



OFFICE OF THE INDEPENDENT PERFORMANCE AUDITOR

Annual Fraud, Waste and Abuse Report

Fiscal Year 2020-21

June 2021

About the Fraud, Waste and Abuse:

The Office of the Independent Performance Auditor (OIPA) is the official body of the agency to investigate allegations of potential fraud, waste, and abuse identified by agency staff or other stakeholders. Once the investigation into the allegations has been conducted, the OIPA advises the SANDAG Audit Committee and the Office of General Counsel on whether improper activities occurred.

[SANDAG Board Policy No. 41](#) - Internal Control Standards is intended to help prevent and detect potential fraud, waste, and abuse of public funds by guiding and encouraging agency management and staff to consider, implement, and monitor good system controls.

Fraud, Waste, and Abuse of Public Funds or Assets Defined

"Fraud, waste, or abuse" means any activity by a local agency or employee that is undertaken in the performance of the employee's official duties, including activities deemed to be outside the scope of his or her employment, that is in violation of any local, state, or federal law or regulation relating to corruption, malfeasance, bribery, theft of government property, fraudulent claims, fraud, coercion, conversion, malicious prosecution, misuse of government property, or willful omission to perform duty, is economically wasteful, or involves gross misconduct.

Per the Board of Directors approved [Board Policy No. 039](#), the Independent Performance Auditor (IPA), the IPA is the official body of SANDAG to investigate allegations of potential fraud, waste, and abuse identified by staff or other stakeholders. Once the investigation into the allegations has been conducted, the IPA advises the Audit Committee, the Office of the General Counsel or outside counsel under contract with SANDAG on whether improper activities occurred.

An employee, contracted parties, member of the public, or other stakeholders of SANDAG can file a complaint with OIPA alleging improper activities. A member of the public or other stakeholders are encouraged to file as soon as the complainant had knowledge of the alleged improper activity. An employee or applicant for employment that is subject to Government Code Section 53297 shall have the right to file a complaint within 60 days of the date of the act or event which is subject of the complaint. Prior to filing a written complaint, the employee shall first make a good faith effort to exhaust all available administrative remedies.



OFFICE OF THE INDEPENDENT PERFORMANCE AUDITOR

DATE: June 25, 2021

TO: Members of the Audit Committee

FROM: Mary Khoshmashrab, Independent Performance Auditor

SUBJECT: Independent Performance Auditor Annual Fraud, Waste, and Abuse Report - FY 2021

During Fiscal Year 2021 (July 1, 2020 – June 30, 2021) we received 1 additional Fraud, Waste and Abuse reporting from an external party to the Office of the Independent Performance Auditor (OIPA). There was a total of 7 (2 external and 5 internal) open/pending cases from prior fiscal year. As of June 30, 2021, there was a total of 4 (1 external and 3 internal) that have been closed with 4 pending reporting's (2 external and 2 internal).

Table 1 the following page summarizes the types of reporting's received during Fiscal Year 2020-21 or pending from prior fiscal year.

Table 2 page 3 provides detailed reporting and status on External Fraud, Waste and Abuse Reporting's.

Table 3 page 4 provides detailed reporting and status on Internal Fraud, Waste, and Abuse Reporting's.

Table 1:

Reporting Received in Fiscal Year 2020-21

Independent Performance Auditor Reporting's	Number of Reporting's (Prior Year)	Number of Reporting's (Current Year)	Closed	Open
External Reporting's				
Fraud				
Gross Mismanagement				
Waste				
Abuse	1			1
Substantial and Specific Danger to Public Health and Safety				
Combination of Allegations	1	1	1	1
Subtotal External Investigations	2	1	1	2
Internal Reporting's				
Abuse of Authority				
Unfair Treatment	3		3	
Employee Relations				
Overall Risk Lack of Control/Policy	1			1
Theft of Time	1			1
Combination of Allegations				
Subtotal Internal Investigations	5		3	2
Total Reports Received in Purview of the IPA	7	1	4	4

Table 2:

