SANDAG

OIPA | **Office of the Independent Performance Auditor**

Fiscal Year 2025 External Audit Recommendation Compilation

As of July 18, 2025

Courtney Ruby, CPA, CFE
Independent Performance Auditor

Published July 25, 2025

Message from the Independent Performance Auditor

I am pleased to present a compilation of SANDAG's external audit recommendations as of the end of fiscal year (FY) 2025, prepared by the Office of the Independent Performance Auditor (OIPA). This compilation is part of OIPA's authorized Annual Work Plan.

At the close of each fiscal year, OIPA compiles and publishes a list of audit recommendations issued by external auditors in prior years, along with any new recommendations from audits completed during the most recent fiscal year. No additional testing or verification is performed by OIPA staff in relation to external audit recommendations.

This compilation is designed to be a straightforward tool for the Audit Committee, Board of Directors (Board), SANDAG Management, and the public to easily reference the status of all outstanding external audit recommendations. It also serves to ensure that recommendations do not languish and common organizational trends, if any, are identified and addressed from a broader management perspective.

OIPA would like to thank Management for their assistance in collecting and updating all the external audit recommendations included in this year's compilation.

Sincerely,

Courtney Ruby, CPA, CFE
Independent Performance Auditor

Table of Contents

Independence · Transparency · Accountability

Audits in this Compilation

TransNet Triennial Performance Audits
Released June 2018, March 2021, and May 2024

TransNet is a half-cent sales tax approved by voters in 1987 to improve transportation infrastructure in the San Diego region. The TransNet Extension Ordinance and Expenditure Plan, approved by voters in 2004, established the Independent Taxpayer Oversight Committee (ITOC). As part of its duties under this ordinance, ITOC oversees a triennial performance audit of SANDAG and other agencies' progress on TransNet-funded projects and programs for the preceding three-year period. These audits include examinations of major corridor project delivery and grants funded by TransNet, determinations of TransNet project alignment with the Regional Transportation Plan, and updates on the implementation of prior audit recommendations.

FY 2024 Report on Internal Controls Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards
Released March 2025

This audit considered SANDAG's internal control over financial reporting and was conducted by the outside certified public accounting firm Davis Farr, LLP.

SANDAG Single Audit on Expenditures of Federal Awards
Released March 2024 and March 2025

These audits are intended to obtain reasonable assurance that SANDAG's financial statements are free from material misstatements and in compliance with applicable provisions of laws, regulations, contracts and grant agreements. The audit is conducted by the outside, certified public accounting firm Davis Farr, LLP.

Independence · Transparency · Accountability

FY 2024 Transportation Development Act – Multiple Jurisdictions Report
Released December 2024

This report contained audits of the accompanying financial statements of the Transportation Development Act (TDA) Article 4 and Article 8 Funds of multiple cities.

FY 2024 ITOC TransNet and TransNet Extension Activities Report
Released TBD[1]

In addition to the TransNet Triennial Performance Audit, ITOC also oversees a TransNet and TransNet Extension Activities Fiscal and Compliance Audit at the end of each fiscal year. This audit is designed to determine whether recipients of TransNet funds are in compliance with the TransNet Ordinance and TransNet Extension Ordinance for that fiscal year.

---

[1] The Draft FY 2024 ITOC TransNet and TransNet Extension Activities was included as part of the *ITOC 2025 Annual Report* on July 9, 2025.

Independence • Transparency • Accountability

Implementation Status Definitions

Following the close of FY 2025, OIPA gathered information and obtained updates on all outstanding external audit recommendations from SANDAG departments. Based upon the information received, each recommendation's status was placed into one of the following categories:

> **Pending** – Management reported the corrective action is still in progress.

> **Implemented** – Management reported the required corrective action was completed.

Independence • Transparency • Accountability

Summary of Recommendations

In FY 2025, OIPA compiled a total of **66 external audit recommendations.** Of these, **23 were implemented**, leaving **43 pending** to be tracked into FY 2026.

43	23

■ Pending ■ Implemented
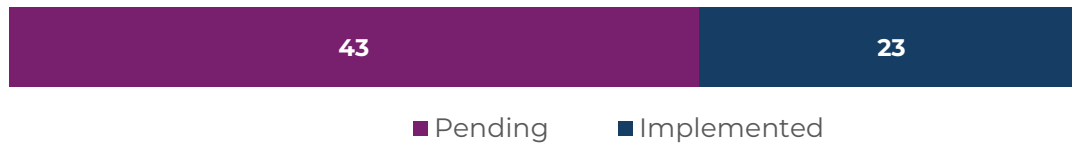
The following report further details each of these recommendations and their most recent implementation status, as provided by SANDAG Management.

