

**SANDAG**

**OIPA**

Office of the Independent  
Performance Auditor

# ANNUAL INVESTIGATIONS REPORT

## *Fiscal Year 2024*



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## Annual Investigations Report Overview

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), or upon request by the SANDAG Board of Directors and Audit Committee or through complaints filed through the Whistleblower Hotline.



This Annual Investigations Report provides a summary of the OIPA's SR 125 investigation, an overview of the Whistleblower Hotline investigation process, the number and types of allegations submitted in Fiscal Year (FY) 2024, the allegations warranting an investigation, and then concludes with a summary of the investigation outcomes and actions taken.

## Investigations Initiated by IPA, Board of Directors and/or Audit Committee

### SR 125 Investigation Summary

In December 2023, the Independent Performance Auditor, Audit Committee, Board Chair, and several Board members determined that the publicly disclosed allegations of SR 125 Toll customer mischarges and accounting issues warranted an independent investigation. The IPA launched a three-month accelerated investigation to determine if SANDAG's SR 125 financial accounting can be relied upon and what steps SANDAG took to rectify the known errors with customer accounts that were publicly disclosed in November 2023. During the investigation, other significant matters were discovered.

SR 125 serves approximately 60,000 daily users and SANDAG's Finance department (Finance department) reported total annual revenue of just over \$39 million, with almost \$35 million coming from toll revenue. SANDAG allowed ETAN's new SR 125 back-office tolling system (BOS) to go live on June 6, 2022, with the knowledge that ETAN did not fulfill many of its contractual requirements.

The investigation found ETAN's Fastlane financial reporting cannot be relied upon, and the Finance department lacks adequate internal controls, including proper review and supervision, to ensure SR 125 financial information is accurately recorded and reported. The report recommends an independent assessment of the Finance department's policies, procedures, and practices.

During the investigation, several other significant matters were discovered and are noted in the report. For instance, the investigation revealed ETAN's implementation of the BOS was headed for trouble from the beginning and SANDAG executive management failed to address the situation in a timely manner, including informing the Board of Directors.

The report includes 10 recommendations to both the SANDAG Board and SANDAG executive management. The report is available [here](#).

## The Whistleblower Hotline

### Purpose

The Whistleblower Hotline is a safe and reliable way for SANDAG employees, contracted parties, members of the public or other stakeholders to report allegations of fraud, waste, abuse and gross mismanagement at SANDAG. Reports are received via OIPA's website, phone, or email and can be made anonymously.

### The Investigation and Referral Process

The OIPA conducts a preliminary analysis of each complaint submitted through the Whistleblower Hotline. We follow five (5) criteria in determining if the allegations reported in each complaint warrant launching an investigation:

1. Did it involve SANDAG property, infrastructure, employees, officials, contractors, or does it otherwise fall within the OIPA's jurisdiction?
2. Does it meet the criteria of fraud, waste, abuse, or gross mismanagement?
3. Did it occur within the last year?
4. Was sufficient information provided to initiate an investigation?
5. Is the matter currently being litigated?

Once the OIPA has reviewed and accepted a complaint, an investigation will be initiated by the IPA. Investigations in progress are not made public until they are completed. If an investigation into a claim is substantiated and is significant to the operations of SANDAG, a standalone investigation report will be issued. If the matter is substantiated but not significant, meaning it only impacts a small part of SANDAG's operations, the results will be captured in the Annual Investigations Report.

