

SANDAG

OIPA

**Office of the Independent
Performance Auditor**

PERFORMANCE AUDIT OF SANDAG'S CONTRACT AND PROJECT MANAGEMENT OVER HNTB



Independent Performance Auditor

Courtney Ruby, CPA, CFE

Audit Team

Michelle Ludwick, CIA, CGAP, Deputy Independent Performance Auditor

Doug D'Pete, CFE, Principal Independent Auditor

Michael Ryan, CFE, Associate Independent Auditor

September 29, 2025

Courtney A. Ruby, CPA, CFE
Independent Performance Auditor

September 29, 2025

Lesa Heebner, Chair
SANDAG Board of Directors

Jack Fisher, Chair
SANDAG Audit Committee

SUBJECT: PERFORMANCE AUDIT OF SANDAG'S CONTRACT AND PROJECT
MANAGEMENT OVER HNTB FOR THE PERIOD OF JULY 1, 2019,
THROUGH JUNE 30, 2024

Dear Chair Heebner and Chair Fisher:

The Office of the Independent Performance Auditor (OIPA) completed the Performance Audit of SANDAG's Contract and Project Management Over HNTB for the period of July 1, 2019, to June 30, 2024.

The audit's objective was to determine if there was sufficient oversight of the contractor HNTB.

The audit found:

- SANDAG lacked internal controls necessary to ensure its on-call contracting and task order processes were transparent, competitive, and compliant with internal and external requirements.
- SANDAG lacked critical internal controls for effective project management of task orders awarded to HNTB, including cost estimates, budgets, deliverables, and schedule monitoring.
- Numerous issues with SANDAG's contract design, deliverables, and oversight of HNTB's contract for overseeing the development and implementation of SANDAG's Back Office System (BOS) toll facilities.
- SANDAG's long-standing internal control weaknesses in record management, including decentralized recordkeeping, lack of standardized processes, and insufficient staff training and oversight, contributed to almost all the issues identified by the audit.

The audit scrutinized the contract and project management over a single contractor, HNTB, and revealed poor contracts and project management systems contributed to a significant lack of transparency, and an inability to ensure competitive public

procurement requirements were always followed. As a result, the reader of this report may be left with the perception of contractor favoritism, yet the weaknesses in SANDAG's systems prevented OIPA from validating or refuting this.

It is important to note, OIPA encountered two separate audit scope limitations affecting our ability to fully assess SANDAG's procurement practices. First, there were missing or incomplete on-call master contract solicitations for two of the five on-call master solicitations we reviewed. SANDAG was able to locate the documentation seven months later at the conclusion of the audit. Second, none of the task order solicitations for the audit's sampled projects were found nor could we locate documentation related to planning of these task orders' scope, deliverables, phases, and schedule.

SANDAG has agreed to implement all 29 audit recommendations (26 new recommendations and 3 repeated audit recommendations). Additionally, since 2022, OIPA has issued four audits focused on contracting and the Department of Contracting and Procurement (DCPS) has implemented or is in the process of implementing these prior audit recommendations. The new recommendations focus on establishing or bolstering internal controls to ensure adequate contract and project management oversight.

As stated in OIPA's last audit report, and it's worth repeating, SANDAG appears to be turning a page under the current CEO who is committed to accountability, transparency, and operational integrity. It is my hope that Management implements the audit recommendations with a sense of urgency to ensure SANDAG's practices protect the Agency and the mission critical work it does for the region.

I would like to thank SANDAG Management, especially DCPS staff, for their cooperation during this audit and their commitment to implementing all 29 audit recommendations directed to Management. If you have additional questions, please contact me at (619) 595-5323 or courtney.ruby@sandag.org.

Respectfully,



COURTNEY A. RUBY, CPA, CFE
Independent Performance Auditor
Office of the Independent Performance Auditor

Attachments:

1. Audit Report – Performance Audit of SANDAG's Sole Source Procurement Process
2. Management's Response and Corrective Action Plan

Report Highlights

Background

The audit's overall objective was to determine if SANDAG's oversight of the contractor HNTB was sufficient. OIPA sampled five active capital projects awarded to HNTB, to determine whether contracts and task orders were awarded competitively, included clearly defined scopes of work, and were subject to proper contract and project management oversight—including appropriate approvals—and whether the projects were delivered on time and within budget. OIPA also assessed the effectiveness of contract and project management processes over a non-competed contract awarded to HNTB to provide oversight of another vendor's work.

What We Found

- SANDAG lacked internal controls necessary to ensure its on-call contracting and task order processes were transparent, competitive, and compliant with internal and external requirements.
- SANDAG lacked critical internal controls for effective project management of task orders awarded to HNTB, including cost estimates, budgets, deliverables, and schedule monitoring.
- Numerous issues with SANDAG's contract design, deliverables, and oversight of HNTB's contract for overseeing the development and implementation of SANDAG's Back Office System (BOS) toll facilities.
- SANDAG's long-standing internal control weaknesses in record management, including decentralized recordkeeping, lack of standardized processes, and insufficient staff training and oversight, contributed to almost all the issues identified by the audit.

Why We Did This Audit

In May 2024, SANDAG's Audit Committee approved the inclusion of an audit of HNTB in OIPA's FY 2025 Audit Work Plan, following OIPA's March 2024 [*Investigation Report on SANDAG's State Route 125 Tolling Operations*](#).

How We Did This Audit

To accomplish the audit's objectives, we:

- Researched laws, regulations, policies and procedures
- Evaluated the data integrity of SANDAG's Record Retention System
- Assessed internal controls over contract and project management
- Analyzed contract and project records for HNTB on-call contracts and task orders
- Evaluated cost estimating and project scheduling practices and outcomes

Recommendations

We made 29 recommendations (26 new and 3 repeated from past audits) to address the contract and project management issues identified in the audit.

Our recommendations focus on establishing or bolstering internal controls to ensure adequate contract and project management oversight. They include:

- Establishing a mechanism to track task orders and amendments to their originating contract
- Ensuring on-call and task order solicitation records are complete and stored properly
- Documenting supervisory review of independent cost estimates
- Documenting the rationale for awarding task orders
- Justifying and documenting contract changes
- Clearly defining contract deliverables
- Establishing a process to monitor contract deliverables
- Evaluating the resources needed to create a formal records management system
- Assigning Director-level ownership to an Agencywide records management system

Management Response

SANDAG Management agreed to implement all 29 audit recommendations.

For Management's Response and Corrective Action Plan, see Appendix G.

Focus on Timely Results

To assist with timely implementation, a Recommendation Implementation Timeline matrix categorizing each recommendation by urgency and risk is included at the end of this report.

OIPA's Purpose

California Assembly Bill 805 (AB 805) created the IPA role in January 2018. Per Board Policy No. 039, the IPA serves as the SANDAG Board of Directors' independent oversight function to objectively evaluate and recommend improvements to SANDAG operations.

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INTRODUCTION

The San Diego Association of Governments (SANDAG or Agency) oversees regional transportation planning, public transit investments, and infrastructure projects across the San Diego region.

It is governed by a Board of Directors (Board) made up of mayors, councilmembers, and county supervisors from each of the region's 18 cities and the County of San Diego. Supplementing these voting members are advisory representatives from:

- Imperial County
- U.S. Department of Defense
- California Department of Transportation (Caltrans)
- Metropolitan Transit System
- North County Transit District
- San Diego County Water Authority
- San Diego Unified Port District
- San Diego Regional Airport Authority
- Southern California Tribal Chairmen's Association
- Mexico

For fiscal year 2025-26, SANDAG's program budget is \$1.3 billion.¹

REGIONAL PROJECT DELIVERY REQUIRES ROLES AND INTERACTIONS ACROSS EXECUTIVE, CONTRACT, AND PROJECT MANAGEMENT

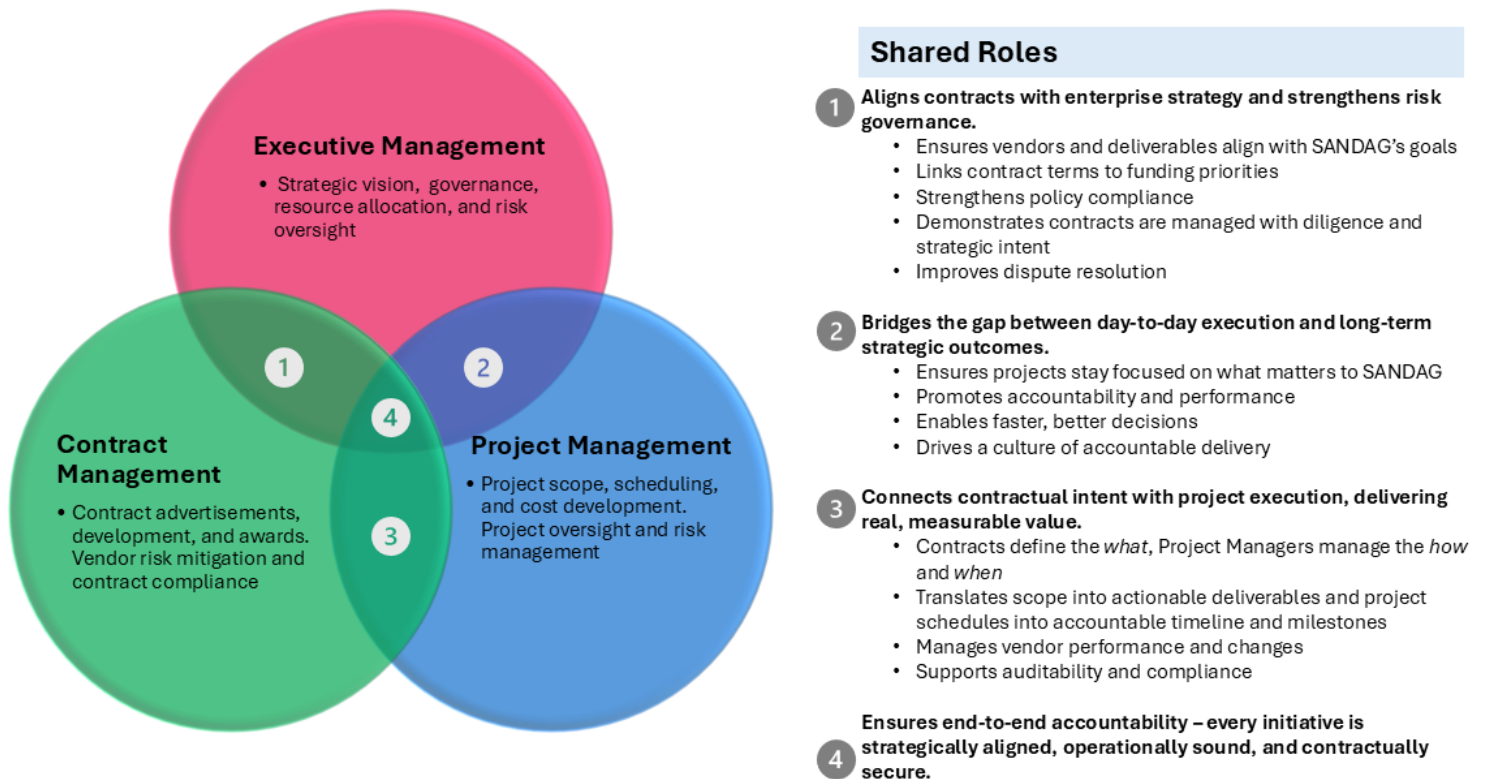
Successful project and contract delivery depends on the coordination of three key functional areas: executive management, contract management, and project management. Each brings a distinct focus – either strategic direction, contractual integrity, or operational execution, and plays a vital role in guiding initiatives from concept to completion. Understanding these roles individually and recognizing how they interact and overlap to create value across the project lifecycle is essential.

Figure 1 on the following page illustrates the responsibilities associated with each function and highlights the key points of collaboration where shared ownership enhances outcomes. By aligning strategic goals, contractual terms, and project execution, these functions work together to ensure that organizational priorities are achieved efficiently, compliantly, and with measurable impact.

¹ SANDAG's budget includes \$104.6M for regional planning projects, \$86.6M for the management of ongoing regional operational programs and customer services, and \$682.9M for the capital program, with \$187.2M to be passed through to local agencies.

Figure 1

Roles and Overlaps in Executive, Contract, and Project Management



Source: OIPA generated

On the following pages, Table 1 outlines all the key activities commonly performed by SANDAG's Executive, Contract, and Project Management teams to deliver projects. It also highlights areas where the audit found opportunities for improvement.

Table 1 - Key Executive, Contract, and Project Management Activities Delivering Regional Projects

Activity	What's Involved	Contract Management	Project Management	Executive Management	Results
Strategic Vision	Aligning contract/project work with strategic goals; setting direction.			✓	Not in scope
Governance and Policy Setting	Establishing rules, procedures, and standards for contract and project activities.			✓	Not in scope
Budget Approval and Resource Allocation	Approving funding levels and assigning financial resources.			✓	Not in scope
Executive Stakeholder Engagement	Managing relationships at the executive/Board level.			✓	Not in scope
Risk Oversight	Establishing an Executive Risk Strategy to identify, assess, prioritize, and manage enterprise risk.			✓	Not in scope
Records Management	<ul style="list-style-type: none"> Creating, storing, organizing, and maintaining accurate records related to contracts, projects, decisions, approvals, communications, and changes. Ensuring records are secure, accessible, clearly identifiable, organized, and compliant with legal, regulatory, and organizational retention requirements. Supporting audits, reviews, and knowledge continuity by maintaining clear documentation throughout the contract and project lifecycle. 	✓	✓	✓	Finding 4
Project Development	<ul style="list-style-type: none"> Defining the project scope, objectives, and deliverables. Setting the schedule, including key milestones. Estimating costs through an Independent Cost Estimate (ICE). Identifying and planning for staffing, resource needs, and risk. 		✓		Finding 1

Activity	What's Involved	Contract Management	Project Management	Executive Management	Results
Contract Solicitation: On-Call Vendors	<ul style="list-style-type: none"> Preparing and issuing solicitations to vendors. Ensuring alignment with procurement rules and vendor eligibility. Collecting and managing responses. 	✓			Finding 1
Contract Award (Competitive Bid Only)	<ul style="list-style-type: none"> Evaluating vendor proposals based on established criteria. Conducting bid scoring and selection. Awarding the contract to the winning vendor. 	✓			Not in scope
On-Call Contract Development	<ul style="list-style-type: none"> Drafting, reviewing, and negotiating contracts with vendors. Defining: <ul style="list-style-type: none"> Scope: Work and services the vendor will provide. Deliverables: Expected outputs and/or milestones. Schedule: Timeline for completion. Cost: Budget and payment terms. 	✓	✓		Finding 1 & 3
Risk Mitigation (Contract Management owned)	<ul style="list-style-type: none"> Embedding contractual protections (e.g., performance standards, insurance, and dispute resolution). Coordinating with legal and project teams to address identified risks before execution. 	✓	✓		Not in scope
Task Order Solicitation	<ul style="list-style-type: none"> Ensuring task order requests fall within master contract scope. Issuing requests for task-specific proposals to on-call vendors. Managing the response and evaluation process. 	✓			Finding 1
Task Order Award	<ul style="list-style-type: none"> Selecting a vendor based on competitive bid or sole source justification. Officially issuing the task order under the master contract. 	✓			Finding 1

Activity	What's Involved	Contract Management	Project Management	Executive Management	Results
Task Order Development (Project Management owned)	<ul style="list-style-type: none"> Drafting, reviewing, and negotiating task order contracts with vendors. Defining: <ul style="list-style-type: none"> Scope: Specific work or services under this task. Deliverables: What the vendor must produce or achieve. Schedule: Timeframes for task execution. Cost: Task-level budget and payment terms. 	✓	✓		Finding 1
Compliance	Ensuring all parties adhere to the terms and conditions of the contract.	✓			Not in scope
Project Management	<ul style="list-style-type: none"> Tracking project milestones, deadlines, and critical path activities to ensure timely delivery. Monitoring budget performance, including actual vs. planned costs, burn rates, and financial forecasting. Identifying variances, delays, or cost overruns and coordinating timely corrective actions. Reporting status updates and escalations as needed to stakeholders and executives. 		✓		Finding 1 & 2
On-Call Contract Change Management	Managing changes during the life of the contract: <ul style="list-style-type: none"> Amendments: Formal changes to contract terms (scope, time, cost, etc.). Sole Source: Handling changes that require vendor selection without competition (e.g., emergency needs, cardinal changes, or unique capabilities). 	✓	✓		Finding 1
Task Order Change Management	Making changes to the task order after award: <ul style="list-style-type: none"> Amendments: Adjustments to task terms (scope, time, cost, etc.). Sole Source: Justifying changes that require non-competitive actions. 	✓	✓		Finding 1
Financial Management	Tracking invoicing, payments, and ensuring financial obligations are met.	✓	✓		Not in scope

Activity	What's Involved	Contract Management	Project Management	Executive Management	Results
Risk Management	Identifying and managing potential risks associated with the project.		✓		Not in scope
External Stakeholder Management	Communicating with and managing expectations of various stakeholders.		✓	✓	Not in scope
Dispute Resolution	Addressing and resolving any contractual disputes as they arise.	✓	✓	✓	Finding 3
Performance Monitoring	Reviewing project/contract performance at a high level; holding teams accountable.			✓	Finding 1 & 3
Escalation Handling	<ul style="list-style-type: none"> Making final decisions to address and resolve high-impact legal, financial, and reputational issues (e.g., vendor performance problems, project-level issues, contract disputes, and exceptions to procurement policy). Coordinating with legal, finance, and the Board. 			✓	Finding 3

Source: OIPA generated

THIS REPORT

In May 2024, SANDAG's Audit Committee approved an audit of HNTB be included in OIPA's FY 2025 Audit Work Plan. OIPA approached this audit by identifying the management owners and activities required to deliver a capital project – any capital project. This is illustrated in Table 1 above.

