SANDAG

OIPA | Office of the Independent Performance Auditor

Fiscal Year 2025-26 External Audit Recommendation Compilation

As of August 10, 2026

Courtney Ruby, CPA, CFE
Independent Performance Auditor

Published August 28, 2026

Message from the Independent Performance Auditor

I am pleased to present a compilation of SANDAG's external audit recommendations as of the end of fiscal year (FY) 2025-26, prepared by the Office of the Independent Performance Auditor (OIPA). This compilation is part of OIPA's authorized Annual Work Plan.

Background

Board Policy No. 039: Audit Policy Advisory Committee and Audit Activities, section 3.1.9 states the responsibilities of the Audit Committee include:

> *"Monitor the implementation of corrective action identified in audit and investigative reports and inform the Board when corrective action is insufficient or untimely."*

This compilation reports the activity of external recommendations in the fiscal year and totals to-date. No additional testing or verification is performed by OIPA staff in relation to external audit recommendations.

This compilation is designed to be a straightforward tool for the Audit Committee, Board of Directors (Board), SANDAG Management, and the public to easily reference the status of all outstanding external audit recommendations. It also serves to ensure that recommendations do not languish and common organizational trends, if any, are identified and addressed from a broader management perspective.

OIPA would like to thank Management for their assistance in collecting and updating all the external audit recommendations included in this year's compilation.

Sincerely,

Courtney Ruby, CPA, CFE
Independent Performance Auditor

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Audits in this Compilation

TransNet Triennial Performance Audits
Released June 2018, March 2021, and May 2024

TransNet is a half-cent sales tax approved by voters in 1987 to improve transportation infrastructure in the San Diego region. The TransNet Extension Ordinance and Expenditure Plan, approved by voters in 2004, established the Independent Taxpayer Oversight Committee (ITOC).

As part of its duties under this ordinance, ITOC oversees a triennial performance audit of SANDAG and other agencies' progress on TransNet-funded projects and programs for the preceding three-year period. These audits include examinations of major corridor project delivery and grants funded by TransNet, determinations of TransNet project alignment with the Regional Transportation Plan, and updates on the implementation of prior audit recommendations.

SANDAG - Report on Internal Controls Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards
Released March 2025 and March 2026

This audit considered SANDAG's internal control over financial reporting and was conducted by the outside certified public accounting firm Davis Farr, LLP.

ARJIS - Report on Internal Controls Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards
Released March 2026

This audit considered ARJIS's internal control over financial reporting and was conducted by the outside certified public accounting firm Davis Farr, LLP.

SANDAG Single Audit on Expenditures of Federal Awards
Released March 2024 and March 2025

These audits are intended to obtain reasonable assurance that SANDAG's financial statements are free from material misstatements and in compliance with applicable provisions of laws, regulations, contracts and grant agreements. The audit is conducted by the outside, certified public accounting firm Davis Farr, LLP.

FY 2024 Transportation Development Act – Multiple Jurisdictions
Released December 2024

This report contained audits of the accompanying financial statements of the Transportation Development Act (TDA) Article 4 and Article 8 Funds of multiple cities.

FY 2024 ITOC TransNet and TransNet Extension Activities
Released July 2025

In addition to the TransNet Triennial Performance Audit, ITOC also oversees a TransNet and TransNet Extension Activities Fiscal and Compliance Audit at the end of each fiscal year. This audit is designed to determine whether recipients of TransNet funds are in compliance with the TransNet Ordinance and TransNet Extension Ordinance for that fiscal year.

Implementation Status Definitions

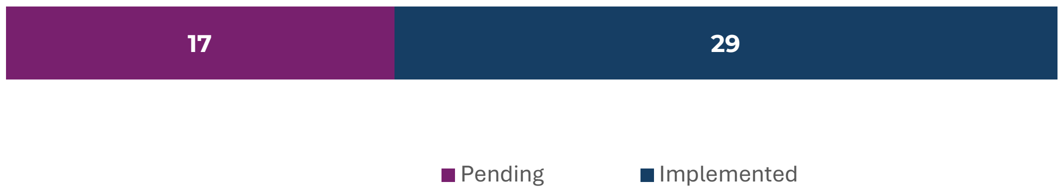
Following the close of FY 2025-26, OIPA gathered information and obtained updates on all outstanding external audit recommendations from SANDAG departments. Based upon the information received, each recommendation's status was placed into one of the following categories:

Pending	Management reported the corrective action is still in progress.
Implemented	Management reported the required corrective action was completed.
Dropped	OIPA did not identify an action management could take and removed the recommendation from this report for tracking purposes.

