

SANDAG

OIPA

Office of the Independent
Performance Auditor

ANNUAL INVESTIGATIONS REPORT

Fiscal Year 2025



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Annual Investigations Report Overview

The Office of the Independent Performance Auditor (OIPA) is the official body of the San Diego Association of Governments (SANDAG) to investigate potential fraud, waste, abuse, and gross mismanagement. Most Investigations are initiated through Whistleblower Hotline reports; however, investigations can also be initiated directly by the Independent Performance Auditor (IPA), or upon request by the SANDAG Board of Directors (Board) and Audit Committee.



This *Annual Investigations Report* highlights investigations released this year: OIPA's State Route (SR) 125 companion investigation and the Whistleblower Investigation on the new SR 125 Back-Office System (BOS) Implementation. This report also provides an overview of the Whistleblower Hotline investigation process, the number and types of Whistleblower Reports submitted in Fiscal Year (FY) 2025, 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 Companion Investigation Summary

The *Investigation Report on SANDAG's State Route 125 Toll Operations* conducted by OIPA and released in March 2024 found ETAN's implementation of the Fastlane BOS was headed for trouble from the beginning. SANDAG's Executive Management failed to address the situation in a timely manner, including informing the Board. This investigation recommended the Board and the public be provided with an explanation as to why a Request for Proposals (RFP) process was not initiated a year sooner, and why the Board was instead presented with a request to authorize a sole source contract award on January 12, 2024.

In May 2024, the Audit Committee passed a motion requesting OIPA conduct an investigation to determine what members of SANDAG's Executive Team and Board knew of ETAN's significant performance issues, when they knew, and what they knew. Earlier, on April 26, 2024, the Board requested the IPA perform this investigation.

OIPA did not find any members of the Board were notified prior to late 2023 of ETAN's significant performance issues.

The investigation found all members of the Executive Team were aware of ETAN's BOS performance issues. However, the degree to which each Executive Team member understood the significance of performance issues appeared to differ based upon their role, experience, and proximity to SR 125 operations, and overall direction by the former CEO related to operational matters.

Additionally, due to poor management, the critical time needed to issue a BOS RFP to replace ETAN was lost, and instead SANDAG embarked on four different paths, some simultaneously, to address the operational crisis caused by ETAN's inability to meet critical contractual requirements. These paths demonstrated a wasteful use of public resources and a lack of transparency, accountability, and internal coordination. The result was a hastily executed sole source contract award to Deloitte.

The report is available [here](#).

¹ ETAN was contracted by SANDAG to implement the Fastlane BOS on SR 125.

Investigations Originated Through the Whistleblower Hotline

SANDAG's New Tolling Back-Office System Implementation Investigation Summary

On January 12, 2024, SANDAG's Board, per the recommendation from SANDAG Management, authorized a sole source contract with Deloitte to provide system integration, implementation, and infrastructure services for the SANDAG Commercial Back Office Migration and Rapid Deployment Project. Deloitte is also responsible for managing the payment process to the A-to-Be vendor, who provides the MoveBeyond tolling BOS platform. This contract was awarded due to performance issues related to ETAN's implementation of a BOS for SANDAG's SR 125 Toll Road and Interstate 15 (I-15) Express Lanes.

On May 29, 2024, OIPA's Whistleblower Hotline received a report alleging that the replacement BOS being implemented by Deloitte and A-to-Be for tolling operations "is unsuitable for fulfilling the financial reporting needs required by SANDAG to capture and complete reliable financial reporting required by GAAP²." Further, "the need to produce reliable and accurate financial reports was not considered when A-to-Be was selected and awarded a sole source contract."

The investigation found the financial reporting needs of SANDAG's finance department were not considered during the procurement process. Additionally, system requirements were not developed for the replacement BOS implementation, and therefore, were absent in the contract with Deloitte. The investigation also found the A-to-Be MoveBeyond software did not include an internal financial accounting system, or general ledger and a critical component needed to facilitate the integration of the new BOS with SANDAG's Enterprise Resource Planning system was missing.

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

² Generally Accepted Accounting Principles

The Whistleblower Hotline

Purpose

The Whistleblower Hotline is a secure, confidential, and reliable way for Reporters, including employees, contracted parties, members of the public, or other stakeholders, to report allegations of fraud, waste, abuse, and gross mismanagement at SANDAG. Information submitted through the Hotline is classified as a Whistleblower Report. In FY 2025, Whistleblower Reports could be submitted via phone, email, or mail and Reporters had the option to remain anonymous.

The Investigation Process

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

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

The investigation process is confidential; therefore, investigation details are not shared, even with whistleblowers. The confidential process protects all parties involved and the integrity of the investigative process. Upon conclusion of an investigation, results are either published in a standalone investigation report or summarized in the *Annual Investigations Report*.