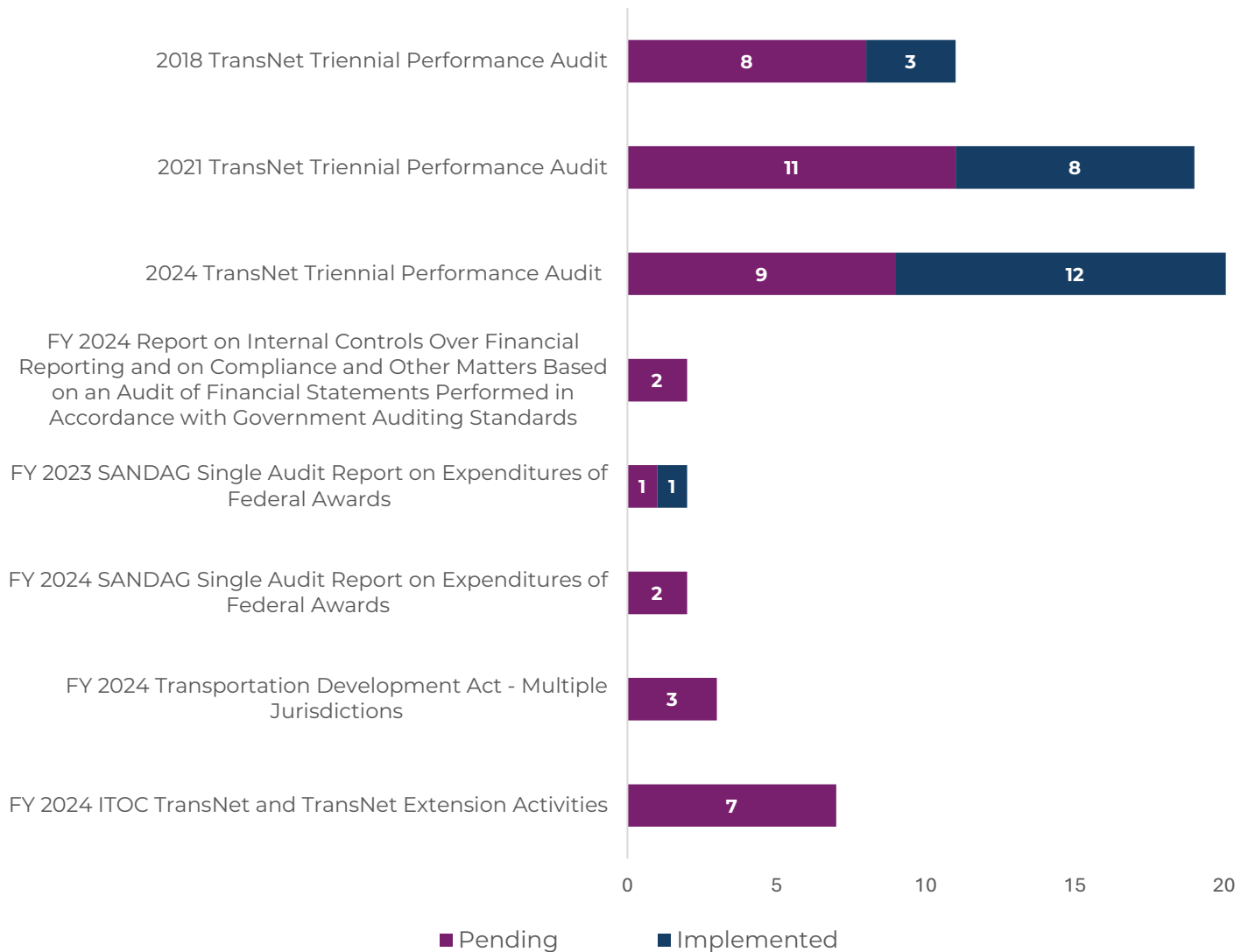| Audit	Pending	Implemented
2018 TransNet Triennial Performance Audit	8	3
2021 TransNet Triennial Performance Audit	11	8
2024 TransNet Triennial Performance Audit	9	12
FY 2024 Report on Internal Controls Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	2	
FY 2023 SANDAG Single Audit Report on Expenditures of Federal Awards	1	1
FY 2024 SANDAG Single Audit Report on Expenditures of Federal Awards	2	
FY 2024 Transportation Development Act - Multiple Jurisdictions	3	
FY 2024 ITOC TransNet and TransNet Extension Activities	7	

