 3.1 | 9/30/2024 | Implemented | Contracts and Procurement | |
| Create formal standard operating procedures and training for invoice payment to include instructions/methods for verifying invoiced work is included in the contract/task order. | 3.3 | 9/30/2024 | Implemented | Contracts and Procurement | |
| Replace the CMS with a system that properly interfaces with the agency's enterprise resource planning system (ERP) or is a system within the agency's ERP, with the ability to communicate/integrate with finance encumbrance, invoice, and payment records to include tracking, searching, and recording invoice payments against contracts, task orders, etc. The replacement ERP and the data stored within should also be user-friendly, easily accessible, and easily reportable. | 4.1 | | Closed | Contracts and Procurement | Management has decided not to adopt Recommendation 4.1 and will return to using the Contract Management System (CMS). As such, recommendation is closed. |

| Recommendation | Number | Due Date | Status | Department | OIPA Comments |
|--|--------|--|--------------------|---------------------------|---|
| Provide training and step-by-step standard operating procedures to staff for replacement CMS and submitting all types of procurement requests. | 4.2 | 9/30/2025 12/31/2024 | Pending | Contracts and Procurement | Management is transitioning contract administration from the ERP system back to the Contract Management System (CMS) and will implement the recommendations within CMS. Date revisions reflect the change. OIPA will evaluate support consistent with our verification process. |
| Ensure staff can query to identify the contractor and subcontractor efficiently and easily within the replacement CMS without going to various other platforms or documents. | 4.3 | 9/30/2025 9/30/2023 | Pending | Contracts and Procurement | |
| Ensure contracts and contract-related records and documents are stored in one easily accessible location. | 4.4 | 9/30/2025 12/31/2024 | Partly Implemented | Contracts and Procurement | |
| Ensure the replacement CMS is updated with correct and complete information and data to correct the inaccuracies and blanks from the current CMS records | 4.5 | 3/31/2026 9/30/2023 | Pending | Contracts and Procurement | |
| Require that the listed project manager for a contract is the actual project manager in the replacement CMS. | 4.6 | 3/31/2026 | Pending | Contracts and Procurement | |
| Identify required fields in the replacement CMS and require all mandatory fields to be completed. | 4.7 | 9/30/2025 9/30/2023 | Pending | Contracts and Procurement | |
| Provide staff certain access to the replacement CMS, based on their job duties. | 4.8 | 9/30/2025 9/30/2023 | Pending | Contracts and Procurement | |
| Ensure the replacement CMS can provide an audit trail for review. | 4.9 | 9/30/2025 1/2/2024 | Pending | Contracts and Procurement | |
| Ensure that more than one employee, but preferably more than three, have an in-depth knowledge, training, and skill in the replacement CMS and should be able to provide reports to auditors and/or other authorized recipients. | 4.10 | 9/30/2025 12/31/2024 | Pending | Contracts and Procurement | |

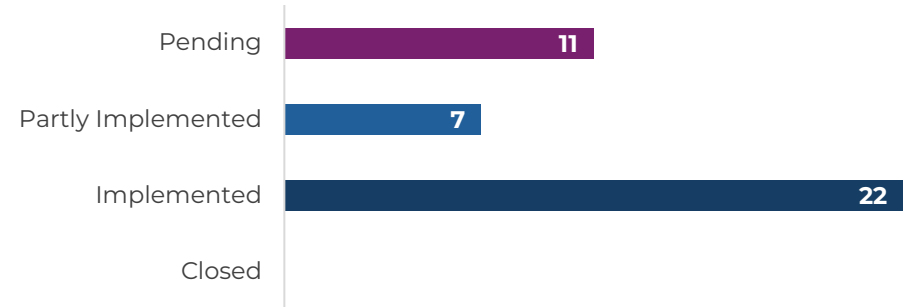
| Recommendation | Number | Due Date | Status | Department | OIPA Comments |
|---|--------|----------------------------------|--------------------|---------------------------|---|
| If recommendation 1 is chosen not to be accepted and SANDAG continues to use the current CMS, auditors recommend applying recommendations 4.2 through 4.10 to the current CMS. | 4.11 | | Closed | Contracts and Procurement | Management to return to the Contract Management System (CMS). Recommendations 4.2 through 4.10 remain applicable and will be implemented within CMS. As such, recommendation is closed. |
| Create formal standard operating procedures and provide training on completing a record of negotiations to both project managers and contract analysts. | 5.1 | 12/31/2024 | Partly Implemented | Contracts and Procurement | Support provided July 18, 2025, is under review. |
| Provide negotiation training and/or guidelines to project managers and contract analysts to include reasons/intent of negotiations, best practices, and risks of not negotiating and/or not following best practices. | 5.2 | 12/31/2025 | Partly Implemented | Contracts and Procurement | |
| Provide training to staff on sole source laws, rules, regulations, and processes. | 6.1 | 12/31/2025 | Pending | Contracts and Procurement | |
| Create formal administrative procedures on sole source processes. | 6.2 | 6/30/2025 | Implemented | Contracts and Procurement | |
| Update the sole source justification form template to include procurement request details such as contract/task order/amendment number, project manager name, vendor name, etc. | 6.3 | 12/31/2024 | Implemented | Contracts and Procurement | |
| Reorganize contract and sole source records in one centralized location. | 6.4 | 9/30/2025 | Partly Implemented | Contracts and Procurement | |
| Update CMS to have accurate information. | 6.5 | 3/31/2026 1/2/2024 | Pending | Contracts and Procurement | |