Fiscal Year 2024-25 Whistleblower Reports by Allegation Type

Whistleblower Reports include a range of allegation types. The table below shows the number of Whistleblower Reports by allegation type received in FY 2025.

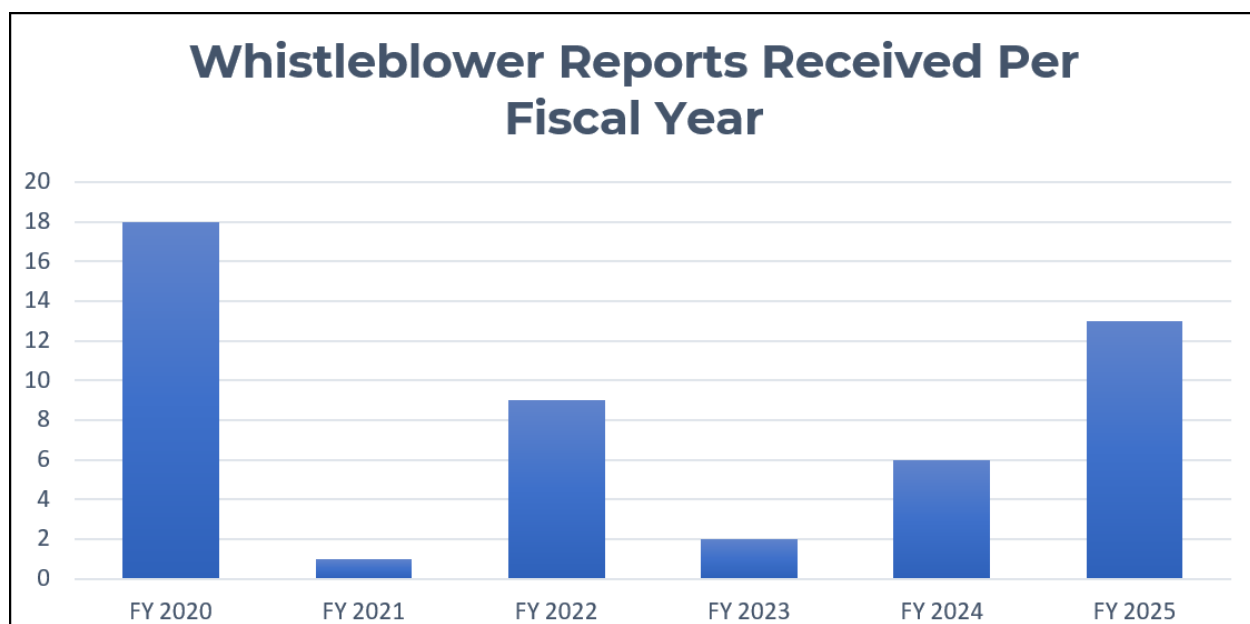
Allegation Type	Total
Other*	7
Misconduct or Inappropriate Behavior	1
Waste	1
Theft	1
Hiring Irregularities	1
Environmental Protection, Health or Safety Law	2
Grand Total	13

Source: Compiled from OIPA Whistleblower Hotline Tracking Database

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

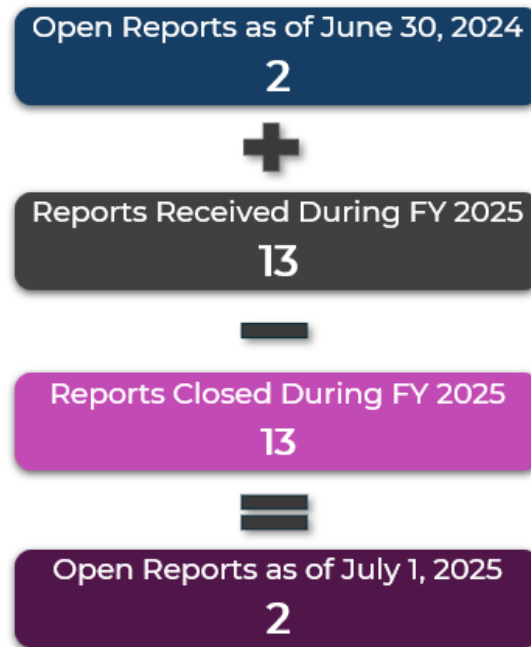
Whistleblower Reports Received Between Fiscal Year 2020 and 2025

In FY 2025, OIPA’s Whistleblower Hotline received and reviewed 13 Whistleblower Reports. The exhibit below provides an annual comparison of Whistleblower Reports received since FY 2020.



Summary of Whistleblower Reports Received

OIPA started FY 2025 with two (2) open Whistleblower Reports. During FY 2025, 13 Whistleblower Reports were filed. At the end of the fiscal year, two (2) Whistleblower Reports remain open.



