



# San Diego Association of Governments

Office of the Independent Performance Auditor

**Courtney Ruby, CPA, CFE**  
**Independent Performance Auditor**

**ANNUAL AUDIT PLAN**  
**REVISED January 5, 2024**  
*For the period of*  
**July 1, 2023 to June 30, 2024**

**SAN DIEGO ASSOCIATION OF GOVERNMENTS  
OFFICE OF THE INDEPENDENT PERFORMANCE AUDITOR  
AUDIT PLAN  
FOR THE PERIOD OF July 1, 2023 THROUGH JUNE 30, 2024**

**I. STRATEGIC GOALS AND ACTIVITIES**

**Strategy**

To ensure that the Office of Independent Performance Auditor’s (OIPA) plan is successful, it must be strategically designed and agile. The plan for fiscal year 2023-24 has been updated and continues to consist of defined goals that encompass OIPA’s planned audits based on OIPA’s overall stated actions. To ensure the plan is properly designed, OIPA includes actions to help ensure and support a plan that results in success, can be nimble, and contributes to SANDAG becoming a more efficient and effective agency. The OIPA’s goals focus on end-result based outcomes for the agency while supporting how the OIPA achieves success. The OIPA’s goals and actions are prioritized and shown in the following table.

| OIPA’s Goals & Benefits Derived   | Priority | OIPA’s Goals   | Actions  |
|---|----------|--|--|
| <b>OIPA Goal -01</b><br><br><b>Efficiencies and Effectiveness</b>   | <b>1</b> | Continue to work directly with SANDAG’s CEO, Deputy CEOs to identify areas where improvement is needed regarding policies, procedures, and system controls. This will help the organization to become more effective and efficient with their resources.   | Perform audits and reviews on a continuous basis around areas of p-card and reimbursement transactions, contracts and procurement, and other audits that will bring improvements to the agency.  |
| <b>OIPA Goal – 02</b><br><br><b>Efficiencies and Effectiveness</b><br><br><b>Good System of Controls</b>                                  | <b>2</b> | Work directly with the Director of Technology on the development of the agencywide ERP system.   | Engage and provide guidance to management and staff regarding system controls that should exist within an automated system to ensure that controls are built into the system vs manual controls.<br><br>Work closely with the Director of technology to ensure that the new ERP system has good system controls while developing workflows.<br><br>Further, to help ensure that contractors charged with system implementation that includes budget, accounting, and contracts are timely with their tasks, actions, and commitment and staying within the budget and scope of the project according to the agreement/contract. And, where there are delays, ensure that management is addressing and documenting deficiencies and holding the contractor accountable. |
| <b>OIPA Goal -03</b><br><br><b>Deterrence and Detection of Fraud, Waste, Abuse, and Mismanagement</b>                                     | <b>1</b> | Continue to investigate areas of potential fraud, waste, abuse and mismanagement identified by SANDAG’s employees, Board of Directors, CEO, Deputy CEOs, contractors and vendors. An effective Whistleblower program deters instances of fraud, waste, abuse and mismanagement, and reduces losses to an organization through early detection. | Perform timely investigations in the areas of fraud, waste, abuse and mismanagement. Prioritize resources based upon potential impact to the organization, public and stakeholders. Place an emphasis on educating SANDAG employees on the IPA’s Whistleblower program including Whistleblower protection from retaliation.  |
| <b>OIPA Goal – 04</b><br><br><b>Efficiencies and Effectiveness</b><br><br><b>Good System Controls and Transparency and Accountability</b> | <b>2</b> | The IPA and OIPA staff will work to ensure that the Corrective Actions Plans that are approved by the Board are implemented and within the stated dates. The OIPA will ensure that CAP actions are being followed and adhered.   | The OIPA auditors will incorporate substantive and dual testing into the audits and review performances to ensure that management and staff are following updated policies and procedures.   |

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**II. PERFORMANCE MEASURES FOR FY 2023-2024**

The OIPA’s performance measures for FY 2023-2024 are aligned with SANDAG Strategic Initiatives (SSI) that were previously set and were developed and approved by the Audit Committee. Further, these performance measures will be used during the review of the IPA’s annual performance review (IPA). Lastly, the OIPA measures are designed to ensure adherences to professional auditing standards (PAS) and in consideration of staff development goals (SDG).