### Fiscal Year 2024 Whistleblower Cases by Allegation Type

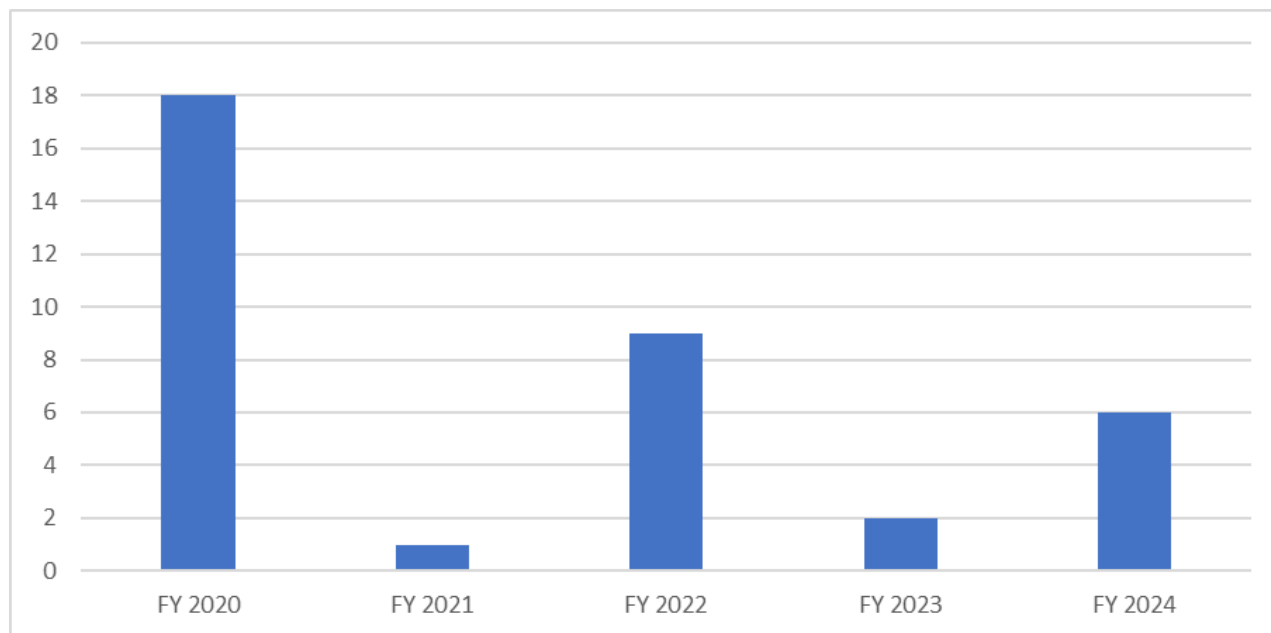
Whistleblower complaints included a diverse range of allegation types. The table below shows the number of complaints by allegation type received in FY 2024.

Allegation Type	Total
Other*	2
Misconduct or Inappropriate Behavior	2
Hiring Irregularities	1
Misuse of Assets or Services	1
<b>Grand Total</b>	<b>6</b>

Note: \*Allegations categorized as “Other” include a diverse range of allegations including criminal activity, public nuisances, and irresponsible/poor/unfair customer service.

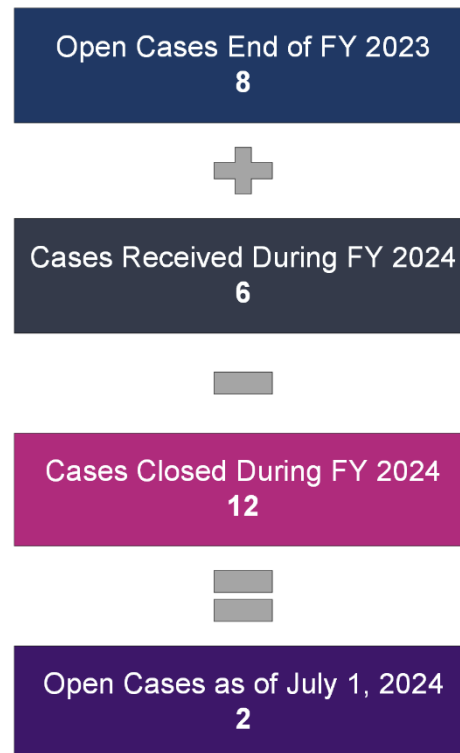
### Cases Received Between Fiscal Years 2020 and 2024

In FY 2024 (July 1, 2023, through June 30, 2024) the Whistleblower Hotline received and reviewed six (6) cases. The exhibit below provides a historical perspective as to the number of cases received since FY 2020.



### Summary of Cases Received

In FY 2024, six (6) complaints were filed. At the end of the fiscal year, two (2) cases were still in the process of being investigated.



### Summary of Closed Whistleblower Cases

As the chart above indicates, 12 cases were closed in FY 2024.

