



THE OFFICE OF THE INDEPENDENT PERFORMANCE AUDITOR

Fiscal Year End Fraud, Waste and Abuse Report

Fiscal Year 2021-22

June 2022

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 Director's approval of [Board Policy No. 039](#), the Independent Performance Auditor (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 the OIPA alleging improper activities. A member of the public or other stakeholders are encouraged to file as soon as the complainant has 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 10, 2022

TO: Members of the Audit Committee

FROM: Mary Khoshmashrab, Independent Performance Auditor

SUBJECT: **Independent Performance Auditor Fiscal Year-End Fraud, Waste, and Abuse Report**

During Fiscal Year 2021-22 – as of June of 2022, OIPA has received **nine** Fraud, Waste and Abuse complaints. The **nine** cases consist of **three** external related issues and **six** internal related issues. Additionally, **one** external prior fiscal year case remains open, pending additional information. As of June 10, 2022, **three** complaints have been closed, with **seven** cases open and pending review/ determination.

Table 1: the following page summarizes the types of reporting's received during Fiscal Year 2021-22 or pending from prior fiscal year.

Table 2: page 5 provides detailed reporting and status on External Fraud, Waste and Abuse Reporting's.

Table 3: page 6 provides detailed reporting and status on Internal Fraud, Waste, and Abuse Reporting's.

Table 1: Reporting Received in Fiscal Year 2021-22

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		3		3
Subtotal External Investigations	1	3		4
Internal Reporting's				
Abuse of Authority				
Unfair Treatment				
Employee Relations				
Overall Risk Lack of Control/Policy				
Theft of Time		1		1
Combination of Allegations		5	3	2
Subtotal Internal Investigations		6	3	3
Total Reports Received in Purview of the IPA	1	9	3	7

Table 2: Status of External Fraud, Waste and Abuse Reporting Fiscal Year 2021-22

No.	Incident Type	Case #	Received	Date Started	Status/Outcome	Date Closed
1	Abuse	004- PR	1/13/20	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 4/07/22, no additional information has been provided by complainant.</p>						
2	Combination of Allegations (GM, Waste, and Abuse)	001-22, 003-22, 004-22, 006-22	7/27, 2/02, 2/08, 2/14	Not started	Open	Pending
<p>An allegation stating that SANDAG, the City of San Diego and Consultants working on the Bike Project are grossly mismanaging, wasting, and abusing public dollars. The claim includes four different complaints filed through the fraud, waste, and abuse hotline. The matter includes concerns that the project has doubled in estimated cost. Additionally, there are allegations that in some areas that have been completed, the contractors failed to ensure that proper safety guidelines be followed including proper signage and advanced posting of work task.</p>						
3	Combination of Allegations (Waste, GM, Abuse)	007-22	02/25/22	03/16/22	Open	Pending
<p>An allegation regarding misuse and abuse by a SANDAG consultant/contractor. The claim is regarding abuse of billing, overreaching of authority and failure to adhere to the terms of the contract. The claimant states that these actions by the contractor have been ongoing for many years.</p>						
4	Combination of Allegations (GM, Abuse, COI, Quid Pro-Quo)	009-22	2/17/22	Not started	Open	Pending
<p>An allegation regarding misuse and abuse by a SANDAG consultant/contractor and prior SANDAG employee. The claim is regarding abuse of power, conflict of interest (COI), overreaching of authority and financial gain by prior employee and contractor. Claimant provides detail of a "this for a that" agreement.</p>						

Table 3: Status of Internal Fraud, Waste and Abuse Reporting Fiscal Year 2021-22

No.	Incident Type	Case #	Received	Date Started	Status/Outcome	Date Closed
1	Combination of Allegations	005-22- Issue 1	02/9/22	02/10/22	Closed- Unfounded	3/8/2022
	An allegation consisting of two issues was reported to the IPA. Issue one was regarding a matter of improper reporting of average revenue used as part of a revenue projection relating to the 2017 Revenue Bond Report update to the Board, the matter was reviewed, revenue for the period was requested and average reviewed was recalculated. The report accurately reflected the correct average revenue. Unfounded.					
2	Combination of Allegations	0 05-22- Issue 2	02/9/22	02/10/22	Closed – Founded	4/08/2022
	An allegation consisting of two issues was reported to the IPA. Issue 2 was in regard to uncollected toll and violation revenue. The claimant stated that during the months of June, July, and August there were 4 tolls pay- entries that were knowingly unplugged. The matter was reported, at some levels, but not addressed or reported at higher levels. The claimant estimated that there may have been approx. \$1.5 to \$2 million of lost revenue. The matter is still pending. However, the CEO has properly informed the Board and will update the Board once a reasonably estimated amount of revenue can be calculated and confirmed. The IPA continues to work with SANDAG Management until the figures are firm and reported to the Board. A report was prepared and based on an analysis of lost revenue the estimated loss of revenue is \$1.8 million. The matter has been reported to the AC and the BOD. Further, in regard to employee discipline, appropriate actions were taken by Human Resources. The matter has been closed.					
3	Combination of Allegations	010-22	03/8/22	03/25/22	Open	Pending
	An allegation of employee misuse of SANDAG Vehicle.					
4	Combination of Allegations	011-22	03/10/22	Not started	Open	Pending
	An allegation of employee misuse of SANDAG minor equipment used while working remotely and otherwise. Information and detail regarding the matter was provided.					
5	Combination of Allegations	002-22	07/22	07/23	Closed/Dismissed	10/2021
	An allegation stating that a Retired Annuitant (RA) working for SANDAG was also working at a SANDAG oversight agency performing conflicting duties and therefore creating a conflict of interest (COI). The complainant claimed that the RA was in violation of the RA’s employment contract and may have also been working over the permitted hours that is permissible for retired annuitants under government code. The review determined that the RA did not follow the employment contract agreement in that the RA failed to inform SANDAG in writing when working at another government agency. However, the investigation was dismissed due to changes in the RA’s employment with SANDAG.					
6	Theft of Time	008-22	03/08/22	Not started	Open	Pending
	Allegations of a current SANDAG employee and theft of time. Claimant states and provides examples of the employee and theft of time including coming in late, leaving early, etc. OIPA had planned a time audit, but due to limited resources this has been pending review. However, this matter will be individually reviewed to determine if actions should be taken.					

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.

SANDAG Management works diligently with OIPA to resolve these complaints and bring improvements to help prevent similar events from happening in the future.

Respectfully submitted,



Mary Khoshmashrab, MSBA, CFE, 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 Ikhata, Executive Director
 OIPA Webpage and File