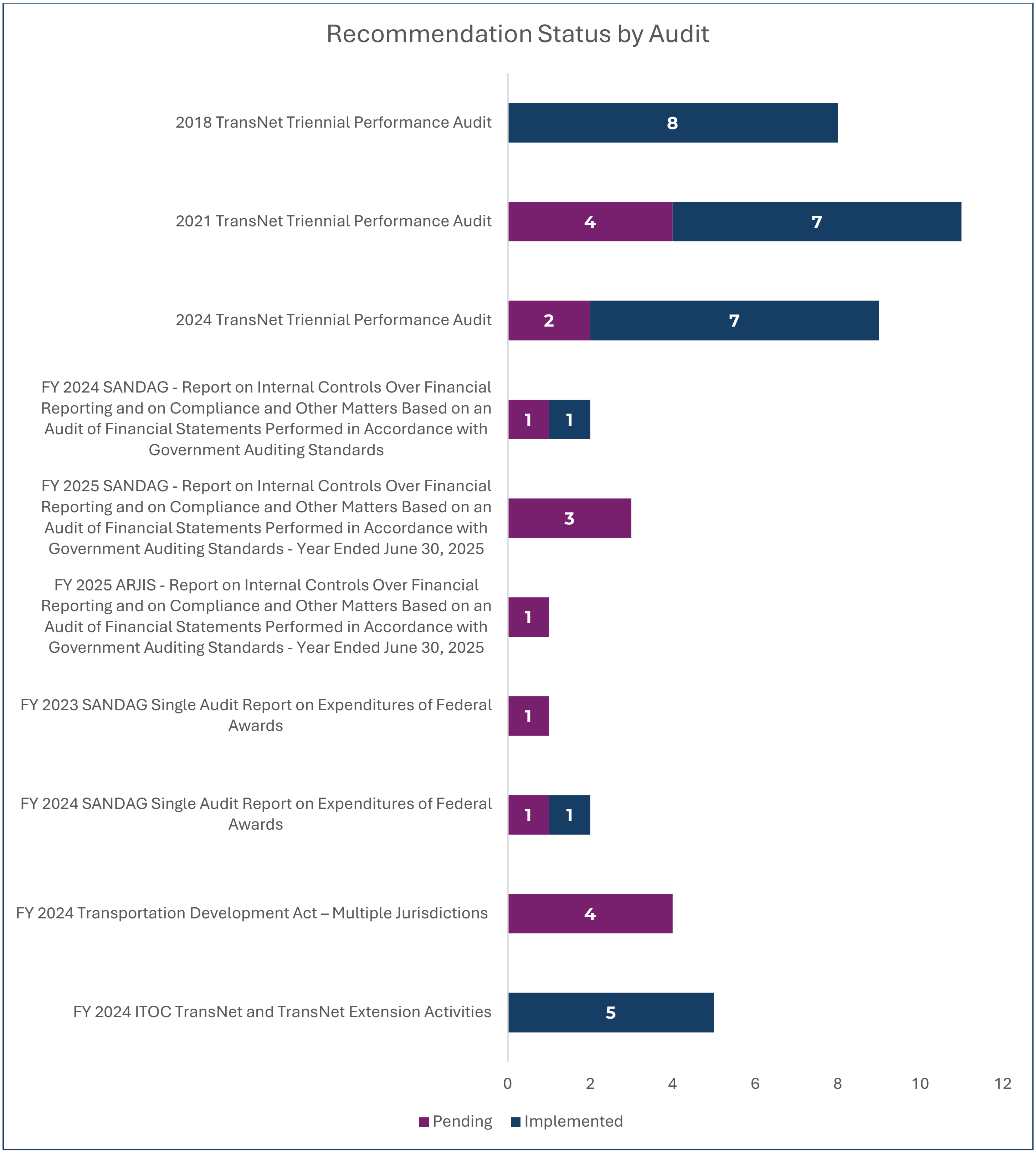
Note: OIPA does not include draft external audit reports; only results of final reports will be reported.