Status of External Fraud, Waste and Abuse Reporting Fiscal Year 2020-21

No.	Incident Type	Report #	Received	Date	Status/Outcome	Date
1	Abuse	004	Received	1/13/20	Open/unresolved	Pending
<p>An allegation stating that SANDAG is allowing for unsafe traffic circles, ignoring and lying to the SANDAG Board of Directors, and evading the Brown Act. The matter is on hold and pending additional information that OIPA has requested from the complainant. As of 6/30/21, no additional information has been provided by complainant.</p>						
2	Combo - Abuse	007	Received	4/29/20	Substantiated/Closed Referred to GC and SANDAG Human Resources	5/11/21
<p>An allegation that SANDAG employee participated in contract collusion. Allegations include gross mismanagement by failing to promptly provide relevant information to team, causing extensive delays and wasting limited project budget; Significant Waste of Funds including claims that the said employee manipulated a public bidding process to route fund to a preferred consultant; and Abuse of Authority by coercing members of a team and influence direction.</p> <p>OIPA Response: Some matters regarding this investigation was sufficiently collaborated and substantiated. The IPA referred the matter to SANDAG's General Counsel and Human Resources.</p>						
3	Combo - Abuse	001	Received	9/09/20	Open/unresolved	Pending
<p>An email was sent to OIPA that included a "Notice of Suspension and Intent to Debar" resulting from an investigation that was performed and finalized by the City of San Diego on 6/6/20. The complainant claimed that because there was SB1 money involved and the funds were disbursed by SANDAG, OIPA should perform a review of the matter. OIPA responded by providing the link to the Fraud, Waste and Abuse website requesting that the complainant formally file by completing the necessary form and providing more detail and specifics. As of June 2020, no further information has been provided.</p>						

Table 3:

Status of Internal Fraud, Waste and Abuse Reporting Fiscal Year 2020

No.	Incident Type Allegation/Outcome	Report #	Received	Date	Status/Outcome	Date
1	Unfair Treatment	003	Received	2/5/20	Closed/Addressed in the Sal and Comp Audit. CAP in place	11/20/20
<p>An allegation of unfair treatment of employee hiring without a competitive hiring process, and equal and fair opportunity for other qualified SANDAG staff. OIPA is in the process of performing an Audit of Salaries and Benefits and other Compensation which includes audit procedures to test and verify if the allegations of this matter can be substantiated. The estimated completion date for this Audit is August 2020.</p> <p>Update: OIPA's audit was performed and issued in August 2020. SANDAG has developed a Corrective Action Plan that addresses these allegations.</p>						
2	Unfair Treatment	004	Received	2/19/20	Closed/Addressed in the Sal and Comp Audit. CAP in place	11/20/2020
<p>An allegation of unfair treatment of employee hiring without a competitive hiring process, and equal and fair opportunity for other qualified SANDAG staff. OIPA is in the process of performing an Audit of Salaries and Benefits and other Compensation which includes audit procedures to test and verify if the allegations of this matter can be substantiated. The estimated completion date for this Audit is August 2020.</p> <p>Update: OIPA's audit was performed and issued in August 2020. SANDAG has developed a Corrective Action Plan that addresses these allegations.</p>						
3	Unfair Treatment	005	Received	3/3/20	Closed/Addressed in the Sal and Comp Audit. CAP in place	11/20/20
<p>An allegation of unfair treatment among employees including favoritism. OIPA is in the process of performing an Audit of Salaries and Benefits and other Compensation which includes audit procedures to test and verify if the allegations of this matter can be substantiated. The estimated completion date for this Audit is August 2020.</p> <p>Update: OIPA's audit was performed and issued in August 2020. SANDAG has developed a Corrective Action Plan that addresses these allegations.</p>						
4	Theft of Time	006	Received	4/30/20	Open/Pending Audit	Pending
<p>An allegation of use of time. Employee complained that some employees were abusing their flexibility in their work schedule by including their commute and workout time as time worked. OIPA has planned a Timekeeping Audit within the next year that will include audit procedures to test for misuse and abuse of productive work time.</p>						
5	Over Risk to Agency Controls and/or Policy	007	Received	5/6/20	Open/Pending Audit	Pending
<p>An allegation of lack of controls and failure to create or follow policies. Complainant provided examples of SANDAG lacking controls and sufficient policy around various operations. This matter is currently pending further investigation and review of evidence.</p> <p>Update: OIPA's FY2122 Audit Plan will address this allegation. The plan includes reviews of operational processes and system controls.</p>						

Conclusion

The Office of the Independent Performance Auditor is committed to ensuring that all reported claims of fraud, waste, and abuse related to SANDAG's operations are sufficiently investigated and successfully resolved.

In Fiscal Year 2020-21, OIPA applied approximately 187.5 hours administering and investigating Fraud, Waste, and Abuse matters which included coordinating Intake, investigations, and preparing reports and year-end status summaries.

Respectfully submitted,



Mary Khoshmashrab, MSBA, CPA
Independent Performance Auditor

cc: Audit Committee Chair David Zito
 Audit Committee Vice Chair Mayor Racquel Vasquez
 Audit Committee Public Members
 SANDAG Board of Directors
 Hasan Ikhmeta, Executive Director
 OIPA Webpage and File