■ Pending ■ Implemented

Independence · Transparency · Accountability

Percent of External Recommendations Completed by Year

Over the past seven years, SANDAG received **110** external audit recommendations. As of today, **43** are open, and **67** were reported as implemented. These results demonstrate SANDAG's commitment to addressing external audit recommendations.

Overall, 61% of all recommendations issued were implemented.

Year Issued	Recommendations			
	Total Issued	**Open**	**Implemented**	**Percent Completed**
2018	**42**	8	34	81%
2021	**27**	11	16[2]	59%
2024	**30**	13	17	57%
2025	**11**	11	-	0%
Grand Total	**110**	**43**	**67**	**61%**

---

[2] One recommendation was dropped because no action was required.

Independence • Transparency • Accountability

Summary of External Audit Recommendations

In FY 2025, SANDAG implemented about 37%[3] of open recommendations.

Year Issued	Open	Implemented	Total
2018	8	3	**11**
2021	11	8	**19**
2024	13	12	**25**
2025	11	-	**11**
Grand Total	**43**	**23**	**66**

---

[3] Percent of implemented recommendations only reflects recommendations implemented during the last fiscal year.

Independence · Transparency · Accountability

2018 TransNet Triennial Performance Audit

Publish Date: June 2018

Implemented		3
Pending		8

Recommendation	Number	Status
ITOC should direct SANDAG to leverage historical data and previous Plans of Finance (POFs).	1.1	Implemented
ITOC should direct SANDAG to establish a formal structured protocol to review funding sources.	1.5	Pending
ITOC should direct SANDAG to identify methods to assess options, if needed, to delay, eliminate, or reduce scope of projects.	1.7	Implemented
ITOC should request SANDAG to set targets to measure TransNet performance against the TransNet Extension Ordinance goals.	2.1	Pending
ITOC should request SANDAG to capture performance outcome data related to safety metrics, pavement condition, and bridge condition.	2.2	Pending
ITOC should request SANDAG to provide regular performance monitoring reports that consider past performance in relation to TransNet goals.	2.4	Pending
ITOC should request SANDAG to consider allocating funding for additional performance monitoring activities.	2.5	Implemented

Independence · Transparency · Accountability

Recommendation	Number	Status
ITOC should request SANDAG to continue to monitor compliance with SANDAG Board Policy No. 031, Rule 21.	4.2	Pending
ITOC should request SANDAG to conduct another review of local projects.	4.3	Pending
ITOC should request the SANDAG Board to direct SANDAG to continue to analyze major transit commute routes and services.	5.1	Pending
ITOC should request the SANDAG Board to direct SANDAG to regularly report on implementation of TransNet Extension Ordinance goals.	8.1	Pending

Independence • Transparency • Accountability

2021 TransNet Triennial Performance Audit

Publish Date: March 2021

Implemented ▮ 8

Pending ▮ 11

Recommendation	Number	Status
Clearly identify whether the remaining TransNet Extension Ordinance projects will be part of the 2021 Regional Transportation Plan, before the SANDAG Board approves the 2021 plan, and provide a similar identification for any key changes in future Regional Transportation Plans.	1.1	Implemented
Develop regular crosswalks to summarize and compare planned major corridor projects outlined in the TransNet Extension Ordinance with current improvement implementation status by identifying project progress in terms of "complete", "in-progress", "cancelled", or "moved beyond 2048 and outside the TransNet Extension Ordinance period". SANDAG should complete this reconciliation annually, at the minimum when it revises its Capital Improvement Program Budget, or when SANDAG makes a major update to the Regional Transportation Plan and explain deviations from the TransNet Extension Ordinance including scope expansions, reductions, or mergers with other project segments through a log that captures all explanations. When performing this reconciliation, SANDAG should utilize a consistent numbering format or key identifier for each project to facilitate the tracking of changes over time.	1.2	Implemented
Develop and adopt a formal process to address issues identified during annual Plan of Finance updates that discusses short-term and long-term funding scenarios and how options specifically impact the scope and schedule of remaining TransNet Extension Ordinance projects. The plan should include clear methodology, criteria, and triggers for making decisions on TransNet Extension Ordinance projects if funding does not materialize as expected and how to make choices to reduce scope, delay, or eliminate projects from the TransNet Extension Ordinance portfolio.	2.1	Pending
Develop a risk-based approach for Quality Assurance/Quality Control testing and indication of review to strengthen documentation of Quality Assurance/Quality Control activities employed and results to better demonstrate data verifications.	2.2	Pending