| Recommendation | Number | Due Date | Status | Department | OIPA Comments |
|--|--------|------------|--------------------|---------------------------|---------------|
| Ensure required documents are saved as separate files and labeled accordingly, such as saving a sole source justification form as such. | 6.6 | 9/30/2025 | Pending | Contracts and Procurement | |
| Revise the on-call process to ensure fairness and equity throughout the entire process. | 7.1 | 6/30/2025 | Implemented | Contracts and Procurement | |
| Provide training on procurement planning to include the steps and timeline needed to prepare for various sized and timed projects to contract analysts, project managers and any approving staff. | 7.2 | 12/31/2025 | Pending | Contracts and Procurement | |
| Ensure sufficient procurement planning efforts are being made to avoid sole sources and amendments. | 7.3 | 12/31/2024 | Implemented | Contracts and Procurement | |
| Review the sole source policies, processes, and procedures to ensure a clear understanding of allowed sole sources, limitations around sole sources, and the review and approval requirements of sole sources. | 7.4 | 9/30/2025 | Partly Implemented | Contracts and Procurement | |
| Create sole source standard operating procedures for all levels of the approval process. | 7.5 | 12/31/2024 | Implemented | Contracts and Procurement | |
| Create and provide training related to sole sources to include examples of allowable/approvable situations when a sole source is or can be justified and an explanation and examples of when poor planning does not suffice in requesting a sole source procurement. | 7.6 | 12/31/2025 | Pending | Contracts and Procurement | |

| Recommendation | Number | Due Date | Status | Department | OIPA Comments |
|--|--------|------------------------------------|--------------------|---------------------------|---------------|
| Ensure that on-call procurements are appropriately advertised to reach sufficient, qualified, and various contractors and subcontractors, including outreach efforts using public platforms and attendance of outreach events to attract new and disadvantaged contractors and subcontractors. | 7.7 | 6/30/2025 12/31/2025 | Partly Implemented | Contracts and Procurement | |
| Revise the Procurement Manual to avoid conflicting language, particularly with the contract management of Architecture & Engineering contracts and allowance of sole sources. | 7.8 | 9/30/2025 | Implemented | Contracts and Procurement | |

Contracts and Procurement Operational and System Control Audit Report (Part II)

Publish Date: May 2023



| Recommendation | Number | Due Date | Status | Department | OIPA Comments |
|--|--------|--|-------------|---------------------------|---------------|
| Create a standard operating procedure and update Procurement Solicitation Forms to include notification to Evaluation Panel participants of their responsibility to complete score sheets and provide justification of their scores. | 1.1.1 | 12/31/2025 6/30/2025 | Pending | Contracts and Procurement | |
| Create a standard operating procedure and provide training to contract analysts for the solicitation processes. | 1.1.2 | 3/31/2026 6/30/2025 | Pending | Contracts and Procurement | |
| Update the procurement board policies to explain competition requirements for contracts and task orders. The policies should also clearly explain the options for not competing and the procedures and approvals that should be followed in those instances. | 1.2.1 | - | Implemented | Executive Office | |
| Ensure that standard operating procedures around procurements clearly explain the need and requirements for competition as well as the allowed exceptions and requirements for them. | 1.2.2 | 6/30/2025 | Implemented | Contracts and Procurement | |
| Update the procurement board policies to limit the amendment amount(s) allowed without both the Executive Director's signature and to specify when Board approval is required to approve amendments. | 1.3.1 | - | Implemented | Executive Office | |

