

San Diego Association of Governments

FY 2022–2024 Triennial Performance Audit Report

Report Date: August 15, 2025



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Executive Summary

In the State of California, recipients of Transportation Development Act (TDA) funds are required to undergo an independent triennial performance audit to remain eligible for continued funding, as mandated by California Public Utilities Code (PUC) Section 99246. As the designated Regional Transportation Planning Agency (RTPA) for San Diego County, the San Diego Association of Governments (SANDAG) is responsible for administering and overseeing the distribution of TDA funds throughout the region.

To fulfill this requirement, SANDAG engaged Weaver and Tidwell, LLP, along with its subcontractor The Goodman Corporation, LLP, to conduct the Triennial Performance Audit for Fiscal Years (FY) 2022, 2023, and 2024. This report presents the results of the audit covering the period from July 1, 2021, through June 30, 2024. The audit includes an evaluation of both SANDAG and Facilitating Access to Coordinated Transportation (FACT), the region's designated Consolidated Transportation Services Agency (CTSA), which also receives TDA funding to provide information, referral, and transportation coordination services to serve seniors, individuals with disabilities, and other transportation-disadvantaged populations.

Through this triennial performance audit, the following were evaluated:

1. SANDAG's and FACT's compliance with the TDA and related sections of the California Administrative Code, including the California Public Utilities Code (PUC) and California Code of Regulations (CCR)
2. SANDAG's status and progress of implementing prior performance audit recommendations
3. SANDAG's TDA-related functional areas

1. Compliance with TDA Requirements

SANDAG is not in compliance with **one** of 14 applicable requirements under the California Public Utilities Code (PUC), California Code of Regulations (CCR), and the Caltrans Performance Audit Guidebook. The issue relates to the untimely submission of the triennial performance audit. A recommendation has been provided to ensure future audits are submitted in accordance with applicable guidance. Additionally, one observation was identified related to the lack of outcome-based performance metrics in FACT's quarterly reporting and recommending SANDAG to require FACT to report on this type of data.

FACT is not in compliance with **two** of the 20 applicable requirements under the PUC and the SANDAG-FACT agreement. Areas of noncompliance include the untimely submission of the annual operations report and late submission of the FY24 certified fiscal audit without an approved extension. Recommendations have been provided to address these issues and enhance alignment with requirements.

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2. Prior Audit Recommendation Implementation

SANDAG fully implemented two of the three prior audit recommendations, and partially implemented one of the three. The two fully implemented recommendations included enhancing the role of the Social Services Transportation Advisory Council (SSTAC) in advising on unmet transit needs and implementing internal strategies to align staff following a recent organizational restructuring. The partially implemented recommendation related to establishing a formalized process for annually reviewing and updating Policy No. 27 and the TDA Claim Manual. While updates have been made, a consistent, documented framework for annual review and communication with operators has not yet been established.

3. Functional Review

The audit identified four areas where SANDAG could strengthen its operational effectiveness. Within RTPA administration, formalizing a system to track training and monitor policy updates, with clear timelines, would support consistent staff development and procedural clarity. Establishing a performance monitoring framework for the Regional Transportation Plan would also help align reported progress with strategic objectives and improve transparency. Additionally, enhancing marketing oversight through a centralized dashboard and strengthening grant management systems would improve coordination, accountability, and long-term scalability.

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Introduction

As the designated Regional Transportation Planning Agency (RTPA) for the San Diego region and a recipient of Transportation Development Act (TDA) funds, the San Diego Association of Governments (SANDAG) is required under the TDA of 1971 to undergo an independent Triennial Performance Audit. This audit is mandated by California Public Utilities Code (PUC) Section 99246 and is necessary for SANDAG to maintain eligibility for continued TDA funding.

To fulfill this requirement, SANDAG engaged Weaver and Tidwell, LLP, and its subcontractor The Goodman Corporation, LLP to conduct the audit for Fiscal Years (FY) 2022, 2023, and 2024. The enclosed report presents the state-mandated performance audit of SANDAG covering the period from July 1, 2021, through June 30, 2024. The audit approach and requirements are outlined by the California Department of Transportation (Caltrans) in its *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities*.

In addition to administering TDA funds and overseeing the region's transit operators, SANDAG is also responsible for designating and monitoring the region's Consolidated Transportation Services Agency (CTSA). Facilitating Access to Coordinated Transportation (FACT) serves as the CTSA for the San Diego region, providing information, referral, and transportation coordination services to serve seniors, individuals with disabilities, and other transportation-disadvantaged populations. As part of this audit, FACT's compliance with applicable TDA regulations and the terms of its agreement with SANDAG were also reviewed.

The purpose of the Triennial Performance Audit is to assess SANDAG's compliance with applicable provisions of the TDA and related regulations, and to evaluate the efficiency and effectiveness of its administration and oversight of TDA responsibilities. The review of FACT focused specifically on its compliance with relevant regulatory requirements and contractual obligations. This process supports ongoing funding eligibility while promoting accountability, transparency, and continuous improvement in regional transportation administration.

The following objectives were performed:

- Assessment of SANDAG's compliance with the Transportation Development Act and related sections of the California Administrative Code, including the California Public Utilities Code (PUC) and California Code of Regulations (CCR). This task also included a review of FACT's compliance with applicable TDA requirements and the terms of its agreement with SANDAG **(Task 1A and Task 1B)**.
- Follow-Up Review of Prior Performance Audit Recommendations and assess SANDAG's implementation of audit recommendations **(Task 2)**.

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- Initial and Detailed Review of SANDAG’s TDA-related Functions, consistent with the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities (Task 3)*.

To fulfill these objectives, our approach included interviews with relevant staff, a review of documents provided by SANDAG and FACT as well as publicly available materials, and analysis of relevant data. The methodology is further detailed in each section, reflecting differences in approach based on the specific objective.

Overview of SANDAG

The San Diego Association of Governments (SANDAG) is the designated Regional Transportation Planning Agency (RTPA) for San Diego County, responsible for administering and overseeing the allocation of Transportation Development Act (TDA) funds within the region. SANDAG was formally established in 1980 through a joint powers agreement among the county and its 18 cities, replacing the former San Diego Comprehensive Planning Organization (CPO). The agency serves the entire San Diego County area, which encompasses more than 4,200 square miles and supports a population of over 3 million residents.

In 1981, SANDAG was designated as the Metropolitan Planning Organization (MPO) for the San Diego region under federal law. As one of the 18 MPOs in California, SANDAG is responsible for fulfilling the requirements of the federal transportation planning process, including preparing and updating a long-range Regional Transportation Plan (RTP) and a Regional Transportation Improvement Program (RTIP) that identifies funded transportation projects over a multi-year period. This role also allows SANDAG to receive federal funds.

At the state level, SANDAG functions as the San Diego Regional Consolidated Agency, a designation that centralizes regional transit planning, programming, project development, and construction under one agency. While these strategic responsibilities fall under SANDAG’s purview, the day-to-day operations of transit services continue to be managed by the respective transit operators. Additionally, SANDAG is statutorily authorized to place sales tax measures on the ballot and utilize the resulting revenues to fund infrastructure projects that enhance the region’s quality of life. These investments may include initiatives such as habitat conservation, shoreline preservation, water quality improvements, and expanded public transit services.

Also at the state level, SANDAG serves as the designated Regional Transportation Planning Agency (RTPA) for the San Diego region under the California Transportation Development Act (TDA). In this capacity, SANDAG is responsible for the allocation and oversight of TDA funds, which include Local Transportation Fund (LTF) and State Transit Assistance (STA) dollars.

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These funds are generated through state sales taxes and are distributed to support public transportation, planning, maintenance and repair, and other transit-related services.

SANDAG's TDA-specific responsibilities include:

- Apportioning and allocating LTF and STA funds to eligible claimants, such as public transit operators and local jurisdictions.
- Reviewing and approving annual TDA claims, ensuring compliance with eligibility requirements and funding priorities.
- Monitoring transit performance and productivity, in part through triennial performance audits and quarterly data collection and analysis.
- Facilitating coordination among transit agencies, local governments, and other stakeholders to improve service delivery and regional mobility.
- Ensuring compliance with statutory requirements, including financial reporting, farebox recovery ratios, and service performance standards.

Through these federal and state mandates, SANDAG plays a key leadership role in guiding the region's transportation system toward greater efficiency, effectiveness, and sustainability while ensuring that TDA funds are distributed and used in accordance with applicable laws and guidelines.

As part of its responsibilities under the TDA, SANDAG also designates and oversees the region's Consolidated Transportation Services Agency (CTSA). Facilitating Access to Coordinated Transportation (FACT) serves in this role for San Diego County and is tasked with improving mobility options for seniors, individuals with disabilities, and other transportation-disadvantaged populations. Established as a nonprofit in 2005, FACT provides transportation services directly and through a network of contracted providers, helping to bridge service gaps in the regional transit network. SANDAG oversees FACT's use of TDA funds to ensure compliance with applicable statutory and contractual requirements, including those set forth in the agreement between the two entities. This oversight helps ensure that CTSA services are delivered efficiently, equitably, and in alignment with the region's broader mobility goals.

Section I: Task 1A - Review of Compliance Requirements for SANDAG

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The purpose of the Transportation Development Act (TDA) Compliance Review was to validate San Diego Association of Government's (SANDAG) compliance with the State of California's TDA as well as relevant sections of California's Public Utilities Code and the California Code of Regulations, as outlined and interpreted in the California Department of Transportation (Caltrans) *Performance Audit Guidance for Transit Operators and Regional Transportation Planning Entities*. Caltrans, as the administrator of TDA funds, requires SANDAG to comply with all applicable requirements.

Based on the procedures performed, we validated that SANDAG fully achieved compliance with 13 of the 14 applicable California state regulations as prescribed by the TDA. The procedures performed determined that one requirement was not fully met:

- **California Public Utilities Code § 99246 & 99248:** Require that triennial performance audits for the RTPA and its transit operators be completed and submitted to the RTPA and State Controller within 12 months after the end of the triennium (June 30).

Additionally, one observation was identified:

- **Limited Outcome-Based Performance Reporting:** FACT's quarterly reporting to SANDAG includes the number of referrals made but does not include outcome-based performance metrics, such as call responsiveness, ride fulfillment, or service denials.

1. Approach

The task included identifying and cataloging each compliance requirement as stated within Caltrans' *Performance Audit Guidance for Transit Operators and Regional Transportation Planning Entities* in alignment with relevant sections of California's Public Utilities Commission and California's Code of Regulations.

Each compliance requirement, along with the validation procedure performed, is documented in a compliance matrix which was used to verify achievement by SANDAG. The compliance matrix and compliance procedure details are referenced in the **Appendix A**.

2. Sources of Information

To validate SANDAG's compliance with the applicable statutes, the following sources of information were collected and reviewed:

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- Publicly available information on SANDAG’s website, at <http://www.sandag.org/>.
- Internal policy manuals and memoranda provided by SANDAG staff,
- Observed policies and practices in use, where relevant,
- Interviews with SANDAG staff.

3. Metrics

To validate compliance, we utilized the following metrics to evaluate and determine whether SANDAG is meeting the applicable California statutes:

- **Compliant** – The area is considered “compliant” if audit procedures identified no findings related to the implementation of the statutory requirements.
- **Non-Compliant** – The area is considered “non-compliant” if one or more statutory requirements were not met.
- **Not Applicable** – The area is considered “not applicable” if the underlying activity or condition addressed by the requirement does not exist and, as a result, the requirement does not apply.

Detailed Audit Procedures and Results

TDA, California’s Public Utilities Code, and California Code of Regulations Compliance

Our review verified that SANDAG maintained supporting documentation to fulfill 13 of the 14 state regulatory requirements during the triennial review period. We also examined SANDAG’s policies and procedures to assess alignment with California’s Public Utilities Code (PUC). Refer to **Appendix A** for further details on compliance procedures.

Results

Based on the procedures performed, we determined that SANDAG was **non-compliant** with **one** of the 14 applicable requirements during the FY 2022–FY 2024 audit period, as interpreted under the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities* issued by the California Department of Transportation (Caltrans). Additionally, **one observation** was identified:

Findings

- **Public Utilities Code (PUC) §§ 99246 and 99248 and Caltrans Guidebook:** The prior triennial performance audit, covering the three-year period ended June 30, 2021, was due to the Caltrans by June 30, 2022, but was submitted on September 2, 2022.

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Observations

- **Limited Outcome-Based Performance Reporting:** FACT's quarterly reporting to SANDAG includes the number of referrals made but does not include outcome-based performance metrics, such as call responsiveness, ride fulfillment, or service denials. This limits SANDAG's ability to assess how effectively centralized referral services are being delivered.