Independence · Transparency · Accountability

Recommendation	Number	Status
Enhance organization of Peer Review Process supporting documents by providing a corresponding table to capture topics discussed, reference items to checklists, and close out memos to better link what was planned, what was done, and how issues were addressed.	2.3	Pending
Clearly describe to the Board the Quality Assurance/Quality Control sampling methodology employed, any limitations of the data, and associated cost-benefits or risks of the approach.	2.4	Pending
Clearly and comprehensively report on actual progress and accomplishments (or lack thereof) against the TransNet Extension Ordinance on a regular, periodic basis—such as quarterly or annually—for project scope, costs, schedule, accomplishments, and outcomes against promises.	3.1	Implemented
Demonstrate compliance with the TransNet Extension Ordinance by identifying, tracking, and reporting on various requirements and provisions to the Board and ITOC on a regular, periodic basis—such as quarterly or annually.	3.2	Implemented
Implement shorter-term steps to report on performance, while waiting on the longer-term Transportation Performance Management Framework, including continued development of SANDAG's proposed "Goals and Provisions" document to distribute to the Board and ITOC.	3.3	Pending
Create summarized graphics to quickly indicate TransNet Extension Ordinance status based on data in the revised quarterly reports for reporting to the Board and ITOC.	3.4	Pending
Consider and prepare a regional safety plan that complements Caltrans' Statewide Plan and details SANDAG's vision, goals, objectives, and strategies to address regional trends, road conditions, and driving behaviors.	5.2	Implemented
Consider ways to encourage state and local emergency, planning, and response entities to include SANDAG in discussions and local plans related to emergency capacity so that regional planners stay informed and collaborate on emergency and resilience issues.	5.3	Implemented

Recommendation	Number	Status
Consider estimating and communicating to the Board and ITOC the quantifiable impact of permit delays on individual Bike Early Action Program projects and the overall Regional Bikeway Program.	6.1	Pending
Work with the Board to have leadership collaborate with its representatives from the City of San Diego to rectify critical Bike Early Action Program project permit issues.	6.2	Pending
Modify TransNet Dashboard data or Board reports to compare actual individual project data against original baseline budgets and schedule by project phase to more clearly show progress against initial plans and provide explanatory context in addition to aligning TransNet Dashboard project phase categories with those used in individual project management tools.	6.5	Pending
Track and analyze more granular internal project milestones within Bike Early Action Program project phases—such as planned and actual schematic design, detailed design, right-of-way, utility coordination, and construction documents, to better identify where possible impediments and delays occur and may need to be addressed.	6.6	Pending
Provide extra scrutiny on less certain Regional Bikeway Program on assumed funding from less certain sources, including the state's Active Transportation Program competitive grant source, during subsequent updates to the Regional Bikeway Program Plan of Finance, to identify potential capacity and revenue constraints or opportunities and have annual processes in place to evaluate and modify the mix of projects if funding does not occur as expected.	6.7	Implemented
Consider expanding the ITOC qualifications to include knowledge of emerging topics SANDAG presents before the committee such as multi-modal planning, active transportation, transportation system management and operations, transportation planning, performance measures, and legal issues.	7.3	Implemented
Explore options and feasibility of moving ITOC candidate screening and selection process outside of the SANDAG Board to maximize appointment transparency and minimize any perceived selection bias.	7.4	Pending