From April 2008 to June 2024, SANDAG awarded HNTB nine on-call contracts. These are identified in Table 2 below.

Table 2 - Contracts Awarded to HNTB (FY 2008 to 2024)

No.	Contract No.	Project Name	Contract Date	Maximum Award Amount
1	5000923	General Engineering, Design, & Environmental On-Call Services (Highway Emphasis)	Apr 2008	\$10,000,000
2	5001901	On Call Environmental Planning and Architect and Engineering Design Services	Jun 2012	\$25,000,000
3	5007812	On-Call Architect and Engineering Design Consulting Services	Nov 2016	\$50,000,000
4	5004863	On-Call ITS Category A – Tolling Advisory Services	Jul 2017	Aggregate value of all task orders issued.
5	5004872	On-Call Information Technology Services - Category D - Information Technology Development and Support	Jul 2017	Aggregate value of all task orders issued.
6	5005573	Regional Back Office System Implementation Consulting Support	Sep 2018	\$1,090,112
7	5005706	On-Call Planning Services	Dec 2019	Aggregate value of all task orders issued.
8	882170	On-Call Architecture and Engineering Services	Jul 2022	\$50,000,000
9	1197677	On-Call Mobility Technology and Intelligent Transportation Systems (ITS) Services	Apr 2023	Aggregate value of all task orders issued.

Source: SANDAG Contract Document Repositories

OIPA judgmentally selected a sample of five (5) on-call contracts and one (1) standard service agreement awarded to HNTB for testing.

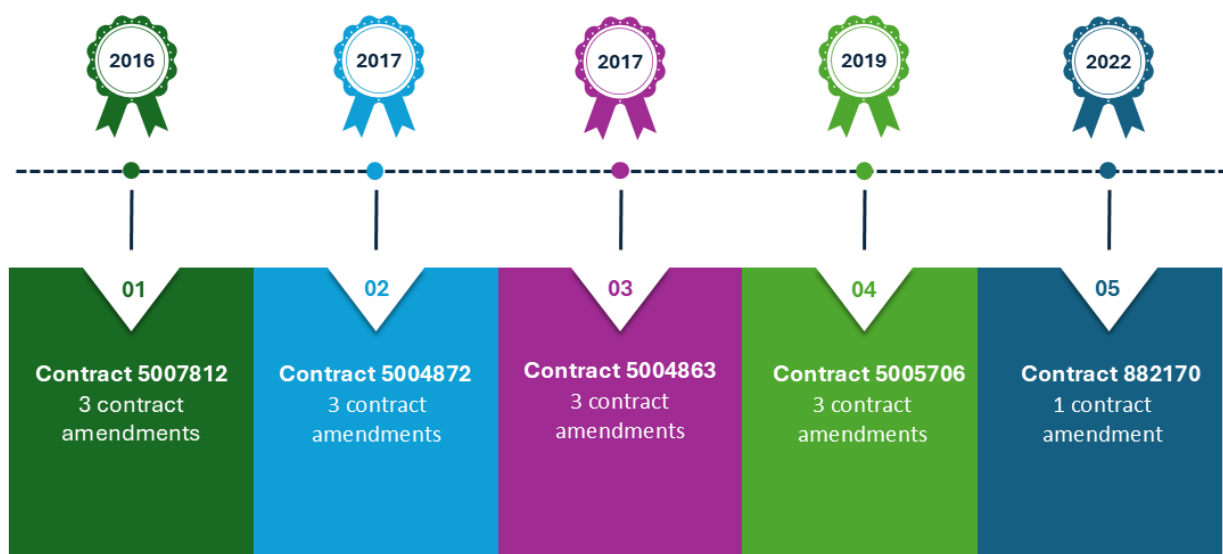
For the **sampled on-call contracts**, we tested whether:

- on-call contracts and amendments were awarded in a competitive manner, scope of work was clearly defined, and Project Managers performed oversight.
- on-call contracts and amendments were delivered on time and within budget.
- on-call contracts and amendments matched Board approved requisitions and were properly approved.

Figure 2 below shows the five sampled on-call contracts and 13 amendments reviewed during the audit.

Figure 2

Five On-Call Contracts and 13 Amendments



Source: CMS

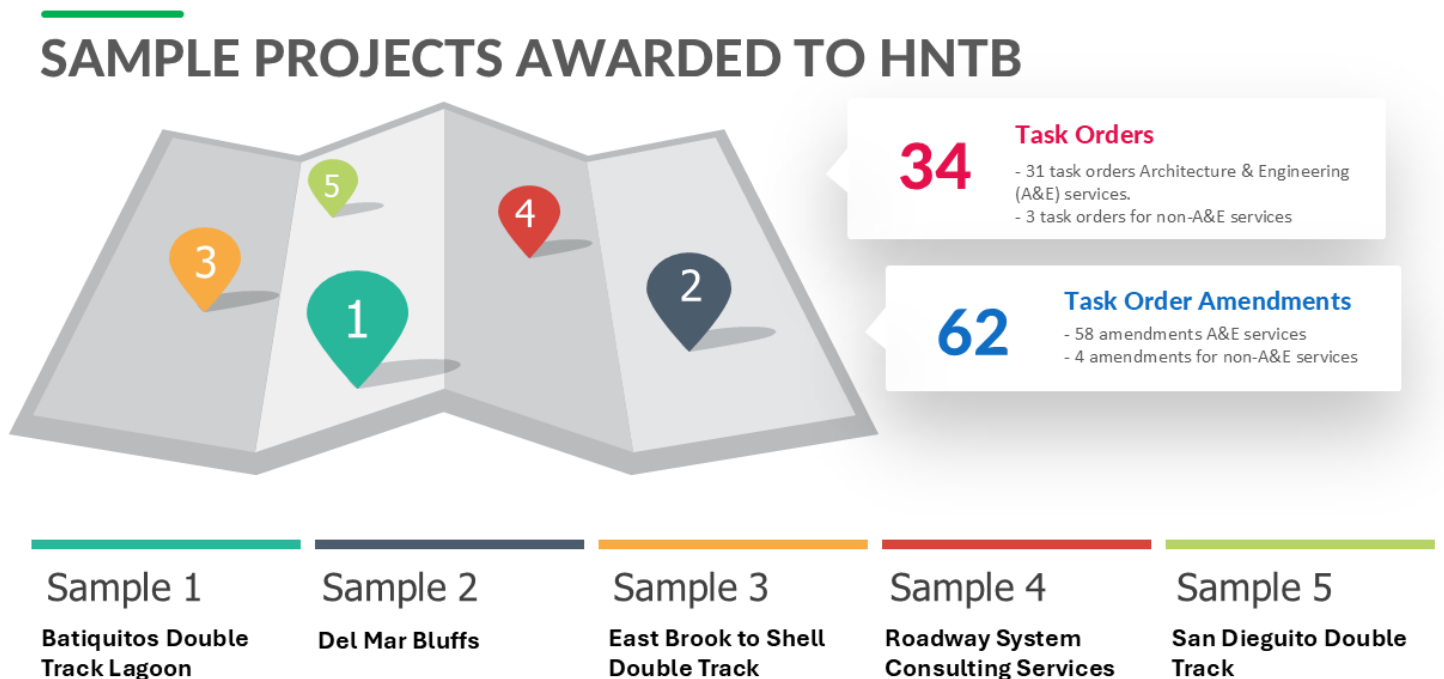
OIPA also judgmentally selected a sample of five (5) multi-phase projects SANDAG awarded to HNTB for testing. We reviewed contract, project, and financial records for each sampled project to test whether:

- task orders and amendments were awarded in a competitive manner; scope of work was clearly defined and Project Managers performed oversight.
- task orders and amendments were delivered on time and within budget.

OIPA selected active projects during the audit scope period. In accordance with auditing standards, OIPA reviewed contract and procurement records for those projects, even if records extended beyond the audit period in order to perform the audit objectives.

As shown in Figure 3 below, the five multiphase projects awarded to HNTB included 34 task orders and 62 task order amendments for Architectural & Engineering (A&E) and non-A&E services.

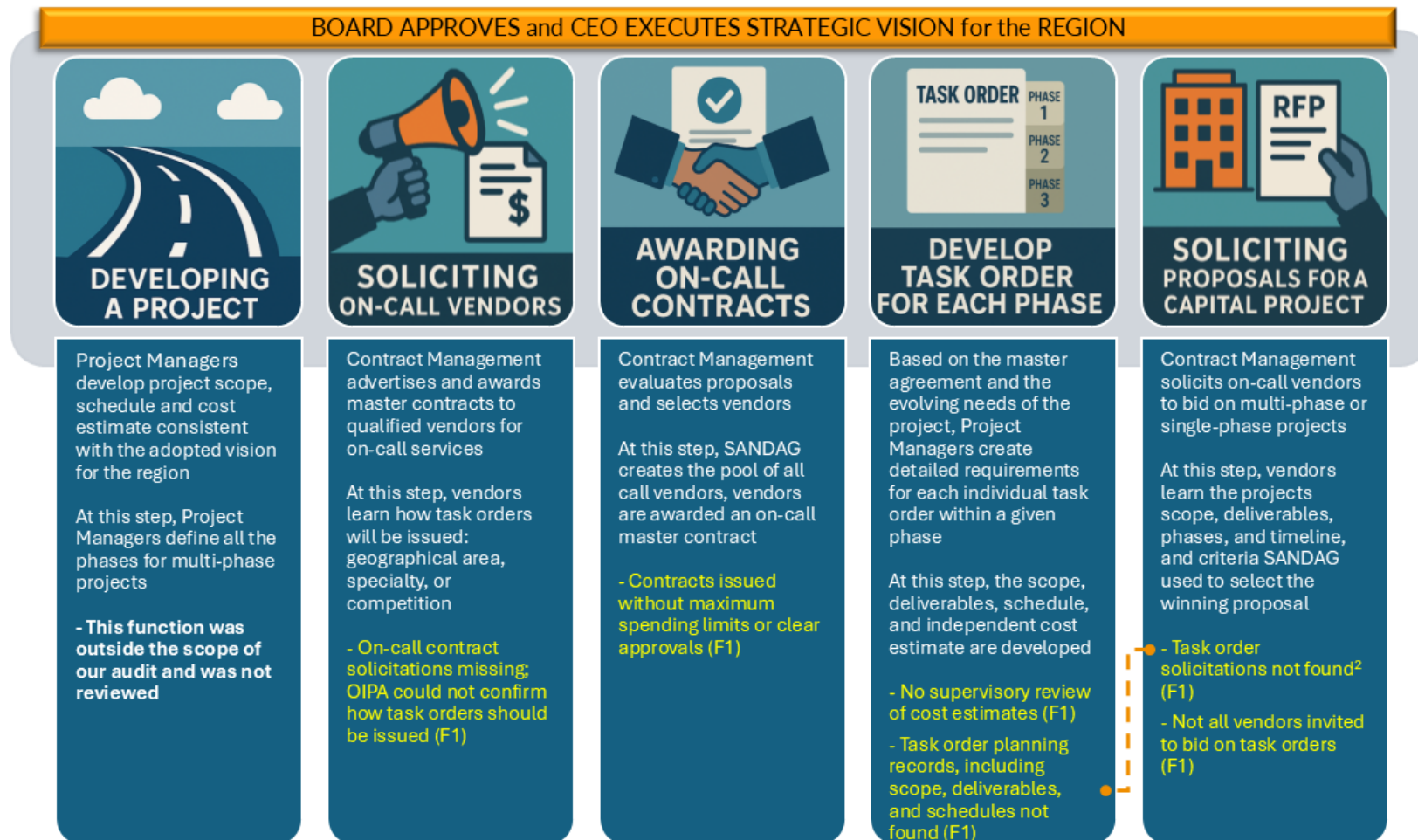
Figure 3



Source: OIPA generated

Based on the audit scope and objectives, our testing identified areas for governance, oversight, and process improvements. Some of these issues have been noted in prior contract audits; however, this report focuses primarily on areas not previously identified or, when previously noted, aims to provide greater context into those issues. Figures 4 and 5 on the following pages provide a visual roadmap of the areas covered and problems identified by the audit. The issues are documented in Findings 1, 2, and 4 of this report.

Figure 4 – Findings Observed in HNTB’s On-Call Contracts



Findings are abbreviated as: F1 (Finding 1), F2 (Finding 2), and F4 (Finding 4).

Source: OIPA generated

² Task order solicitations for multiphase projects are sent to on-call vendors to bid on and should include all planned phases of the project. SANDAG issues each phase in a separate task order. Task orders should include the scope of work to be performed and all future phases of work to be performed.

Figure 5 – Findings Observed in HNTB’s On-Call Contracts (cont.)



Findings are abbreviated as: F1 (Finding 1), F2 (Finding 2), and F4 (Finding 4).

Source: OIPA generated

For the **sample standard service agreement contract**, we assessed:

- the effectiveness of SANDAG's contract management processes over an HNTB contract where HNTB was contracted to provide oversight.

As part of our audit, we selected a standard service agreement contract with HNTB for in-depth review to assess the effectiveness of SANDAG's contract management practices—particularly in the situation where HNTB was retained to provide oversight of another vendor.

This contract was chosen due to elevated oversight concerns raised by SANDAG Board Members and the Audit Committee after OIPA issued an *Investigation Report on SANDAG's State Route 125 Tolling Operations* in March 2024. The Audit Committee specifically requested a closer examination of the non-competed service agreement between SANDAG and HNTB, which tasked HNTB with overseeing ETAN, the vendor responsible for implementing the new Back Office System (BOS) for toll operations.

The March 2024 report noted:

HNTB was awarded a new, non-competed contract to continue providing implementation and support services over ETAN for the BOS project, including additional oversight tasks for installation, training, testing, transition, Go-Live and post Go-Live support services. The scope of work for this contract specifies two tasks in which HNTB was responsible for oversight of ETAN's scope of work and for evaluating the effectiveness of the BOS.

Given the importance of this project, and the concerns previously raised regarding clarity of roles and accountability, this contract presented a critical opportunity to evaluate whether SANDAG's contract development and management processes supported strong vendor oversight, accountability, and deliverable enforcement.

Findings related to this service agreement are detailed in Finding 3 of this report.