Three (3) were closed after an investigation. The remaining nine (9) closed cases fell into the categories of:

- not fraud, waste, abuse or gross mismanagement,
- outside Whistleblower Hotline jurisdiction,
- outside the one-year time limit,
- not applicable.

A detailed list of closed cases is included at the end of this document.

## **Results of Closed Cases**

The whistleblower cases were closed for the following reasons:

- Two (2) complaints were not substantiated, meaning after an investigation there was inconclusive information to substantiate or refute the allegations.
- One (1) complaint had multiple allegations that were either:
  1. not substantiated, meaning after an investigation there was inconclusive information to substantiate or refute the allegations,
  2. refuted, which means after an investigation, allegations were determined to be false, or
  3. out of jurisdiction, meaning the allegation does not fall under the OIPA Whistleblower Hotline's jurisdiction.
- Two (2) complaints were forwarded and closed after a preliminary review determined other SANDAG departments or outside agencies should review the complaint further.
- Two (2) complaints were closed after a preliminary review determined the cases did not qualify as fraud, waste, abuse or gross mismanagement, were in litigation, there was insufficient information to investigate, the complaint occurred over a year ago, or the complaint was outside of the OIPA Whistleblower Hotline's jurisdiction.
- One (1) complaint was closed due to not qualifying as fraud, waste, abuse or mismanagement, but it was determined that the SANDAG working environment would be monitored by OIPA for similar complaints in the foreseeable future.



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## Whistleblower Hotline

**(619) 595-5386**

The Whistleblower Hotline is accessible on SANDAG's **website**:

<https://www.sandag.org/about/office-of-the-independent-performance-auditor/whistleblower-hotline>

By **phone** at (619) 595-5323

Or via **email** at [courtney.ruby@sandag.org](mailto:courtney.ruby@sandag.org)

If one prefers to communicate outside of SANDAG's IT infrastructure, email can be sent to [cruby.ipa.oipa@gmail.com](mailto:cruby.ipa.oipa@gmail.com).



## Appendix A: Complaint Summary

#	Date Opened	Allegation Type	Allegation Details	Outcome	Action Taken
1	7/27/2021	Misuse of Assets or Services	Allegation of misuse of funds for bike lanes.	None	Referred to Audit
2	2/2/2022	Misuse of Assets or Services	Reporter cited concern that Pershing Drive Bike project doubled in cost.	None	Referred to Audit
3	2/8/2022	Misuse of Assets or Services	Reporter cited concerns that the costs for bikeways doubled in cost and that the location of the bikeway projects were mostly in the City of San Diego.	None	Referred to Audit
4	2/14/2022	Misuse of Assets or Services	Allegation of abusive waste of taxpayer dollars for bike lanes.	None	Referred to Audit
5	8/7/2022	Environmental Protection, Health or Safety Law	Multiple allegations concerning seismic laws not being followed for multiple projects.	Refuted Not Substantiated Out of Jurisdiction	No Action Taken
6	2/17/2021	Quid pro quo	Allegation that SANDAG consultant/contractor and prior SANDAG employee were involved in a quid pro quo scheme.	None	Referred to outside agency
7	12/13/2023	Hiring Irregularities	Allegation that an employee was fired and an open recruitment process was not followed.	Not Within 1 Year	No Action Taken
8	6/6/2024	Other	Reporter alleged they were charged incorrectly on the toll road.	Not Fraud, Waste, Abuse or Gross Mismanagement	Referred to appropriate department / channel
9	5/31/2022	Improper Supplier or Contractor Activity	Allegations that certain contractors are acquiring contractors without competitive bids.	None	Referred to Audit
10	7/10/2023	Misuse of Assets or Services	Allegation of a social event using taxpayer funds.	Not Substantiated	No Action Taken
11	12/21/2022	Misconduct or Inappropriate Behavior	Allegation that SANDAG management abused their power.	Not Substantiated	Recommended corrective action
12	6/25/2024	Misconduct or Inappropriate Behavior	Allegation of bullying behavior and a toxic work environment.	Not Fraud, Waste, Abuse or Gross Mismanagement	Continue to monitor