Summary of Closed Whistleblower Reports

As the chart above indicates, 13 Whistleblower Reports were closed in FY 2025.

- Four (4) reports were closed after an investigation.
- The remaining nine (9) reports were closed because they were:
 - not fraud, waste, abuse or gross mismanagement,
 - outside the Whistleblower Hotline jurisdiction, or
 - resolved before an investigation was initiated.
- Four (4) of the 13 closed reports were referred to audit because the report involved systemic issues, not allegations of fraud, waste, abuse, and gross mismanagement.

A detailed list of closed Whistleblower Reports is included at the end of this report.

Results of Closed Whistleblower Reports

The Whistleblower Reports were closed for the following reasons:

- One (1) report resulted in multiple allegations being substantiated. After an investigation, there was conclusive information to substantiate the allegations. An investigation report was publicly issued, and recommendations were made to the SANDAG Board and SANDAG Executive Management.
- Two (2) reports had allegations that were refuted. After investigations, the allegations were determined to be false.
- One (1) report had an allegation that was not substantiated. After an investigation, there was not enough evidence to prove or disprove the allegation.
- One (1) report was closed before an investigation was initiated. SANDAG Staff detected and resolved the issue while OIPA was conducting a preliminary review.
- One (1) report was closed before an investigation was initiated. SANDAG Management provided evidence to demonstrate staff previously detected and resolved the matter, and operational controls were effective.
- One (1) report was closed before an investigation was initiated. OIPA's preliminary review determined the allegation did not have merit.
- Six (6) reports were closed after a preliminary review determined the allegations were outside of the OIPA Whistleblower Hotline's jurisdiction, did not qualify as fraud, waste, abuse, or gross mismanagement, they occurred over a year ago and did not impact current operations, there was insufficient information to investigate, or they were in litigation.

Whistleblower Reports Summary

	Date Opened	Allegation Type	Report Details	Outcome	Action
1	5/29/2024	Other	Allegation of issues with the new SR 125 software installation.	Substantiated	Standalone Report Issued
2	6/28/2024	Misconduct or inappropriate behavior	Personnel matter	Not fraud, waste, abuse, or gross mismanagement	No Further Action
3	7/18/2024	Environmental Protection, Health or Safety Law	Multiple allegations concerning seismic laws not being followed for multiple projects.	Refuted	No Further Action
4	8/2/2024	Other	Report of software functionality issue.	Not fraud, waste, abuse, or gross mismanagement	Refer to Audit
5	8/27/2024	Waste	Allegation a service no longer used was being paid for monthly.	Closed before investigation initiation	No Further Action
6	8/30/2024	Theft	Allegation a check was fraudulently modified and cashed by an external party.	Closed before investigation initiation	No Further Action
7	9/10/2024	Other	Allegation security protocols were not being followed.	Not fraud, waste, abuse, or gross mismanagement	Refer to Audit
8	10/23/2024	Other	Allegation grants awards are not in compliance with policies and procedures.	Refuted	No Further Action
9	11/1/2024	Other	Allegations regarding the inefficiencies of a project and the workarounds put in place by management.	Not fraud, waste, abuse, or gross mismanagement	Refer to Audit

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	Date Opened	Allegation Type	Report Details	Outcome	Action
10	12/9/2024	Environmental Protection, Health or Safety Law	Allegation the draining of a reservoir had negative effects on the native wildlife.	Out of Jurisdiction	No Further Action
11	1/15/2025	Other	Allegation the Toll Operations Call Center is not answering phones.	Not fraud, waste, abuse, or gross mismanagement	Referred to Appropriate Department / Channel
12	3/20/2025	Other	Allegation staff's review of project documentation was ignored.	Closed before investigation initiation	No Further Action
13	6/4/2025	Hiring Irregularities	Allegation new hire lacks minimum required qualifications.	Not Substantiated	Refer to Audit

Outcome Definitions

Closed before investigation initiation

During a preliminary review, it was determined management independently resolved the matter or allegation did not have merit.

Not fraud, waste, abuse, or gross mismanagement

During a preliminary review, the allegations were determined to not meet the criteria for fraud, waste, abuse, or gross mismanagement.

Not Substantiated

After an investigation, there was not enough evidence to prove or disprove the allegations.

Outside of Jurisdiction

During a preliminary review, it was determined that the allegations were outside OIPA's jurisdiction.

Refuted

After an investigation, allegations were determined to be false.

Substantiated

After an investigation, allegations were confirmed.

Action Definitions

Refer to Audit

The report involved systemic issues, not allegations of fraud, waste, abuse, and gross mismanagement.

Referred to Appropriate Department / Channel

Reporter was directed to the proper channel to address their concerns.

No Further Action

The Whistleblower Report is closed with no further action required.

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Web: www.SANDAGHotline.org



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