Summary of Recommendations

In FY 2025-26, OIPA compiled a total of **46 external audit recommendations.** Of these, **29 were reported as implemented** and **17 are pending**.



The following report further details each of these recommendations and their most recent implementation status, as provided by SANDAG Management.


Recommendation Status by Audit
2018 TransNet Triennial Performance Audit
8
2021 TransNet Triennial Performance Audit
4
7
2024 TransNet Triennial Performance Audit
2
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FY 2024 SANDAG - Report on Internal Controls Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards
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FY 2023 SANDAG Single Audit Report on Expenditures of Federal Awards
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FY 2024 ITOC TransNet and TransNet Extension Activities
5
0
2
4
6
8
10
12
Pending
Implemented

Percent of External Recommendations Completed by Year

As of August 10, 2026, **96 recommendations were implemented** and **17 recommendations are pending.**

Recommendations				
FY Issued	**Total Issued**	**Pending**	**Implemented**	**Percent Complete**
2017-18	42	-	42	100%
2020-21	27	4	23[1]	85%
2023-24	27	3	24	89%
2024-25	8[2]	6	2	25%
2025-26	9[3]	4	5	56%
Grand Total	**113**	**17**	**96**	

[1] One recommendation was dropped because no action was required.

[2] The total number of recommendations issued for FY 2023-24 was increased by one (1) to account for a recommendation that was omitted from the Fiscal Year 2025 External Audit Recommendation Compilation.

[3] The total number of recommendations issued for FY 2024-25 was reduced by two (2) to exclude draft recommendations incorrectly included in the Fiscal Year 2025 External Audit Recommendation Compilation, which is intended to include only final recommendations.

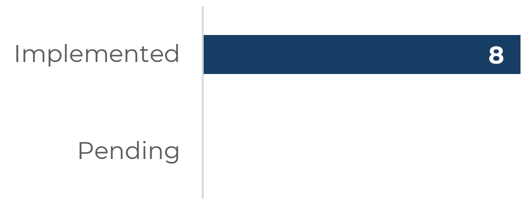
Summary of External Audit Recommendations

In FY 2025-26, SANDAG implemented **63%** of open recommendations.

Recommendations			
FY Issued	**Pending**	**Implemented**	**Total**
2017-18	-	8	**8**
2020-21	4	7	**11**
2023-24	3	7	**10**
2024-25	6	2	**8**
2025-26	4	5	**9**
Grand Total	**17**	**29**	**46**

2018 TransNet Triennial Performance Audit

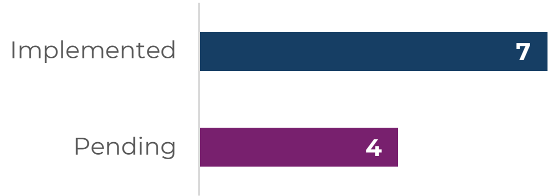
Released June 2018



Recommendation	Number	Status
ITOC should direct SANDAG to establish a formal structured protocol to review funding sources.	1.5	**Implemented**
ITOC should request SANDAG to set targets to measure TransNet performance against the TransNet Extension Ordinance goals.	2.1	**Implemented**
ITOC should request SANDAG to capture performance outcome data related to safety metrics, pavement condition, and bridge condition.	2.2	**Implemented**
ITOC should request SANDAG to provide regular performance monitoring reports that consider past performance in relation to TransNet goals.	2.4	**Implemented**
ITOC should request SANDAG to continue to monitor compliance with SANDAG Board Policy No. 031, Rule 21.	4.2	**Implemented**
ITOC should request SANDAG to conduct another review of local projects.	4.3	**Implemented**
ITOC should request the SANDAG Board to direct SANDAG to continue to analyze major transit commute routes and services.	5.1	**Implemented**
ITOC should request the SANDAG Board to direct SANDAG to regularly report on implementation of TransNet Extension Ordinance goals.	8.1	**Implemented**

