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## SANDAG'S INDEPENDENT PERFORMANCE AUDITOR RELEASES TWO INVESTIGATIONS

### *SANDAG'S AUDIT COMMITTEE, BOARD OF DIRECTORS, AND A WHISTLEBLOWER COMPLAINT PROMPT TWO MORE INVESTIGATIONS INTO SR 125 TOLLING SYSTEM*

San Diego, Calif. (October 7, 2024). Today, Courtney Ruby, SANDAG's Independent Performance Auditor, released two investigations prompted by a request from SANDAG's Audit Committee, Board of Directors, and a whistleblower complaint.

In December 2023, SANDAG's Independent Performance Auditor, Audit Committee, Board Chair, and several Board members determined the publicly disclosed allegations regarding the SR 125 toll operations warranted an independent investigation. The Office of the Independent Performance Auditor (OIPA) conducted the investigation and [published their findings in March 2024](#). The investigation revealed ETAN's financial reporting could not be relied upon and other significant matters; among them, ETAN's implementation of the Back-Office System (BOS) Fastlane was headed for trouble from the beginning, and SANDAG executive management failed to address the situation in a timely manner, including informing the Board of Directors.

Soon after OIPA released the March 2024 investigation, SANDAG's Audit Committee and Board of Directors requested OIPA conduct a follow-up investigation to provide additional details of SANDAG's Executive Team's knowledge of the significant operational issues affecting ETAN's BOS.

Additionally, a whistleblower complaint filed in May prompted another investigation. The whistleblower alleged the new vendor's (Deloitte and A-to-Be) BOS does not meet the financial reporting needs of SANDAG nor were those needs considered when Deloitte and A-to-Be were selected to replace ETAN's BOS.

OIPA's [follow-up investigation](#) revealed SANDAG's executive management team knew of ETAN's significant BOS performance issues. Due to poor management, the critical time needed to issue a Request for Proposals to replace ETAN was lost. Instead, SANDAG embarked on four different paths, some simultaneously, to address the operational crisis caused by ETAN's inability to meet critical contractual requirements. These paths demonstrated a wasteful use of public resources and a

lack of transparency, accountability, and internal coordination. The result was a hastily executed sole source contract award to Deloitte.

The [whistleblower investigation](#) found SANDAG embarked on an expedited and uncoordinated process to replace ETAN's back-office system. Best procurement and project management practices were not utilized, and lessons learned from the prior ETAN BOS implementation were ignored. The goal was to "fix-it" quickly without laying the groundwork for success as recommended by Fagan Consulting. Creating system requirements with subject matter experts and stakeholders would have flushed out risks and failure points in the project. The whistleblower report includes 6 recommendations to SANDAG management.

Both reports will be presented to the Audit Committee on Friday, October 11, 2024, at 2pm and to the Board of Directors on October 25, 2024.

The full investigations can be found [here](#). Direct all press inquiries to Emilee Mullen at [emilee.mullen@sandag.org](mailto:emilee.mullen@sandag.org).

#### **ABOUT COURTNEY RUBY, INDEPENDENT PERFORMANCE AUDITOR (IPA)**

IPA Courtney Ruby was appointed by SANDAG's Board of Directors on September 8, 2023, and joined SANDAG on November 13, 2023. Assembly Bill 805 created the role of the IPA and established OIPA's authority to conduct performance audits of all SANDAG departments, offices, boards, activities, agencies, and programs. The OIPA is also the official body of SANDAG to investigate allegations of potential fraud, waste, and abuse identified by SANDAG staff or other stakeholders. She previously served as Oakland's Elected City Auditor for thirteen nonconsecutive years, between 2007 and 2023. During her tenure in Oakland, she conducted audits on the highest risk areas in the City such as homelessness, fire inspections, and Oakland's financial condition. Between 2019 and 2023, Auditor Ruby published ten investigations in response to whistleblower complaints from city leaders and employees, business owners, and residents. At SANDAG, Auditor Ruby leads a team of 5 performance auditors. Her work is based upon an Annual Work Plan approved by the Audit Committee; however it can be modified when matters warrant immediate attention. Since joining SANDAG, Courtney has issued three investigations related to SANDAG's tolling back-office systems. OIPA's reports and annual audit work plan can be found at: [www.SANDAG.org/OIPA](http://www.SANDAG.org/OIPA).

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