| Recommendation | Number | Due Date | Status | Department | OIPA Comments |
|--|--------|-------------------------------------|--------------------|---------------------------|---------------|
| Update the procurement board policies to state that the amendment amount requiring board approval is cumulative of all amendments. This should also consider all other work on the same project issued under previous task orders or contracts, unless a new full and open competition has occurred for the services. This should clearly explain that exceptions to this must be analyzed by the Contracts department to ensure bid splitting is not occurring and that sufficient competition has occurred for the amounts awarded thus far. | 1.3.2 | - | Implemented | Executive Office | |
| After Recommendations 1.3.2 and 1.3.3 are implemented, update the Procurement Manual to reflect the changes in Board policies to limits to unapproved amendment amounts based on the cumulative total of all amendments. | 1.3.3 | 12/31/2024 | Implemented | Contracts and Procurement | |
| Create standard operating procedures for contracts staff that clearly explains their role in reviewing amendments and procurement history to ensure bid splitting and avoidance of competition is not repeatedly occurring. | 1.3.4 | 12/31/2024 12/31/2025 | Partly Implemented | Contracts and Procurement | |
| Update the procurement board policies to address retroactive procurement transactions and to restrict/limit them. If allowing them, clearly limit the allowed circumstances to emergencies. The restrictions should define and specify that “poor planning” is not allowed and include examples such as departments being unaware of expiring contracts/task orders and being unaware of procurement processing timelines and requirements. | 1.4.1 | - | Implemented | Executive Office | |
| Create a tracking system/method for expiring contracts/task orders to ensure customer department awareness of planning needs for current and future procurements. | 1.4.2 | 5/1/2023 9/30/2025 | Pending | Contracts and Procurement | |
| After Recommendation 1.4.1 is implemented, update the Procurement Manual, as well as to limit or restrict the approval of retroactive requests if negligence occurred on the department’s behalf due to not tracking their expiring contracts and/or task orders. | 1.4.3 | 12/31/2024 | Implemented | Contracts and Procurement | |

| Recommendation | Number | Due Date | Status | Department | OIPA Comments |
|--|--------|---|--------------------|---------------------------|---------------|
| Create standard operating procedures for both departments and contracts staff to explain the roles, responsibilities, requirements, forms, approvals needed, and processing of retroactive procurement requests. | 1.4.4 | 12/31/2025 12/31/2024 | Partly Implemented | Contracts and Procurement | |
| Provide training on appropriate planning efforts and expectations for project managers and customer departments including tracking of contracts, monitoring of expiration dates, and procurement timelines for any next steps or changes to projects. | 1.4.5 | 12/31/2025 | Pending | Contracts and Procurement | |
| Update the Procurement Manual to clearly explain the required forms for procurement transactions. This should include the options and how to submit their requests with the information and forms needed. | 1.5.1 | 12/31/2024 | Implemented | Contracts and Procurement | |
| Create standard operating procedures for staff on requiring forms from departments or project managers and how to review them for completeness and compliance. Procedures should include examples of properly completed forms/requests as well as improper ones. | 1.5.2 | 12/31/2025 | Implemented | Contracts and Procurement | |
| Update the Board Policy No. 017, the Employee Handbook and Procurement Manual to create more internal controls around approval and signature of procurement transactions by including the OGC in all transactions to ensure risks are mitigated. | 1.6.1 | 12/31/2025 | Pending | Executive Office | |
| Require staff to provide detailed reasons/justifications for amendment requests. | 1.7.1 | 12/31/2024 | Implemented | Contracts and Procurement | |
| Create standard operating procedures and provide training to project managers and contract analysts to ensure amendments are reduced in frequency by ensuring that sufficient planning is being done and review of amendment requests are analyzed by contracts staff. | 1.7.2 | 12/31/2024 | Implemented | Contracts and Procurement | |