Summary of Findings

From the procedures performed, we identified **one** area of **non-compliance** with the California Public Utilities Code (PUC), or where there is a lack of effective controls and oversight. The following finding identifies the issue and includes a recommendation for corrective action:

Finding 01 – Triennial Performance Audit Report Delivery

The performance audit covering the three-year period ending June 30, 2021, was due by June 30, 2022, but was not submitted until September 2, 2022. California Public Utilities Code §§ 99246 and 99248 require that performance audits of the Regional Transportation Planning Agency (RTPA) and its transit operators be conducted every three years and submitted in a timely manner as a condition for continued eligibility to receive Transportation Development Act (TDA) funds.

While these statutes do not explicitly prescribe a submission deadline, the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities* issued by Caltrans interprets this requirement to mean the performance audit should be submitted within 12 months following the end of the triennium.

According to SANDAG staff, the delay was due to staff turnover and an oversight in tracking submission responsibilities.

Recommendation

Management should develop and implement formal procedures to ensure timely submission of future triennial performance audits in alignment with Caltrans guidance. This may include assigning clear responsibility for tracking audit deadlines, maintaining a compliance calendar with critical due dates, and establishing internal reminders and checklists to confirm timely transmittal. Additionally, documentation of submission should be retained in a centralized location to support future compliance monitoring and audit readiness.

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Management Response

SANDAG agrees with the recommendation. Management will strengthen its procedures to ensure timely submission of future triennial audits in alignment with Caltrans guidance. These procedures will include: 1) the development and maintenance of a compliance calendar; 2) clearly identified roles and responsibilities for tracking key dates and audit deadlines; and 3) the integration of internal controls, such as checklists, to ensure timely transmittal. Additionally, SANDAG will establish a central repository for documentation and include in document retention policies.

Responsible Party: SANDAG Director of Internal Controls

Implementation Date: March 2026

Summary of Observations

From the procedures performed, we identified **one** observation related to a requirement in the Amended and Restated Agreement between FACT and SANDAG, effective June 5, 2019. The observation identifies an opportunity for SANDAG to enhance its requirements for FACT by incorporating outcome-based performance metrics, enabling SANDAG to better assess the effectiveness of centralized service coordination. The following observation identifies the area of improvement and includes recommendations:

Observation 01 - Limited Outcome-Based Performance Reporting

SANDAG should require FACT to incorporate outcome-based performance indicators, such as call responsiveness, trip fulfillment rates, and service denials, into its quarterly reporting. These metrics are critical for evaluating the effectiveness of centralized service delivery and determining whether the needs of transportation-disadvantaged populations are being met.

Currently, FACT's quarterly reporting focuses primarily on output metrics, such as the number of referrals made, rather than on outcomes that reflect service quality and impact. While the report provides valuable insights on FACT's service reach, the lack of outcome-based data limits SANDAG's ability to assess the actual performance and effectiveness of the centralized coordination model.

Recommendation

SANDAG should require FACT to incorporate outcome-based performance measures into its regular reporting. Metrics such as call wait times, successful ride fulfillment rates, and service denials should be tracked and reported alongside existing referral volume data. This would enhance visibility into the effectiveness of centralized administration and support continuous improvement in service coordination.

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Management Response

SANDAG agrees with the observation. SANDAG supports tracking and reporting data that increases transparency into operations and that would allow for more thorough assessment of the performance and effectiveness of the centralized coordination model. SANDAG will work with the Office of General Counsel to determine how performance metrics can be added to FACT's reporting requirements through an amendment to their service agreement.

Responsible Party: SANDAG Senior Director Regional Planning

Implementation Date: June 2026

Section II: Task 1B - Review of Compliance Requirements for FACT

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Executive Summary

The purpose of the Transportation Development Act (TDA) compliance review was to assess the San Diego Association of Governments' (SANDAG) designated Consolidated Transportation Services Agency (CTSA), Facilitating Access to Coordinated Transportation (FACT), for compliance with applicable provisions of the State of California's TDA, including relevant sections of the California Public Utilities Code and the California Code of Regulations. The review was conducted in accordance with the California Department of Transportation (Caltrans) *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities* and included an evaluation of FACT's compliance with the terms of its agreement with SANDAG, originally dated July 1, 2006, and subsequently amended on September 26, 2007, and June 5, 2019.

Based on the procedures performed, we validated that FACT achieved compliance with **18** of the **20** applicable California state requirements as prescribed by the Transportation Development Act (TDA). The procedures performed determined that two requirements were not fully met:

- **PUC § 99245 and SANDAG-FACT Agreement:** Requires FACT, as a TDA claimant, to submit an annual certified fiscal audit to SANDAG and the State Controller's Office within 180 days after the end of the fiscal year. The audit must include a certification that TDA funds were expended in accordance with applicable laws and regulations.
- **PUC § 99243 and SANDAG-FACT Agreement:** Requires FACT, as a TDA claimant, to submit an annual report of operations, consistent with the Uniform System of Accounts, to SANDAG and the State Controller within 90 days after the end of the fiscal year, as required by the SANDAG-FACT agreement (PUC § 99243 allows up to 7 months, but SANDAG requires 90 days).

1. Approach

This task involved identifying and cataloging each compliance requirement applicable to FACT, as outlined in Caltrans' Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities, in alignment with relevant sections of California's Public Utilities Code, California Code of Regulations, and the terms of FACT's agreement with SANDAG.

Each compliance requirement, along with the corresponding validation procedure performed, is documented in a compliance matrix used to verify FACT's adherence to both statutory and contractual obligations. The compliance matrix is presented in **Appendix B**.

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2. Sources of Information

In order to validate FACT’s compliance with the applicable statutes, the following sources of information were collected and reviewed:

- Publicly available information on FACT’s website, at <https://factsd.org/>
- Internal policy manuals and memoranda provided by FACT staff,
- Observed policies and practices in use, where relevant,
- Interviews with SANDAG and FACT staff.

3. Metrics

To validate compliance, we utilized the following metrics to evaluate and determine whether FACT is meeting the applicable California statutes and SANDAG agreement requirements:

- **Compliant** – The area is considered “compliant” if audit procedures identified no findings related to the implementation of the statutory and contractual requirements.
- **Non-Compliant** – The area is considered “non-compliant” if one or more statutory or contractual requirements were not met.
- **Not Applicable** – The area is considered “not applicable” if the underlying activity or condition addressed by the requirement does not exist and, as a result, the requirement does not apply.

Detailed Audit Procedures and Results

TDA, California State Regulations, and SANDAG Agreement Compliance

Our review verified that FACT maintained supporting documentation to fulfill 18 of the 20 state regulatory and contractual requirements during the triennial review period. We also examined FACT’s policies and procedures to assess alignment with these requirements. Refer to **Appendix B** for further details on compliance procedures.

Results

Based on the procedures performed, we determined that FACT was **non-compliant** with **two** of the 20 applicable requirements during the FY 2022–FY 2024 audit period.

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Section II: Task 1B – Review of Compliance Requirements for FACT

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Findings

- **Finding 02 - Fiscal Audit Report Delivery:**
FACT did not submit its FY24 annual certified fiscal audit within 180 days after the end of the fiscal year and did not receive an extension for a late submission. Additionally, the report did not include a certification that TDA funds were expended in conformance with applicable laws and rules and regulations.
- **Finding 03 - Late Submission of Annual Operations Reports:**
FACT did not meet the 90-day submission deadline for its annual report of operations for FY22, FY23, or FY24. All three reports were submitted after the deadline.

Summary of Findings

From the procedures performed, we identified **two** areas of **non-compliance** with the California Public Utilities Code (PUC) or with the Amended and Restated Agreement between FACT and SANDAG, effective June 5, 2019. The following finding identifies the issues and includes recommendations for corrective action:

Finding 02 – Fiscal Audit Report Delivery

FACT's FY24 certified fiscal audit was submitted on March 5, 2025, exceeding the 180-day deadline, and no extension was obtained to authorize the late submission. In addition, the audit did not include the required certification that TDA funds were expended in conformance with applicable laws and regulations. Public Utilities Code (PUC) § 99245 and the SANDAG agreement with FACT require submission of a certified fiscal audit within 180 days after the end of the fiscal year (i.e., by December 30), and that the audit include this certification.

Recommendation

Management should strengthen internal procedures to ensure timely submission of the certified fiscal audit within the 180-day deadline. This should include maintaining a compliance calendar, assigning responsibility for monitoring due dates, and establishing a process to request extensions in advance when delays are anticipated. Documentation of both submission and extension approvals should be retained to support future compliance monitoring.

Management Response

SANDAG agrees with the recommendation. Management will strengthen its procedures to ensure proper oversight of FACT's certified fiscal audits and meeting the 180-day deadline requirements. For example, SANDAG will continue to incorporate the Quarterly Reports for the Regional Short-Range Transit Planning Task Force (RSRTPTF) as a tool for periodic monitoring of FACT's compliance with contract requirements.

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Additionally, SANDAG's procedures will focus on: 1) the development and maintenance of a compliance calendar; 2) clearly identified roles and responsibilities for tracking key dates and audit deadlines; and 3) the integration of internal controls, such as checklists, to ensure timely transmittal. SANDAG will develop a process for requesting an extension in advance. Additionally, SANDAG will establish a central repository for documentation and include in document retention policies.

Responsible Party: SANDAG Director of Internal Controls

Implementation Date: March 2026

Finding 03 - Late Submission of Annual Operations Reports:

FACT did not submit the annual operations reports within 90 days of fiscal year-end. The annual operations reports for FY22, FY23, and FY24 were submitted on November 29, 2022, January 31, 2024, and February 13, 2025.

PUC § 99243 requires transit operators to submit an annual report of operations to the transportation planning agency and the State Controller within seven months after the end of the fiscal year. However, under the SANDAG agreement with FACT, FACT is required to submit this report within 90 days of fiscal year-end (i.e., by September 28).

Recommendation:

Management should implement internal controls to ensure that annual operations reports are submitted in accordance with the 90-day requirement. This should include establishing a clear timeline for report preparation, assigning responsibility for submission tracking, and incorporating this deadline into the organization's compliance calendar.

Management Response

SANDAG agrees with the recommendation. Management will strengthen its procedures to ensure proper oversight of FACT's submission of annual operations reports within the 90 days of fiscal year-end deadline. For example, SANDAG will continue to incorporate the Quarterly Reports for the Regional Short-Range Transit Planning Task Force (RSRTPTF) as a tool for periodic monitoring of FACT's compliance with contract requirements. Additionally, SANDAG's procedures will focus on: 1) the development and maintenance of an annual calendar; 2) clearly identified roles and responsibilities for tracking key dates and audit deadlines; and 3) the integration of internal controls, such as checklists, to ensure timely transmittal.

Responsible Party: SANDAG Director of Internal Controls

Implementation Date: March 2026

Section III: Task 2 - Follow-Up Review of Prior Performance Audit Recommendations

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Executive Summary

The purpose of Task 2 was to examine San Diego Association of Government's (SANDAG) status on fulfilling the recommendations provided in the previous Triennial Performance Audit, which covered the fiscal years 2019–2022. The following three audit recommendations were identified in the prior performance audit:

- **Prior Audit Recommendation - 01:** As a re-framing of the prior SANDAG performance audit recommendation for full implementation, SANDAG should set up a process for annually reviewing both the Policy No. 27 and the TDA Claim Manual (handbook) given statutory changes from the prior 12 months, update them as appropriate and communicate any changes to the operators.
- **Prior Audit Recommendation - 02:** SANDAG and FACT should jointly enhance the role of the SSTAC to advise on unmet transit needs.
- **Prior Audit Recommendation - 03:** Given the recent reorganization to a more matrixed structure, staff departures (especially at senior levels), new promotions, and the need to fully recover from the impacts of COVID-19, SANDAG should implement motivation and alignment strategies to bring the whole of SANDAG staff along and make the new organization structure a dynamic success.

Based on the procedures performed, we validated that SANDAG has fulfilled two of three prior audit recommendations (Prior Audit Recommendations 02 and 03), and partially fulfilled one of the three prior audit recommendations (Prior Audit Recommendation 01).

1. Approach

As part of this task, we reviewed the findings and recommendations from the prior Triennial Performance Audit covering fiscal years 2019–2021, along with SANDAG's initial responses to those recommendations. In accordance with Caltrans' *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities*, we then requested updated responses and supporting documentation to assess the current status of each recommendation and determine the extent of progress made since the previous audit. The prior audit follow-up matrix is presented in **Appendix C** and includes the detailed prior audit results and management responses.