2021 TransNet Triennial Performance Audit

Released March 2021

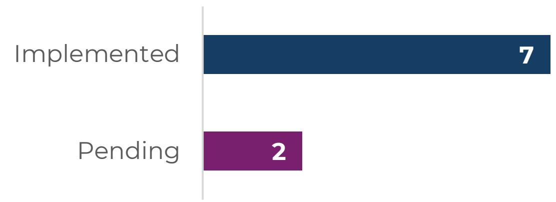


Recommendation	Number	Status
Develop and adopt a formal process to address issues identified during annual Plan of Finance updates that discusses short-term and long-term funding scenarios and how options specifically impact the scope and schedule of remaining TransNet Extension Ordinance projects. The plan should include clear methodology, criteria, and triggers for making decisions on TransNet Extension Ordinance projects if funding does not materialize as expected and how to make choices to reduce scope, delay, or eliminate projects from the TransNet Extension Ordinance portfolio.	2.1	Pending
Develop a risk-based approach for Quality Assurance/Quality Control testing and indication of review to strengthen documentation of Quality Assurance/Quality Control activities employed and results to better demonstrate data verifications.	2.2	**Implemented**
Enhance organization of Peer Review Process supporting documents by providing a corresponding table to capture topics discussed, reference items to checklists, and close out memos to better link what was planned, what was done, and how issues were addressed.	2.3	**Implemented**
Clearly describe to the Board the Quality Assurance/Quality Control sampling methodology employed, any limitations of the data, and associated cost-benefits or risks of the approach.	2.4	**Implemented**

Recommendation	Number	Status
Implement shorter-term steps to report on performance, while waiting on the longer-term Transportation Performance Management Framework, including continued development of SANDAG's proposed "Goals and Provisions" document to distribute to the Board and ITOC.	3.3	**Implemented**
Create summarized graphics to quickly indicate TransNet Extension Ordinance status based on data in the revised quarterly reports for reporting to the Board and ITOC.	3.4	Pending
Consider estimating and communicating to the Board and ITOC the quantifiable impact of permit delays on individual Bike Early Action Program projects and the overall Regional Bikeway Program.	6.1	**Implemented**
Work with the Board to have leadership collaborate with its representatives from the City of San Diego to rectify critical Bike Early Action Program project permit issues.	6.2	Pending
Modify TransNet Dashboard data or Board reports to compare actual individual project data against original baseline budgets and schedule by project phase to more clearly show progress against initial plans and provide explanatory context in addition to aligning TransNet Dashboard project phase categories with those used in individual project management tools.	6.5	Pending
Track and analyze more granular internal project milestones within Bike Early Action Program project phases—such as planned and actual schematic design, detailed design, right-of-way, utility coordination, and construction documents, to better identify where possible impediments and delays occur and may need to be addressed.	6.6	**Implemented**
Explore options and feasibility of moving ITOC candidate screening and selection process outside of the SANDAG Board to maximize appointment transparency and minimize any perceived selection bias.	7.4	**Implemented**