TIMELINE OF SANDAG'S CONTRACT DOCUMENT REPOSITORIES

Before March 2020, SANDAG stored contract documents in the Contracts Library, a shared drive accessible agencywide, while supporting documents were kept on a restricted Department of Contracting and Procurement Services (DCPS) drive.

In March 2020, SANDAG launched its Contract Management System (CMS) to manage solicitations, contracts, task orders, and amendments. Although CMS was intended to house data for legacy contracts, there was no plan to fully migrate documents from the Contracts Library³. DCPS continued using shared drives for working documents, while CMS, accessible agency wide, provided audit trail capabilities.

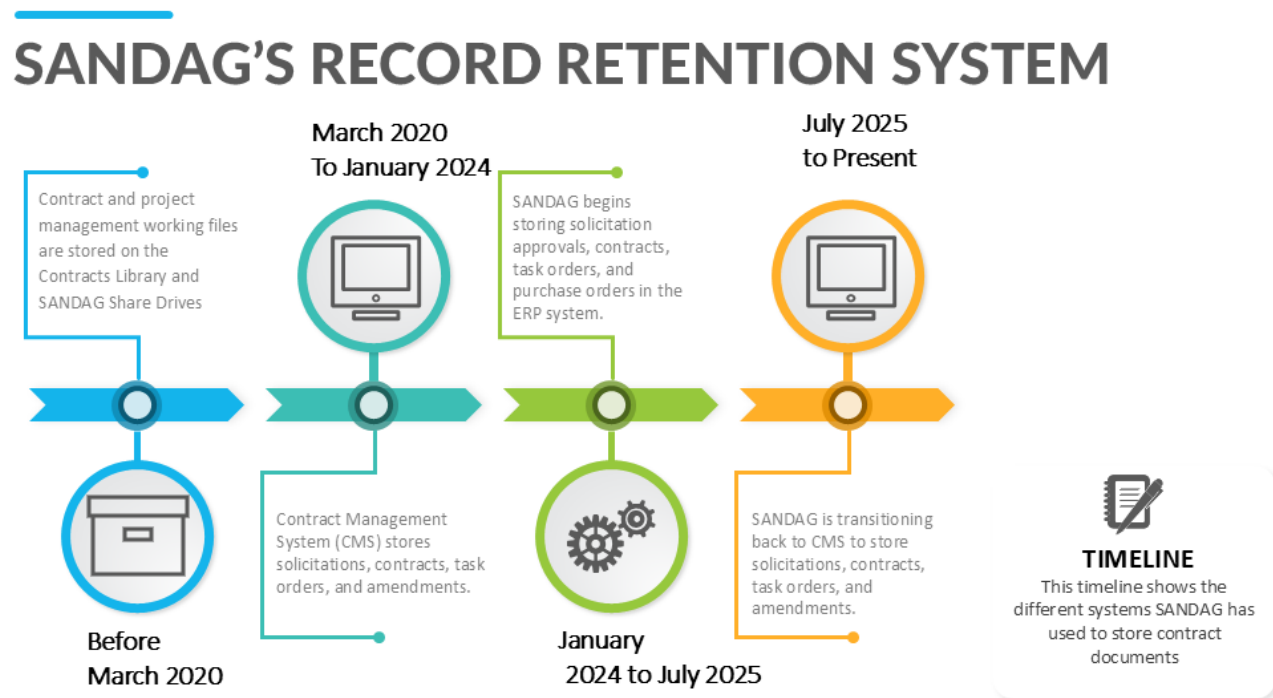
³ The 2019 Contracts & Procurement Management System (CMS) User Guide states all data for legacy contracts (contracts, task orders, purchase orders, amendments, etc.) will be entered into CMS.

As part of this audit, we reviewed records stored in CMS, the Contracts Library, and SANDAG shared drives. We assessed whether critical contract and project management documents, such as project cost estimates, solicitations, contracts, task orders, negotiation records, and firm recommendation forms, were available in CMS for ongoing projects, particularly those where new task orders are awarded based on prior task orders. This review aimed to ensure that future task orders are properly supported and awarded in compliance with procurement requirements.

In March 2022, SANDAG procured an Enterprise Resource Planning (ERP) system to unify multiple functional systems. By January 2024, solicitation approvals, contracts, task orders, and purchase orders began being stored in the ERP system. Due to limitations in ERP's procurement functionality, SANDAG began using both CMS and ERP in tandem in July 2025. CMS handles procurement and contract award activities, while the ERP system manages budgeting and accounting.

Figure 6 below illustrates SANDAG's contracts and project record system during the audit.

Figure 6



Source: OIPA generated

BACKGROUND – THE NUTS AND BOLTS OF CONTRACTING

HOW SANDAG PROCURES GOODS AND SERVICES

As a public agency, SANDAG must follow federal, state, and local regulations and internal procurement policies and procedures to ensure transparency and fairness in the procurement process. While competitive bidding is the required method for acquiring goods and services, sole source procurement is allowed in limited cases, such as when specialized needs make competition impractical or not in the agency's best interest.

SANDAG uses several procurement types to obtain goods and services from vendors, all of which may be amended by mutual agreement. Typically, a solicitation is the process of requesting bids, proposals, or offers from vendors to fulfill goods or services. It is the preliminary stage before a contract is awarded and can include Request for Proposals (RFP), Request for Offers (RFO), Invitation for Bids (IFB), Request for Qualifications (RFQ), or a Request for Information (RFI). It is an invitation (solicitation) to negotiate or compete for a contract, but it is not a binding agreement.

PROCUREMENT LAWS, REGULATIONS, AND BEST PRACTICES

Federal regulations require the Agency's procurement processes to follow strict federal standards to maintain consistency, transparency, and accountability when using public funds. The California Government Code mandates local government agencies to create procurement policies with competitive bidding rules to ensure fairness and prevent favoritism.

Board policies Nos. 015, 016, and 024 outline requirements for procurements, documentation, and record-keeping to ensure procurement decisions align with established oversight procedures.

- Board Policy 015 outlines expectations for record management, including safekeeping of records and ease of access to records for employees and the public, in accordance with laws and regulations.
- Board Policy 016 outlines the statutory requirements and expectations for SANDAG to procure services.
- Board Policy 024 establishes a method for administering SANDAG construction procurements.⁴

SANDAG'S Procurement Manual⁵ outlines the rules and procedures for purchasing goods and services using competitive bidding and sole source procurement methods, vendor requirements such as qualifications and certifications, and how

⁴ Board Policy 024 was consolidated with Board Policy 016 in April 2025.

⁵ SANDAG's September 2022 Procurement Manual was the current version at the time of the audit. In the event a prior version of the manual was relevant to an issue in this report, we noted the applicable difference between versions.

proposals and cost estimates are evaluated. The manual also includes guidance on contract negotiation and management, ethical guidelines to prevent conflicts of interest, and approval processes based on procurement thresholds.

TYPES OF CONTRACTS AWARDED

Contracts are a mutually binding legal relationship obligating the seller to furnish the goods or services and the buyer to pay for them. It encompasses various commitments that obligate SANDAG to do or not do something, including bilateral instruments, Memorandum of Understanding (MOUs), grant awards, job orders or task orders, letter contracts, and purchase orders that become effective by written acceptance or performance.

SANDAG's Procurement Manual defines contract types as follows:

- On-Call - An indefinite delivery indefinite quantity (IDIQ) master contract with a general scope of work further defined through task orders when specific scopes of work are known and agreed to for projects. On-call contracts may be either single award, such as a job order contract or multiple award master contracts to several vendors.
- Task Order - A contract document that is issued under an on-call contract to authorize work to a vendor in phases, or for specific projects.

To invoke changes to contracts, SANDAG uses amendments - an agreed upon modification to an existing contract, including, but not limited to, cost, scope of work, contract duration, and deliverable time schedule modifications. Caltrans Division of Local Assistance, Local Programs Procedures §10.8 states all contract amendments must be in writing and fully executed by the consultant and local agency before work begins.

For large capital projects, SANDAG may enter into IDIQ contracts with a group of on-call vendors who possess the requisite qualifications. To award projects, SANDAG solicits the on-call vendors to compete for project task orders based on the vendor's qualifications and the project's specific scope of work. SANDAG awards the work based on the vendor specialty, geographic location of the work, or via competitive mini-task-order solicitations.

PHASES OF CAPITAL PROJECTS

Many of SANDAG's large capital projects occur over many phases and many years. These are known as *multi-phase* projects. The original solicitations are expected to define all planned project phases, and the requirements/qualifications that contractors must meet to perform the project. The solicitations are openly competed to ensure fair and open competition.

At times, SANDAG may refer to subsequent work performed on a project as follow-on work. SANDAG considers this work to be a logical continuation, or the next step of work already performed or in progress. Subsequent follow-on work may be awarded via a new contract or amendment.

HOW SANDAG AWARDS ON-CALL CONTRACTS TO VENDORS

SANDAG utilizes on-call contracts for Architectural & Engineering (A&E) and non-A&E services. The on-call contracts' duration is typically five years. SANDAG competitively awards the on-call contract to multiple vendors who can provide similar A&E and non-A&E services. Once awarded, the vendors may be invited to bid on project task orders for standalone or multi-phase projects.

SANDAG's Procurement Manual states if SANDAG uses a multiple-award on-call procurement, then the on-call solicitation must identify how task orders/work orders will be issued among the on-call vendors.

REQUIREMENTS FOR DEVELOPING TASK ORDERS FOR SOLICITATIONS

Project Managers develop project scopes, deliverables, schedules, and cost estimates consistent with the adopted vision for the region. Based on the master on-call contract and the evolving needs of the project, Project Managers create detailed requirements for each individual task order within a given phase.

SANDAG's Procurement Manual states solicitations should contain sufficient information to enable a prospective vendor to prepare a proposal properly. The solicitation should be as complete as possible with respect to the required delivery/project schedule.

The manual also states the *Independent Cost Estimate* should consider the level of effort needed as well as other factors such as direct materials and travel before a cost estimate or proposal is requested from the vendor to ensure the *Independent Cost Estimate* is independently prepared and the Project Manager has not relied on the vendor to determine the starting point for negotiations. For task order contracts, the *Independent Cost Estimate* should utilize the current contract rates to assist with negotiating the final price. In all cases, the scope of work the *Independent Cost Estimate* is based upon should be prepared by the Project Manager without involvement by the prospective vendor.

INVITING QUALIFIED ON-CALL VENDORS TO BID AND AWARDING TASK ORDERS

SANDAG follows the task order award criteria in the on-call contract solicitation to award task orders to the on-call vendors. HNTB is one of SANDAG's vendors that have been awarded on-call contracts.

SANDAG's Procurement Manual states:

- Task order solicitations should be sent to all vendors within the relevant category in the on-call contract, to allow for full and open competition.
- Task order solicitations should disclose the requirements and criteria used to select a vendor.
- Staff should document the competition for all future phases of work when issuing task orders under on-call contracts.

JUSTIFYING THE SELECTION OF THE ON-CALL VENDOR

After evaluating the bid proposals, SANDAG's Procurement Manual requires staff to explain why the vendor recommended for the first phase is the best qualified (for A&E) or the best value (for non-A&E) for the entire project in the On-Call Firm Recommendation Form.

The On-Call Firm Recommendation form is used to document that the firm selected for a task order is the most qualified firm from among the pool of qualified vendors.

The form is completed by the Project Manager and requires their Director to concur with the decision. The Contract Analyst reviews and verifies the sufficiency of the form. Directors with selection authority approve the vendor selection.

SOLE SOURCING CONTRACT AWARDS

The Federal Transit Administration (FTA) defines a sole source procurement as when an agency requires supplies or services available from only one responsible source, and no other supplies or services will satisfy the agency's requirements. The FTA only allows non-competitive, sole source procurements in specific cases, such as when no competition exists or during emergencies.

When only one vendor is available or uniquely qualified, making competitive bidding impractical, SANDAG may make a sole source award. A sole source award requires staff to document the justification(s) for sole sourcing the procurement.

According to SANDAG's Procurement Manual, a procurement can be sole sourced under any of the three following circumstances:

1. When SANDAG requires supplies or services available from only one responsible source and no other supplies or services will satisfy its requirements.
2. When SANDAG issues a competitive solicitation, and a single proposal/bid is received.
3. When SANDAG requires an existing contractor to make a change to its contract that is beyond the scope or more than 25 percent above the dollar value of the original solicitation.

According to SANDAG's Procurement Manual, a cardinal change is a major deviation from the original purpose of the work or the intended method of achievement, or a revision of contract work so extensive, significant, or cumulative that the contractor is required to perform very different work from the original solicitation/contract.

The FTA and SANDAG have specific justifications that can be used to rationalize the use of sole source procurements. However, the FTA and SANDAG prohibit a sole source from being justified when the need for the sole source is:

- Due to either a failure to plan or a lack of advance planning, or
- Due to concerns about the amount of assistance available.

SANDAG's Procurement Manual states when issuing task orders for phased projects, the Agency must clearly describe the plan for future deliverables—whether through future task orders or task order amendments—to avoid the need to sole source task orders to the vendor later. This information should be included in both the task order solicitation document and the task order issued to the vendor.

FINDING 1: SANDAG LACKED CRITICAL INTERNAL CONTROLS NECESSARY TO ENSURE ON-CALL CONTRACT AND TASK ORDER PROCESSES WERE TRANSPARENT, COMPETITIVE, AND COMPLIANT WITH INTERNAL AND EXTERNAL REQUIREMENTS

Summary

OIPA found SANDAG lacked critical internal controls necessary to ensure its on-call contract and task order processes were transparent, competitive, and compliant with internal and external requirements. For 2 of 5 on-call solicitations, SANDAG did not provide OIPA with the solicitation documents for seven months, until the conclusion of the audit. Solicitations identify the criteria the Agency uses to assign task orders among on-call vendors. Without this documentation, OIPA's ability to assess whether the procurement process was fair, competitive, and appropriately planned was limited. This was a scope limitation.⁶

Weaknesses in independent cost estimate (ICE) procedures compounded these issues. ICEs lacked supervisory review, reducing confidence in their accuracy and usefulness in vendor negotiations.

Further review of on-call contracts and task orders revealed numerous breakdowns in contract administration. On-call contracts were missing maximum dollar values, required by Caltrans guidance and SANDAG policy, several lacked legible approvals, and one had an unsigned amendment, compromising their enforceability.

The audit scope was also limited⁶ when SANDAG was unable to provide documentation showing the originally planned task order scope, deliverables, schedule and costs, and what information should have been provided to qualified on-call vendors to solicit their bids.

In multiple cases, task orders were awarded without clear justification, and staff failed to document why HNTB was selected over other qualified vendors. SANDAG also did not consistently document whether the work was a new phase of a larger project or a new standalone task, limiting the ability to determine whether competition was properly conducted or bypassed.

OIPA also identified misaligned task order schedules, including deliverables due before the notice-to-proceed date, suggesting poor coordination during contract development. In one case, HNTB was selected, not based on firm qualifications, but because specific individuals had previously worked on the project while employed at other firms. This raised concerns about fairness and the appearance of favoritism.

In addition, unnecessary sole source justifications were prepared for work already competitively awarded, and in other cases, task orders lacked documentation showing whether the work was competitively bid or sole sourced – further clouding the audit trail. Finally, a lack of formal guidance on when to amend an existing task

⁶ See Appendix A for the scope limitation to OIPA's audit methodology.

order versus issue a new one increased the risk of circumventing competitive bidding.

These combined problems not only exposed SANDAG to legal and regulatory risk but also increased the potential for inefficiencies, unjustified costs, and reduced vendor accountability. Left unaddressed, these issues can undermine the integrity of SANDAG's procurement practices and erode public trust.



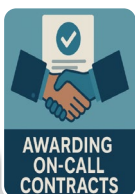
Missing Records Obscured How SANDAG Should Issue Task Orders to Vendors

For 2 of 5 on-call Master Contract Solicitations reviewed, we could not determine what criteria SANDAG intended to use to award task orders to on-call vendors, because documentation was either missing or incomplete.⁷

For the incomplete solicitation, a draft was loaded to CMS. OIPA requested the final from Management, and they too confirmed it could not be found in CMS. The other on-call master solicitation was missing, and in its place was a contract with the vendor CH2M Hill Inc. Seven months later, the solicitation documents were provided to OIPA at the conclusion of the audit.

