

AUDIT COMMITTEE MEMBERS

Bill Baber, Chair
Councilmember, City of La Mesa

Bill Wells, Vice Chair
Mayor, City of El Cajon

Alternate At Large

Vacant

PUBLIC MEMBERS

Paul Dostart
Public Member

Stewart Halpern
Public Member

Bob Monson
Public Member

STAFF

Mary Khoshmashrab, CPA
Independent Performance Auditor

Hasan Ikhata
Executive Director, SANDAG



Audit Committee Agenda

Friday, October 23, 2020

12:30 to 2:30 p.m.

****Teleconference Meeting****

MEETING ANNOUNCEMENT AMIDST COVID-19 PANDEMIC:

The Audit Committee meeting scheduled for Friday, October 23, 2020, will be conducted virtually in accordance with Governor Newsom's State of Emergency declaration regarding the COVID-19 outbreak, Executive Order N-29-20, and the Guidance for Gatherings issued by the California Department of Public Health. Audit Committee Members will primarily participate in the meeting virtually, while practicing social distancing, from individual remote locations.

There are a few options for public participation:

- At the time of the meeting, listen to the audio stream through sandag.org
- Submit comments via email to clerk@sandag.org
- To participate via Zoom webinar, click the link to join the meeting: zoom.us/j/94587742626
- To participate via Telephone, dial a number based on your current location
US: +1 669 900 6833 or +1 253 215 8782 or +1 346 248 7799 or +1 301 715 8592 or +1 312 626 6799 or +1 929 205 6099. Webinar ID is 945 8774 2626.
- International numbers available: zoom.us/u/aees0ZQ3eA

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Public Comments: Persons who wish to address the members on an item to be considered at this meeting, or on non-agendized issues, may email comments to the Clerk at clerk@sandag.org (please reference: "October 23 Audit Committee Meeting" in your subject line and identify the item number(s) to which your comments pertain). Comments received by 4 p.m. on Thursday, October 22, will be provided to members prior to the meeting. If you desire to provide a live verbal comment during the meeting, please join the Zoom meeting either by computer or phone.

At the time for public comments, members of the public will be advised to "Raise Hand" if they wish to provide comments. The "Raise Hand" feature can be found on the Zoom toolbar for those who are joining via computer or by entering *9 for those who joining via telephone only. The Chair will call on members of the public by name for those joining via a computer and by the last three digits of your telephone number for those joining via telephone. All comments received prior to the close of the meeting will be made part of the meeting record.



Welcome to SANDAG. Members of the public may speak to the Audit Committee (Committee) on any item at the time the Committee is considering the item. Please complete a Request to Comment form located at the Clerk desk. Members of the public may address the Committee on any issue under the agenda item entitled Public Comments/Communications/Member Comments. Public speakers are limited to three minutes or less per person. The Committee may take action on any item appearing on the agenda.

Both agenda and non-agenda comments should be sent to the Clerk of the Committee via clerk@sandag.org. Please include the meeting date, agenda item, your name, and your organization. Any comments, handouts, presentations, or other materials from the public intended for distribution at the meeting should be received by the Clerk no later than 5 p.m. two working days prior to the meeting. All public comments and materials received by the deadline become part of the official public record and will be provided to the members for their review at the meeting.

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Mission Statement

The 18 cities and county government are SANDAG serving as the forum for regional decision-making. SANDAG builds consensus; makes strategic plans; obtains and allocates resources; plans, engineers, and builds public transit; and provides information on a broad range of topics pertinent to the region's quality of life.

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Audit Committee

Friday, October 23, 2020

Item No.		Action
+1.	Approval of Meeting Minutes The Audit Committee is asked to review and approve the minutes from its September 11, 2020, special meeting.	Approve
2.	Public Comments/Communications/Member Comments Public comments under this agenda item will be limited to five public speakers. Members of the public shall have the opportunity to address the Audit Committee on any issue within the jurisdiction of the Committee that is not on this agenda. Other public comments will be heard during the items under the heading "Reports."	
3.	Executive Director's Report <i>Hasan Ikhmeta, SANDAG</i> An update on key programs, projects, and agency initiatives, including the agency's response to COVID-19, San Diego Forward: The 2021 Regional Plan, and the Airport Connectivity project, will be presented.	Discussion
4.	Update on the Office of the Independent Performance Auditor Activities <i>Mary Khoshmashrab, Independent Performance Auditor</i> The Independent Performance Auditor will present an update on activities and other information sharing events.	Discussion
Reports		
5.	Request to Move the November 20, 2020, Meeting to November 13, 2020 <i>Bill Baber, Audit Committee Chair</i> Due to a scheduling conflict with an Audit Committee member, Chair Baber requests that the Audit Committee consider moving the meeting from November 20, 2020, to November 13, 2020 at 12:30 p.m.	Discussion/ Possible Action
+6.	Closed Session: Public Employee Performance Evaluation (Government Code Section 54957 (b)(1)) Title: Independent Performance Auditor <i>Bob Monson, Audit Committee</i>	
7.	Continued Public Comments If the five-speaker limit for public comments was exceeded at the beginning of this agenda, other public comments will be taken at this time. Subjects of previous agenda items may not again be addressed under public comment.	

8. Upcoming Meetings

Information

The next Audit Committee meeting is scheduled for Friday, November 20, 2020, at 12:30 p.m.