Independence · Transparency · Accountability

2024 TransNet Triennial Performance Audit

Publish Date: May 2024

Implemented	12
Pending	9

Recommendation	Number	Status
Ensure SANDAG Executive Management designated staff to have assigned responsibility for tracking against the Ordinance major corridor planned pledges at a detailed location boundary and scope level to be able to demonstrate what actual improvements were made.	1.1	Implemented
Revamp or create new tools or spreadsheets to comprehensively track major corridor project delivery against Ordinance planned pledges at a detailed location boundary and scope level.	1.2	Implemented
Make sure the revamped or new tools or spreadsheets comparing actual to planned project delivery for Ordinance major corridor planned pledges at a detailed location boundary and scope level are accurate and supported through links to project fact sheets, budget documents, google maps, or other specific project-level documents validating completion as appropriate.	1.3	Pending
Provide the detailed listing – or highlight just those original TransNet major corridor project boundaries and scopes that were not completed as pledged – to the Board and ITOC for use as part of annual budget conversations as well as the 2025 Regional Plan, and future regional plans.	1.4	Implemented
Update data in the TransNet Dashboard – or alternate public facing system designated in place of the Dashboard – on monthly basis to ensure up to date budget, expenditure, schedule, and status information is comprehensively available for both current in-progress major corridor projects and previous major corridor projects completed.	1.5	Pending

Independence · Transparency · Accountability

Recommendation	Number	Status
Work with MTS and NCTD to closely monitor ridership on the TransNet-funded routes against service frequency levels and report to the SANDAG Board and ITOC on the impact service adjustments may have on riders, including how actual services align with the original plans in the TransNet Ordinance.	2.1	Pending
Ensure decisions made regarding funding MTS' and NCTD's transit operating service gaps or frequency expectations are documented with rationale supporting decisions and incorporated into Ordinance amendments as warranted.	2.2	Pending
Ensure Executive Management designate staff with the assigned responsibility for tracking future remaining major corridor projects against the Ordinance planned pledges at a detailed location boundary and scope level to be able to demonstrate what actual improvements are planned and which remaining major corridor projects will not be completed.	3.1	Implemented
Establish tools or mechanisms to track remaining Ordinance major corridor projects (boundaries and scope) clearly and accurately against the 2021 Regional Plan and future regional plans, including maintaining underlying supporting data reported.	3.2	Implemented
Provide a detailed listing to the Board and ITOC annually – or highlight those remaining original TransNet major corridor project boundaries and scope that will not be completed as pledged – starting in 2024 before completion of the future 2025 Regional Plan and regularly thereafter.	3.4	Implemented
Present proposed amendment to the Board to align planned major corridor projects from the TransNet Ordinance with the current 2021 Regional Plan as required by the TransNet Ordinance.	3.5	Implemented
Present the details of the next Plan of Finance to the Board and ITOC including specific amounts of funding shortfalls by subprogram and program-wide, in addition to the timeframe when shortages may begin to affect project delivery.	4.1	Pending
Develop specific options and corresponding timelines on possible actions to address funding shortfalls for the Board and ITOC that clearly state the impact of each option at the project- level, including how options will compare to what was originally pledged in the ordinance for each project.	4.2	Pending

Independence · Transparency · Accountability

Recommendation	Number	Status
Develop, implement, and use a format, transparent, and vetted methodology and strategy for reprioritizing pledged ongoing and future TransNet major corridor projects against limited funding – including how funds are moved between projects and factors are weighed for starting new projects when other ongoing projects may have unmet funding needs.	4.3	Pending
Revamp the smart growth grant application form to clearly identify quantified, detailed objectives and deliverables to allow for meaningful analysis.	5.1	Implemented
Require grantees to include a well- defined description of what will be constructed through the project to affect desired smart growth outcomes.	5.2	Implemented
Require grantees to report on the quantifiable performance metrics now required in grant awards related to promoting smart growth goals to create compact, walkable, bikeable and transit-oriented communities and increase housing and transportation choices around the region as applicable.	5.3	Implemented
Put practice in place to summarize grantee performance data, analyze success of grant efforts, and reports to ITOC.	5.4	Implemented
Require SANDAG Executive Management to take an active role in overseeing the implementation of the ITOC audit recommendations and hold staff accountable for timely corrective action.	6.1	Implemented
Set timelines for local agency consensus on proposed Ordinance amendments and then take the related amendments to the Board for consideration soon after.	6.2	Pending
Immediately propose the amendments to the Board for the ITOC changes and other areas relating to the prior audit recommendations.	6.3	Pending

Independence · Transparency · Accountability

FY 2024 Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards
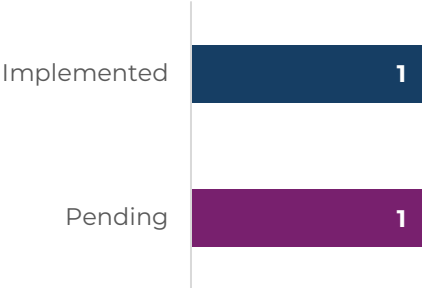
Publish Date: March 2025