Without the final contract solicitations for sampled contracts, we could not identify if SANDAG used the correct criteria to award task orders to on-call vendors. This is an audit scope limitation, see Appendix A.

SANDAG's Procurement Manual states if SANDAG uses a multiple-award on-call procurement, then the on-call solicitation must identify how task orders/work orders will be issued among the on-call vendors.



On-Call Contracts Issued Without Clearly Documented Spending Limits or Approvals

OIPA tested 5 contracts to ensure contract amounts agreed to Board approved requisitions. We found:

- For 2 contracts, the maximum value was not a dollar value. Instead, the value was "the sum of all task orders awarded".
- For 4 contracts, the contract signers' full name was not printed, and their signatures were not legible.

Unclear or missing information within contracts can result in legal and regulatory non-compliance, unpredictable costs for SANDAG, and disputes between SANDAG and their vendors.

Caltrans Division of Local Assistance, Local Programs Procedures §10.1.2 states maximum contract values must be recorded on on-call contracts.

⁷ For a description of the record management errors identified, see Finding 4 and Appendix F: Document and Data Integrity Issues in Contract Management System (CMS) and Project Files.

SANDAG's Procurement Manual states when SANDAG solicits, competes, and awards an IDIQ contract, the solicitation and the contract award will contain both a minimum and maximum quantity.



Lack of Supervisory Review Undermine Confidence in Independent Cost Estimates

SANDAG's Independent Cost Estimate (ICE) is a preliminary estimate of expected project costs prepared internally and independently by SANDAG staff before soliciting proposals or negotiating task orders with vendors. It establishes a basis for evaluating reasonableness of vendor cost proposals.

Prior to 2022, the Procurement Manual required the Project Manager to independently prepare the ICE. SANDAG could also use vendors to prepare an ICE, only if they had no conflict of interest and completed a Form 700⁸. Department Directors were then required to attest the ICE was fair and reasonable and independently prepared.

After September 2022, the Procurement Manual added that when the Director and Legal Counsel of Contracts and Grants or their delegate is not responsible, the Project Manager should prepare the ICE. This version also began requiring a Principal or Manager to attest that the ICE is fair, reasonable, and independently prepared.

However, in most cases OIPA found no evidence of this supervisory review. ICE forms lacked a designated signature field for the required reviewer, reducing assurance over the quality and completeness of estimates.



Missing Task Order Planning and Solicitation Records

The task order solicitations for sample projects, which indicate the task order scope, deliverables, phases, and schedule, were not found. It should also be noted, no planning documentation identifying the sample project's scope, deliverables, phases, or schedules was found. As a result, there is no evidence that Project Managers properly planned or scoped the sample projects.

Further, the absence of documentation regarding what was advertised to vendors represents a significant scope limitation for the audit.



Without this information, auditors cannot verify the scope, deliverables, schedule, or phases communicated to vendors, confirm that appropriate vendors were invited to bid, or determine what criteria SANDAG should have used to evaluate and select the winning vendor. This is an audit scope limitation, see Appendix A.

⁸ Form 700, officially known as the Statement of Economic Interests, is a California government ethics disclosure form required under the Political Reform Act. The form, administered by the Fair Political Practices Commission (FPPC), ensures transparency and accountability by disclosing personal financial interests that may affect their decision-making.

SANDAG's Procurement Manual requires task order solicitations include the selection criteria and to be distributed to all vendors within the relevant on-call contract category to ensure full and open competition.

For 1 of 5 (20%) Projects Reviewed, SANDAG Did Not Invite All Required On-Call Vendors to Bid on the Task Orders

For one sample project, Del Mar Bluffs, SANDAG did not invite the entire pool of qualified vendors to bid on the project as required. A review of the on-call vendor recommendation form showed SANDAG had not sent the task order solicitation to the other 14 on-call vendors with the same competencies as HNTB, thus creating a sole source.

Failure to invite multiple vendors to bid on a project can result in limited competition, which reduces the opportunity for receiving the best price and terms. Plus, less bidders mean less pressure for vendors to offer competitive rates and may result in increased costs to taxpayers. Not inviting all vendors to bid can also result in perceptions of favoritism and unfair practices, harming SANDAG's reputation.

SANDAG's Procurement Manual states that when soliciting task orders, staff must invite all on-call vendors in the right category to give everyone a fair chance to compete.



For 3 of 5 (60%) Projects Reviewed SANDAG Did Not Justify Why HNTB Was Awarded Task Orders

For three projects, the Batiquitos Double Track Lagoon, East Brook to Shell Double Track, and Roadway System Consulting Services projects, SANDAG did not document rationale for selecting HNTB as the best qualified firm when the project was *first* awarded to the vendor.

According to SANDAG's Procurement Manual, staff should document the competition for all future phases of work when issuing task orders under on-call contracts.

SANDAG Did Not Document Future Phases of Work in New Task Orders as Required

For two projects, Batiquitos Double Track Lagoon and Roadway System Consulting Services, the primary task order did not include all the future phases of the project.

We also found one task order for the Del Mar Bluffs project where we could not identify if the task order was needed based on a change to original scope of work or had been a previously planned phase. Since SANDAG did not document the planned phases for the project in the preceding task order, we could not determine if SANDAG should have awarded this work using the competitive bid process.

Since new task orders did not include future project phases, SANDAG should not have awarded HNTB follow-on work for projects without competitively bidding the task order. This means subsequent task orders may have been improperly awarded, potentially violating SANDAG's procurement policies and limiting fair competition.

SANDAG's Procurement Manual states staff must explain why the vendor recommended for the first phase is the best qualified (for A&E) or the best value (for non-A&E) for the entire project in the On-Call Firm Recommendation Form.

Poor Review and Coordination During Task Order Preparation

One task order for the San Dieguito Double Track Plans project had 6 of 10 deliverables due between November 2021 and July 2022, even though the notice-to-proceed date was August 1, 2022.

Task order deliverable due dates predating the notice-to-proceed dates indicate a failure to align project schedules with contract start dates – suggesting inadequate review and coordination during task order preparation.

Unnecessary Use of Sole Source and Missing Documentation to Show if Task Orders Were Competitively Bid or Sole Sourced

As noted above, the lack of task order solicitations for the five sample projects impacted OIPA's ability to understand the total project scope and phases awarded to HNTB. Moreover, without this documentation, OIPA could not determine if each task order issued to HNTB should have been competitively bid to the entire on-call vendor pool rather than awarded to HNTB.

As a result, OIPA expanded procedures to review all issued project task orders to determine if the method for awarding task orders, competitively or by sole source, appeared reasonable based on the scope of work included in very first task order issued for each sample project.⁹ We found:

- 3 task orders were awarded by sole source, even though the work was already awarded to HNTB. As a result, staff spent unnecessary time preparing sole source justifications for work already competitively awarded to HNTB.
- 3 task orders were awarded for work that was either outside the original task order solicitation or significantly changed from the original scope and lacked documentation showing whether the work was competitively bid or awarded as a sole source.

Prior to 2017, SANDAG's On-Call Firm Recommendation Form did not capture if task orders were for standalone or multi-phased projects, or whether multi-phased task orders are competitively awarded or sole sourced. As a result, for projects prior to 2017, staff could not distinguish between task orders awarded for first time projects or new phases of a multiphase project. The updated form now includes some of the

⁹ For detail on the number of task orders issued by contract across the five sample projects, see Appendix B, Task Orders Issued by Contract for Sample HNTB Projects.

missing information. However, the form needs improvement to clearly indicate whether work is standalone or part of a multi-phase project.

There is also a lack of clear guidance for when Project Managers should create a new task order or amend an existing task order. SANDAG forms state task order amendments can be issued to start a new phase of a multi-phase project. However, allowing new phased work to be awarded as a task order amendment decreases SANDAG's ability to trace new phase work back to the original task order solicitation and award.

According to SANDAG's Procurement Manual, when issuing a task order for a phased project, the Agency must clearly describe the plan for handling future deliverables, whether through amendments or additional task orders, to avoid the need for sole source contracting later. This information should be included in both the Solicitation Document and the task order itself to ensure transparency and maintain competitive procurement practices.

SANDAG's Procurement Manual states, for phased projects the Agency must clearly explain how future work will be handled—either through new task orders or task order amendments—to avoid the need to sole source task orders later. This information should be included in both the task order solicitation and the task order issued to the vendor.



Contract Amendment Not Approved by HNTB

SANDAG did not obtain proper approvals before executing one contract amendment with HNTB.

The contract amendment was issued as a unilateral letter to HNTB but was not signed by HNTB. The letter stated vendors had been invoicing SANDAG for the maximum billable rate even when it was more than the actual hourly rate paid to employees. In response, SANDAG changed contract language for the contract section Schedule A - Billing Rates to ensure vendors could not overbill SANDAG for consultants.

SANDAG explained HNTB reached out for clarification on billing terms to inform its subcontractors. HNTB was not the vendor invoicing SANDAG the maximum rate. While the amendment was titled unilateral agreement, SANDAG stated it was intended as a clarification of existing contract terms.

Unless both parties sign an amendment, it won't be considered valid or enforceable. Changing contract terms and verbiage without the express permission of both parties creates a lack of mutual agreement and legal validity.

Caltrans Division of Local Assistance, Local Programs Procedures §10.8 states all contract amendments must be in writing and fully executed by the consultant and local agency before work begins. There is no prescribed format for contract amendments.

Task Order Amendment Awarded Based on Engineer Continuity Rather than Firm Qualifications

During review, we also found the justification to award one task order amendment for the Del Mar Bluffs Stabilization project explains that the Engineer of Record and the Geotechnical Engineer of Record, who were previously with firms selected for earlier project phases, are now employed at HNTB. Therefore, the selection of HNTB, as the engineer of record, for additional phases of the work supports economy and efficiency. We would expect that task order awards for multiphase projects be awarded to firms who completed the prior phases rather than specific engineers.

While awarding work to HNTB based on employees' prior work on a project may bring valuable expertise and continuity to the project, it can also increase the perception of favoritism and conflicts of interest, especially if the transition between firms appears to bypass the competitive selection process.

According to the Procurement Manual, SANDAG must disclose in the on-call solicitation how vendors will be selected for task orders. For multiple-award contracts, the solicitation must specify the method of assignment, which may include: (1) geographic distribution, (2) allocation by work category, or (3) additional competitive solicitations among qualified on-call vendors.

Dollar Value on Task Order Amendments Do Not Match Supporting Documentation

One task order amendment for the Del Mar Bluffs project awarded \$1.9M. However, the sole source justification showed the amount was "up to \$7M". The sole source form was also missing Director level approval.

RECOMMENDATIONS

1. Establish a review process to ensure ICEs are current, complete, and approved by a principal/manager before task order execution. Supervisory review must be clearly documented.
2. Create a tracking mechanism to link task orders and amendments to their originating task order solicitations for phased projects to ensure that work awarded later was part of the competitively solicited scope.
3. For ongoing and new HNTB contracts and projects, ensure task order solicitations, evidence of who received invites to bid on task orders, and justifications of vendor selection are added to the appropriate task order record in CMS or clearly identified as missing/not found. Require supervisory reviews to ensure compliance.
4. Update contract templates (such as the On-Call Firm Recommendation Forms) to clearly indicate whether work is standalone or part of a multi-phase project.
5. Develop and document a control to verify Project Managers properly document rationale for awarding task orders to on-call vendors, including why competitive bidding was not used if the task order was awarded via sole source.
6. Establish policies and procedures for when to use a new task order or amend an existing task order, ensuring a clear audit trail can be followed for each phase of a multiphase project.
7. Update contract templates to ensure spending limits are accurately documented as required and approvers' names, in addition to signature, are present.

REPEAT RECOMMENDATIONS

- A. Update the Board Policy No. 017, the Employee Handbook and Procurement Manual to create more internal controls around approval and signature of procurement transactions by including the Office of General Counsel in all transactions to ensure risks are mitigated.¹⁰

(REPEATED FROM - Contracts and Procurement Operational and System Control Audit Report (Part II) -- released May 2023, Finding 1.6 Recommendation 1).

¹⁰ This recommendation was reissued to emphasize the need for a stronger system of internal controls over the approval of contracts and contract amendments at the Agency.

FINDING 2: SANDAG'S PROJECT MANAGEMENT OF TASK ORDERS AWARDED TO HNTB LACKED CRITICAL INTERNAL CONTROLS OVER COST ESTIMATING, BUDGETING, DELIVERABLES, AND SCHEDULE MONITORING



Summary

SANDAG's project management of task orders awarded to HNTB lacked critical internal controls over cost estimating, budgeting, deliverables and schedule monitoring. Out of 31 Architecture and Engineering (A&E) task orders requiring an Independent Cost Estimate (ICE), only 29% included the necessary information to evaluate whether costs were reasonable. Missing estimates limited OIPA's ability to assess if SANDAG scoped projects accurately or negotiated effectively with vendors.

While most task orders came in at or below budget, 8 exceeded their initial award amounts by over \$7.6 million, resulting in a net cost increase of \$2.5 million across five sample projects. In one case, costs increased despite a reduction in deliverables, with no justification provided.

Additionally, only 13% of task orders reviewed included documentation sufficient to assess whether projects were completed on time. Task orders were routinely closed out years after their scheduled completion dates. Missing schedules, undefined deliverables, and poor record-keeping make it difficult to track progress, ensure accountability, or manage project risks.

These issues point to a broader lack of oversight and process discipline in how SANDAG developed, monitored, and closed out task orders, exposed the agency to financial risk, project delays, inconsistent results, stakeholder dissatisfaction, and diminished public trust.

Only 29% of Task Orders Included a Cost Estimate Amount Needed to Assess Project Costs

Out of 34 task orders, 31 were for A&E services. For each task order, we examined SANDAG's ICE or, if not available in CMS, we used the cost estimate amount manually entered into CMS. The cost estimate is the starting point for negotiations with HNTB.

We found only 9 of 31 task orders (29%) had all the necessary information to evaluate end-to-end project costs to determine if SANDAG appropriately scoped work and estimated project costs.¹¹

¹¹ For a description of the record management errors identified in this section and throughout the report, see Finding 4 and Appendix F: Document and Data Integrity Issues in Contract Management System (CMS) and Project Files. As noted in the appendix, some documents may be retained outside CMS.

Per SANDAG's Procurement Manual, the Project Managers prepare the ICE. The Manual also states Project Managers are responsible for maintaining records of vendor deliverables, documenting contract monitoring activities, and maintaining supporting contract records.

HNTB Task Orders Expenditures Exceed Initial Award by \$2.5 Million Due to Project Scope Changes

As shown in Figure 7 below, SANDAG initially awarded HNTB approximately \$38.4M for the five sample projects reviewed, yet actual spending increased to \$40.9M.¹²

Figure 7

SAMPLE PROJECTS: TOTAL AWARDS AND EXPENDITURES



Source: SANDAG's Record Retention System

We analyzed all 34 project task orders to identify the causes of these cost increases. Of the 34 task orders reviewed:

- 26 task orders were completed at or below the initial award amount, resulting in a cost savings of approximately \$5.1M.
- 8 task orders exceeded their initial award amount by more than \$7.6M¹³.

¹² SANDAG amended the initial award amount; therefore, the total expenditures were authorized.

¹³ For a breakdown of cost overruns by task order, see Appendix D: HNTB Task Orders Expenditures Exceeding Original Award Amount.

There was a net cost overrun of about \$2.5M¹⁴ or 7% of the initial award amount. This is illustrated Figure 8 below.