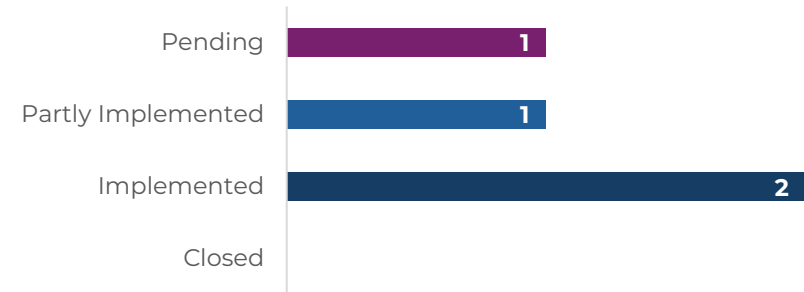
| Recommendation | Number | Due Date | Status | Department | OIPA Comments |
|--|--------|------------|--------------------|---------------------------|---------------|
| Create standard operating procedures and provide training for contracts staff to address proper document storing and recording procurement transactions. | 1.8.1 | 12/31/2025 | Pending | Contracts and Procurement | |
| Create standard operating procedures for QA/QC efforts to ensure document storing and procurement transactions are properly recorded. | 1.8.2 | 12/31/2025 | Pending | Contracts and Procurement | |
| Create policies and standard operating procedures to ensure competition is open and full as frequently as required by applicable laws, rules and regulations. | 2.1 | 12/31/2024 | Implemented | Contracts and Procurement | |
| Create policies and standard operating procedures to ensure sole sources are limited and are thoroughly being reviewed and analyzed to ensure potential risks are mitigated. | 2.2 | 9/30/2025 | Partly Implemented | Contracts and Procurement | |
| Create policies, standard operating procedures, and provide training for project managers and contract analysts to ensure amendments are reduced in frequency. These should ensure that sufficient planning is being done and reviews of amendment requests are analyzed thoroughly. | 2.3 | 12/31/2024 | Implemented | Contracts and Procurement | |
| Require detailed/itemized invoices and progress reports or a detailed summary of work performed for a payment to be processed. | 3.1 | 9/30/2024 | Implemented | Contracts and Procurement | |
| Create formal procedures and training for invoice payment to include instructions/methods for verifying invoiced work is included in the contract/task order. | 3.3 | 9/30/2024 | Implemented | Contracts and Procurement | |
| Create standard operating procedures that provides instructions on entering and processing invoices to ensure all information is entered correctly into OneSolution and/or any future financial payment system. | 3.6 | 11/30/2024 | Implemented | Accounting and Finance | |

| Recommendation | Number | Due Date | Status | Department | OIPA Comments |
|---|--------|-----------------------------------|-------------|---------------------------|---------------|
| Update Board Policy No. 017 to restrict bid splitting. | 5.1 | - | Implemented | Executive Office | |
| Update Board Policy No. 017 to limit the Executive Director's authority on approving agreements to only allow emergencies and/or urgent need procurements, and define "emergencies" and "urgent need" in accordance with applicable laws. | 5.2 | - | Implemented | Executive Office | |
| Update the Delegation of Authority by Executive Director Policy to align with the recommended changes to Board Policy No. 017 and current Board Policy No. 041 by creating more internal controls to include clearly limited parameters around contract amendments and task orders by including the OGC and/or Finance department(s) in all transactions to ensure risks are mitigated. | 5.3 | 12/31/2025 | Pending | Executive Office | |
| Update the Procurement Manual to restrict and/or limit procurement transactions and actions that conflict with proper internal controls, to include the examples referenced as observations in this finding. | 5.4 | 12/31/2024 | Implemented | Contracts and Procurement | |
| Update the procurement board policies to address retroactive procurement transactions and to restrict/limit them. If allowing them, clearly limit the allowed circumstances to emergencies. The restrictions should clearly define "poor planning", specify that it is not allowed, and should include examples such as departments being unaware of expiring contracts/task orders, departments being unaware of procurement processing timelines and requirements and department lack of succession planning when loss of staff occurs. | 6.1 | - | Implemented | Contracts and Procurement | |
| Create a tracking system/method for expiring contracts/task orders to ensure awareness of planning needs for current and future procurements. | 6.2 | 9/30/2023 9/30/2025 | Pending | Contracts and Procurement | |
| After implementing recommendation 6.1, update the Procurement Manual to follow the Board policy addressing retroactive procurement transactions and restrictions/limits to them. | 6.3 | 12/31/2024 | Implemented | Contracts and Procurement | |