2. Sources of Information

To validate SANDAG's fulfillment in addressing the prior audit recommendations the following sources of information were collected and reviewed:

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- Publicly available information on SANDAG’s website, at <http://www.sandag.org/>,
- Internal policy manuals and memoranda provided by SANDAG staff,
- Observed policies and practices in use, where relevant,
- Interviews with SANDAG staff.

3. Metrics

To validate the fulfillment of prior audit recommendations, we used the following metrics to evaluate whether SANDAG has implemented the recommended actions:

- **Fully Implemented:** The recommendation has been fully implemented and all required actions have been completed.
- **Partially Implemented:** Some actions have been taken, but not all required recommendation items have been completed.
- **Not Begun:** No significant action has been taken to address the recommendation.

Detailed Audit Procedures and Results

1. Prior Triennial Performance Audit Follow-Up

Our review verified that SANDAG took the necessary actions to fulfill the prior triennial performance audit recommendations. We also assessed whether SANDAG has maintained supporting evidence to demonstrate that these actions were effectively implemented.

The prior performance audit noted the following issues:

- **Prior Audit Recommendation - 01:** As a re-framing of the prior SANDAG performance audit recommendation for full implementation, SANDAG should set up a process for annually reviewing both the Policy No. 27 and the TDA Claim Manual (handbook) given statutory changes from the prior 12 months, update them as appropriate and communicate any changes to the operators.
- **Prior Audit Recommendation - 02:** SANDAG and FACT should jointly enhance the role of the [Social Services Transportation Advisory Council] SSTAC to advise on unmet transit needs.
- **Prior Audit Recommendation - 03:** Given the recent reorganization to a more matrixed structure, staff departures (especially at senior levels), new promotions, and the need to fully recover from the impacts of COVID-19, SANDAG should implement motivation and alignment strategies to bring the whole of SANDAG staff along and make the new organization structure a dynamic success.

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Prior Audit Recommendation - 01

The prior audit recommended that SANDAG formalize a process to annually review and update Board Policy No. 27 and the TDA Claim Manual in response to statutory changes. While SANDAG made updates during the last cycle, including amending Policy No. 27 to reflect SB 508 and revising the TDA Claim Manual to include legislative changes such as SB 508, AB 1113, and AB 90, the updates did not include more recent changes, such as AB 149, or provide sufficient detail on farebox recovery ratio calculations. Additional opportunities remain to enhance the clarity and usability of the handbook and to support operators through improved guidance and outreach.

In SANDAG's 2025 response, SANDAG stated that it has begun reviewing statutory changes annually and communicates updates to affected operators, with training offered on an as-needed basis. However, a formalized, documented process for consistent review and communication has not yet been established.

Prior Audit Recommendation - 02

The prior audit recommended that SANDAG and FACT enhance the role of the Social Services Transportation Advisory Council (SSTAC) to more effectively advise on unmet transit needs. At the time, the SSTAC's structure generally fulfilled statutory requirements, but additional opportunities were identified to use the council as a year-round forum for gathering, reviewing, and presenting input on regional transit gaps for underserved populations. The recommendation emphasized collecting and documenting input throughout the year and presenting findings to the Transportation Committee to improve equity in transit planning.

In SANDAG's 2025 response, SANDAG added a standing unmet transit needs item to SSTAC agendas, began referring public input to the appropriate agencies with follow-up, and committed to including results in the TDA Annual Report. Additionally, SANDAG conducted a regionwide survey of older adults and people with disabilities to support the 2025 Coordinated Plan update, with SSTAC participation throughout the process.

Prior Audit Recommendation - 03

The prior audit recommended that SANDAG implement motivation and alignment strategies to support staff through its organizational transformation, address staff turnover, and enhance post-pandemic workforce cohesion.

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In SANDAG's 2025 response, SANDAG has taken multiple actions to improve employee engagement and retention, including expanding recruitment efforts, maintaining competitive compensation, updating performance management practices, and increasing professional development opportunities.

SANDAG also launched a formal internal communications program featuring regular leadership briefings, bi-weekly agency-wide meetings, and quarterly CEO-led all-hands updates to reinforce strategic priorities.

Results

Based on the procedures performed, we determined that SANDAG partially implemented one of the three prior audit recommendations. The remaining two recommendations, as identified in the prior Triennial Performance Audit covering FY 2022–FY 2024, were fully implemented.

Results – Prior Audit Recommendation - 01

Implementation Status: Partially Implemented

SANDAG has taken steps to address the prior recommendation by updating Board Policy No. 27 and the TDA Claim Manual and initiating an annual review process for applicable statutory changes. These actions demonstrate meaningful progress toward ensuring that governing documents reflect evolving legislative requirements. The agency has also implemented a communication process to inform operators of any changes and provides training on an as-needed basis.

However, an annual review process is reportedly underway, but there is no evidence of a formalized or documented procedure that institutionalizes the review cycle and ensures consistent application in future years.

Given these gaps, the recommendation is considered partially implemented. Continued efforts are needed to ensure that both the Policy and Manual are consistently updated and internal procedures are formalized to establish review cycles.

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Results - Prior Audit Recommendation - 02

Implementation Status: Fully Implemented

SANDAG has fully addressed the prior recommendation to enhance the role of the Social Services Transportation Advisory Council (SSTAC) in identifying and advising on unmet transit needs. The agency took concrete steps to institutionalize a standing agenda item at SSTAC meetings dedicated to unmet transit needs, which enables year-round input and discussion beyond the single annual public hearing required under the TDA. This structural adjustment directly supports the audit recommendation to position SSTAC as an ongoing forum for accumulating input related to accessibility gaps and underserved populations.

Further, SANDAG has implemented a system to refer identified needs to appropriate entities such as MTS, NCTD, FACT, or internal departments, and is working toward documenting these referrals and actions in the TDA Annual Report to the Transportation Committee. This reporting mechanism fulfills the intent of the recommendation by elevating accessibility concerns to a policy-level audience and creating a formal feedback loop between SSTAC, SANDAG, and the Transportation Committee.

Additionally, the regionwide transportation needs survey conducted as part of the 2025 Coordinated Plan update, developed with SSTAC's input and support, demonstrates a proactive approach to gathering data on mobility challenges affecting older adults and people with disabilities. SSTAC's involvement in shaping, promoting, and analyzing the survey results further strengthens its advisory role and ensures that planning efforts are responsive to current community needs.

Together, these actions reflect meaningful progress toward the expected result of planning, implementing, and measuring equitable transit alternatives in areas not well served by MTS or NCTD. The enhancements to SSTAC's structure and role demonstrate that SANDAG is not only complying with the spirit of the TDA but also leveraging its institutional capacity to promote more inclusive, data-informed regional transit planning.

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Results - Prior Recommendation - 03

Implementation Status: Fully Implemented

SANDAG has fully addressed the prior recommendation by implementing a broad set of motivation and alignment strategies that support its organizational transformation and workforce engagement goals. The agency has taken deliberate action to modernize its work environment through flexible work arrangements, competitive compensation practices, clarified duty statements, and the development of structured employee learning pathways. These efforts demonstrate a clear commitment to attracting, retaining, and supporting a high-performing workforce.

Importantly, SANDAG has strengthened internal communication by launching a comprehensive internal communications program that includes weekly executive leadership meetings, bi-weekly agency-wide briefings, and quarterly all-hands meetings led by the CEO. These initiatives directly respond to the recommendation's call for improved organizational alignment, greater visibility of leadership, and more meaningful interdepartmental engagement. By fostering regular communication and encouraging employee feedback, SANDAG is helping staff understand how their roles align with broader agency priorities.

The agency's ongoing work to enhance performance management, clarify responsibilities, and increase face-to-face engagement, particularly in the post-COVID work environment, reflects a sustained focus on building a connected, mission-aligned workforce. These changes are already yielding improvements in hiring outcomes and staff engagement, and they lay the foundation for long-term success in implementing the agency's strategic vision.

Section IV: Task 3 - Review of RTPA Function

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Executive Summary

The purpose of the Functional Level Review was to evaluate the San Diego Association of Governments (SANDAG) at an organizational by examining key functional areas to provide RTPA management with insight into the economy, efficiency, and effectiveness of its programs and operations over the three-year triennial audit period (July 1, 2021 to June 30, 2024). The areas selected for review were determined based on the guidelines established by the California Department of Transportation, as detailed in the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities*, as follows:

1. RTPA Administration and Management
2. Claimant Relationships, Including Transit Productivity Oversight
3. Transportation Planning and Regional Coordination
4. Marketing And Transportation Alternatives
5. Grant Applications and Management

To conduct the Functional Level Review, the following key procedures were performed:

- Interviewed SANDAG personnel to understand functional roles, oversight practices, and interagency coordination
- Reviewed relevant documentation, such as planning documents, funding allocation records, meeting minutes, and internal reports
- Held discussions with transit operators, NCTD and MTS, to gather feedback on SANDAG's communication, assistance, and performance monitoring
- Evaluated policies and procedures governing the five functional areas, including TDA fund administration, regional planning and coordination, internal goal planning and tracking, marketing and transportation alternatives, and grant management processes

Based on the procedures performed, Weaver identified four key areas where SANDAG could enhance its operations and internal processes:

1. **RTPA Administration and Management**
 - Implement a centralized system (e.g., LMS) to track staff training activities.
 - Define and monitor a formal process for updating departmental policies and procedures, including setting a target completion date for the agency-wide effort.
2. **Transportation Planning and Regional Coordination**
 - Establish a performance monitoring framework specific to the 2021 Regional Transportation Plan to improve transparency and alignment with stated goals.

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3. Marketing and Transportation Alternatives

- Create a centralized dashboard, or equivalent tool, to track active marketing campaigns and performance metrics to improve transparency and program evaluation.

4. Grant Applications and Management

- Strengthen controls within the current grant tracking system or transition to a centralized grants management system to improve compliance, reduce risk, and support scalability.

Approach

During the initial phase of the review, we conducted an in-depth review of documentation related to each Functional Area, along with information available on SANDAG’s website. This provided a understanding of SANDAG’s current operations and the extent to which transit-related functions and activities are carried out by the agency. The documents reviewed included, but were not limited to, the following:

Functional Areas	Documents Reviewed
RTPA Administration and Management	<ul style="list-style-type: none">• Budgets• Audited Financial Statements• Board Reports, Meetings Minutes, & Agendas• CEO Performance Goals and Objectives• Performance Metrics Associated with the “Back to Basics” Strategy• Capital Project Tracking Reports• Listing of Vacant Positions
Claimant Relationships and Oversight	<ul style="list-style-type: none">• TDA Claims Manual• SANDAG Form C• TDA Annual Productivity Reports• Short-Range Transit Planning (S RTP) Task Force Agendas• TDA Cash Flow Policies and Procedures
Transportation Planning and Regional Coordination	<ul style="list-style-type: none">• 2021 Regional Plan & Appendices• 2023 Regional Transportation Improvement Plan• 2020 Coordinated Plan• Surveys, Models, and Forecasts• Goals and Objectives
Marketing and Transportation Alternatives	<ul style="list-style-type: none">• Campaign Summaries: Bike Anywhere, Bike Education, Clean Air Day, Vanpool, & iCommute• State of Commute Reports• Policy 18• Try Transit Program Documentation

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Functional Areas	Documents Reviewed
Grant Applications and Management	<ul style="list-style-type: none">• Grants Application Guide• Specialized Transportation Program Management Plan• Master Grant Listing• Transit Operator Grant Monitoring Documentation

For each of the five functional areas, we conducted interviews with executive and departmental leadership to gain an understanding of responsibilities, mission, functionality, administrative organization, staffing levels, and monitoring of performance and progress toward goals. The topics for the interviews also included the following:

- Significant changes in leadership, responsibilities, and structure during the scope period
- Regional Transportation Plan (RTP) development, adoption, and topics
- Defining and measuring success of the RTP
- Internal strategic initiatives and goal setting
- Coordination and assistance provided to transit operators
- Governing Board activities
- Personnel training, hiring, and evaluations
- Transit operator oversight and monitoring activities
- TDA Claims processing activities and procedures
- Major marketing events and initiatives during the scope period
- Alternative transportation programs
- Grant application coordination and transit operator assistance
- Grant management and compliance

Following the interviews, we obtained and examined additional documentation as a result of the additional information and context provided by SANDAG personnel, including documentation on SANDAG's "Focus on Fundamentals" strategy, key policies and procedures, internal and external measures to assess performance, and additional regional planning documents. We also evaluated the selected departments' functionality by analyzing policies and procedures, and ensuring directives are sufficient to guide SANDAG's functional areas.