2024 TransNet Triennial Performance Audit

Released May 2024

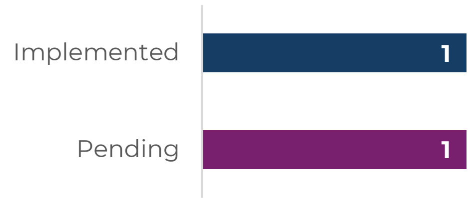


Recommendation	Number	Status
Make sure the revamped or new tools or spreadsheets comparing actual to planned project delivery for Ordinance major corridor planned pledges at a detailed location boundary and scope level are accurate and supported through links to project fact sheets, budget documents, google maps, or other specific project-level documents validating completion as appropriate.	1.3	Pending
Update data in the TransNet Dashboard – or alternate public facing system designated in place of the Dashboard – on monthly basis to ensure up to date budget, expenditure, schedule, and status information is comprehensively available for both current in-progress major corridor projects and previous major corridor projects completed.	1.5	Pending
Work with MTS and NCTD to closely monitor ridership on the TransNet- funded routes against service frequency levels and report to the SANDAG Board and ITOC on the impact service adjustments may have on riders, including how actual services align with the original plans in the TransNet Ordinance.	2.1	**Implemented**
Ensure decisions made regarding funding MTS' and NCTD's transit operating service gaps or frequency expectations are documented with rationale supporting decisions and incorporated into Ordinance amendments as warranted.	2.2	**Implemented**
Present the details of the next Plan of Finance to the Board and ITOC including specific amounts of funding shortfalls by subprogram and program-wide, in addition to the timeframe when shortages may begin to affect project delivery.	4.1	**Implemented**

Recommendation	Number	Status
Develop specific options and corresponding timelines on possible actions to address funding shortfalls for the Board and ITOC that clearly state the impact of each option at the project-level, including how options will compare to what was originally pledged in the ordinance for each project.	4.2	**Implemented**
Develop, implement, and use a format, transparent, and vetted methodology and strategy for reprioritizing pledged ongoing and future TransNet major corridor projects against limited funding – including how funds are moved between projects and factors are weighed for starting new projects when other ongoing projects may have unmet funding needs.	4.3	**Implemented**
Set timelines for local agency consensus on proposed Ordinance amendments and then take the related amendments to the Board for consideration soon after.	6.2	**Implemented**
Immediately propose the amendments to the Board for the ITOC changes and other areas relating to the prior audit recommendations.	6.3	**Implemented**

FY 2024 Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

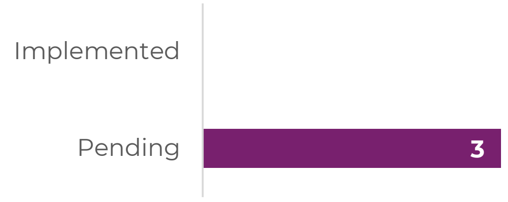
Released March 2025



Recommendation	Number	Status
Auditing standards indicate that material adjustments identified through the audit process are evidence of a weakness in SANDAG's internal control structure. Efforts should be made to enhance SANDAG's year-end closing procedures to include areas that resulted in audit adjustments.	2024-001	Pending
We recommend SANDAG enhance the system of internal controls for tracking reporting requirements to ensure timely reporting as required by the grant agreements.	2024-002	**Implemented**

FY 2025 SANDAG - Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards - Year Ended June 30, 2025

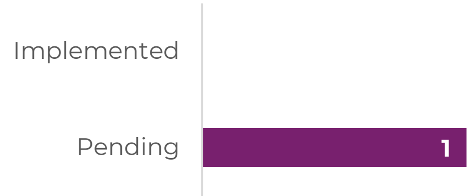
Released March 2026



Recommendation	Number	Status
Auditing standards indicate that material adjustments identified through the audit process are evidence of a weakness in SANDAG's internal control structure. Efforts should be made to enhance SANDAG's year-end closing procedures to include areas that resulted in audit adjustments.	2025-001	Pending
We recommend enhancing the year-end close process by finalizing reconciliations earlier, strengthening review procedures, and establishing a shared reporting calendar with clear internal milestones to support timely audit readiness.	2025-002	Pending
We recommend SANDAG continue to research the differences between the ETAN and ERP systems to identify and correct errors. Additionally, SANDAG management should evaluate the Toll Back Office System to determine how to maximize toll penalty collections.	2025-003	Pending

FY 2025 ARJIS - Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards - Year Ended June 30, 2025

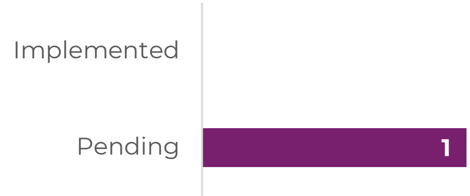
Released March 2026



Recommendation	Number	Status
We recommend that ARJIS enhance its financial reporting structure by recording expenses in separate accounts based on expense type. The six expense categories on the financial statements should be the minimum number of accounts used. This change will improve the accuracy of financial reporting and provide management with more meaningful and timely information.	2025-001	Pending