| <b>The IPA’s Performance Measure Goals</b>  | <b>PM No.</b> | <b>Type</b>                               | <b>Alignment</b>    | <b>On Target</b>                         | <b>Exceeds</b>       |
|---|---------------|---|---------------------|--|----------------------|
| <p><b>CPE- Professional Continued Education (IPA)</b><br/>100% of auditors adhere to professional certificate/licensing requirements and competency needs every two years and at least 40 hours annually.</p>   | <b>1</b>      | Quality/<br>Teamwork                      | PAS/SDI/<br>IPA     | 90%                                      | 100%                 |
| <p><b>Percentage of planned engagements vs. number of engagements conducted.</b><br/>Ensure auditor utilization performance meets industry standards, with audit utilization being measured by the number of planned audits divided by the number of audits conducted.</p>  | <b>2</b>      | Outcome/<br>Leadership                    | SSI/PAS/<br>SDI/IPA | 80%                                      | 85%                  |
| <p><b>Budgeted vs. actual audit hours per engagement (OIPA)</b><br/>Complete audits in an efficient and effective manner, measured by the number of hours budgeted per audit vs actual hours expended per audit.</p>  | <b>3</b>      | Outcome/<br>Leadership                    | SSI/PAS/<br>SDG/IPA | 70%                                      | 80%                  |
| <p><b>Percentage of OIPA’s key goals achieved.</b><br/><br/>In preparation of the annual audit plan, the IPA offers and provides support that includes an annual risk discussion with the governing board, the audit committee, and executive team as part of consideration of risk.<br/><br/>The IPA offers and supports providing training and outreach to SANDAG staff and Board members by way of classes and guidance on areas of system controls, best practices, and risk consideration.</p>   | <b>4</b>      | Outcome/<br>Operational                   | SSI/SDG/<br>IPA     | 70%<br>participation                     | 80%<br>participation |
| <p><b>Public Transparency and Accountability</b><br/>The IPA ensures that the OIPA will work with Management to maintain an ongoing summary of all internal and external audits that are performed on SANDAG and the status of all Corrective Action Plans (CAPs). Additionally, the IPA will ensure that all CAPs relating to audits performed by the OIPA are reviewed and tested and that results are reported on a quarterly basis to the Audit Committee on posted to the OIPA website on an annual basis.<br/><br/>Fraud, Waste, Abuse – The IPA ensures that the OIPA will provide an annual written report to the Audit Committee, Board, and post to the OIPA website that consists of all incidents reported via the Fraud, Waste, and Abuse website. Further, the IPA will, on a quarterly basis, give an update to the Audit Committee.<br/><br/>The IPA ensures that there will be no intentional failures to post and there would be no public posting of disclosures by the IPA of information that is required, under law, to be kept confidential.</p> | <b>5</b>      | Quality/<br>Operational/<br>Communication | SSI/IPA             | 100%                                     | 100%                 |
| <p><b>Communication and Relationship Development</b><br/>Maintain and further develop working relationships with management, while maintaining independence, so that the Office of the Independent Performance Auditor is viewed as a value-added part of the organization.<br/>The IPA will undergo an independent - 360 type performance review/survey. Participants will include professional peers, Board, Audit Committee Members, management, and staff of SANDAG. Based on an evaluation like the IPA’s previous review performed by an independent consultant.</p>  | <b>6</b>      | Outcome/<br>Communication                 | SSI/IPA             | Not less than<br>satisfactory or<br>70%. | Exceeds<br>80%       |

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**III. AUDIT PLAN FOR FY 2023-24**

The OIPA's Audit Plan (plan) includes goals and actions (identified above) in addition to audits, reviews, and other engagement types (defined below). The plan is a tool used to document planned assessments, audits, reviews, and other engagements that are performed by the OIPA to help carry out and fulfill Assembly Bill 805 (Gonzalez, 2017) and Board Policy No. 039. The OIPA auditors are SANDAG's first line of defense against external audits performed by state and federal auditors and can help prevent and detect issues prior to external reviews that can result in unnecessary negative findings. The OIPA will work with SANDAG's external auditors to help ensure there is no duplication of work and that the work performed by the Independent Performance Auditor's (IPA) staff compliments and brings value, accountability, and transparency to SANDAG.

The plan is risk-based and designed to perform engagements that help to identify areas of improvements, provides guidance and support to SANDAG employees, and helps to ensure there are good system of internal controls, and processes and procedures are operating effectively and efficiently. Additionally, the plan accounts for the OIPA's responsibility regarding the detection and prevention of fraud, waste, abuse, and mismanagement around SANDAG's departments, programs, and major projects, while supporting a proactive attitude and a more responsible government agency. Lastly, the plan is agile allowing auditors to provide resources that are flexible and nimble to benefit the organization.