Additionally, we assessed SANDAG's regional planning documents and met with key stakeholders to gain insight into how the various plans interrelate. This included examining the content of the various plans, the timeframes of each plan, the mechanisms used to monitor performance, and the alignment of each plan to the broader goals of the 2021 Regional Plan (refer to the section "Transportation Planning and Regional Coordination" for more details). We evaluated the following planning documents:

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- 2021 Regional Plan (includes the Regional Transit Plan)
- 2023 Regional Transportation Improvement Plan (RTIP)
- Annual Budgets
- 2020 Coordinated Plan

Further, we reviewed SANDAG’s grant administration processes, with a particular focus on how the agency supports transit operators and monitors their compliance with grant requirements for programs where SANDAG acts as the pass-through entity, ensuring that SANDAG is effective and efficient in facilitating and managing grant funding for operators.

Detailed RTPA Review and Recommendations

Regional Transportation Planning Agency (RTPA) Administration and Management

Governing Board Activities

The Board of Directors serves as the governing body of SANDAG and is made up of elected mayors, councilmembers, and county supervisors that are appointed from each of the region’s 19 local governments. The Board of Directors serves as the forum for bringing together local governments and public agencies to plan, program, and implement cooperative comprehensive planning across the San Diego region. *SANDAG’s Board Policy 001* outlines the Board of Director’s responsibilities, including but not limited to the following:

- Approve the Regional Plan, which merges the Regional Comprehensive Plan (RCP), the RTP, and the Sustainable Communities Strategy as well as plan components and other regional plans
- Approve Regional Transportation Improvement Program (RTIP) and corridor studies
- Appoint Committees and Board officers
- Approve programming of funds (TDA, CMAQ, STIP, etc.)
- Provide policy direction through Policy Development Board meetings

SANDAG also has various committees that meet on particular topics such as transit planning, government relations, transportation, and land use and regional growth, including the following:

Committees	Activities
Executive Committee	Responsible for setting the monthly SANDAG Board of Directors agenda, reviewing grant applications, reviewing legislative proposals, preparing the Overall Work Program and Budget, and providing direction to staff in preparing items for Board consideration.

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Committees	Activities
Borders Committee	Provides oversight for planning activities that impact the borders of the San Diego region (Orange, Riverside, and Imperial Counties and the Republic of Mexico) as well as government-to-government relations with tribal nations in San Diego County.
Transportation Committee	The Transportation Committee advises the SANDAG Board of Directors on major policy-level matters related to transportation. The Transportation Committee assists in the preparation of the Regional Transportation Plan and other regional transportation planning and programming efforts.
Regional Planning Committee	The Regional Planning Committee provides oversight for the preparation and implementation of the Regional Comprehensive Plan that is based on the local general plans and regional plans and addresses interregional issues with surrounding counties and Mexico.
Audit Committee	The Audit Committee is composed of five voting members with two members of the Board of Directors and three members of the public, whose role is to assist the Board in fulfilling its oversight responsibilities and provide a forum for pursuing the opportunities for improvements in operations, financial reporting and internal controls identified through the agency's audit products.
Public Safety Committee	The Public Safety Committee advises the SANDAG Board of Directors on major policy-level matters related to public safety.
TransNet Independent Taxpayer Oversight Committee	Provides an enhanced level of accountability for the expenditure of funds under the Expenditure Plan. The Committee helps ensure that all voter mandates are carried out as required and develops recommendations for improvements to the financial integrity and performance of the program.

Internal Planning

During the triennial audit period, SANDAG launched a strategic planning process to enhance organizational alignment. This initiative incorporated input from a broad range of stakeholders, including Board members and SANDAG employees, and was designed to support the agency's vision, mission, guiding principles, and core values.

As part of this effort, SANDAG introduced five strategic initiatives:

1. Establish an organizational structure and systems that allow us to dynamically assemble resources and mobilize teams to advance and complete priority projects

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2. Ensure that necessary technology and systems are in place
3. Communicate internally and externally in a clear, authentic, and transparent manner
4. Adopt practices that attract and retain highly qualified and motivated employees
5. Establish processes that allow quick access to needed talent and expertise

These initiatives were implemented under the leadership of SANDAG’s former Chief Executive Officer (CEO), who departed the agency in December 2023. Informed by audit interviews with SANDAG personnel, a key focus during this period was on external engagement to raise public awareness of SANDAG’s work. Notably, one objective under the third initiative, external communication, was to “prepare all employees to serve as brand ambassadors for the agency.”

In August 1524, SANDAG welcomed a new CEO with over 30 years of experience in transportation policy and planning. With this leadership transition, and under the guidance of the Board, SANDAG shifted its strategic emphasis inward. The agency is now reinforcing its core operations through a new three-pillar goal framework:

Leadership and Structure	• Align agency structure and practices to deliver the Board’s vision.
Oversight and Transparency	• Strengthen trust with the Board and public.
Focus on Fundamentals	• Implement internal process improvements to enable successful planning and delivery of the Board-approved Work Program, including the TransNet Program.

As a bottom-up and top-down hybrid model, SANDAG Departments are responsible for defining objectives that align with board-approved goals, which are then reviewed and refined annually to ensure consistency with broader agency strategies. Leadership tracks these efforts during weekly Executive Team Meetings and produces an annual implementation report with metrics tied to performance and accountability, some of which are derived from recommendations by the Office of the Independent Auditor (OIA).

Further, SANDAG conducts quarterly all-hands meetings where the CEO shares agency-wide strategic priorities and provides updates on key initiatives to ensure transparency and organizational alignment.

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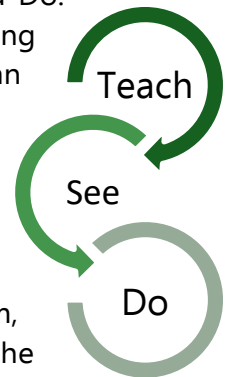
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Learning & Development

SANDAG implemented a new Learning and Development (L&D) Department during the triennial period as part of the Focus on Fundamental goal, with a strategy to “Teach, See, and Do.” Additionally, during the audit period, the L&D Department transitioned from being organizationally housed within the Organizational Effectiveness Department to the Human Resources Department, promoting stronger alignment between the two departments' shared focus on people-related initiatives.



Interviews with SANDAG highlighted the L&D Department's emphasis on establishing foundational resources for the agency, including initiatives to train personnel. During the triennial period, SANDAG implemented a new Enterprise Resource Planning (ERP) system, which became the primary focus of staff training efforts. To support staff in adapting to the new ERP system, SANDAG established monthly calls led by senior departmental leadership, covering topics introduced and suggested by personnel. While various agency-wide training courses were conducted throughout the period, SANDAG currently does not have a system to track employee training, both completed and upcoming, which limits staff development as gaps in critical knowledge becomes more difficult to identify, and therefore, address.

Interviews with SANDAG also highlighted SANDAG's effort during the audit period to capture and formalize institutional knowledge through documented policies and procedures, supporting knowledge sharing across the agency. In response, the L&D department introduced a standardized template for policy and procedure documentation, including the following attributes:

Title	Purpose	Scope	Responsibility	Procedures	Checklists & Forms	Compliance	Related Sources	SOP History
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Although each department is responsible for updating its own policies and procedures to reflect its subject matter expertise, SANDAG has not implemented a process to track progress across departments or set an expected completion date for the agency-wide update effort. This limits the desired impact of SANDAG's goal to have clear, consistent, and efficient guidance across departments, particularly when personnel are occupied with their day-to-day tasks.

To evaluate the internal control environment during the triennial period and assess the extent to which directives exist to guide agency operations, we conducted a Policy and Procedure Analysis across five key functional areas as outlined in the Caltrans' *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities*, as shown on the following page:

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Specifically, we evaluated the existence and currency of documented policies and procedures for each functional area, using Caltrans' Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities and our understanding of each area's operations to inform our assessment. The results of our analysis indicated the following:

1. The Marketing and Transportation Alternatives function does not have centralized, comprehensive policies and procedures that govern their overall activities. Instead, we noted campaign-specific documentation that addressed certain elements for some marketing and transportation alternative campaigns, such as processes to create reports for the Try Transit Program. Further, these ad-hoc policies and procedures did not contain a date of the last update.
2. Although the Claimant Relationships and Oversight function relies on the Transportation Development Act Claim Manual to outline procedures for submitting, reviewing, and processing TDA claims, as well as reviewing operator performance data, this manual has not been updated since 2021. Per discussion with management, the claims manual should be updated upon statutory changes. We inquired with management and determined that statutory changes occurred over the scope period; however, the manual was not updated until FY 2025.
3. The Administration and Management function does not have policies and procedures related to succession planning.

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The majority of the policies and procedures reviewed are relatively current, having been either effective or updated within the last five years. However, in each functional area, there are policies and procedures that do not list the date of the last update, indicating that SANDAG has not yet completed the process of updating and formalizing its policies and procedures within each department.

Without a centralized mechanism to track training or policy development, SANDAG faces the possibility of inconsistent operational practices, knowledge silos, outdated guidance, and reduced staff preparedness, particularly as new systems or statutory requirements evolve.

Observation 02 – Centralized Learning Management System

SANDAG does not currently have a centralized system in place to track employee training activities, resulting in limited visibility into completed or upcoming trainings across departments. This lack of centralized oversight may hinder the agency's ability to proactively identify critical knowledge gaps and ensure consistent staff development.

In addition, while departments are responsible for updating their internal policies and procedures, there is no formalized process to monitor the status of these updates agency-wide. As a result, progress toward achieving consistent and up-to-date documentation varies by department, and no defined timeline or target completion date has been established to guide the overall effort. This decentralized approach limits accountability and may delay agency-wide alignment on internal standards and practices.

Recommendation

SANDAG should consider implementing a centralized system, such as a Learning Management System (LMS), to track employee training activities, both completed and upcoming, to improve visibility into staff development and ensure critical knowledge gaps are identified and addressed.

Additionally, SANDAG should establish and define a process to monitor the status of departmental policy and procedure updates, ensuring that departments are progressing toward the agency's goal to have clear, consistent, and efficient guidance. Further, SANDAG should consider establishing a target completion date for the agency-wide effort, providing staff with a goal to effectively plan the policy and procedure updates alongside ongoing responsibilities.

Collectively, these actions would promote staff capacity-building, improve internal documentation, and strengthen the agency's preparedness for evolving operational and regulatory demands.

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Management Response

Management agrees with the observation. SANDAG is currently undergoing a holistic review of its training program, which includes, but is not limited to, assessing staff training needs, identifying content delivery tools, delineating documentation requirements, and determining an appropriate central repository for maintaining and monitoring compliance. To that end, SANDAG is also reviewing its internal policies and procedures which include, but is not limited to, a review of the structure and content of policy documents. These efforts are comprehensive in nature and will take an extended amount of time to complete and SANDAG is committed to enhancing these areas.

Responsible Party: SANDAG Director of Human Resources and SANDAG Director of Internal Controls

Implementation Date: October 2026

Personnel

SANDAG currently employs an estimated 380 staff and has 60 vacant positions, with demand for specialized roles driving targeted recruitment efforts. SANDAG has continued their efforts to improve the agency's ability to attract, reward, and retain employees through staying informed of the needs of a modern workforce. Flexible work arrangements, fair compensation, and transparency with employees have been core areas of focus, specifically (refer to table on the following page):

Workforce Need	Action Taken by SANDAG
Flexible Work Arrangement	SANDAG's hybrid work schedule allows many employees to work remotely up to three days per week, with in-office presence required two days to support collaboration and operational needs.
Fair Compensation	A Salary Range Study was conducted to determine the overall competitiveness of SANDAG salary ranges.
Transparency with Employees	Launched a new internal communications program to align staff with agency priorities and strategic goals, including weekly executive leadership meetings to advance strategic planning efforts, bi-weekly agency-wide briefings for open communication and feedback from employees, and quarterly all-hands meetings led by the CEO to share strategic direction and updates.

To maintain performance standards and goal alignment, SANDAG conducts annual employee evaluations tied to both individual and team goals, which cascade from agency-wide objectives. The results of these evaluations influence professional development discussions and, in many cases, compensation adjustments.