| Recommendation | Number | Due Date | Status | Department | OIPA Comments |
|--|--------|-------------------------------------|--------------------|---------------------------|--|
| Create standard operating procedures for staff to explain the roles, responsibilities, requirements, forms, and approvals needed for all procurement transactions including retroactive procurement requests. | 6.4 | 12/31/2025 | Partly Implemented | Contracts and Procurement | |
| Provide training on procurement planning to include appropriate efforts and expectations for project managers to include tracking of contracts, monitoring of expiration dates, and procurement timelines to follow for any next steps or changes to projects. | 6.5 | 12/31/2025 | Pending | Contracts and Procurement | |
| Provide training to departments and project managers to ensure understanding of on-call contracts and processes to award task orders. | 6.6 | 12/31/2025 | Pending | Contracts and Procurement | |
| Create standard operating procedures for project management roles that clearly explain responsibilities to ensure projects are being completed on time and in an efficient manner. This should include assessing and documenting the consultant's completion of deliverables, milestones, and whether they meet the contract requirements and agency needs or not. | 7.2 | 12/31/2024 | Partly Implemented | Contracts and Procurement | Support provided July 18, 2025, is under review. |
| Create policies and standard operating procedures that clearly explain allowed justification for amendments. These procedures should include examples of both allowable and non-allowable justifications. | 7.3 | 12/31/2025 12/31/2024 | Partly Implemented | Contracts and Procurement | |
| Require that amendment requests include thorough justification details. Also require that contract analysts ensure they are reviewing and analyzing whether justifications are allowable. | 7.4 | 12/31/2024 | Implemented | Contracts and Procurement | |
| Create standard operating procedures for contract analysts that clearly explains how to review amendment requests and procurement history to ensure amendments are justified, to identify excessive amendments, to identify potential bid splitting, avoidance of competition, non-performing consultants, and conflicts of interest. | 7.5 | 12/31/2025 12/31/2024 | Partly Implemented | Contracts and Procurement | |

Continuous Auditing Operations Process and System Control Review – Purchase Cards

Publish Date: October 2023



| Recommendation | Number | Due Date | Status | Department | OIPA Comments |
|---|--------|-------------------------|--------------------|---------------------------|--|
| Review all professional memberships and monthly/annual subscription fees paid for by purchase cards to ensure none are set to automatically renew. | 1.2 | 12/31/2023 | Partly Implemented | Human Resources & Finance | Support provided July 18, 2025, is under review. |
| If federal and state funds are used for Hospitality and Events, staff should ensure that the funding source used for payment(s) are in compliance with all relevant funding laws, rules, and regulations. | 2.1 | 9/30/2024 | Implemented | Human Resources & Finance | |
| Provide training to cardholders, project managers, finance staff, and any other relevant staff on the Hospitality and Events Policy. | 2.2 | 9/30/2025 11/30/2024 | Pending | Human Resources & Finance | |
| Staff should perform due diligence by verifying allowability and/or seeking approval of fund use prior to submitting reimbursement claims. | 2.3 | 9/30/2024 | Implemented | Accounting and Finance | |

Operational Process and System Control Audit for Board Member and Employee Travel and Other Business-Related Reimbursements

Publish Date: December 2023



| Recommendation | Number | Due Date | Status | Department | OIPA Comments |
|--|--------|--|-------------|-----------------|---------------|
| Create two separate documents to replace the current SANDAG travel form. The Travel Request to approve travel should be documented separately from the Travel Expenses Report to reimburse travel. | 1.1 | 9/30/2025 12/31/2024 | Pending | Human Resources | |
| Provide training to executive assistants and other staff who process or submit Travel Requests and/or Travel Expenses Reports to ensure they are familiar with the requirements for approval and/or the requirements for reimbursement and supporting documentation. | 1.2 | 9/30/2025 12/31/2024 | Pending | Human Resources | |
| Update the travel procedures to require that written approvals are obtained via a text message or email in instances when a signature cannot be acquired in a timely manner, until the travel reimbursement process is fully automated. This record should be included with the request to document the exception. | 1.3 | 12/31/2024 | Implemented | Human Resources | |