Figure 8

PLANNED¹⁵ vs. ACTUAL PROJECT COSTS

	Initial Award Amount	Total Expenditures	Difference	
Batiquitos Double Track Lagoon	\$8,131,873	\$8,510,859	\$(378,986)	4.7% more than planned
Del Mar Bluffs	\$5,444,987	\$7,283,417	\$(1,838,430)	33.8% more than planned
East Brook to Shell Double Track	\$7,055,074	\$6,484,206	\$570,868	8.1% less than planned
Roadway System Consulting	\$6,286,321	\$6,316,202	\$(29,881)	.5% more than planned
San Dieguito Double Track	\$11,471,747	\$12,301,218	\$(829,471)	7.2% more than planned
Total	\$38,390,002	\$40,895,902	\$(2,505,900)	

Source: SANDAG's Record Retention System

Next, to determine if cost increases were justified, we reviewed 24 amendments for six task orders whose costs exceeded the original award by 25% or more. Of the amendments reviewed, 10 amendments had cost increases.¹⁶ We found:

- In 8 cases, the increases were driven by scope changes and appeared reasonable.
- In 1 case, the increase was driven by a schedule extension and appeared reasonable.
- In 1 case, the increase was not reasonable. An amendment for the Roadway System Consulting Services increased the cost by \$325,053. However, SANDAG had previously removed operational and acceptance testing and implementation close-out support from a prior amendment. There was no justification for the price to increase, since the deliverables were reduced and the project schedule was not extended.

¹⁴ For a detailed breakdown of the original amount awarded and expended by task order and project, see Appendix C: HNTB Task Order Detail.

¹⁵ "Planned" refers to the initial amount awarded for each task order of the project, prior to any amendments or additional spending.

¹⁶ A detailed summary of these changes is provided in Appendix E: Scope Changes to HNTB Task Order Amendments.

Only 13% of Task Orders Included Documentation Needed to Assess Timely Completion of Projects

To assess whether task orders were completed timely, we reviewed task order start and close-out dates, planned deliverable due dates, and notice-to-proceed dates for 30¹⁷ A&E and non-A&E task orders.

As shown in Figure 9, we found only 4 of 30 task orders (13%) had all the necessary project documents to assess if HNTB completed the work on time.¹⁸

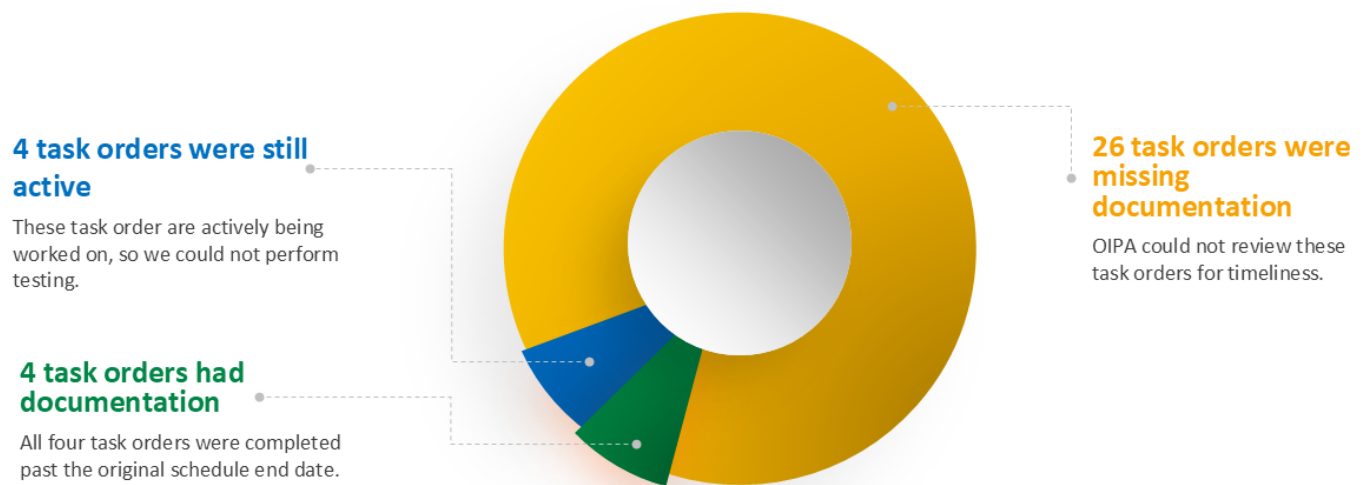
SANDAG's Procurement Manual states Project Managers are responsible for maintaining records of vendor deliverables, documenting contract monitoring activities, and maintaining supporting contract records.

Lack of Controls Led to Multi-Year Task Order Delays Without Justification

We assessed the 4 task orders with documentation and found they were completed past the original schedule end date. To determine if the delays were reasonable, we assessed project and contract documents including task orders and any amendments that were issued.

Figure 9

ANALYSIS OF TIMELINESS OF TASK ORDER COMPLETION



Source: SANDAG's Record Retention System

One task order had no amendments extending HNTB's schedule. The scheduled completion date for a phase of work on the East Brook to Shell Double Track project

¹⁷ Four (4) task orders were active during the audit, so we did not assess their close-out dates.

¹⁸ Methodology for reviewing contract and procurement records is described in Appendix A – Data Integrity. For a description of the record management errors identified in this section and throughout the report, see Finding 4 and Appendix F: Document and Data Integrity Issues in Contract Management System (CMS) and Project Files.

was May 30, 2018. Although no close-out letter was issued, CMS showed the task order close-out date was August 8, 2022, over four years past the original deadline. There was no justification for the time delay.

Of the three remaining task orders reviewed, we identified task orders with missing or incorrect project schedules contributing to project delays, as illustrated in Table 3 below. Overall, we found:

- In 5 instances, task order amendments included project deliverables due *after* the task order had already ended.
- In 4 instances, task orders amendments were missing the revised project schedule showing when HNTB was required to complete its deliverables, despite the amendment extending the time to complete work.

Table 3 – Task Orders with Missing or Incorrect Projects Schedules

Project Name	Contract/Task Order No.	Amendment No.	Problem Found
Del Mar Bluffs	50007812 TO 18	1, 2, and 3	Each amendment expired November 2021. However, deliverables were due mid-2022.
	50007812 TO 19	2	Amendment expired November 2021. However, deliverables were due October 2022.
	50007812 TO 18	4 and 5	Missing revised project schedule.
	50007812 TO 19	3	Missing revised project schedule.
San Dieguito Double Track Plans	50007812 TO 13	2	Amendment expired November 2021. However, deliverables were due December 2022.
	50007812 TO 13	3	Missing revised project schedule.

Source: SANDAG's Record Retention System

According to SANDAG, in the cases where project deliverables were due after the task order had already lapsed, the Agency was aware the task order amendments were set to expire before the work was completed. To address the issue, SANDAG added a note within 3 of the 5 task orders amendments stating,

“SANDAG is aware that Consultant’s Master Contract Expiration date will occur prior to the completion of these services. Prior to the expiration date of the Master Contract, SANDAG will evaluate project needs and will update Consultant accordingly.”

Although SANDAG included language acknowledging the potential timing problems, this language did not resolve the issue. By including work due beyond the master contact’s and/or task order’s expiration date, the vendor was either:

- Authorized to perform work after the legal authority of the master contract and/or task order had lapsed, or
- Issued a task order that was already invalid due to the expired period of performance.

In either scenario, the enforceability of the task orders appears questionable. Issuing task orders extending beyond the contract expiration date creates legal vulnerabilities, exposes the Agency for financial and audit risk, and could result in unpaid or disallowed costs. It also undermines contract integrity and violates procurement best practices.

SANDAG does not require Project Managers to document or retain evidence of the actual deliverable completion dates in the task order's statement of work.

Without a defined schedule, deliverables can be delayed or missed, making it harder to track progress, allocate resources, and control costs.

Per SANDAG's Procurement Manual, solicitations should provide enough detail, especially about the project schedule, to allow vendors to submit well-informed proposals. Project Managers are responsible for monitoring schedules and participating in review meetings to ensure work progresses according to the approved scope and milestones.

RECOMMENDATIONS

1. Develop a control to ensure Project Managers prepare and retain complete, detailed Independent Cost Estimates (ICEs) for all task orders, in accordance with the Procurement Manual.
2. Standardize Project Management task order templates to require a clearly defined list of deliverables, responsible parties, and due dates.
3. Require Project Managers to document the date vendors complete the final deliverable for task orders and retain evidence in the contract file. Require supervisory reviews to ensure compliance.
4. Establish a formal Project Management process for monitoring project schedules, including periodic updates and milestone tracking.
5. Require all amendments include a revised project schedule when extending the timeline or modifying deliverables.
6. Require written justification for all schedule extensions. Do not allow undocumented schedule changes.
7. Train Project Managers on contract monitoring responsibilities, including cost estimation, deliverable tracking, and schedule management.
8. Establish a quality control process to audit a sample of task orders quarterly to ensure proper documentation is maintained, policies and procedures were followed, and exceptions were properly documented. Establish a compliance baseline, then track improvements over time. When management's established goals for agencywide compliance occur, reduce reviews to no less than annually.
9. Incorporate adherence to policies and procedures into Project Manager's annual performance evaluations and require supervisors to sample Project Manager's work and document compliance during annual evaluations.

FINDING 3: POOR CONTRACT DEVELOPMENT AND LAX OVERSIGHT OF HNTB SERVICE AGREEMENT TO OVERSEE ANOTHER VENDOR

Summary

We identified several issues with contract design, deliverables, and oversight of HNTB's contract for overseeing the vendor responsible for the development and implementation of SANDAG's Back Office System (BOS) toll facilities. We found:

- SANDAG did not clearly define the required deliverables or timeframes for work.
- Project costs were increased without justification.
- Tasks were added or removed, yet deliverables were not updated accordingly.
- Contract amendments were missing key dates.
- HNTB did not complete deliverables as required and SANDAG did not retain all of the project documentation provided by HNTB.

In March 2017, SANDAG signed a contract with a third-party vendor, ETAN, to develop and implement a BOS to replace the systems at the two toll facilities. In September 2018, SANDAG contracted HNTB for support services related to the BOS, including oversight of installation, training, testing, and Go-Live and post Go-Live services.

Review of Contract Found Tasks and Deliverables Not Aligned or Time-Bound

We reviewed SANDAG's contract with HNTB to ensure the deliverables matched the scope of work and were clear, concise, and time-bound. The contract had 56 tasks, 9 deliverables, and 6 contract amendments. We found:

1. There was a lack of clarity in assigned tasks and contractor responsibilities:
 - 37 tasks did have a corresponding deliverable.
 - 14 tasks involved HNTB providing "oversight" of ETAN, but SANDAG did not define what "oversight" meant. HNTB stated that the contract's scope of service did not give them authority to direct ETAN to take actions, and HNTB did not have a contractual relationship with ETAN.
 - 7 tasks required HNTB to attend meetings, however it was unclear if HNTB or ETAN was responsible for organizing the meeting. HNTB's contract stated HNTB was only responsible for documenting meetings if ETAN was not the organizer.
2. Contract deliverables were not tied to assigned tasks and did not have assigned time commitments:
 - 2 deliverables did not have an associated task in the contract.

- 7 deliverables did not clearly define the documentation required to determine if the deliverable was met.
 - 2 deliverables were overly broad – one deliverable required “all reports and findings” while the other deliverable required “reviews and comments”.
 - 1 deliverable referenced “task 14,” which was not in the contract.
- 8 of the 9 deliverables had no due date or time requirement.

Contract Amendments Contained Errors and Lacked Clear Justification of Cost Increases

We reviewed the 6 contract amendments to ensure increases in project costs were justified, and the changes to the scope of work appeared reasonable and appropriately documented. We found:

- 1 amendment executed in February 2020 added work outside the scope of the original contract. This amendment, which increased the cost by \$853,696, added ancillary project support. HNTB was asked to review the capital program and provide feedback on SANDAG’s developed capital program covering the duration of the SR-125 franchise period, provide feedback on up to five years of operating cost projects, provide feedback on two prior years of actual plan to expenditures, and update findings developed in 2017 for the capital program and operating cost forecast. SANDAG did not add expected deliverables for this task.
- 1 amendment executed in March 2021 removed the requirement for HNTB to perform oversight of the Quality Assurance and Quality Control for the project, yet the amendment increased the project cost by \$656,236. The original contract required HNTB to provide a Quality Control audit plan, checklist, and Quality Assurance report. However, these deliverables were not removed from the contract.
- 1 amendment effective November 2022 added maintenance oversight of the BOS maintenance phase execution and activities from December 2022 through December 2023, review of proposed software changes and change order management and support cost estimate, and support with contract amendments. This increased project costs by \$935,374, which was almost equal to the original cost for the entire contract (\$1,090,112).

Additional problems with the contract amendments:

- 2 amendments were missing the effective date.
- 4 amendments were missing the execution date.
- 1 amendment had a termination date of 9/31/2022. However, there are only 30 days in September.

Inconsistent Deliverables and Missing Data Obscured Project Performance

We also evaluated if HNTB's completed deliverables were consistent with the contract requirements. For the 7 out of 9 deliverables that could be traced to tasks in the contract scope of work, we found:

- HNTB was required to submit final project files at task order close-out. However, HNTB stated it provided files to SANDAG via Box.com throughout the project, rather than deliver all files at the end of the task order.
- SANDAG could not locate deliverables mentioned above, from before February 2023, limiting OIPA's ability to verify deliverables related to reports and findings and the approval and acceptance of recommendations.
- HNTB's monthly consultant progress reports, which were supposed to include staff hours billed by task, were missing this detail in the reports reviewed.

Contract Issues Went Unresolved for an Extended Period Before Management Took Action

Several of the issues identified, such as vague task assignments, undocumented cost increases, and missing deliverables, persisted across multiple contract amendments and project phases. Despite recurring problems with the project as outlined above, and as previously addressed in OIPA's *Investigation Report on SANDAG's State Route 125 Tolling Operations*, previous Executive Management did not take corrective action to resolve them.

For example:

- Tasks and deliverables remained misaligned across six contract amendments.
- Errors in amendment execution and termination dates were not corrected.
- Cost increases totaling over \$2.4 million were approved without documented deliverables or clear justification.
- ETAN was consistently unable to meet due dates and provide quality deliverables.

This inaction points to systemic weaknesses in contract oversight and a lack of follow-through to address known deficiencies. Without formal controls to ensure timely resolution of contract issues, SANDAG remained vulnerable to project delays, cost overruns, and unclear accountability for performance.

SANDAG's lack of a structured approach to contract development and oversight contributed to project cost increases, vague expectations, and weak vendor accountability. The unclear contract structure, incomplete documentation, and failure to enforce deliverable requirements exposed the agency to operational inefficiencies, increased financial risk, and reputational damage. These issues, if unaddressed, undermine public trust in SANDAG's ability to manage complex capital projects responsibly and transparently.

RECOMMENDATIONS

1. Update SANDAG Project Management contract templates to require all tasks have corresponding deliverables that are clearly defined, measurable, and time-bound, and ensure all deliverables are linked to specific contract tasks and include acceptance criteria.
2. Update procurement guidance to require that roles and responsibilities in multi-vendor projects (e.g., oversight of subcontractors like ETAN) are clearly defined in both prime and support contracts and SANDAG's oversight over such multi-vendor projects is clearly defined.
3. Establish a checklist-based review process for all contract amendments to ensure changes in scope, deliverables, cost, or schedule are fully documented and justified. Require supervisory review to ensure compliance.
4. Establish a centralized, secure, and auditable repository for storing vendor deliverables during the life of each project and require Project Managers to upload and maintain all submitted deliverables in this repository as they are received. Require supervisory review to ensure compliance.

FINDING 4: POOR RECORDS MANAGEMENT IMPACTS PROJECT AND CONTRACT OVERSIGHT



Data integrity refers to the accuracy, consistency, and reliability of data through its lifecycle. SANDAG's ongoing documentation issues stem from long-standing internal control weaknesses, including decentralized record-keeping, lack of standardized processes, and insufficient staff training and management oversight. Although prior audits identified these problems and some corrective efforts are underway, critical gaps persist, contributing to inconsistent, incomplete, and unreliable contract records.