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Claimant Relationships and Oversight



As the Regional Transportation Planning Agency (RTPA) for the San Diego region, SANDAG is responsible for administering the Transportation Development Act (TDA) program, including the processing of TDA claims submitted to them by operators. Part of the TDA claim process includes the Performance Improvement Program, where SANDAG is responsible under the provisions of California Public Utilities Code (PUC) § 99244 for identifying and recommending performance improvements that can lower the operating costs of transit operators, including, but not limited to, the recommendations of productivity improvements identified in triennial performance audits.

Transit operators, MTS and NCTD, are required to submit six categories of performance measures on an annual and quarterly basis for evaluation by SANDAG, as follows:

1. Operating Cost per Passenger
2. Operating Cost per Revenue Hour
3. Passengers per Revenue Hour
4. Passengers per Revenue Mile
5. Revenue Hours per Employee
6. Farebox Recovery Ratio

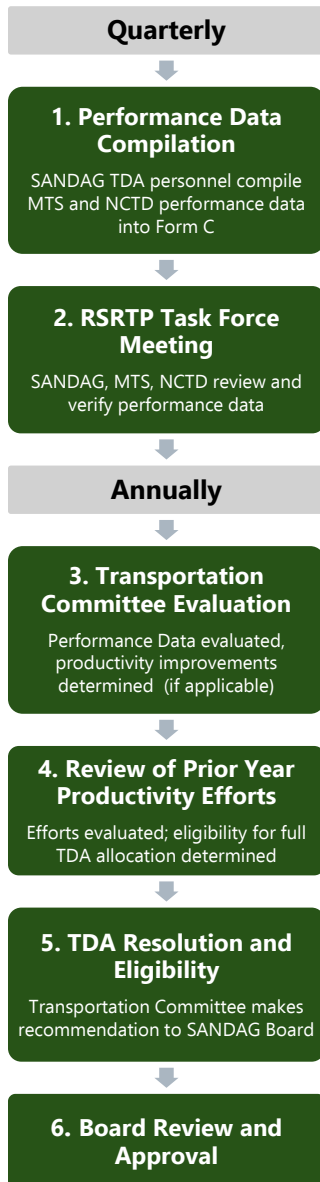
Farebox is the only performance indicator that has an established threshold by the TDA; the remaining performance indicators are reviewed and charted by SANDAG for trend analysis but do not have required thresholds. The State of California suspended its farebox recovery ratio requirements for transit agencies until 2026 due to the significant decline in ridership caused by the COVID-19 pandemic. *Refer to next page for section continuation.*

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SANDAG TDA personnel review the operators' performance measures on a quarterly basis. SANDAG TDA personnel first compile the Operators' performance information into quarterly performance reports onto an Excel sheet titled "Form C", which includes visual charts for each operator and transit mode. SANDAG then meets with MTS and NCTD to review and verify the submitted performance data on a quarterly basis as part of the Regional Short-Range Transit Planning (RSRTP) Task Force quarterly meeting. The RSRTP is an advisory group consisting of members of SANDAG, MTS, NCTD, and FACT who meet quarterly to discuss transportation planning and operational concerns.

On an annual basis, SANDAG's Transportation Committee evaluates MTS' and NCTD's performance data. MTS and NCTD attend the Transportation Committee meeting to share updates on their activities and efforts to improve productivity and ridership. The Committee then decides whether any new productivity improvements should be recommended. During the audit period, however, none were identified. During these committee meetings, the Transportation Committee also evaluates whether the operators have made reasonable efforts toward achieving their respective prior year productivity improvements and whether they should be allocated their full allocation of the upcoming year's TDA funds.

Following the recommendation of operator eligibility for receipt of TDA fund allocations, the Transportation Committee will review the TDA resolutions and consider a recommendation to the Board. The Board will then be asked to consider the recommendations of the Transportation Committee regarding both operator eligibility and resolutions for receipt of TDA funds. For each year during the triennial period, the Transportation Committee and the Board have accepted the productivity improvements implemented by both MTS and NCTD, allocating the full TDA funding allocation available in a timely manner.

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Transportation Planning and Regional Coordination



As the regional transportation planning agency for San Diego County, SANDAG allocates millions of dollars each year from federal, state, and local sources to support the regional transportation network. SANDAG is also San Diego County's Metropolitan Planning Organization and Regional Transportation Planning Agency, and responsibilities include preparing various transportation planning and funding documents. During the audit period, SANDAG developed and adopted several short and long-term planning documents, including the 2021 Regional Plan and the 2023 Regional Transportation Improvement Program. These plans are discussed in detail below, including each plan's alignment to the 2021 Regional Plan:

- **2021 Regional Plan:** SANDAG's Regional Plan is an unfunded, 30-year blueprint to create a faster, fairer, and cleaner transportation system for the San Diego region, combining the Regional Transportation Plan, Sustainable Communities Strategy, and Regional Comprehensive Plan into one comprehensive plan, and was approved by SANDAG's Board of Directors in December of 2021. The plan emphasizes equity, sustainability, and innovation, aiming to reduce greenhouse gas emissions while improving mobility and access for residents. It includes major investments in public transit, active transportation, and emerging technologies such as Mobility Hubs and Next Operating System. SANDAG is currently in the process of developing their 2025 Regional Plan as of the date of this report.

Measuring the Regional Plan's Progress

- The 2021 Regional Plan is structured around three overarching goals, which inform the development of the plan's strategies and performance measures. To achieve these goals, the plan outlines three core strategies and identifies 10 implementation actions designed to translate projects, policies, and programs into action. For an overview, refer to **Figure 1. 2021 Regional Plan Infographic**.
- The 2021 Regional Plan includes performance indicators in five broad categories: healthy environment, energy and water, housing, quality of life, and transportation planning. These indicators are intended to provide a high-level view of regional performance. Although the Plan states that SANDAG will prepare a performance monitoring report every four years to track progress, this report has not been completed.

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- Instead, SANDAG has completed the Sustainable Communities (SCS) Implementation Tracking Report, as required by Assembly Bill 1730, which mandates that SANDAG produce a report every two years to track progress on implementing its SCS. This report outlines the status of near-term Implementation Actions from the 2021 Regional Plan that are scheduled for completion prior to the adoption of the 2025 Regional Plan. For example, the seventh Implementation Action is to implement the Regional Transportation Improvement Program (RTIP) and near-term projects.
- **2023 Regional Transportation Improvement Plan:** The Regional Transportation Improvement Program (RTIP) is a multi-year, multi-billion-dollar program outlining major transportation projects in the San Diego region, as derived from the 2021 Regional Plan. The 2023 RTIP serves as an incremental implementation tool for capital projects that stem from the 2021 Regional Plan, assigning unique identification or page numbers to regionally-significant projects. It includes projects that are currently funded through the SANDAG budget from federal, state, and local sources, including the TransNet transportation sales tax program. Additionally, locally funded projects, such as those initiated by local cities, may be incorporated at SANDAG's discretion.

Measuring the RTIP's Progress

- The status of the capital projects in the RTIP are reported on a quarterly and annual basis to the SANDAG Board. Project managers provide detailed information on project percent completion, while the SANDAG personnel responsible for the RTIP update the expenditures to date in comparison to the project budgeted amounts.
- **2020 Coordinated Plan:** The Coordinated Plan serves as a five-year blueprint that integrates both the regional Short-Range Transit Plan and the federal Coordinated Plan requirements into a single document. It evaluates existing public transit and social service transportation across the region, with a focus on addressing the needs of transportation-disadvantaged populations such as seniors, individuals with disabilities, and low-income residents.

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Measuring the Coordinated Plan's Progress

- The 2020 Coordinated Plan features a performance monitoring program that reports on transit-specific performance indicators shaped by various planning efforts, including those required by the Transportation Development Act (TDA). However, the Coordinated Plan is not aligned with the 2021 Regional Plan, as the Regional Plan had not yet been approved by the Board during the current triennial audit period. Instead, the 2020 Coordinated Plan aligns with the goals and objectives of the 2019 Federal Regional Transportation Plan (RTP).

Report continues on the next page with **Figure 1. 2021 Regional Plan Infographic.**

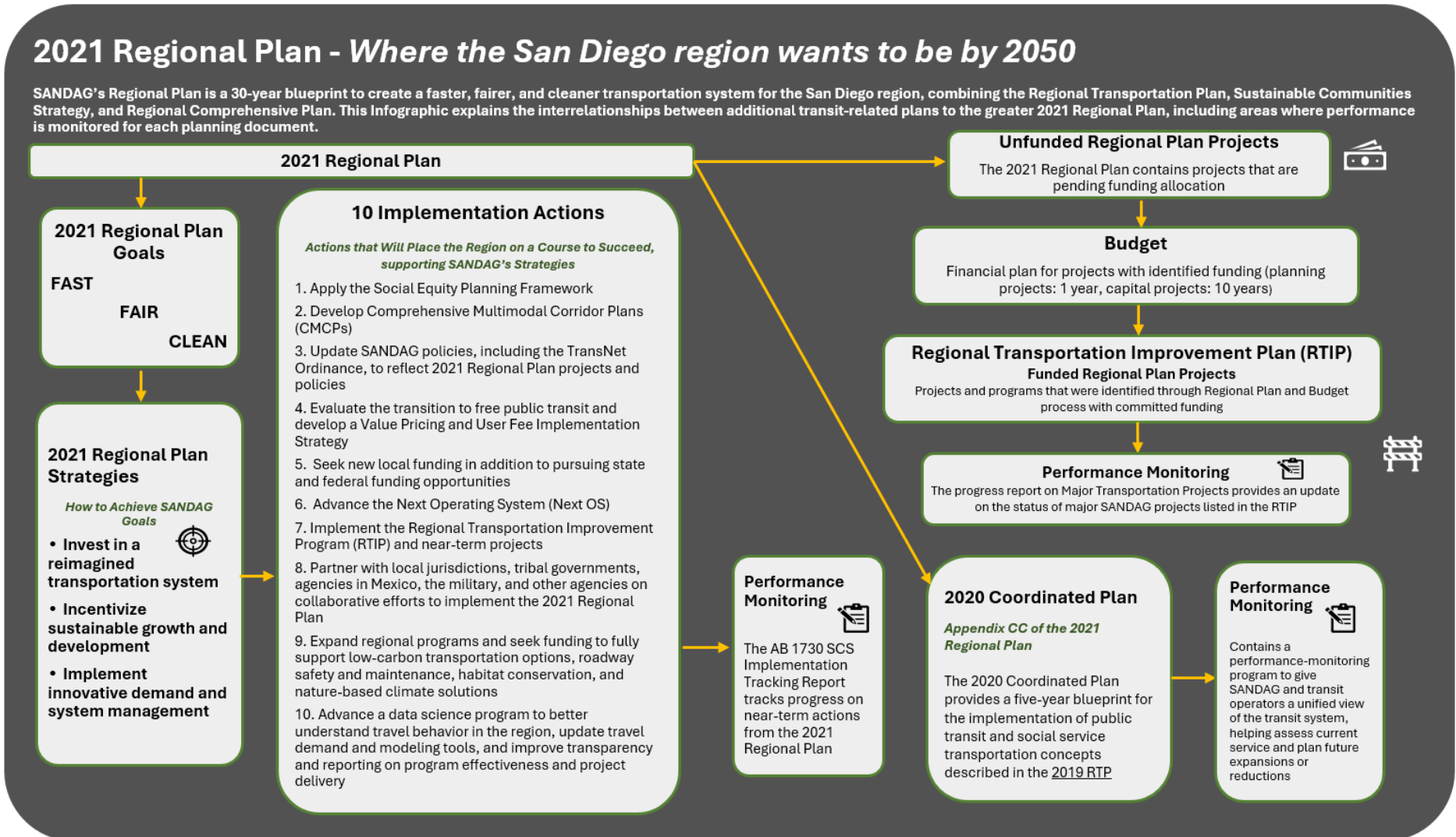
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Section IV: Task 3 – Review of RTPA Function

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Figure 1. 2021 Regional Plan Infographic



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Data Collection and Community Engagement

SANDAG also gathers information for its Regional Transportation Plan (RTP) through a combination of data collection methods, advanced modeling tools, and public outreach. SANDAG utilizes transportation and land use models to forecast potential future scenarios of where people will live and how they will travel. SANDAG also utilizes surveys to incorporate community priorities and feedback into the planning process. During the triennial period, SANDAG completed the San Diego County Transportation Study, which collected demographic and travel pattern information from residents throughout San Diego County in 2022 and 2023.

Regional Plan Conclusion

Overall, SANDAG's 2021 Regional Plan outlines a long-term vision for the region over the next 30 years, with supporting documents like the 2023 RTIP and 2020 Coordinated Plan used to guide shorter-term implementation. The Regional Transportation Plan (RTP) component of the 2021 Regional Plan is integrated with other elements, such as the Sustainable Communities Strategy (SCS), and is not treated as a separate or standalone plan.