The IPA presents the following FY2023-24 revised audit plan for Audit Committee approval. The plan consists of two parts. The first part is achieved efforts by the IPA and is linked to the defined goals and performance measures to ensure accountability, success and supports to the annual operations of the OIPA. The next part involves the use of direct audit and investigative resources and focus on engagement objectives that includes operational processes, system of internal control reviews and other engagement types. In addition to these planned engagements, the OIPA may accept unplanned engagements at the request of SANDAG's Board, Audit Committee, and Executive Director, and in response to Fraud, Waste, Abuse, and Mismanagement complaints; these types of requests are made to the IPA and brought to the Audit Committee for consideration and adjustment of hours to the budgeted audit plan.

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**A. Part I – Defined Goals and Performance Measures**

| IPA Operational Activity/Task  | Est. Date or Time Commitments               | Impact  |
|--|---|---|
| Audit Committee  | <b>Monthly</b>                              | <b>Compliance/Operational/<br/>Transparency</b> |
| OIPA staff and Executive meetings  | <b>Weekly</b>                               | <b>Operational</b>                              |
| Board and PAC meetings   | <b>Monthly</b>                              | <b>Compliance/Operational</b>                   |
| Planning Annual Auditor Training   | <b>September</b>                            | <b>Compliance/Staff<br/>Development/Quality</b> |
| Annual Review of Professional Standards and Update to Engagement Manual and OIPA Policies and Procedures   | <b>August</b>                               | <b>Compliance/Quality</b>                       |
| Review of OIPA Website, update information, reports, dashboard, and policies and procedures, etc.  | <b>Aug/Sept</b>                             | <b>Operational/Transparency</b>                 |
| Prepare update report on Fraud, Waste Abuse, and Mismanagement to the AC   | <b>Annually</b>                             | <b>Transparency</b>                             |
| OIPA staff performance reviews   | <b>Annually</b>                             | <b>Operational/Staff Development</b>            |
| Review, testing, and reporting of Corrective Action Plans (CAPs) resulting from OIPA audits.   | <b>Quarterly</b>                            | <b>Compliance/Transparency</b>                  |
| Review and update audit plan to ensure performance measures and goals are on track and to make necessary revisions.  | <b>Quarterly</b>                            | <b>Compliance/Operational/<br/>Quality</b>      |
| Review and update Smartsheet reports and tracking sheets.  | <b>Quarterly</b>                            | <b>Operational</b>                              |
| Annual Budget Planning   | <b>April/May/June</b>                       | <b>Compliance/Operational</b>                   |
| Audit Risk Discussion with Board Members and Executive staff for Audit Plan  | <b>April and May</b>                        | <b>Compliance/Operational</b>                   |
| Prepare Annual Audit Plan  | <b>May, June</b>                            | <b>Compliance/Operational</b>                   |
| Prepare Year End Reports to the AC   | <b>May, June</b>                            | <b>Operational/Transparency</b>                 |
| Attend required CPE training and ensured that CPE hours for IPA and Staff are captured.  | <b>Varies</b>                               | <b>Compliance/Operational</b>                   |
| Investigate reported Fraud, Waste and Abuse complaints   | <b>Varies by caseload and<br/>complaint</b> | <b>Operational/Transparency</b>                 |
| Support OIPA staff, audit and investigation planning, finding development, report writing, workpapers review as needed, coaching, training and development, and engagement support | <b>Ongoing</b>                              | <b>Compliance/Operational</b>                   |
| Other Admin and outreach duties as requested.  | <b>Ongoing</b>                              | <b>Operational/Quality</b>                      |
| Public Policy Committee (PAC) Member Selection Review Process  | <b>October</b>                              | <b>Compliance/Transparency</b>                  |