FY 2023 SANDAG Single Audit Report on Expenditures of Federal Awards

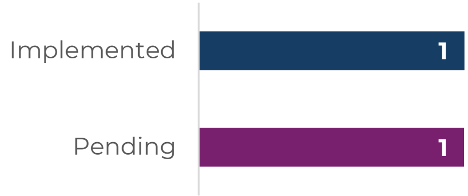
Released March 2024



Recommendation	Number	Status
Auditing standards indicate that material adjustments identified through the audit process are evidence of a weakness in SANDAG's internal control structure. Efforts should be made to enhance SANDAG's year-end closing procedures to include areas that resulted in audit adjustments.	1.1	Pending

FY 2024 SANDAG Single Audit Report on Expenditures of Federal Awards

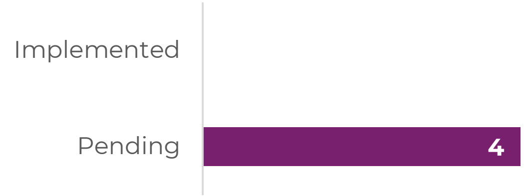
Released March 2025



Recommendation	Number	Status
Auditing standards indicate that material adjustments identified through the audit process are evidence of a weakness in SANDAG's internal control structure. Efforts should be made to enhance SANDAG's year-end closing procedures to include areas that resulted in audit adjustments.	2024-001	Pending
We recommend SANDAG enhance the system of internal controls for tracking reporting requirements to ensure timely reporting as required by the grant agreements.	2024-002	**Implemented**

FY 2024 Transportation Development Act – Multiple Jurisdictions

Released December 2024

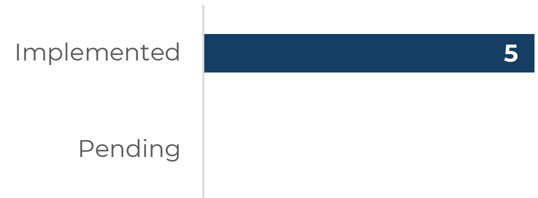


Recommendation	Number	Status
We recommend the City of Coronado carefully review revenues to ensure they are accurately recorded and recognized. We also recommend the City maintain a complete self-balancing set of records for the TDA activities for purposes of ensuring the assets and liabilities are correctly recorded.	-	Pending
We recommend the City of La Mesa carefully review revenues to ensure they are accurately recorded and recognized. We also recommend the City maintain a complete self-balancing set of records for the TDA activities for purposes of ensuring the assets and liabilities are correctly recorded.	-	Pending
We recommend the City of Poway carefully review expenditures to ensure they are accurately recorded in the fiscal year in which they occur, and record journal entries for expenditures which occurred in prior periods.	-	Pending
We recommend FACT carefully review account balances and journal entries to ensure they are accurately recorded. [4]	-	Pending

[4] OIPA omitted this recommendation from the Fiscal Year 2025 External Audit Recommendation Compilation.

FY 2024 ITOC TransNet and TransNet Extension Activities

Released July 2025



Recommendation[5]	Number	Status
The City of Poway will make up the shortfall of their Maintenance of Effort (MOE) for the fiscal year ending June 30, 2024.		**Implemented**
The City of Coronado must collect the shortfall of revenues collected under the Regional Transportation Congestion Improvement Program.		**Implemented**
The County of San Diego must collect the shortfall of revenues collected under the Regional Transportation Congestion Improvement Program.		**Implemented**
The City of Coronado will work with SANDAG staff in FY 2025 to program the unexpended committed Regional Transportation Congestion Improvement Program (RTCIP) funds within seven years of collection.		**Implemented**
Caltrans will identify and amend the projects set up incorrectly and develop an ongoing process to verify all SANDAG projects are set up as self-help and are charging the correct Indirect Cost Rate Proposal (ICRP) rate.		**Implemented**

[5] The number of recommendations issued for this audit was reduced by two (2) to exclude draft recommendations incorrectly included in the Fiscal Year 2025 External Audit Recommendation Compilation, which is intended to include only final recommendations.