As a result, there is no dedicated performance monitoring report specifically for the 2021 RTP. Although the 2020 Coordinated Plan includes various transit-specific performance indicators, the plan and its metrics are aligned with the 2019 Regional Transportation Plan, not the 2021 Regional Plan. Additionally, the SCS Implementation Tracking Report tracks progress on near-term actions across all SANDAG's initiatives and does not separate or highlight those specific to the Regional Transportation Plan.

Without the ability to isolate and report on the RTP component independently, stakeholders may not have clear insight into whether goals, objectives, and projects specific to the RTP are being effectively implemented or achieving their intended results, limiting their ability to assess whether the RTP has had a positive impact on regional transportation in San Diego.

Observation 03 – Establishing a Performance Monitoring Framework for RTP

SANDAG does not currently maintain a dedicated performance monitoring framework specific to the Regional Transportation Plan (RTP) component of its 2021 Regional Plan. While general progress reporting occurs, there is no structured mechanism to consistently track and communicate progress against the specific objectives, strategies, and metrics outlined in the RTP. As a result, stakeholders and the public may have limited visibility into how implementation efforts align with RTP goals, which may reduce transparency, hinder accountability, and limit the agency's ability to make data-informed decisions related to long-range regional transportation planning.

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Recommendation

To improve transparency, accountability, and informed decision-making, SANDAG should consider establishing a dedicated performance monitoring framework focused specifically on the Regional Transportation Plan (RTP) component of its Regional Plan, specifically, the 2021 Regional Plan for the audit period. This would help ensure that progress reported to stakeholders is directly aligned with the objectives and metrics of the most current RTP, and foster transparency with the public of the agency's efforts to successfully implement the RTP.

Management Response

SANDAG does not fully agree with the observation. SANDAG maintains an Open Data Portal, annually publishes the State of the Commute, and provides a report to the State of California (per Assembly Bill 805), which are all performance monitoring tools for the Regional Transportation Plan.

Responsible Party: SANDAG Senior Director Regional Planning and SANDAG Director of Internal Controls

Implementation Date: June 2026

Marketing And Transportation Alternatives

SANDAG's Marketing and Transportation Alternatives function is responsible for promoting sustainable transportation options and managing programs that support regional mobility goals. This function seeks to broaden services beyond the traditional work commute, ensure equitable access to programs, foster partnerships to enhance impact and reach, increase awareness to drive participation and utilization, and showcase program success through data and storytelling, while encouraging the use of transportation alternatives such as carpooling, vanpooling, biking, walking, teleworking, and transit.

SANDAG's Marketing and Transportation Alternatives function collects a variety of data and metrics to evaluate program effectiveness and measure public awareness of its initiatives. Quarterly and annually, the Marketing and Transportation Alternative team conducts project briefs to review program performance and track progress toward goals focused on increasing the adoption of sustainable transportation options. The insights gained from these reviews help refine messaging, improve program delivery, identify barriers to participation, and align outreach strategies with the diverse needs of communities throughout the San Diego region. Programs and associated metrics during the scope period included some of the following:

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Programs	Program Description	Associated Metrics
Bike Anywhere Day	A free, annual event for everyone to ride to work, school, the beach, or anywhere.	<ul style="list-style-type: none"> Online sign-ups (English and Spanish) Pit Stop visits New participants Employer bike classes held Post engagement on Facebook Member Agency participation
Bike Education Services	This campaign provides free bicycle education programs to employers, schools, and community organizations that serve youth.	<ul style="list-style-type: none"> Number of bicycle education services, including: <ul style="list-style-type: none"> a. Bike education classes b. Bike maintenance quick checks c. Employer group rides (including 3 e-bike test rides) d. Employer and agency micro-mobility rides Survey Results from the following questions: <ul style="list-style-type: none"> a. How did you hear about our services? b. What could be improved in the event you attended? c. What else would you like to learn about biking?
Clean Air Day	SANDAG's Clean Air Day is a regional initiative encouraging residents, businesses, and organizations to take actions that reduce air pollution and promote a more sustainable environment.	<ul style="list-style-type: none"> Individual pledges, including the following: <ul style="list-style-type: none"> a. Walking, biking, or riding a scooter b. Taking public transit c. Carpooling/vanpooling Organizational Pledges Clean Air Day events hosted organizations Follow through with action
Try Transit	An extensive employer outreach program that encourages the use of transit for employees commuting to and from work.	<ul style="list-style-type: none"> Try Transit employer events held Employer with largest participation and activation rate Conversion rate Vehicle Miles Travelled (VMT) saved Emissions Saved in Metric Tons of CO2e
Vanpool	A rideshare program for groups of five or more to get to work.	<ul style="list-style-type: none"> Total vanpools Total passengers and passenger miles Total new vans Total terminations & reason for termination Vanpool origin and destination major statistical areas
Employer Program (Diamond Award)	A free program helping regional employers implement customized commuter and telework benefits, with Diamond Awards recognizing those that champion sustainable commute options.	<ul style="list-style-type: none"> Number of employer participants New accounts Actively engaged accounts Number of surveys

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Currently, SANDAG's Marketing and Transportation Alternative function does not have a centralized document or method to track current marketing programs and associated metrics with each campaign, limiting the ability to gain a comprehensive view of each campaign and evaluate their impact on program effectiveness and public awareness. Without centralized tracking, it is challenging to clearly communicate outcomes and successes to stakeholders. Although the Marketing and Transportation Alternative function recently implemented a Sustainable Transportation Services Employer Program Recap Report after the audit period, this report does not capture all active programs or include the full range of metrics collected for each initiative.

Observation 04 – Centralization of Marketing Campaign Documentation

SANDAG's Marketing and Transportation Alternatives function does not currently use a centralized tool or dashboard to document and track active marketing campaigns and their associated performance metrics. As a result, information related to outcomes and successes is dispersed across various sources or not consistently maintained. This limits the agency's ability to evaluate the effectiveness of individual campaigns, assess overall public engagement, and provide a clear, comprehensive view of marketing activities to internal and external stakeholders. The absence of a centralized tracking method may also hinder data-driven decision-making and long-term strategic planning.

Recommendation

SANDAG's Marketing and Transportation Alternatives function should consider developing and implementing a centralized dashboard or other method to document all active marketing campaigns and their associated performance metrics. This would provide a comprehensive view of active campaign activities, enhance the ability to evaluate program effectiveness and public engagement, and improve transparency with stakeholders.

Management Response

SANDAG agrees with the observation. SANDAG's marketing, education, and outreach efforts help raise awareness of commute choices and other initiatives and projects in the region. Currently, SANDAG documents its marketing efforts in its Recap Reports. However, the development of a tool/dashboard is currently not feasible given existing resources and capacity.

However, SANDAG will explore options for creating a centralized tool, dashboard, or equivalent to document all active marketing campaigns and the associated performance metrics in one central location. The intent of the tool will be to provide: 1) a clear, comprehensive view of marketing activities; and 2) data that will assist in short- and long-term planning strategies.

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Responsible Party: SANDAG Director of Public Affairs and SANDAG Director of Internal Controls

Implementation Date: June 2026

Grant Applications and Management

Overview of SANDAG's Federal Grants Management Function

As the Regional Transportation Planning Entity (RTPE) for the San Diego region, the San Diego Association of Governments (SANDAG) plays a central role in administering federal transportation grants. In alignment with RTPE responsibilities outlined in oversight frameworks, SANDAG, through its Grants Division and other core teams, demonstrates comprehensive and established engagement across three key areas: grant application coordination, grant application assistance, and grant management and compliance. The agency's practices reflect a structured, collaborative, and compliance-driven approach to managing federal funds, particularly in programs such as FTA Section 5310 and various discretionary planning and mobility grants.

Grant Application Coordination

SANDAG's Grants Division actively coordinates grant applications submitted by transit operators and eligible entities throughout the region. For programs such as FTA Section 5310 (Enhanced Mobility for Seniors and Individuals with Disabilities), SANDAG facilitates an in-depth application management process through a Call for Projects (CFP), which involves advertising the availability of funding, issuing detailed guidance materials, and managing the review process to ensure alignment with federal objectives. SANDAG also coordinates with transit operators to avoid duplication or competition for the same federal funding when entities apply directly to federal agencies.

Grant Application Assistance

SANDAG provides extensive technical assistance to support applicants throughout the grant development process. Assistance includes application workshops, access to demographic and service data, hosting pre-application webinars, and provision of templates for project narratives, budgets, and performance measures. SANDAG provides one-on-one assistance to grant applicants upon request, addressing questions related to project eligibility, strengthening application content, and clarifying the submission process. Responses to questions that are broadly applicable to other applicants are posted on the BidNet website, where grant solicitations are published.

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Grant Management and Compliance

Once federal funding is awarded, SANDAG assumes primary responsibility for grant administration, oversight, and compliance monitoring. The Program Manager (PM) for each grant program develops and implements a set of monitoring procedures for grantees to be assessed against throughout the grant's period of performance, which is assessed using grantee-submitted progress reports. For construction project, the PM also conducts site visits and document any identified observations and follow-up actions using a standardized template.

The PM also monitors the following:

- Project completion within specified deadline
- Implementation of work and project deliverables aligns with the scope of work
- Prevailing wage compliance
- Use of competitive procurement or approved sole source
- Timeliness of reimbursement request submission

Additionally, SANDAG maintains a structured reimbursement review process to ensure financial accountability and compliance. The PMs verify that grantees submit reimbursement requests in a timely manner and review each submission for alignment with federal and internal requirements. Requests must be completed using the designated template and include supporting documentation for all claimed expenses. This includes timesheets for payroll reimbursements, proof of payment for contractor invoices, and evidence of matching fund contributions when required. Progress reports are used in conjunction with financial documentation to confirm that reported costs are consistent with project milestones and deliverables.

SANDAG currently relies on a basic Excel spreadsheet to monitor federal grant activities. While this tool provides a simple and accessible method for tracking grant status, deadlines, and deliverables, it lacks automation, built-in controls, and audit trail functionality. As the number and complexity of federal grants and subrecipient relationships grow, this approach may hinder the agency's ability to ensure timely compliance, data integrity, and efficient oversight.

Observation 05 – Enhancement of Controls in the Grant Tracking System

SANDAG currently tracks grant activities using an Excel spreadsheet. The existing approach may not fully support efficient tracking, consistent documentation, or centralized oversight of grant-related tasks. This may limit visibility into key aspects of grant administration and create challenges in maintaining consistency across departments or funding sources.

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Recommendation

To enhance its grant management capacity, SANDAG could strengthen existing practices by incorporating additional controls into its current tracking system, such as access restrictions and data validation features. Alternatively, the agency may consider transitioning to a centralized grants management system capable of automating key tasks, flagging compliance risks, and maintaining a reliable audit trail. These improvements would support greater scalability, reduce administrative burden, and enhance overall accountability in managing federal funds.

Management Response

SANDAG agrees with the observation. SANDAG currently uses an Excel spreadsheet to monitor federal grant activities and concurs that a tool with advanced functionality and automation capabilities would be advantageous. However, transitioning to a centralized grants management system currently is not feasible. We will commit to exploring options for strengthening internal controls within the existing system (such as change tracking, standardizing documentation protocols, data validation, etc.).