To ensure data integrity, SANDAG Board Policy No. 015 requires that all business records, including contract-related documents, be kept in a clear, organized, and accessible way to support transparency and accountability. The policy states Contracts and Procurement staff must store procurement and contract files in a central location. SANDAG's Procurement Manual states Project Managers must keep project supervision files with all relevant information about the work and contract requirements, including documentation for supervision, inspection, testing, and payments.

As part of this audit, we reviewed all of HNTB's active contract and project records in CMS. We found:

- Numerous project and contract documents necessary to assess contracts, projects, and task orders were missing from CMS.¹⁹
- Significant data integrity issues exist in CMS impacting the accuracy and completeness of contracts, projects, and task order data.¹⁹

These problems are compounded by inconsistent oversight and a lack of clear ownership of documentation quality. Staff are not consistently trained on the importance of complete, accurate record-keeping, and there are no formal guidelines, quality control checks, or routine reviews in place to ensure reliable documentation. As a result, records are often mislabeled, incomplete, or stored incorrectly in CMS.

These deficiencies limit SANDAG's ability to manage contracts effectively and make timely, informed decisions. Missing or unreliable data can delay contract execution and close-out, obscure procurement methods, reduce visibility into project costs and schedules, and fail to validate compliance with government procurement regulations. In turn, this undermines the agency's ability to monitor performance, ensure compliance, and maintain accountability, ultimately impacting project delivery and public trust.

¹⁹ For a description of the record management errors identified, see Appendix F: Document and Data Integrity Issues in Contract Management System (CMS) And Project Files.

RECOMMENDATIONS

1. Review and update all ongoing and new HNTB contract and task order documents in CMS to ensure the final versions are complete, correctly labeled, and properly loaded. Require supervisory reviews to ensure accuracy and completeness.
2. Review and update CMS data fields for HNTB contract and task order records to ensure key data (e.g., dates, status, competition type) is complete and accurate.
3. Create and apply a consistent methodology for assigning competition types to contract, task orders and amendments in CMS.
4. Establish and enforce a standard naming convention that includes the project name or identifier for contracts, task orders, and amendments.
5. Evaluate the allocation of necessary resources, including budget, time, and tools to improve documentation efforts through the creation of a formal records management system.
6. Assign Director-level ownership to ensure accountability of the records management system.

REPEAT RECOMMENDATIONS

- A. Develop a formal quality assurance (QA) process to ensure that final versions of documents are timely, accurate, and properly stored in CMS.

(REPEATED FROM - Contracts and Procurement Operational and System Control Audit Report (Part II) -- released May 2023, Finding 1.8 Recommendation 2).

- B. Implement a training program to build employee understanding and skills related to documentation standards and requirements.

(REPEATED FROM - Contracts and Procurement Operational and System Control Audit Report (Part II) -- released May 2023, Finding 1.8 Recommendation 1).

RECOMMENDATION IMPLEMENTATION TIMELINE BASED ON RISK LEVEL

Finding	Recommendation	Immediate Action Required	Priority Action Required	Routine Action Required
1	1. Establish a review process to ensure ICEs are current, complete, and approved by a principal/manager before task order execution. Supervisory review must be clearly documented.	✓		
1	2. Create a tracking mechanism to link task orders and amendments to their originating task order solicitations for phased projects to ensure that work awarded later was part of the competitively solicited scope.	✓		
1	3. For ongoing and new HNTB contracts and projects, ensure task order solicitations, evidence of who received invites to bid on task orders, and justifications of vendor selection are added to the appropriate task order record in CMS or clearly identified as missing/not found. Require supervisory reviews to ensure compliance.	✓ ²⁰	✓	
1	4. Update contract templates (such as the On-Call Firm Recommendation Forms) to clearly indicate whether work is standalone or part of a multi-phase project.		✓	
1	5. Develop and document a control to verify Project Managers properly document rationale for awarding task orders to on-call vendors, including why competitive bidding was not used if the task order was awarded via sole source.	✓		
1	6. Establish policies and procedures for when to use a new task order or amend an existing task order, ensuring a clear audit trail can be followed for each phase of a multiphase project.	✓		
1	7. Update contract templates to ensure spending limits are accurately documented as required and approvers' names, in addition to signature, are present.		✓	
1	A. Update the Board Policy No. 017, the Employee Handbook and Procurement Manual to create more internal controls around approval and signature of procurement transactions by including the Office of General Counsel in all transactions to ensure risks are mitigated. (Repeat finding)	✓		
2	1. Develop a control to ensure Project Managers prepare and retain complete, detailed Independent Cost Estimates (ICEs) for all task orders, in accordance with the Procurement Manual.	✓		
2	2. Standardize Project Management task order templates to require a clearly defined list of deliverables, responsible parties, and due dates.	✓		

²⁰ New contracts and task orders should be categorized as Immediate Action to ensure proper documentation practices are established from the outset. Existing contracts should be categorized as Priority Action to allow for timely remediation of current records without disrupting ongoing operations.

Finding	Recommendation	Immediate Action Required	Priority Action Required	Routine Action Required
2	3. Require Project Managers to document the date vendors complete the final deliverable for task orders and retain evidence in the contract file. Require supervisory reviews to ensure compliance.	✓		
2	4. Establish a formal Project Management process for monitoring project schedules, including periodic updates and milestone tracking.	✓		
2	5. Require all amendments include a revised project schedule when extending the timeline or modifying deliverables.	✓		
2	6. Require written justification for all schedule extensions. Do not allow undocumented schedule changes.	✓		
2	7. Train Project Managers on contract monitoring responsibilities, including cost estimation, deliverable tracking, and schedule management.		✓	
2	8. Establish a quality control process to audit a sample of task orders quarterly to ensure proper documentation is maintained, policies and procedures were followed, and exceptions were properly documented. Establish a compliance baseline, then track improvements over time. When management's established goals for agencywide compliance occur, reduce reviews to no less than annually.			✓
2	9. Incorporate adherence to policies and procedures into Project Manager's annual performance evaluations and require supervisors to sample Project Manager's work and document compliance during annual evaluations.			✓
3	1. Update SANDAG Project Management contract templates to require all tasks have corresponding deliverables that are clearly defined, measurable, and time-bound, and ensure all deliverables are linked to specific contract tasks and include acceptance criteria.	✓		
3	2. Update procurement guidance to require that roles and responsibilities in multi-vendor projects (e.g., oversight of subcontractors like ETAN) are clearly defined in both prime and support contracts and SANDAG's oversight over such multi-vendor projects is clearly defined.	✓		
3	3. Establish a checklist-based review process for all contract amendments to ensure changes in scope, deliverables, cost, or schedule are fully documented and justified. Require supervisory review to ensure compliance.	✓		
3	4. Establish a centralized, secure, and auditable repository for storing vendor deliverables during the life of each project and require Project Managers to upload and maintain all submitted deliverables in this repository as they are received. Require supervisory review to ensure compliance.		✓	

Finding	Recommendation	Immediate Action Required	Priority Action Required	Routine Action Required
4	1. Review and update all ongoing and new HNTB contract and task order documents in CMS to ensure the final versions are complete, correctly labeled, and properly loaded. Require supervisory reviews to ensure accuracy and completeness.	✓ ²¹	✓	
4	2. Review and update CMS data fields for HNTB contract and task order records to ensure key data (e.g., dates, status, competition type) is complete and accurate.		✓	
4	3. Create and apply a consistent methodology for assigning competition types to contract, task orders and amendments in CMS.	✓		
4	4. Establish and enforce a standard naming convention that includes the project name or identifier for contracts, task orders, and amendments.		✓	
4	5. Evaluate the allocation of necessary resources, including budget, time, and tools to improve documentation efforts through the creation of a formal records management system.	✓		
4	6. Assign Director-level ownership to ensure accountability of the records management system.	✓		
4	A. Develop a formal quality assurance (QA) process to ensure that final versions of documents are timely, accurate, and properly stored in CMS. (Repeat finding)		✓	
4	B. Implement a training program to build employee understanding and skills related to documentation standards and requirements. (Repeat finding)		✓	

The matrix above categorizes findings based on the urgency of the recommended corrective action: **Immediate Action Required**, **Priority Action Required**, and **Routine Action Required**.

To provide additional context and support appropriate prioritization of remediation efforts, the table legend on the following page outlines associated risk levels, the rationale for those levels, and recommended timelines to address the risk.

²¹ New contracts and task orders should be categorized as Immediate Action to ensure proper documentation practices are established from the outset. Existing contracts should be categorized as Priority Action to allow for timely remediation of current records without disrupting ongoing operations.

Table Legend – Recommended Implementation Timeline Based on Severity of Control Issue

Risk Level	Severity of Control Issue	Rationale	Recommended Timeline
High	Key controls do not exist or are not effectively designed, resulting in an impaired control environment – immediate corrective action is needed.	Immediate action is needed to mitigate significant issues identified during the audit. Delays could lead to harmful operational, financial, or compliance failures.	Immediate Action <i>Within 30 days (or immediately, if feasible)</i>
Medium	Some key controls exist but are not operating as intended or are inconsistently followed, potentially exposing the organization to moderate risk – corrective action should be prioritized and taken in a timely manner.	Timely remediation is necessary to strengthen control effectiveness and reduce exposure to potential moderate-level issues.	Priority Action <i>Within 60-90 days</i>
Low	Controls are generally effective and appropriately designed, with only minor issues identified – corrective action is recommended but not urgent.	Corrective action is recommended but not urgent; it can be addressed during routine process improvements.	Routine Action <i>Within 6 months</i>

APPENDIX A: AUDIT OBJECTIVES, SCOPE, METHODOLOGY, DATA INTEGRITY, SCOPE LIMITATION AND GAGAS COMPLIANCE

OBJECTIVES

This audit evaluated if there was sufficient oversight over the contractor (HNTB). The objectives of the audit were to:

- Determine if contracts and task orders were awarded in a competitive manner, scope of work was clearly defined and Project Managers performed oversight.
- Determine if contracts and task orders were delivered on time and within budget.
- Determine if contracts match Board approved requisitions and required approvals.
- Assess the effectiveness of SANDAG's contract management processes over HNTB contracts – including contracts where HNTB was contracted to provide oversight.

SCOPE

The audit scope was July 1, 2019, to June 30, 2024.

METHODOLOGY

The audit assessed the justifications, documentation, and compliance of HNTB's procurements and contracts with federal and state laws, SANDAG's policies, and best practices. The audit assessed the data integrity and reliability of contract and procurement data stored in SANDAG's CMS.

We judgmentally selected contracts, projects, task orders, and amendments to test whether SANDAG exercised sufficient oversight of HNTB.

We evaluated whether SANDAG awarded HNTB contracts competitively, and whether SANDAG clearly defined scope of work and time frames for completing work. We verified whether contracts matched Board approved requisitions and were properly approved. We also assessed if Project Managers had appropriate oversight of HNTB related to contract scope, timeliness, and cost, in accordance with contracts as required.

For a contract where HNTB was contracted to provide oversight to a third-party vendor, ETAN, the audit assessed the contract, amendments, and correspondence between SANDAG, HNTB, and ETAN to evaluate if HNTB provided sufficient and appropriate oversight of the vendor and appropriately escalated issues timely to SANDAG.

DATA INTEGRITY

Data integrity is considered in evaluating whether systems prevent unauthorized access, manipulation, or errors. To evaluate the data integrity of SANDAG's contract and procurement records, OIPA evaluated access, use, accuracy, and completeness of SANDAG's Record Retention System (see Figure 6 in the Introduction section). The Record Retention System is composed of the Contracts Library, Share Drives, CMS, and ERP.

While OIPA did review the contract library to obtain supporting documentation as needed, we noted several control weaknesses that impacted its effectiveness as a reliable source of record. These included:

- Lack of user access controls.
- Absence of an audit trail.
- Poor organization, including partially scanned documents, and multiple documents contained into single, large pdf files.
- Documents without clear version control.

These conditions place a disproportionate burden on auditors to identify which documents are final, complete, and applicable. As such, we maintained our focus on CMS as the expected system of record for consistency and efficiency but supplemented our testing with documents from the Contract Library when they could be located.

AUDIT SCOPE LIMITATION

During our review of five projects, we identified two separate scope limitations affecting our ability to fully assess SANDAG's procurement practices:

1. Missing or Incomplete On-Call Master Contract Solicitations

Of the five on-call master contract solicitations reviewed, two were either missing or incomplete. Without this documentation, we could not determine what evaluation criteria SANDAG intended to use to award task orders to on-call vendors, nor could we verify whether appropriate procurement procedures were followed.

2. Missing Task Order Planning and Solicitation Records

None of the task order solicitations for sample projects, which indicate the task order scope, deliverables, phases, and schedule, were found. It should also be noted, no planning documentation identifying the sample projects' scope, deliverables, phases, or schedules was found.

These documents are critical because they typically define the task order scope, deliverables, schedule, and project phases. Their absence means there is no evidence Project Managers adequately planned or scoped the related projects.

These documentation gaps limited our ability to:

- Confirm the scope, deliverables, and schedule communicated to vendors.
- Determine whether appropriate vendors were invited to bid.
- Verify the criteria used to evaluate and select the winning vendor.

The absence of this information represents a material limitation in our audit scope.

COMPLIANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

APPENDIX B: TASK ORDERS ISSUED BY CONTRACT FOR SAMPLE HNTB PROJECTS

Contract/ Execution Date	Batiquitos Double Track Lagoon	Del Mar Bluffs	East Brook to Shell Double Track	Roadway System Consulting Services	San Dieguito Double Track	Total Task Orders
5000923 (Apr 2008)			1*	1*		2
5001901 (June 2012)	3*	2*	1	2	1*	9
5007812 (Nov 2016)	1	3	2	1	4	11
5004872 July 2017				3		3
5004863 July 2017				2		2
882170 July 2022	1	3	1		1	6
1197677 Apr 2023				1		1
Total	5	8	5	10	6	34

(*) Includes initial task order for this project. The initial task order is the first task order issued under the project.

APPENDIX C: HNTB TASK ORDER DETAIL

	Project Name	Contract No.	Task Order Type ²²	Project Scope	Original Amount Awarded	Total Expenditure	Difference	% Increase
1	Batiquitos Double Track Lagoon	5001901	Initial Award	Research and data collection resulting in scoping study for double tracking MP 234.5 to MP 237.5.	\$252,367	\$230,637	\$21,730	-9%
2	Batiquitos Double Track Lagoon	5001901	Subsequent Award	30% Design Package - Provide project management support, documentation of specific planning studies, and preliminary engineering tasks.	\$1,844,923	\$2,640,083	(\$795,160)	43%
3	Batiquitos Double Track Lagoon	5001901	Subsequent Award	Intermediate and final engineering designs and environmental support for the project.	\$4,027,696	\$3,620,913	\$406,783	-10%
4	Batiquitos Double Track Lagoon	5007812	Subsequent Award	Revised 90% design to include design innovations for permit submittal, 100% PS&E package, and continued support of the CMGC through the Bid process.	\$1,626,708	\$1,729,738	(\$103,030)	6%
5	Batiquitos Double Track Lagoon	882170	Subsequent Award	Revised 90% design to include design innovations for permit submittal, 100% PS&E package and continued support of the CMGC through the bid process. Inclusion of improvements in the Encinitas Rail Corridor.	\$380,179	\$289,487	\$90,692	-24%
6	Del Mar Bluffs	5001901	Initial Award	Updated Earthquake Response Protocols between MP 244.15 and MP 245.65.	\$46,562	\$38,579	\$7,983	-17%
7	Del Mar Bluffs	5001901	Subsequent Award	The expected results of this task order are two Project Study Reports.	\$70,382	\$69,361	\$1,021	-1%
8	Del Mar Bluffs	5007812	Subsequent Award	30% design with Project Description of alternatives considered environmental clearance/permitting package for construction.	\$399,865	\$795,445	(\$395,580)	99%
9	Del Mar Bluffs	5007812	Subsequent Award	Completed construction of stabilization improvements defined and permitted as part of the Del Mar Bluffs Stabilization Project 4.	\$135,058	\$930,933	(\$795,875)	589%

²² Task Order Type is defined as: Initial Award – The first task order issued for the project. Subsequent Award – Any task order issued after the initial.

