Proposed Agreed-Upon Procedures Applied to the TransNet Fund
Independent Taxpayer Oversight Committee
For the Year Ended June 30, 2019

1. We reviewed the TransNet Extension Ordinance, and SANDAG Board Policy No. 031.

2. We obtained a detailed general ledger for TransNet revenues and expenditures from SANDAG staff for the current fiscal year.

3. We obtained from SANDAG staff, Schedule A that includes a beginning balance, TransNet funds received, expenditures, interest income, adjustments and an ending balance.
   a. We substantiated all footnotes required in Schedule A.
   b. We agreed the beginning balance from the prior year or reviewed that SANDAG staff provides a footnote for any restatements of ITOC activity. We determined whether reasons for differences were valid.
   c. We obtained a listing of TransNet payments made for the ITOC from SANDAG staff. We compared the TransNet revenue recorded for the ITOC to the listing of payments received from SANDAG staff. We notified SANDAG staff of any variations and obtained approval from SANDAG.
   d. We identified the interest income reported for the year ended June 30, 2019.
      i. We reviewed the interest income reported on Schedule A and matched it to SANDAG’s general ledger.
      ii. We reviewed the interest allocation methodology to ensure it was in accordance with the provisions of the Ordinance and Board Policy No. 031.
   e. We identified the total TransNet expenditures for the fiscal year.
      i. We reviewed the total project expenditures per Schedule A and agreed to SANDAG’s general ledger.
      ii. We reviewed at least 25% of ITOC expenditures as reported by SANDAG to determine if they are necessary and reasonable in carrying out ITOC responsibilities under the TransNet Extension Ordinance in the ITOC Responsibilities Section of the attachment to Commission Ordinance CO-04-01 entitled “Statement of Understanding Regarding the Implementation of the Independent Taxpayer Oversight Committee for the TransNet Program.”
      iii. If unallowable expenditures were identified in procedure 3.e.ii, we expanded the sample to include an additional 25% of ITOC expenditures and documented SANDAG’s plan to cure the unallowable expenditures. If additional unallowable expenditures were identified, we contacted the ITOC Audit Subcommittee Chair to determine whether additional procedures are required.
iv. If payroll expenditures exceeded 20% of the total dollar amount of expenditures, we selected a sample of payroll transactions and obtained supporting documentation (i.e. payroll register, timesheet, and personnel action form). We evaluated whether the direct payroll charge appeared reasonable for the project.

4. We obtained from SANDAG staff, Schedule B which includes cumulative information for all TransNet Extension projects including TransNet funds received, expenditures, interest income (either listed by project or Program), and an ending balance.

   a. We reviewed the ending balances at June 30 and ensured that the balances agree for those projects reported in both Schedule A and Schedule B.

   b. We reclassified all amounts listed in the Adjustment column of Schedule A to funds received, expenditures, or interest income.

5. We reviewed and documented the status of any prior year findings and recommendations.

6. We proposed current year findings as a result of performing the above agreed-upon procedures. We included SANDAG staff’s response to address the ITOC finding.
“Current Fiscal Year” means the fiscal period of July 1, 2018, through June 30, 2019.

“ITOC” means the Independent Taxpayer Oversight Committee, with the administrative functions performed by SANDAG.

“SANDAG” means San Diego Association of Governments, the responsible agent for the administration of the TransNet Ordinances.

“SANDAG Board Policy No. 031” means the SANDAG Board Policy No. 031: TransNet Ordinance and Expenditure Plan Rules.

“Schedule A” means the Annual Schedule of Status of Funds by Project; a roll-forward listing of all recipient agency active TransNet projects.

“Schedule B” means the Cumulative Schedule of Status of Funds by Project; a cumulative roll-forward listing of all recipient agency TransNet Extension Ordinance projects.

“TransNet Extension Ordinance” means the 2004 Proposition A.