Performance Audit of SANDAG's Contracts Invoicing and Payment Process

Publish Date: July 2024



| Recommendation | Number | Due Date | Status | Department | OIPA Comments |
|--|--------|-------------------------------------|--------------------|---------------------------|---------------|
| Provide annual training for project managers on what is required for invoices based on the updated Standard Services Agreement and Task Order requirements. | 1.1 | 9/30/2024 | Implemented | Contracts and Procurement | |
| Update Accounts Payable procedures to include requiring supporting documents consistent with the Standard Services Agreement and Task Order submitted for invoice processing. | 1.2 | 9/30/2024 | Implemented | Accounting and Finance | |
| Create procedures to manage, track and store rate and fee schedule approvals and changes in one file location to ensure accurate verification of invoiced amounts. | 2.1 | 12/31/2024 12/31/2025 | Partly Implemented | Contracts and Procurement | |
| Provide annual training to Contracts and Procurement staff to ensure fee schedules are aligned with contract needs and project managers can efficiently verify and track invoices. | 2.2 | 12/31/2024 | Implemented | Contracts and Procurement | |

| Recommendation | Number | Due Date | Status | Department | OIPA Comments |
|--|--------|------------|-------------|------------------------|---------------|
| Remind Finance staff to follow Finance procedures and/or update procedures when their process changes. | 3.1 | 12/31/2024 | Implemented | Accounting and Finance | |
| Provide annual training to Finance staff and project managers to ensure that invoice approval processes are followed. | 4.1 | 12/31/2024 | Implemented | Accounting and Finance | |
| Amend the procurement policy to require two different approval signatures: one by the project manager (PM) and the other from the PM's manager or director. If the director is the PM, the director must seek their manager's approval before submitting to Finance for payment. | 4.2 | 12/31/2024 | Implemented | Accounting and Finance | |

Performance Audit of SANDAG's Sole Source Procurement Process

Publish Date: May 2025



| Recommendation | Number | Due Date | Status | Department | OIPA Comments |
|---|--------|-----------|---------|---------------------------|---------------|
| For the nine (9) missing contracts, document their absence in the contract file and do not allow future sole source follow-on work for the project. | 1.1 | 8/31/2025 | Pending | Contracts and Procurement | |
| Revise the process to document how each contract is awarded (contract history) and ensure contract documentation is clear, comprehensive, complete and readily accessible. | 1.2 | 9/30/2025 | Pending | Contracts and Procurement | |
| Develop a procedure to identify and document the contract award method for past projects to ensure follow-on work is adequately validated. | 1.3 | 9/30/2025 | Pending | Contracts and Procurement | |
| Create criteria for evaluating if the sole source economy and efficiency justification is reasonable, including but not limited to: <ul style="list-style-type: none"> • Steps to identify if a prior contract was multi-phase. • Steps to identify if the new contract's scope of work was included in the original, competitively awarded contract. | 1.4 | 9/30/2025 | Pending | Contracts and Procurement | |

| Recommendation | Number | Due Date | Status | Department | OIPA Comments |
|---|--------|------------|---------|---|---------------|
| <p>Establish a protocol for policy exceptions for unforeseen circumstances. Such a policy should be comprehensive and include, but not be limited to:</p> <ul style="list-style-type: none"> • Define exception and authority for such an exception. • Define any limitations related to the exception: Can it be applied to multiple contracts in the form of a blanket approval? Or only to a single contract? Can it include future contract actions, such as amendments for time, costs, scope? • Include documentation and analysis requirements to justify appropriate application. | 1.5 | 12/31/2025 | Pending | Contracts and Procurement & Office of General Counsel | |
| <p>Evaluate if the Agency's approval and review process provides an appropriate level of control. For example, the DDCPS is the senior management contracting and procurement expert and is responsible for contracting and procurement oversight. Additionally, the CEO is responsible for the Agency's overall operations. The Agency should consider approval levels based on criteria such as dollar volume and project risk level. Example: DDCPS approves all sole source procurements, and the DDCPS and CEO both approve all high dollar and high-risk projects.</p> | 2.1 | 12/31/2025 | Pending | Internal Controls & Office of General Counsel | |
| <p>Review and update policies and procedures to:</p> <ul style="list-style-type: none"> • Define process for obtaining and documenting required grantor permissions to sole source contracts. • Define staff and management responsibilities (including OGC) and when they are engaged in the sole source process. • Define the scope and substance and document each level of review performed and required documentation from each review. • Define the sequence of reviews and approvals to ensure strategic, compliance, and legal reviews occur before approval, and eliminate the possibility of approving a sole source before all appropriate reviews are completed. • Evaluate and assign the appropriate level of Agency approval based upon dollar amount and project risk. • Implement steps and/or controls where gaps in the process were identified. | 2.2 | 12/31/2025 | Pending | Contracts and Procurement & Internal Controls | |