Implemented

Pending 2

Recommendation	Number	Status
Auditing standards indicate that material adjustments identified through the audit process are evidence of a weakness in SANDAG's internal control structure. Efforts should be made to enhance SANDAG's year-end closing procedures to include areas that resulted in audit adjustments.	2024-001	Pending
We recommend SANDAG enhance the system of internal controls for tracking reporting requirements to ensure timely reporting as required by the grant agreements.	2024-002	Pending

Independence · Transparency · Accountability

FY 2023 SANDAG Single Audit Report on Expenditures of Federal Awards[4]

Publish Date: March 2024

Implemented ▮ **1**

Pending ▮ **1**

Recommendation	Number	Status
Auditing standards indicate that material adjustments identified through the audit process are evidence of a weakness in SANDAG's internal control structure. Efforts should be made to enhance SANDAG's year-end closing procedures to include areas that resulted in audit adjustments	1.1	Pending
SANDAG should continue to evaluate the back-office system to verify the accuracy of toll transactions, billing to customer accounts, and related accounting transactions recorded in the SR 125 fund. SANDAG should develop additional controls to regularly monitor the transactions recorded by the back-office system for timely detection of errors.	2.1	Implemented

---

[4] These recommendations were reported under "FY 2023 Audited Annual Comprehensive Financial Report" in *OIPA's FY 2024 External Audit Recommendation Compilation.*

Independence · Transparency · Accountability

FY 2024 SANDAG Single Audit Report on Expenditures of Federal Awards

Publish Date: March 2025

Implemented

Pending ▐ **2**

Recommendation	Number	Status
Auditing standards indicate that material adjustments identified through the audit process are evidence of a weakness in SANDAG's internal control structure. Efforts should be made to enhance SANDAG's year-end closing procedures to include areas that resulted in audit adjustments.	2024-001	Pending
We recommend SANDAG enhance the system of internal controls for tracking reporting requirements to ensure timely reporting as required by the grant agreements.	2024-002	Pending

FY 2024 Transportation Development Act – Multiple Jurisdictions

Publish Date: December 2024

Implemented

Pending ████████████████████████ 3

Recommendation	Number	Status
We recommend the City of Coronado carefully review revenues to ensure they are accurately recorded and recognized. We also recommend the City maintain a complete self-balancing set of records for the TDA activities for purposes of ensuring the assets and liabilities are correctly recorded.	-	Pending
We recommend the City of La Mesa carefully review revenues to ensure they are accurately recorded and recognized. We also recommend the City maintain a complete self-balancing set of records for the TDA activities for purposes of ensuring the assets and liabilities are correctly recorded.	-	Pending
We recommend the City of Poway carefully review expenditures to ensure they are accurately recorded in the fiscal year in which they occur, and record journal entries for expenditures which occurred in prior periods.	-	Pending

FY 2024 ITOC TransNet and TransNet Extension Activities

Release Date: TBD[5]

Recommendation	Number	Status
The City of Poway will make up the shortfall of their Maintenance of Effort (MOE) for the fiscal year ending June 30, 2024.		Pending
The City of Coronado must collect the shortfall of revenues collected under the Regional Transportation Congestion Improvement Program.		Pending
The County of San Diego must collect the shortfall of revenues collected under the Regional Transportation Congestion Improvement Program.		Pending
The City of Coronado will work with SANDAG staff in FY 2025 to program the unexpended committed Regional Transportation Congestion Improvement Program (RTCIP) funds within seven years of collection.		Pending
The Metropolitan Transit System (MTS) will strive to meet the operator eligibility requirement for rail services during the next year.		Pending
The North County Transit District (NCTD) will strive to meet the operator eligibility requirement for rail services during the next year.		Pending
Caltrans will identify and amend the projects set up incorrectly and develop an ongoing process to verify all SANDAG projects are set up as self-help and are charging the correct Indirect Cost Rate Proposal (ICRP) rate.		Pending

---

[5] The Draft FY 2024 ITOC TransNet and TransNet Extension Activities was included as part of the *ITOC 2025 Annual Report* on July 9, 2025. Recommendations have not been formally published.

Independence · Transparency · Accountability