	Project Name	Contract No.	Task Order Type	Project Scope	Original Amount Awarded	Total Expenditure	Difference	% Increase
10	Del Mar Bluffs	5007812	Subsequent Award	The preparation of Emergency Repair Plans, the 30% design with Project Description of alternatives considered, and 60% design for environmental clearance.	\$1,475,074	\$4,488,933	(\$3,013,859)	204%
11	Del Mar Bluffs	882170	Subsequent Award	Engineering Design Support Services during construction to SANDAG for the repair and stabilization improvements for Stabilization Project 4 following recent storm damage and ongoing erosion.	\$185,229	\$5,080	\$180,149	-97%
12	Del Mar Bluffs	882170	Subsequent Award	Preparation of Emergency Repair Plans, the 30% design with the Alternatives Analysis, environmental clearance, 60% design package, 90% design package, the final (100%) design package for construction, bid ready documents, conformed documents, and bidding support.	\$929,163	\$842,257	\$86,906	-9%
13	Del Mar Bluffs	882170	Subsequent Award	Completed construction of stabilization improvements defined and permitted as part of the Del Mar Bluffs Stabilization Project 5. Consultant shall assist with Design Support During Construction.	\$2,203,654	\$112,830	\$2,090,824	-95%
14	East Brook to Shell Double Track	5000923	Initial Award	Alternative Analysis report, 30% Design Package environmental documents and reports.	\$4,389,548	\$4,255,951	\$133,598	-3%
15	East Brook to Shell Double Track	5001901	Subsequent Award	Additional engineering design and environmental support services for project.	\$112,860	\$99,981	\$12,879	-11%
16	East Brook to Shell Double Track	5007812	Subsequent Award	Selected final design plans and develops and processes for approval permit applications.	\$494,781	\$229,499	\$265,282	-54%
17	East Brook to Shell Double Track	5007812	Subsequent Award	Final 100% design.	\$1,931,917	\$1,865,726	\$66,191	-3%

	Project Name	Contract No.	Task Order Type	Project Scope	Original Amount Awarded	Total Expenditure	Difference	% Increase
18	East Brook to Shell Double Track	882170	Subsequent Award	Design an alternate vehicle undercrossing south of the existing MP 225.33 culvert; Design public wet utilities relocations; Limited soil sampling and testing; Update permit applications and provide support for ongoing environmental permitting; Provide Bid Ready 100% Design Package.	\$125,968	\$33,050	\$92,919	-74%
19	Roadway System Consulting Services	5000923	Initial Award	SR-125 Due Diligence Evaluation.	\$468,252	\$373,056	\$95,196	-20%
20	Roadway System Consulting Services	5001901	Subsequent Award	To assist with program/project management and general engineering support services for projects within the SR-125 corridor.	\$49,995	\$5,553	\$44,442	-89%
21	Roadway System Consulting Services	5001901	Subsequent Award	Coordinated, developed plans, engineering specs and requirements for the SR-125 and I-15 roadways, and support future priced roadways.	\$1,785,380	\$1,214,920	\$570,460	-32%
22	Roadway System Consulting Services	5007812	Subsequent Award	Successful completion and acceptance of the Roadway System project system design, testing, field installation, commissioning, and system acceptance of the new Roadway Toll Collection System for the I-15 Express Lanes and SR-125 South Bay Expressway. ²³	\$1,658,397	\$2,614,992	(\$956,595)	58%
23	Roadway System Consulting Services	5004863	Subsequent Award	Provide tolling advisory services.	\$91,183	\$78,527	\$12,656	-14%
24	Roadway System Consulting Services	5004872	Subsequent Award	Consultant shall provide database administration support for ongoing operational needs on an as-needed basis.	\$229,757	\$223,759	\$5,998	-3%

²³ The scopes for task orders #22 and #25 appear to be the same. However, without further analysis it is unclear what the differences are.

	Project Name	Contract No.	Task Order Type	Project Scope	Original Amount Awarded	Total Expenditure	Difference	% Increase
25	Roadway System Consulting Services	5004863	Subsequent Award	Successful completion and acceptance of the Roadway System project system design, testing, field installation, commissioning, and system acceptance of the new Roadway Toll Collection System for the I-15 Express Lanes and SR-125 South Bay Expressway. ²⁴	\$796,608	\$747,474	\$49,134	-6%
26	Roadway System Consulting Services	5004872	Subsequent Award	Consultant shall provide website design support for modifications of South Bay Expressway Tolling Operations website.	\$5,710	\$5,710	\$ -	0%
27	Roadway System Consulting Services	5004872	Subsequent Award	Provide website support for the South Bay Expressway Tolling Operations public website.	\$23,525	\$5,767	\$17,758	-75%
28	Roadway System Consulting Services	1197677	Subsequent Award	The CMCP will provide information on current and anticipated future conditions in the study area and will serve as a guiding document to help inform future decision-making on funding and project development.	\$1,177,513	\$1,046,444	\$131,069	-11%
29	San Dieguito Double Track Plans	5001901	Initial Award	San Dieguito Bridge Replacement, Second Track, and Del Mar Fairgrounds Special Events Platforms Project.	\$2,598,065	\$3,043,359	(\$445,294)	17%
30	San Dieguito Double Track Plans	5007812	Subsequent Award	Building on the 60% design, cost savings alternatives will be advanced to confirm feasibility, refine cost estimates, and provide coordination with other planned projects in and adjacent to the corridor.	\$381,895	\$359,091	\$22,804	-6%
31	San Dieguito Double Track Plans	5007812	Subsequent Award	To define cost effective changes that could be feasibly incorporated into the final design of the project or confirm the existing design is the best design to proceed to final design.	\$149,094	\$149,094	\$ -	0%

²⁴ The scopes for task orders #22 and #25 appear to be the same. However, without further analysis it is unclear what the differences are.

	Project Name	Contract No.	Task Order Type	Project Scope	Original Amount Awarded	Total Expenditure	Difference	% Increase
32	San Dieguito Double Track Plans	5007812	Subsequent Award	Advance the plans, specifications and construction cost estimates to a 90% and 100% level of completion.	\$5,347,424	\$5,320,536	\$26,888	-1%
33	San Dieguito Double Track Plans	5007812	Subsequent Award	Engineering services needed to advance the Phase 1 of the Full Project, 90% design package plans, specifications and construction cost estimates to the 95% level of completion, Ready to List package, bidding and conformed drawings. ²⁵	\$1,816,560	\$1,113,850	\$702,710	-39%
34	San Dieguito Double Track Plans	882170	Subsequent Award	Engineering services needed to advance the Phase 1 of the Full Project, 90% design package plans, specifications and construction cost estimates to the 95% level of completion, Ready to List package, bidding and conformed drawings. ²⁵	\$1,178,709	\$2,315,289	(\$1,136,580)	96%
TOTAL					\$38,390,002	\$40,895,902	\$2,505,900	

²⁵ The scopes for task orders #33 and #34 appear to be the same. However, without further analysis it is unclear what the differences are.

APPENDIX D: HNTB TASK ORDER EXPENDITURES EXCEEDING ORIGINAL AWARD AMOUNT

	Project Name	Contract No.	Task Order Type ²⁶	Project Scope	Original Amount Awarded	Total Expenditure	Difference	% Increase
1	Batiquitos Double Track Lagoon	5001901	Subsequent Award	30% Design Package - Provide project management support, documentation of specific planning studies, and preliminary engineering tasks.	\$1,844,923	\$2,640,083	(\$795,160)	43%
2	Batiquitos Double Track Lagoon	5007812	Subsequent Award	Revised 90% design to include design innovations for permit submittal, 100% PS&E package, and continued support of the CMGC through the Bid process.	\$1,626,708	\$1,729,738	(\$103,030)	6%
3	Del Mar Bluffs	5007812	Subsequent Award	30% design with Project Description of alternatives considered environmental clearance/permitting package for construction.	\$399,865	\$795,455	(\$395,580)	99%
4	Del Mar Bluffs	5007812	Subsequent Award	Completed construction of stabilization improvements defined and permitted as part of the Del Mar Bluffs Stabilization Project 4.	\$135,058	\$930,933	(\$795,875)	589%
5	Del Mar Bluffs	5007812	Subsequent Award	The preparation of Emergency Repair Plans, the 30% design with Project Description of alternatives considered and 60% design for environmental clearance.	\$1,475,074	\$4,488,932	(\$3,013,859)	204%
6	Roadway System Consulting Services	5007812	Subsequent Award	Successful completion and acceptance of the Roadway System project system design, testing, field installation, commissioning, and system acceptance of the new Roadway Toll Collection System for the I-15 Express Lanes and SR-125 South Bay Expressway.	\$1,658,397	\$2,614,992	(\$956,595)	58%

²⁶ Task Order Type is defined as: Initial Award – The first task order issued for the project. Subsequent Award – Any task order issued after the initial.

	Project Name	Contract No.	Task Order Type ²⁷	Project Scope	Original Amount Awarded	Total Expenditure	Difference	% Increase
7	San Dieguito Double Track Plans	5001901	Initial Award	San Dieguito Bridge Replacement, Second Track, and Del Mar Fairgrounds Special Events Platforms Project.	\$2,598,065	\$3,043,359	(\$445,294)	17%
8	San Dieguito Double Track Plans	882170	Subsequent Award	Engineering services needed to advance the Phase 1 of the Full Project, 90% design package plans, specifications and construction cost estimates to the 95% level of completion, Ready to List package, bidding and conformed drawings.	\$1,178,709	\$2,315,289	(\$1,136,580)	96%
TOTAL					\$10,916,799	\$18,558,772	(\$7,641,973)	

²⁷ Task Order Type is defined as: Initial Award – The first task order issued for the project. Subsequent Award – Any task order issued after the initial.

APPENDIX E: SCOPE CHANGES TO HNTB TASK ORDER AMENDMENTS

	Project Name	Contract	Task Order (TO)/ Amendment	Change to Project Scope
1	Batiquitos Double Track Lagoon	5001901	TO 12 Amend 1	Adding preliminary engineering design and environmental support for the project, including 10% completion of the Draft Alternative Analysis Report (AAR) and 30% completion of the Final AAR.
2	Del Mar Bluffs Stabilization 4	5007812	TO 2 Amend 1	Adding additional engineering, design and construction support to the project following storm damage and erosion at MP 244 and MP 245.7.
3	Del Mar Bluffs Stabilization 4	5007812	TO 18 Amend 1	Adding design services during construction for emergency repairs including pile stabilization and extending sea wall length.
4	Del Mar Bluffs Stabilization 4	5007812	TO 18 Amend 2	Adding repair work including pile stabilization, extending sea wall height, and backfilling and landscaping for repair areas.
5	Del Mar Bluffs Stabilization 4	5007812	TO 18 Amend 3	Adding six months to complete design services during construction for emergency repairs including pile stabilization and extending sea wall length at MP 245.2.
6	Del Mar Bluffs Stabilization 5	5007812	TO 19 Amend 1	Adding to and amending the scope of work, including design alternatives considered, geotechnical investigation and analysis, filed inspection and recommendation report, coordination with Scripps Institute of Oceanography, vibrations technical support, civil engineering plans and estimates, and environmental permits.
7	Del Mar Bluffs Stabilization 5	5007812	TO 19 Amend 2	Adding to and amending the scope of work, including, but not limited to, preparation of an annual coastal report, added scope to the civil engineering plans and geotechnical investigation and analysis, design surveys at locations with new improvements, added scope to environmental clearance and permitting, additions to coastal consistency certifications and various miscellaneous design memos and analysis between MP 244 and MP 245.7.

	Project Name	Contract	Task Order (TO)/ Amendment	Change to Project Scope
8	Roadway System Consulting Services	5007812	TO 9 Amend 2	Adding to the scope of work for time-dependent work including consultant task order management, project controls and report support, attendance of regular project meetings, oversight of system design and development, oversight of implementation – testing and installation, ancillary project support, and support services. Removing work from the scope, including operational and acceptance testing and implementation phase close-out and support.
9	Roadway System Consulting Services	5007812	TO 9 Amend 4	Removing operational and acceptance testing and implementation phase close-out support.
10	San Dieguito Double Track Plans	882170	TO 3 Amend 2	Adding to and amending the scope of work, including but not limited to, task order and project management, environmental review and updates, technical studies, surveying, geotechnical engineering, 95% PS&E, Ready to List PS&E, public outreach support, and engineering support services during bid and award phase.

**APPENDIX F: DOCUMENT AND DATA INTEGRITY ISSUES IN CONTRACT
MANAGEMENT SYSTEM (CMS) AND PROJECT FILES**

Category of Issue	Description of Error Observed
Systemic errors in HNTB records in CMS	<ul style="list-style-type: none"> 65 contract and task order records are missing all key milestone dates (effective, execution, and close-out dates). 161 task order records are missing the task order end date, even though the contracts have been closed since July 2019. 25 task order records show the task is still in “executed” status even though the contracts have been closed since May 2019. 310 contract and task order records have “not applicable” as the competition type. Contract procedures instruct Contract Analysts to copy the competition type from the parent contract but there are no guidelines for assigning it to task orders or their amendments. As a result, we could not determine if task orders were competitively awarded or sole sourced. 3 contract records have no assigned Project Manager. 1 task order amendment’s contract details record for the Roadway System Consulting Services project states there was a time extension and no scope change, though documentation shows the amendment included a scope change without a time extension.
Contract and project documents are missing or are not uploaded to CMS	<ul style="list-style-type: none"> 4 task orders for the Roadway System Consulting Services project are missing: 1 task order from contract 5004863 and 3 task orders from contract 5004872.²⁸ 11 On-Call Task Order Firm Recommendation forms are missing.²⁸ 23 task orders are missing the Engineer's Independent Cost Estimates in CMS. All these task orders originated prior to March 2020. According to SANDAG, all independent cost estimate documents can be found in the Contracts Library because CMS is the system of record for contracts executed after March 2020. 22 task orders are missing the notice-to-proceed letter in CMS.²⁸ 25 task orders are missing the close-out letter in CMS.²⁸

²⁸ These documents may be retained outside CMS but have not been uploaded to CMS.

Category of Issue	Description of Error Observed
Documents uploaded to the wrong project records in CMS	<ul style="list-style-type: none"> 1 master on-call contract solicitation is missing, and in its place is a contract with CH2M Hill Inc. 1 task order for the Del Mar Bluffs project has the close-out letter for the SANDAG Regional Plan Update project attached in CMS. 1 task order for the San Dieguito Double Track Plans project has two cost estimates - the wrong cost estimate for the Superloop project in CMS, along with the correct San Dieguito project estimate. 1 task order for the Batiquitos Double Track Lagoon project (contract 882170 task order 6) has the wrong cost estimates. The cost estimates are for contract 5007812 task order 12 and amendments 1 and 2. 1 task order amendment for the Del Mar Bluffs project has the wrong amendment attached in CMS. Instead of task order No. 2, we found task order No. 1 is attached. 1 task order amendment for the 9th task order of contract 5007812 for the Roadway System Consulting Services project is incorrectly loaded into CMS.
Draft documents uploaded to CMS	<ul style="list-style-type: none"> 1 single draft solicitation for on-call A&E consulting services is uploaded to the contract records of all five projects reviewed in CMS. 1 draft sole source justification form is loaded to five task orders awarded under contract 882170.
Mislabeled documents in CMS	<ul style="list-style-type: none"> 1 contract amendment for contract 5004863 for the Roadway System Consulting Services project is mislabeled as a task order amendment.
Document naming convention lacked clarity and consistency in CMS	<ul style="list-style-type: none"> 1 task order has four different cost estimates in CMS, making it unclear which estimate was used for the project budget and cost negotiations with HNTB. Task order and amendment names do not indicate the associated project and phase. For example, task order amendments were named "time extension" and "Amend for Time and Revised Fee Schedule". There is no requirement that task order or amendment names include the project's name or identifier.
Blank fields in CMS	<ul style="list-style-type: none"> 23 task order records have no cost estimate value in CMS. 27 task order have no notice-to-proceed date. 26 task orders have no close-out date.