| Recommendation | Number | Due Date | Status | Department | OIPA Comments |
|--|--------|------------|---------|--|---------------|
| Once policies and procedures have been updated, provide training to staff to ensure they understand their roles and responsibilities within the sole source procurement process. Periodically provide refreshers and evaluate staff's retention. | 2.3 | 4/30/2026 | Pending | Contracts and Procurement, Program / Project Management, & Human Resources | |
| Annual performance reviews for contracting staff and Project Managers should include expectations to demonstrate their knowledge and execution of their contract responsibilities with adequate professional care to ensure accuracy, completeness, and compliance. | 2.4 | 12/31/2025 | Pending | Contracts and Procurement, Program / Project Management, & Human Resources | |
| Establish and document key controls for ensuring effective monitoring and continuous improvement of the sole source process, including but not limited to: <ul style="list-style-type: none"> • Target limit for sole source contracts. • Key performance indicators, reporting procedures, and periodic quality assurance review process to increase compliance and operational efficiency over the sole source process. • Periodic evaluations of staff assignments and procurement methods to ensure that sole source procurements are appropriately utilized. • Reporting sole source contract metrics to the Board of Directors and executive leadership. | 3.1 | 3/31/2026 | Pending | Contracts and Procurement & Internal Controls | |
| Identify data needed to track sole source volume and dollar amounts in SANDAG's system(s) responsible for tracking contract data, and ensure system(s) are configured to require necessary data, including but not limited to: <ul style="list-style-type: none"> • Amendment Effective Date • Contract type • Dollar value of amendments and where they are stored • Procurement method | 3.2 | 9/30/2025 | Pending | Contracts and Procurement | |

| Recommendation | Number | Due Date | Status | Department | OIPA Comments |
|---|--------|------------|---------|---|---------------|
| Update the Procurement Manual to include and define all possible contract types that are awarded. | 3.3 | 9/30/2025 | Pending | Contracts and Procurement | |
| Reconcile the contract types in CMS with those defined in the Procurement Manual and configure CMS to allow only the contract types defined in the manual. | 3.4 | 9/30/2025 | Pending | Contracts and Procurement | |
| The Board of Directors and the Audit Committee approve the following for inclusion in OIPA's Fiscal Year 2025-2026 Audit Plan: 1. Assess planned capital project outcomes for fiscal year 2025-2026. 2. In December 2025, initiate a six-month review of sole source justifications to evaluate progress. | 3.5 | | Pending | Office of the Independent Performance Auditor | |
| Update policy to require contract staff evaluate and document the need to sole source contract amendments. | 4.1 | 9/30/2025 | Pending | Contracts and Procurement | |
| Develop a process to periodically review non-sole sourced contract amendments for compliance with sole source thresholds. | 4.2 | 3/31/2026 | Pending | Internal Controls & Program / Project Management | |
| Evaluate and revise policy to strengthen requirements for when amendments should be awarded by sole source, considering materiality and the original contract value. | 4.3 | 12/31/2025 | Pending | Contracts and Procurement & Office of General Counsel | |
| Update procurement policy to require that contracts include the maximum dollar value, as required. | 4.4 | 9/30/2025 | Pending | Contracts and Procurement | |
| Work with the Board to develop a specific dollar threshold for requesting Board consent prior to awarding contracts by sole source. | 5.1 | 12/31/2025 | Pending | Contracts and Procurement & Office of General Counsel | |