Responsible Party: SANDAG Director of Financial Planning, Budgets, and Grants and SANDAG Director of Internal Controls

Implementation Date: June 2026

Appendix A
Section I: Task 1A – Review of Compliance Requirements
for SANDAG Matrix

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Code Reference	Code Requirement	Verification	Result
PUC § 99231	All transportation operators and city or county governments which have responsibility for serving a given area, in total, claim no more than those Local Transportation Fund moneys apportioned to that area.	For each year of the performance audit period, SANDAG's allocation of Local Transportation Fund monies did not exceed the amounts apportioned to the area, as confirmed by comparing apportionment to actual allocations.	Compliant
PUC §§ 99233 & 99234	The RTPA has adopted rules and regulations delineating procedures for the submission of claims for facilities provided for the exclusive use of pedestrians and bicycles.	SANDAG's Policy 27, most recently amended in August 1521, outlines the procedures for administering Transportation Development Act (TDA) funds. Additional guidance is provided in SANDAG's Transportation Development Act Claim Manual, which was updated in February 2021 and serves as a reference for claimants.	Compliant
PUC §§ 99238 & 99238.5	The RTPA has established a social services transportation advisory council (SSTAC). The RTPA must ensure that there is a citizen participation process which includes at least an annual public hearing.	SANDAG has established a Social Services Transportation Advisory Council (SSTAC) and maintains a public participation process that includes holding at least one public hearing annually. These efforts support the inclusive planning and evaluation of transit services as required under TDA.	Compliant

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Code Reference	Code Requirement	Verification	Result
PUC § 99244	<p>The RTPA has annually identified, analyzed and recommended potential productivity improvements that could lower the operating costs of those operators that operate at least 50 percent of their vehicle service miles within the RTPA's jurisdiction. Recommendations include, but are not limited to, those made in the performance audit.</p> <ul style="list-style-type: none"> • A committee for the purpose of providing advice on productivity improvements may be formed (not required). • The operator has made a reasonable effort to implement improvements recommended by the RTPA, as determined by the RTPA, or else the operator has not received an allocation that exceeds its prior year allocation. 	<p>Annually and quarterly, SANDAG, through its Transportation Committee monitors the performance of MTS and NCTD, in which six performance indicators are evaluated. If applicable, recommendations are developed and communicated to the operators.</p>	Compliant
PUC § 99245	<p>The RTPA has ensured that all claimants to whom it allocates TDA funds submit to it and to the state controller an annual certified fiscal and compliance audit within 180 days after the end of the fiscal year (December 30). However, the responsible entity may grant an extension of up to 90 days, as it deems necessary.</p>	<p>SANDAG requires all TDA fund recipients to submit an annual certified fiscal and compliance audit to both SANDAG and the State Controller's Office within 180 days after the close of the fiscal year. Extensions of up to 90 days may be granted, if warranted, in accordance with TDA guidelines.</p>	Compliant

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Code Reference	Code Requirement	Verification	Result
PUC § 99246 & 99248	The RTPA has designated an independent entity to conduct a performance audit of operators and itself (for the current and previous triennia). For operators, the audit was made and calculated the required performance indicators, and the audit report was transmitted to the entity that allocates the operator's TDA money, and to the RTPA within 12 months after the end of the triennium. If an operator's audit was not transmitted by the start of the second fiscal year following the last fiscal year of the triennium, TDA funds were not allocated to the operator for that or subsequent fiscal years until the audit was transmitted.	<p>The prior triennial performance audit for FY2019–2021 was submitted to the California Department of Transportation on September 2, 2022, exceeding the statutory 12-month deadline of June 30, 2022.</p> <p>However, Weaver confirmed that SANDAG contracts with an independent entity to conduct triennial performance audits and that the audit scope meets TDA requirements. In addition, the audits included the required performance indicators.</p>	Non-Compliant
PUC § 99246(c)	The RTPA has submitted a copy of its performance audit to the Director of the California Department of Transportation. In addition, the RTPA has certified in writing to the Director that the performance audits of operators located in the area under its jurisdiction have been completed.	SANDAG has complied with the requirements by submitting a copy of its performance audit to the Director of the California Department of Transportation. In addition, SANDAG provided written certification to the Director confirming that the performance audits of all operators within its jurisdiction were completed.	Compliant

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Code Reference	Code Requirement	Verification	Result
PUC § 99246(d)	<p>The performance audit of the operator providing public transportation services shall include a verification of the operator’s cost per passenger, operating cost per vehicle service hour, passengers per vehicle service mile, and vehicle service hours per employee, as defined in Section 99247.</p> <p>The performance audit shall include consideration of the needs and types of passengers being served and the employment of part-time drivers and the contracting with common carriers of persons operating under a franchise or license to provide services during peak hours, as defined in subdivision (a) of Section 99260.2.</p>	<p>The most recent triennial audits conducted for MTS and NCTD satisfy the requirement to evaluate all five core performance metrics.</p> <p>Both MTS and NCTD were reviewed as part of the audit. Each agency serves the general public and retains the ability to use part-time personnel or enter into service contracts to address demand during high-traffic periods.</p>	Compliant
PUC §§ 99270.1 & 99270.2	The RTPA has established rules and regulations regarding revenue ratios for transportation operators providing services in urbanized and new urbanized areas.	Chapter 4 of SANDAG’s <i>Transportation Development Act Claim Manual</i> , along with Policy 27, outlines the required revenue ratios for MTS and NCTD.	Compliant

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Code Reference	Code Requirement	Verification	Result
PUC § 99275.5	The RTPA has adopted criteria, rules, and regulations for the evaluation of claims filed under Article 4.5 of the TDA and the determination of the cost effectiveness of the proposed community transit services.	SANDAG has established criteria and procedures for evaluating claims submitted under Article 4.5 of the Transportation Development Act, as outlined in its <i>Transportation Development Act Claim Manual</i> , Chapter 5. These guidelines support the assessment of proposed community transit services and include standards for determining cost-effectiveness.	Compliant
PUC §§ 99310.5 & 99313.3 & Proposition 116	State Transit Assistance (STA) funds received by the RTPA are allocated only for transportation planning and mass transportation purposes.	The allocation and use of STA funds are guided by Chapter 8 of SANDAG's Transportation Development Act Claim Manual and SANDAG Policy 27. STA funds are allocated by SANDAG and are claimed by eligible Article 4 operators for public transportation services and by Article 4.5 claimants for community transit services, in alignment with the State Controller's population-based apportionment formula.	Compliant
PUC § 99314.3	The amount received pursuant to Public Utilities Code, Section 99314.3, by each RTPA for state transit assistance is allocated to the operators in the area of its jurisdiction as allocated by the State Controller's Office.	SANDAG distributes STA funds received under Public Utilities Code Section 99314.3 to transit operators within its jurisdiction in accordance with the apportionments issued by the State Controller's Office. This allocation process follows the statutory formula and the process is documented in SANDAG's Transportation Development Act Claim Manual.	Compliant

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Code Reference	Code Requirement	Verification	Result
PUC Section 99401.5	<p>If TDA funds are allocated to purposes not directly related to public or specialized transportation services, or facilities for exclusive use of pedestrians and bicycles, the transit planning agency has annually:</p> <ul style="list-style-type: none"> • Consulted with the Social Services Transportation Advisory Council established pursuant to PUC Section 99238 • Identified transit needs, including: <ul style="list-style-type: none"> -Groups who are transit-dependent or transit-disadvantaged -Adequacy of existing transit services to meet the needs of groups identified -Analysis of potential alternatives to provide transportation services • Adopted or reaffirmed definitions of “unmet transit needs” and “reasonable to meet” • Identified the unmet transit needs and those needs that are reasonable to meet • Adopted a finding that there are not unmet transit needs; that there are no unmet transit needs that are reasonable to meet; or that there are unmet transit needs including needs that are reasonable to meet <p>If a finding is adopted that there are unmet transit needs, these needs must have been funded before an allocation was made for streets and roads.</p>	<p>SANDAG allocated Article 8 funds to MTS for FY22 through FY24, SANDAG fulfilled the TDA requirements as evidenced in their SSTC meeting minutes.</p>	Compliant

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Code Reference	Code Requirement	Verification	Result
CCR Section 6662	The RTPA has caused an audit of its accounts and records to be performed for each fiscal year by the county auditor, or a certified public accountant. The RTPA must transmit the resulting audit report to the state controller within 12 months of the end of each fiscal year, and it must be performed in accordance with the Basic Audit Program and Report Guidelines for California Special Districts prescribed by the state controller. The audit shall include a determination of compliance with the Transportation Development Act and accompanying rules and regulations. Financial statements may not commingle the state transit assistance fund, the local transportation fund, or other revenues or funds of any city, county, or other agency. The RTPA must maintain fiscal and accounting records and supporting papers for at least four years following fiscal year close.	<p>SANDAG met the audit requirements by hiring an independent CPA firm to complete annual financial audits following the State Controller’s guidelines. Each audit included a review of compliance with TDA rules and kept STA, LTF, and other funds clearly separated. The audit reports were submitted to the State Controller within the 12-month deadline for each year listed below:</p> <p>FY22: January 31, 2023 FY23: March 28, 2024 FY24: March 31, 2025</p>	Compliant

Appendix B

Section II: Task 1B – Review of Compliance Requirements for FACT Matrix

San Diego Association of Governments

Appendix B: Task 1B – Review of Compliance Requirements for FACT Matrix

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Contract & Code Reference	Requirement	Verification	Results
Core Function 1: Information and Referral Assistance	Provide comprehensive information and referral assistance on transportation for seniors, persons with disabilities, and other transportation disadvantaged populations.	FACT's transportation database is comprehensive and referrals to transportation services can be accessed through the FACT website: www.factsd.org , or by calling FACT's call center. It features FIND A RIDE that connects riders to services based on their needs, such as wheelchair-accessible vehicles.	Compliant
Core Function 2: Advisory Council Requirement	Maintain an active (minimum four meetings per year) advisory council for the CTSA that can serve as a forum for local health and social service transportation agencies to coordinate and disseminate specialized transportation information inclusive of, but not limited to: <ul style="list-style-type: none"> - Legislative updates - Alternate transportation options - Funding opportunities - Service gaps - CTSA policies and procedures 	FACT maintains an active advisory council that meets at least four times a year, as evidenced by the advisory council's meeting agendas.	Compliant

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Contract & Code Reference	Requirement	Verification	Results
Core Function 3: Public Webpage Database	Maintain a public webpage that hosts a comprehensive and up to date database of specialized transportation providers, including options for seniors and persons with disabilities. The database is to be used for information and referral assistance as well as to be provided to SANDAG for use in specialized transportation planning.	FACT's website is public and includes a database of specialized transportation providers that is up to date and functions to provide information and referral assistance.	Compliant
Core Function 4: Long-term Funding Sources	Identify and pursue longer-term funding sources to leverage and support CTSA-related activities.	FACT's business and financial records identify FACT's pursuit of longer-term funding sources, such as a proposed county sales tax measure and additional grant funding. FACT has an established business plan that is updated annually to report on funding status and pursuits.	Compliant

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Contract & Code Reference	Requirement	Verification	Results
Admin Task 1	Submit an annual certified fiscal audit to SANDAG and the State Controller within 180 days after the end of the fiscal year, pursuant to the Public Utilities Code 99245 and the SANDAG TDA claim procedures.	The FY24 certified fiscal audit was submitted on March 5, 2025, exceeding the 180-day deadline, and no extension was obtained to authorize the late submission. In addition, the audit did not include the required certification that TDA funds were expended in conformance with applicable laws and regulations. Public Utilities Code (PUC) § 99245 and the SANDAG agreement with FACT require submission of a certified fiscal audit within 180 days after the end of the fiscal year (i.e., by December 30), and that the audit include this certification.	Non-compliant

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Contract & Code Reference	Requirement	Verification	Results
Admin Task 2	Submit an annual report of its operations, consistent with the Uniform System of Accounts, to SANDAG and the State Controller within 90 days after the end of the fiscal year as required by state law and the SANDAG TDA claim procedures.	<p>FACT did not submit the annual operations reports within 90 days of fiscal year-end. The annual operations reports for FY22, FY23, and FY24 were submitted on November 29, 2022, January 31, 2024, and February 13, 2025.</p> <p>PUC § 99243 requires transit operators to submit an annual report of operations to the transportation planning agency and the State Controller within seven months after the end of the fiscal year. However, under the SANDAG agreement with FACT, FACT is required to submit this report within 90 days of fiscal year-end (i.e., by September 28).</p>	Non-Compliant

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Contract & Code Reference	Requirement	Verification	Results
Admin Task 3	Submit electronic quarterly operating statistics consistent with the regional reporting system if CTSA provides service directly.	FACT's operating statistics are submitted quarterly and include operating statistics consistent with regional reporting. Elements include number of referrals, advisory meeting information, public webpage performance, and pursuits to maximize funding.	Compliant
Admin Task 4	Develop and annually update a strategic business plan, work plan and budget, and provide three hard copies and one electronic copy of the plan to SANDAG prior to the beginning of each fiscal year. The strategic business plan must clearly delineate Core Functions from Other Functions and FACT activities, and must also provide a summary of accomplishments funded by the prior year's TDA claim.	FACT's strategic business plan is updated annually and clearly delineates core functions from other functions as well as a summary of accomplishment funded by the prior year's TDA claim.	Compliant