Category of Issue	Description of Error Observed
Discrepancies between CMS and supporting documents	<ul style="list-style-type: none"> • 1 task order has an incorrect notice-to-proceed date in CMS. • 1 task order has a different start date in CMS than in the task order scope of work. • 1 task order has an incorrect close-out date in CMS.
Readability of documents in CMS	In some cases, cost estimates are saved in formats that are difficult to read or contain cut-off content, limiting their usefulness.
Errors in project documentation	<ul style="list-style-type: none"> • 1 notice-to-proceed letter has no date.

APPENDIX G: MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN



September 26, 2025

Courtney Ruby
Independent Performance Auditor
Office of the Independent Auditor

RE: Management's Response to the Office of the Independent Performance Auditor's Performance Audit of SANDAG's Contract and Project Management Over HNTB

Dear Ms. Ruby:

Thank you for the opportunity to respond to the Office of the Independent Auditor's (OIPA's) Contract and Project Management Over HNTB Audit. We appreciate the analysis and the continued feedback your team provides us with our ongoing commitment to improving organizational operations.

The report, and its recommendations, are consistent with themes we have seen in recent audits covering the same scope period. For example, recommendations suggested that SANDAG strengthen procurement standard operating procedures, develop a documentation system for centrally and securely housing contract documentation, ensure proper justification for contract decisions, and train staff on their project management and contract management roles and responsibilities.

We are working diligently to improve in these areas and have been focused on the following efforts over the past year:

- Development of a comprehensive documents management system.
- Updates to the Procurement Manual and supplemental guidance to align with best practice and agency operations.
- Development of an agencywide training program, including identifying required trainings, intended audience, objectives, and anticipated scheduling.
- Implementation of consistent project management practices based on industry best practice.

Attached is management's response to the audit's recommendations. We look forward to continuing our collaboration with OIPA.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Mario Orso', is placed above the printed name.

Mario Orso
Chief Executive Officer

cc: Members of the Board of Directors
Members of the Audit Committee

Attachment 1 – Management Corrective Action Plan - SANDAG's Contract and Project Management Over HNTB

1011 Union Street, Suite 400
San Diego, CA 92101-2392

619.699.1900

SANDAG.org



Performance Audit of SANDAG's Contract and Project Management Over HNTB

SANDAG's Corrective Action Plan

Finding No.	Rec No.	OIPA Recommendations	Management Corrective Action Plan (CAP)	Responsible Owner(s) and Target Completion Date
1	1	Establish a review process to ensure ICEs are current, complete, and approved by a principal/manager before task order execution. Supervisory review must be clearly documented.	Management agrees with this recommendation. Existing standard operating procedures require that the Independent Cost Estimate (ICE) is uploaded into CMS for review and routing. Supervisory signoff is an attestation that the ICE has been reviewed for completeness and that estimates are current estimates and complete. Management will review the ICE approval process in CMS to ensure that documentation clearly shows the preparer and reviewer of the ICE.	Director of Contracts and Procurement Services March 31, 2026
1	2	Create a tracking mechanism to link task orders and amendments to their originating task order solicitations for phased projects to ensure that work awarded later was part of the competitively solicited scope.	Management agrees with this recommendation. Management will refine its documentation protocols to create efficient tracking of task orders, amendments, and originating task orders for phased projects.	Director of Contracts and Procurement Services March 31, 2026
1	3	For ongoing and new HNTB contracts and projects, ensure task order solicitations, evidence of who received invites to bid on task orders, and justifications of vendor selection are added to the appropriate task order record in CMS or clearly identified as missing/not found. Require supervisory reviews to ensure compliance.	Management agrees with this recommendation. Management will review ongoing and new HNTB contracts in CMS for task order solicitations, bid invites, and vendor selection justification. If the information is missing, management will upload the documentation or note if the documentation does not exist.	Director of Contracts and Procurement Services March 31, 2026

Performance Audit of SANDAG's Contract and Project Management Over HNTB
SANDAG's Corrective Action Plan

Finding No.	Rec No.	OIPA Recommendations	Management Corrective Action Plan (CAP)	Responsible Owner(s) and Target Completion Date
1	4	Update contract templates (such as the On-Call Firm Recommendation Forms) to clearly indicate whether work is standalone or part of a multi-phase project.	<p>Management implemented this recommendation.</p> <p>The On-Call Firm Recommendation Form has been discontinued since 2022. The History of Procurement (HOP) Form is the replacement and includes a section that requires staff to identify whether work is standalone or part of a multi-phase project.</p>	Implemented
1	5	Develop and document a control to verify Project Managers properly document rationale for awarding task orders to on-call vendors, including why competitive bidding was not used if the task order was awarded via sole source.	<p>Management agrees with this recommendation.</p> <p>Management is developing comprehensive project management guidance, which will encompass roles and responsibilities, planning, project monitoring, documentation requirements, etc. As part of the documentation guidance, management will require that Project Managers include justification for on-call task orders and sole source awards be included in the record.</p>	<p>Senior Director of Capital and Delivery</p> <p>March 31, 2026</p>
1	6	Establish policies and procedures for when to use a new task order or amend an existing task order, ensuring a clear audit trail can be followed for each phase of a multiphase project.	<p>Management agrees with this recommendation.</p> <p>Management will: 1) conduct an evaluation to determine the best scenarios for issuing a new or amended task order based on historical review, industry best practice, system capability, etc.; and 2) ensure that new and amended task orders can be tracked.</p>	<p>Director of Contracts and Procurement Services</p> <p>March 31, 2026</p>

Performance Audit of SANDAG's Contract and Project Management Over HNTB

SANDAG's Corrective Action Plan

Finding No.	Rec No.	OIPA Recommendations	Management Corrective Action Plan (CAP)	Responsible Owner(s) and Target Completion Date
1	7	Update contract templates to ensure spending limits are accurately documented as required and approvers' names, in addition to signature, are present.	Management agrees with this recommendation. Management will update the contract template to reflect that spending limits are accurately recorded and that evidence of approval is present.	Director of Contracts and Procurement Services March 31, 2026
1	A	Update the Board Policy No. 017, the Employee Handbook and Procurement Manual to create more internal controls around approval and signature of procurement transactions by including the Office of General Counsel in all transactions to ensure risks are mitigated. <i>(Repeat finding)</i>	Pending Direction by the Board. Management will present any requested modifications to Board Policies for the Board's consideration. Management makes regular updates to the Employee Handbook and Procurement Manual and will consider the need for internal controls as well as the relative risks of each individual transaction, the experience level of the designated staff member, and the needs of the agency regarding the volume of transactions that occur on a daily basis.	December 31, 2025
2	1	Develop a control to ensure Project Managers prepare and retain complete, detailed Independent Cost Estimates (ICEs) for all task orders, in accordance with the Procurement Manual.	Management agrees with this recommendation. Management will require that Independent Cost Estimates (ICEs) be prepared and retained for task orders in accordance with Procurement Guidance.	Director of Contracts and Procurement Services February 28, 2026

Performance Audit of SANDAG's Contract and Project Management Over HNTB

SANDAG's Corrective Action Plan

Finding No.	Rec No.	OIPA Recommendations	Management Corrective Action Plan (CAP)	Responsible Owner(s) and Target Completion Date
2	2	Standardize Project Management task order templates to require a clearly defined list of deliverables, responsible parties, and due dates.	Management agrees with this recommendation. Management will review existing Task Order templates for gaps and/or areas for refinement to identify the best way to include a checklist, or equivalent, that outlines deliverables, responsible parties, and due dates.	Director of Contracts and Procurement Services and Senior Director of Capital and Delivery April 30, 2026
2	3	Require Project Managers to document the date vendors complete the final deliverable for task orders and retain evidence in the contract file. Require supervisory reviews to ensure compliance.	Management agrees with this recommendation. Management will review its project management practices to identify the best method for documenting vendor completion of deliverables and supervisory review.	Senior Director of Capital and Delivery March 31, 2026
2	4	Establish a formal Project Management process for monitoring project schedules, including periodic updates and milestone tracking.	Management implemented this recommendation. Management developed a standard operating procedure (SOP) entitled, "How to Assess and Document Completion of Milestones/Deliverables." This SOP outlines the steps for assessing and documenting completion of deliverables and milestones, including requiring the use of a Project Milestone & Deliverables template.	Implemented

Performance Audit of SANDAG's Contract and Project Management Over HNTB
SANDAG's Corrective Action Plan

Finding No.	Rec No.	OIPA Recommendations	Management Corrective Action Plan (CAP)	Responsible Owner(s) and Target Completion Date
2	5	Require all amendments include a revised project schedule when extending the timeline or modifying deliverables.	Management agrees with this recommendation. Management will require that amendments include a revised project schedule when extending timelines or modifying deliverables.	Director of Contracts and Procurement Services April 30, 2026
2	6	Require written justification for all schedule extensions. Do not allow undocumented schedule changes.	Management agrees with this recommendation. Management will require on a going forward basis, that documentation include proper justification for schedule extensions.	Director of Contracts and Procurement Services April 30, 2026
2	7	Train Project Managers on contract monitoring responsibilities, including cost estimation, deliverable tracking, and schedule management.	Management agrees with this recommendation. Management will train project managers on contract monitoring responsibilities (e.g., project scope, time, budget, and deliverable tracking).	Senior Director of Capital and Delivery June 30, 2026
2	8	Establish a quality control process to audit a sample of task orders quarterly to ensure proper documentation is maintained, policies and procedures were followed, and exceptions were properly documented. Establish a compliance baseline, then track improvements over time. When management's established goals for agencywide compliance occur, reduce reviews to no less than annually.	Management agrees with this recommendation. Management will establish a quality control process for spot checking adherence to task order policies and procedures related to documentation, exceptions, etc. Management, will: <ol style="list-style-type: none"> 1) Establish a compliance baseline. 2) Test two quarters. 3) Determine if to continue quarterly reviews or switch to annual. 	Director of Internal Controls September 30, 2026

Performance Audit of SANDAG's Contract and Project Management Over HNTB

SANDAG's Corrective Action Plan

Finding No.	Rec No.	OIPA Recommendations	Management Corrective Action Plan (CAP)	Responsible Owner(s) and Target Completion Date
2	9	Incorporate adherence to policies and procedures into Project Manager's annual performance evaluations and require supervisors to sample Project Manager's work and document compliance during annual evaluations.	Management agrees with this recommendation. Management is developing comprehensive project management procedures, which will define roles and responsibilities, as well as guidance related to planning, policy, project monitoring, and documentation requirements. As part of this new program, regular project status update meetings will be held at the Senior Director and CEO level to monitor project progress and compliance of all relevant requirements.	Senior Director of Capital and Delivery April 30, 2026
3	1	Update SANDAG Project Management contract templates to require all tasks have corresponding deliverables that are clearly defined, measurable, and time-bound, and ensure all deliverables are linked to specific contract tasks and include acceptance criteria.	Management agrees with this recommendation. Management is developing comprehensive project management guidance and will review its project management contract templates for gaps and/or areas for refinement to identify the best way to incorporate guidance on creating SMART deliverables. SMART goals are specific, measurable, attainable relevant, and time-bound.	Director of Contracts and Procurement Services and Senior Director of Capital and Delivery April 30, 2026
3	2	Update procurement guidance to require that roles and responsibilities in multi-vendor projects (e.g., oversight of subcontractors like ETAN) are clearly defined in both prime and support contracts and SANDAG's oversight over such multi-vendor projects is clearly defined.	Management agrees with this recommendation. Management will continue its review and refinement of procurement standard operating procedures to ensure that roles and responsibilities in multi-vendor projects is clearly defined. Management will work with the Office of General Counsel to determine how best to incorporate roles and responsibilities into prime and support contracts.	Director of Contracts and Procurement Services and Office of General Counsel March 31, 2026

Performance Audit of SANDAG's Contract and Project Management Over HNTB

SANDAG's Corrective Action Plan

Finding No.	Rec No.	OIPA Recommendations	Management Corrective Action Plan (CAP)	Responsible Owner(s) and Target Completion Date
3	3	Establish a checklist-based review process for all contract amendments to ensure changes in scope, deliverables, cost, or schedule are fully documented and justified. Require supervisory review to ensure compliance.	Management agrees with this recommendation. Management will require that on a going forward basis, changes to scope, deliverables, cost, and/or schedule include proper documentation, justification, and supervisory review.	Director of Contracts and Procurement Services March 31, 2026
3	4	Establish a centralized, secure, and auditable repository for storing vendor deliverables during the life of each project and require Project Managers to upload and maintain all submitted deliverables in this repository as they are received. Require supervisory review to ensure compliance.	Management agrees with this recommendation. Management will explore existing document repositories to identify the best method(s) for securely housing vendor deliverable documentation and documenting supervisory review.	Senior Director of Capital and Delivery Senior Director of BITS and Data Science May 31, 2026
4	1	Review and update all ongoing and new HNTB contract and task order documents in CMS to ensure the final versions are complete, correctly labeled, and properly loaded. Require supervisory reviews to ensure accuracy and completeness.	Management agrees with this recommendation. Management will ensure that open and new HNTB contracts and task order documents are in compliance with updated procurement standard operating procedures. For open items, Management will determine the best way to update documents to ensure files are updated, while not creating an additional administrative burden.	Director of Contracts and Procurement Services April 30, 2026
4	2	Review and update CMS data fields for HNTB contract and task order records to ensure key data (e.g., dates, status, competition type) is complete and accurate.	Management agrees with this recommendation. Management will review HNTB entries in CMS and update data to reflect end dates and other key fields to ensure data accuracy and completeness.	Director of Contracts and Procurement Services April 30, 2026

Performance Audit of SANDAG's Contract and Project Management Over HNTB

SANDAG's Corrective Action Plan

Finding No.	Rec No.	OIPA Recommendations	Management Corrective Action Plan (CAP)	Responsible Owner(s) and Target Completion Date
4	3	Create and apply a consistent methodology for assigning competition types to contract, task orders and amendments in CMS.	Management agrees with this recommendation. Management will develop standard operating procedures that delineate how competition types will be assigned to contracts, task orders, and amendments.	Director of Contracts and Procurement Services January 31, 2026
4	4	Establish and enforce a standard naming convention that includes the project name or identifier for contracts, task orders, and amendments.	Management agrees with this recommendation. Management will identify the best naming convention for contracts and associated documents based on the system of record, subject matter expertise, etc.	Director of Contracts and Procurement Services January 31, 2026
4	5	Evaluate the allocation of necessary resources, including budget, time, and tools to improve documentation efforts through the creation of a formal records management system.	Management agrees with this recommendation. Management acknowledges that records management is a core function for ensuring that documents across the organization are developed, accessed, disposed, and monitored properly. Management will evaluate options for how best to incorporate records management oversight within the resource capacity (e.g., budget, time, tools) and organizational structure that exists.	Senior Director of BITS and Data Science Senior Director of Administration and Public Affairs April 30, 2026

Performance Audit of SANDAG's Contract and Project Management Over HNTB
SANDAG's Corrective Action Plan

Finding No.	Rec No.	OIPA Recommendations	Management Corrective Action Plan (CAP)	Responsible Owner(s) and Target Completion Date
4	6	Assign Director-level ownership to ensure accountability of the records management system.	Management agrees with this recommendation. Pending the outcome of Recommendation 4.5, Management will assign Director-level ownership for oversight of the records management system.	Senior Director of BITS and Data Science Office of General Counsel Senior Director of Administration and Public Affairs April 30, 2026
4	A	Develop a formal quality assurance (QA) process to ensure that final versions of documents are timely, accurate, and properly stored in CMS. <i>(Repeat finding)</i>	Management shall develop and implement procedures for conducting QA/QC efforts pertaining to procurement records.	 December 31, 2025
4	B	Implement a training program to build employee understanding and skills related to documentation standards and requirements. <i>(Repeat finding)</i>	Management shall develop procedures and guidelines, and provide training to Contracts Analysts, to address storage of documentation.	 December 31, 2025