Investigation Recommendations



Investigation Report on SANDAG's State Route 125 Toll Operations

Publish Date: March 2024

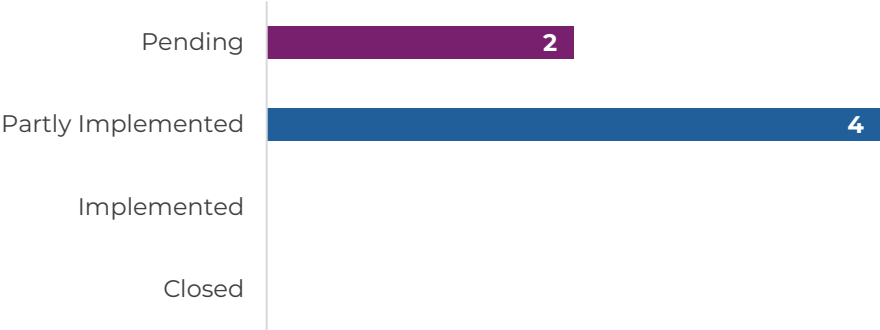


| Recommendation | Number | Due Date | Status | Department | OIPA Comments |
|---|--------|------------------------------------|-------------|---|---------------|
| Obtain an independent assessment of the Finance department's policies, procedures, and practices to ensure adequate internal controls over all of SANDAG's financial operations. | 2.1 | 7/11/2024 | Implemented | Office of the Independent Performance Auditor | |
| Reconcile the data from the KAPSCH system to ETAN's BOS daily to ensure accurate transmission and posting of customer account data to ETAN's Fastlane. | 3.2 | 8/31/2025 12/31/2024 | Pending | Accounting and Finance & Toll Operations | |
| The Board should consider a policy that requires a Board report when a multimillion-dollar project is failing to meet its deadlines and deliverables. Such a policy should clearly state under what conditions a report is required, as well as when a report will no longer be required. | 4.4 | 5/31/2024 | Implemented | Office of General Counsel | |
| The Board should request the Audit Committee and OIPA to include SANDAG's sole source procurement process be included in the IPA's annual work plan for FY 24-25. | 4.6 | 7/11/2024 | Implemented | Office of the Independent Performance Auditor | |

| Recommendation | Number | Due Date | Status | Department | OIPA Comments |
|---|--------|----------------------------------|-------------|--|--|
| Immediately implement daily monitoring to ensure all systems are operating and communicating with each other correctly. | 5.7 | 10/31/2024 | Pending | Accounting and Finance & Toll Operations | Support provided July 18, 2025, is under review. |
| SANDAG evaluates with Deloitte and A-to-Be if the DMV Hold Functionality can be implemented sooner. | 6.8 | 4/8/2024 | Pending | Accounting and Finance & Toll Operations | Support provided July 18, 2025, is under review. |
| Implement a daily reconciliation process between the KAPSCH roadway system and the ETAN Fastlane system be put in place immediately to verify the accuracy of customer charges going forward. | 7.9 | 8/31/2025 4/8/2024 | Pending | Accounting and Finance & Toll Operations | |
| Establish a process to address customer concerns related to past account balances that have not been verified or that are not able to be verified. | 7.10 | 12/31/2024 | Implemented | Accounting and Finance & Toll Operations | |

Whistleblower Investigation Report on SANDAG’s New Tolling Back-Office System Implementation

Publish Date: October 2024



| Recommendation | Number | Due Date | Status | Department | OIPA Comments |
|--|--------|-----------|--------------------|-------------------|--|
| Clearly define senior management roles, responsibilities and expectations. Special project assignments must also have clearly defined roles, responsibilities and expectations. | 1 | | Pending | Internal Controls | Support provided July 18, 2025, is under review. |
| Require key senior leadership positions have the requisite project management skills to effectively manage large-scale internal projects. The process should align with best practices, include proper certifications, and result in a thorough analysis of internal and external capacity including technical expertise, documented risk assessments, and demonstrated alignment with SANDAG’s core responsibilities. | 2 | | Partly Implemented | Internal Controls | Support provided July 18, 2025, is under review. |
| Revise sole source policies and procedures for IT to preclude sole source awards except for demonstrated proprietary, compatibility or unique functionality issues only. An IT system implementation would not qualify. | 3 | 9/30/2025 | Partly Implemented | Internal Controls | |

| Recommendation | Number | Due Date | Status | Department | OIPA Comments |
|--|--------|-----------|--------------------|-------------------|--|
| Require system requirements be developed for IT system solutions and all stakeholders are formally included in the process. Project planning must include the requisite time to accomplish this. | 4 | | Pending | Internal Controls | Support provided July 18, 2025, is under review. |
| Perform pre-award analysis of multimillion-dollar contract awards to demonstrate a vendor has been formally evaluated against SANDAG's project requirements. SANDAG's project requirements must be fully defined before award is determined. | 5 | 6/30/2026 | Partly Implemented | Internal Controls | |
| Conduct and document formal post-evaluations of all multimillion-dollar projects, lessons learned, and corrective action plans for future projects prepared and presented to the CEO. | 6 | 6/30/2026 | Partly Implemented | Internal Controls | |