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Contract & Code Reference	Requirement	Verification	Results
Admin Task 5	<p>Ensure that elected officials from municipal or county positions in San Diego County hold at least two seats on the FACT Board of Directors. This will be in addition to one director who is a sitting member of the SANDAG Transportation Committee and is appointed to this position by the Chair of the SANDAG Board of Directors.</p> <p>Additionally, the CTSA shall ensure that local elected officials are involved to the maximum extent possible in the development of the CTSA action plans and other local plans necessary to fulfill the coordination provisions of the California Social Service Transportation Improvement Act, and to provide for the successful implementation of consolidated transportation services. The CTSA shall ensure that the makeup of the FACT Board demonstrates countywide geographic and stakeholder representation.</p>	<p>FACT's Board of Directors are elected officials from municipal or county positions in San Diego County, and that hold at least two seats on the board.</p>	Compliant

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Contract & Code Reference	Requirement	Verification	Results
Section 15951	Facilitate combined purchasing to achieve cost savings among providers of social service transportation, develop a portfolio of transportation providers (brokerage) who have agreed to provide rides at reduced rates, and provide transportation using the brokerage.	FACT fulfills the agreement requirement to facilitate combined purchasing, develop a portfolio of transportation providers (brokerage) offering reduced rates, and provide transportation using the brokerage. FACT has established agreements with multiple transportation providers who have committed to providing rides at negotiated reduced rates. Through this brokerage model, FACT coordinates ride requests among its provider network, enabling cost savings and efficient service delivery for social service transportation programs.	Compliant

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Contract & Code Reference	Requirement	Verification	Results
Section 15951	Provide consolidated driver training for social service transportation providers.	FACT has an established driver training program for their transit providers, and it covers essential topics. Driver certifications were obtained and assessed to verify that the program is being implemented.	Compliant
Section 15951	Provide centralized dispatch of vehicles for social service transportation providers so that the most efficient use of vehicles can be achieved.	FACT's centralized dispatch system enables efficient vehicle allocation and utilization that serves the San Diego area effectively based on need (ex. Low-income riders).	Compliant
Section 15951	Provide centralized maintenance of vehicles so that adequate and routine vehicle maintenance can be achieved at lowest cost to social service transportation providers.	FACT provides and tracks centralized maintenance service to promote cost savings.	Compliant

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Appendix B: Task 1B – Review of Compliance Requirements for FACT Matrix
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Contract & Code Reference	Requirement	Verification	Results
Section 15951	Provide centralized administration of various social service transportation programs so that elimination of numerous duplicative and costly administrative organizations can occur.	FACT functions, through its brokerage model, as a centralized administration for various social service transportation programs.	Compliant
Section 15951	Identify and consolidate all existing sources of funding for social service transportation to provide a more effective and cost-efficient use of scarce resource dollars.	FACT proactively identifies funding sources and works toward streamlining funding, as evidenced in their business plan.	Compliant
Section 15951	Ensure that local elected officials from San Diego County or San Diego area municipalities are involved in development of local actions necessary for the success of CTSA.	Apart from the elected officials on the FACT Board that are involved in the decision-making process related to FACT's operations, FACT consistently invites elected officials to meetings to support decision-making processes.	Compliant

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Appendix B: Task 1B – Review of Compliance Requirements for FACT Matrix

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Contract & Code Reference	Requirement	Verification	Results
Other Function: Technical Advisory Committee	Participate on any Technical Advisory Committee established by SANDAG to oversee the development of a Coordinated Public Transit-Human Services Transportation Plan required by the Federal Transit Administration (FTA) in order to access specialized transportation grants.	As confirmed by meeting minutes, FACT participates on SANDAG's committee to support the development of the Coordinated Plan as required by the FTA.	Compliant
Performance Evaluation	Required to submit quarterly progress reports summarizing progress made towards implementation of the core functions.	While FACT submits timely quarterly progress reports, FACT should consider incorporating outcome-based performance indicators such as call responsiveness, trip fulfillment rates, and service denials into its reporting. These metrics are important for evaluating the effectiveness of centralized service delivery and determining whether the needs of transportation-disadvantaged populations are being met.	Compliant

Appendix C

Section III: Task 2 – Follow-Up Review of Prior Performance Audit Recommendations Matrix

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Appendix C: Task 2 – Follow-Up Review of Prior Performance Audit Recommendations Matrix

FY 2022–2024 Triennial Performance Audit Report

Report Date: August 15, 2025

Prior Audit Recommendation - 01

Prior Management Responses	Prior Status	Follow-Up Management Responses - Corrective actions taken to address prior recommendations	Validation	Results
SANDAG agrees with the recommendation and will continue efforts to review and update Board Policy No. 027 and the SANDAG TDA Claim Manual as appropriate to reflect the statutory changes and communicate such to affected operators.	Partially Complete	As part of SANDAG's processes, SANDAG has started reviewing statutory changes on an annual basis to have the most up to date board policy and TDA manual available to affected operators. Any changes to the policy and manual are communicated to the affected operators. Comments and questions are encouraged, but since procedures are outlined in the manual and not all changes are significant, training is done on an as needed basis.	<p>SANDAG has taken steps to address the prior recommendation by updating Board Policy No. 27 and the TDA Claim Manual and initiating an annual review process for applicable statutory changes. These actions demonstrate meaningful progress toward ensuring that governing documents reflect evolving legislative requirements. The agency has also implemented a communication process to inform operators of any changes and provides training on an as-needed basis.</p> <p>However, an annual review process is reportedly underway, but there is no evidence of a formalized or documented procedure that institutionalizes the review cycle and ensures consistent application in future years.</p> <p>Given these gaps, the recommendation is considered partially implemented. Continued efforts are needed to ensure that both the Policy and Manual are consistently updated and internal procedures are formalized to establish review cycles.</p>	Partially Implemented

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Appendix C: Task 2 – Follow-Up Review of Prior Performance Audit Recommendations Matrix

FY 2022–2024 Triennial Performance Audit Report

Report Date: August 15, 2025

Prior Audit Recommendation - 02

Prior Management Responses	Prior Status	Follow-Up Management Responses - Corrective actions taken to address prior recommendations	Validation	Results
SANDAG agrees with this recommendation and will continue to work with FACT and the SSTAC to jointly enhance the role of the SSTAC to advise on unmet transit needs.	None - New	SANDAG added standing unmet transit needs item to SSTAC agenda to encourage robust discussion on past and current public input. Staff will be referring these unmet transit needs to MTS, NCTD, FACT, or the appropriate SANDAG department and reporting back to SSTAC with relevant follow-up actions. Staff also plan to include the needs and responses with the TDA Annual Report to the Transportation Committee. SANDAG also conducted a regionwide survey of transportation needs of older adults and people with disabilities to inform the 2025 update of the Coordinated Plan. The SSTAC was involved in establishing survey questions, helping to promote it among members of the public, and discussing the findings.	<p>SANDAG has fully addressed the prior recommendation to enhance the role of the Social Services Transportation Advisory Council (SSTAC) in identifying and advising on unmet transit needs. The agency took concrete steps to institutionalize a standing agenda item at SSTAC meetings dedicated to unmet transit needs, which enables year-round input and discussion beyond the single annual public hearing required under the TDA. This structural adjustment directly supports the audit recommendation to position SSTAC as an ongoing forum for accumulating input related to accessibility gaps and underserved populations.</p> <p>Further, SANDAG has implemented a system to refer identified needs to appropriate entities such as MTS, NCTD, FACT, or internal departments, and is working toward documenting these referrals and actions in the TDA Annual Report to the Transportation Committee. This reporting mechanism fulfills the intent of the recommendation by elevating accessibility concerns to a policy-level audience and creating a formal feedback loop between SSTAC, SANDAG, and the Transportation Committee.</p> <p>Additionally, the regionwide transportation needs survey conducted as part of the 2025 Coordinated Plan update, developed with SSTAC's input and support, demonstrates a proactive approach to gathering data on mobility challenges affecting older adults and people with disabilities. SSTAC's involvement in shaping, promoting, and analyzing the survey results further strengthens its advisory role and ensures that planning efforts are responsive to current community needs.</p> <p>Together, these actions reflect meaningful progress toward the expected result of planning, implementing, and measuring equitable transit alternatives in areas not well served by MTS or NCTD. The enhancements to SSTAC's structure and role demonstrate that SANDAG is not only complying with the spirit of the TDA but also leveraging its institutional capacity to promote more inclusive, data-informed regional transit planning.</p>	Fully Implemented

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Appendix C: Task 2 – Follow-Up Review of Prior Performance Audit Recommendations Matrix

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Prior Audit Recommendation - 03

Report Date: August 15, 2025

Prior Management Responses	Prior Status	Follow-Up Management Responses - Corrective actions taken to address prior recommendations	Validation	Results
<p>SANDAG management has undertaken and/or is planning several actions to improve the agency's ability attract, reward, and retain employees, and to align employee work efforts to the agency's highest priorities. The work plan is informed by research confirming the needs of a modern workforce – flexible work arrangements, fair compensation, and opportunities for professional development.</p> <p>Activities and expected outcomes include:</p> <ul style="list-style-type: none"> • Implementation of Strategic Plan initiatives in the areas of Improved Use of Technology Resources, Internal Communications, and Recruitment and Retention of Employees. • Expanding efforts to source qualified candidates for job openings, including employment branding efforts. • Maintaining competitive salary ranges and revising pay practices to ensure employees are paid market rate salaries. • Clarifying the roles and responsibilities of each employee through development of duty statements. • Revising the performance management program, including goal setting practices, increased and effective feedback cycles, preparation of annual performance reviews, and improvements to the performance-based rewards system. • Designing and implementing a custom manager development training program. • Placing greater emphasis on professional development and career progression, including succession planning. • Adopting more flexible work arrangements, including the policies and resources necessary for operational effectiveness. • Improved methods and increased volume of internal communication. <p>These actions, combined with other organization development and culture enhancement initiatives are expected to secure SANDAG's reputation as an 'employer of choice' with a talented and highly-valued workforce who are imperative to the agency's success.</p>	<p>None - New</p>	<p>The SANDAG management team has continued their efforts to improve the agency's ability to attract, reward, and retain employees, and to align employee work efforts to the agency's highest priorities. The work plan continues to be informed by the needs of a modern workforce - flexible work arrangements, fair compensation, and opportunities for professional development.</p> <p>Activities, outcomes and expected results include:</p> <ul style="list-style-type: none"> • The Talent Acquisition team has expanded sourcing capabilities and have filled many previously difficult to fill positions. Feedback from hiring managers is very positive and the work continues to fully optimize this function. • Maintaining competitive salary ranges and revising pay practices continues to ensure employees are paid market rate salaries. • Clarifying the roles and responsibilities of each employee continues through the development of duty statements. • Revision efforts continue for the performance management program to increase effectiveness in effective goal setting practices, providing feedback, and merit reward system. • Designing and implementing focused learning academies and development pathways is scheduled to begin in May, 2025. • The agency has expanded flexible work arrangements, including the policies and resources necessary for operational effectiveness. The agency has also moved to an open concept work environment reflecting the expectations of the modern workforce. • Established a new internal communications program focused on aligning staff with agency priorities and strategic goals. The program includes: • Weekly executive leadership meetings are held to advance strategic planning efforts based upon Board direction. • Bi-weekly Agency Wide Briefing are meetings to openly communicate with all employees and provide opportunities for feedback and questions. • Quarterly all-hands meetings are where the CEO communicates strategic direction across the agency and provide updates on current efforts. <p>These efforts, together with the communication program to align employee efforts with strategic initiatives, are anticipated to strengthen SANDAG's position as an employer of choice, fostering a high-performing, engaged, and well regarded workforce.</p>	<p>SANDAG has fully addressed the prior recommendation by implementing a broad set of motivation and alignment strategies that support its organizational transformation and workforce engagement goals. The agency has taken deliberate action to modernize its work environment through flexible work arrangements, competitive compensation practices, clarified duty statements, and the development of structured employee learning pathways. These efforts demonstrate a clear commitment to attracting, retaining, and supporting a high-performing workforce.</p> <p>Importantly, SANDAG has strengthened internal communication by launching a comprehensive internal communications program that includes weekly executive leadership meetings, bi-weekly agency-wide briefings, and quarterly all-hands meetings led by the CEO. These initiatives directly respond to the recommendation's call for improved organizational alignment, greater visibility of leadership, and more meaningful interdepartmental engagement. By fostering regular communication and encouraging employee feedback, SANDAG is helping staff understand how their roles align with broader agency priorities.</p> <p>The agency's ongoing work to enhance performance management, clarify responsibilities, and increase face-to-face engagement, particularly in the post-COVID work environment, reflects a sustained focus on building a connected, mission-aligned workforce. These changes are already yielding improvements in hiring outcomes and staff engagement, and they lay the foundation for long-term success in implementing the agency's strategic vision.</p>	<p>Fully Implemented</p>