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**B. Part II – Planned Audits and Reviews**

| <b>Engagement ID Number and Priority</b>          | <b>OIPA's Annual Audit Plan<br/>July 1, 2023 to June 30, 2024</b>  | <b>Est. Start Date</b> | <b>Carry Forward</b> | <b>Budgeted Hours</b> |
|---|--|------------------------|----------------------|-----------------------|
| <b>P1<br/>ID CON2024-01 to 12</b>                 | Contracts and Procurement – Invoicing and Payments only. Part I and Part II Contractors (top 5 identified in Part I tables plus those in Part II. (2018 to current period) | <b>July</b>            | <b>Yes</b>           | <b>3600</b>           |
| <b>P1<br/>ID TIME2024-01 to 3</b>                 | Employee Timekeeping and PTO accrual. (Prior 3-year period)  | <b>Aug</b>             | <b>No</b>            | <b>300</b>            |
| <b>P2<br/>ID PC2024-01 to 5</b>                   | Continuous Auditing Operational Process and System Control Review – Purchase Cards   | <b>Aug</b>             | <b>No</b>            | <b>400</b>            |
| <b>P3<br/>ID TRV/REIMB2024-01 to 5</b>            | Continuous Auditing Operational Process and System Control Review – Travel and other Reimbursements  | <b>Sept</b>            | <b>No</b>            | <b>500</b>            |
| <b>P4<br/>ID CON2024-01 to 5</b>                  | Continuous Auditing Operational Process and System Control Review – Contracts and Procurement  | <b>July</b>            | <b>No</b>            | <b>200</b>            |
| <b>P4<br/>ID ERP2024 (Non-Audit Services)</b>     | Work with Mgmt. and IT on ERP system controls as necessary   | <b>Various</b>         | <b>No</b>            | <b>300</b>            |
| <b>P4<br/>IDCAP2024 (Non-Audit Services)</b>      | Work with Mgmt. and support and review CAP for Contracts and Procurement and other open CAP's as necessary   | <b>Quarterly</b>       | <b>Yes</b>           | <b>200</b>            |
| <b>Special Request and Investigations 2024-01</b> | Audits or reviews at the request of the Board, AC or Management  | <b>Open</b>            | <b>No</b>            | <b>1800</b>           |
|   |  |                        |                      |                       |
| <b>Total Hours Budgeted</b>                       |  |                        |                      | <b>7300</b>           |

**IV. AUDIT RESOURCES**

**Current Available Resources and budgeted expenses:**

- Independent Performance Auditor: 1.0 FTE plus equipment
- Principal Management Internal Auditor - 2.0 FTE plus equipment
- Auditor I/II – 3.0 FTE plus equipment
- Student Auditor internship 2.0 (20 to 29 hours per week for each intern)
- Auditor training, professional dues, and licenses
- Independent legal counsel as needed for IPA and AC

**Current Resources Absorbed by SANDAG as part of Overhead:**

- SANDAG Legal Staff Support
- SANDAG Data Production Support
- Equipment and office space for the OIPA

**Current Resources Direct Audit and Non-Audit Hours Available (July 1, 2023 to June 30, 2024)**

**8,800 total** hours of direct, indirect, and other productive hours for the fiscal year period.

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**Annual Allocation of Auditor Hours**

| <b>Position</b>        | <b>Current Annual Productive Hours FTE</b> | <b>OIPA Strategic Goals/Indirect Audit Hours (Annual), and Investigations</b> | <b>Direct Audit and Review Hours (Available)</b> | <b>CPE Required training. (Annual)</b> | <b>*Admin Hours (Annual)</b> |
|------------------------|--|---|--|--|------------------------------|
| IPA                    | 1,760                                      | (1,120)   | -  | (40)                                   | (600)                        |
| IMPA                   | 1,760                                      | (300)   | (1,120)  | (40)                                   | (300)                        |
| IMPA                   | 1,760                                      | (800)   | (620)  | (40)                                   | (300)                        |
| Associate              | 1,760                                      | (100)   | (1,320)  | (40)                                   | (300)                        |
| Associate              | 1,760                                      | (300)   | (1,120)  | (40)                                   | (300)                        |
| Associate              | 1,760                                      | (100)   | (1,320)  | (40)                                   | (300)                        |
| <b>Available Hours</b> | <b>10,560</b>                              | <b>(2,720)</b>  | <b>(5,500)</b>                                   | <b>(240)</b>                           | <b>(2,100)</b>               |

- ❖ Admin hours – Agenda Setting, Clerking, SANDAG required training, AC, and other committee meetings, employee events, all hands-on meetings, timesheets, etc. = 300 annually
- ❖ Annual Productive Hours (2060 less time off – 300 holidays, PTO, other leave) = 1760 per FTE (Full-Time-Equivalent)
- ❖ Indirect Audit Hours = Supervisory, workpaper review (first and second level), staff development, QC, etc.
- ❖ IPA = Independent Performance Auditor

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**V. ADOPTION, APPROVALS, AND ACCEPTANCE**

*AC Approved:*  
*BOD Accepted:*