9. Adjournment

+ next to an item indicates an attachment

October 23, 2020

September 11, 2020, Audit Committee Special Meeting Minutes

Chair Bill Baber (Board Member) called the special meeting of the Audit Committee to order at 12:30 p.m.

Action: **Approve**

The Audit Committee is asked to approve the minutes from its September 11, 2020, special meeting.

1. **Public Comments/Communications/
Member Comments**

None.

Reports

2. **Salaries and Compensation Performance and Compliance Audit (Discussion/Possible Action)**

Director of Contracts and Grants Julie Wiley; Independent Performance Auditor Mary Khoshmashrab, and Arthur Hartinger (Renne Public Law Group) presented the item. Upon a motion by Paul Dostart (Public Member) and a second by Chair Baber, the Audit Committee made the following series of findings and recommendations:

Action: The Audit Committee voted on Finding I:

1. The Audit Committee finds that the Board appropriately delegated authority to the Executive Director through the Executive Director's contract, SANDAG's Employee Handbook, and in accord with the governing sections of the Public Utilities Code.
2. The Audit Committee finds that the Board implemented Bylaws, and replaced the Administrative Rules and Regulations, which are no longer in effect.
3. The Audit Committee finds that the Board (implicitly) ratified SANDAG's Employee Handbook and the Board is stopped from retroactively changing prior employee contracts.
4. The Audit Committee recommends Management present the current Employee Handbook to the Board for retroactive review and approval or ratification, as applicable.
5. The Audit Committee recommends that every SANDAG employee acknowledge receipt of the Handbook and Bylaws upon hire and acknowledge their continuing applicability on an annual basis thereafter.

The motion passed.

Yes: Chair Baber, Vice Chair Bills Wells (Board Member), and Paul Dostart. No: Stewart Halpern (Public Member), and Robert Monson (Public Member). Abstain: None. Absent: None.

Action: The Audit Committee voted on Finding II:

1. The Audit Committee finds, based on Renne Public Law Group's independent analysis and upon review of the background analysis prepared by SANDAG's outside employment law counsel, that the severance payments were not an improper gift of public funds.
2. The Audit Committee recommends that, as a best practice, past and future severance payments be supported by adequate documentation.

The motion failed.

Yes: Chair Baber and Paul Dostart. No: Vice Chair Wells, Stewart Halpern, and Robert Monson.
Abstain: None. Absent: None.

Action: The Audit Committee voted on Finding III:

1. The Audit Committee finds that payments made to the former Chief Deputy Executive Director were a proper use of public funds and there was no intention to conceal those payments from the Board.
2. The Audit Committee does not recommend adopting the Office of the Independent Performance Auditor's (OIPA) recommendation to rescind approval authority.
3. The Audit Committee recommends that SANDAG Management develop a policy for Board approval to address these situations in the future.

The motion passed.

Yes: Chair Baber, Paul Dostart, and Robert Monson. No: Vice Chair Wells and Stewart Halpern.
Abstain: None. Absent: None.

Action: The Audit Committee voted on Finding IV:

1. The Audit Committee finds that Management did not breach its fiduciary duty with regard to special compensation payments identified in the Audit Report.
2. The Audit Committee recommends that Management propose a policy for special compensation and present such policy to the Board for approval.
3. The Audit Committee recommends that SANDAG Management propose an annual process for Board approval of special compensation.

The motion passed.

Yes: Chair Baber, Paul Dostart, and Robert Monson. No: Vice Chair Wells and Stewart Halpern.
Abstain: None. Absent: None.

Action: The Audit Committee voted on Finding V:

1. The Audit Committee finds that SANDAG Management appropriately worked with outside consultants regarding the proper procedure for allocating bonuses and special compensation to projects during the audit period.
2. The Audit Committee finds that SANDAG Management did not improperly bill for bonuses paid to the former Chief Deputy Executive Director.

The motion failed.

Yes: Chair Baber and Paul Dostart. No: Vice Chair Wells and Stewart Halpern. Abstain: None.
Absent: Robert Monson.

Action: The Audit Committee voted on Finding VI:

1. The Audit Committee recommends that SANDAG Management present procedures for Board approval consistent with OIPA's recommendations.
2. The Audit Committee recommends that Management annually seek the Board's approval of said compensation, maintaining adequate records to support such compensation.

The motion passed.

Yes: Chair Baber, Vice Chair Wells, and Paul Dostart. No: Stewart Halpern. Abstain: None.
Absent: Robert Monson.

Action: The Audit Committee voted on Finding VII:

1. The Audit Committee recommends that SANDAG Management present procedures for Board approval consistent with OIPA's recommendations.

The motion passed.

Yes: Chair Baber, Vice Chair Wells, Stewart Halpern, and Paul Dostart. No: None. Abstain: None.
Absent: Robert Monson.

Action: The Audit Committee voted on Finding VIII:

1. The Audit Committee recommends against reverting salaries, conducting a further needs assessment, or making any changes to those positions at this time.

The motion passed.

Yes: Chair Baber, Vice Chair Wells, and Paul Dostart. No: Stewart Halpern. Abstain: None.
Absent: Robert Monson.

Action: The Audit Committee voted on Finding IX:

1. The Audit Committee finds the Executive Director was within his authority in utilizing a non-competitive process for the positions at issue. Since SANDAG is not subject to state civil service rules, the Executive Director acted in good faith and had at least apparent authority to promote from within SANDAG without conducting an open recruitment.

The motion failed.

Yes: Chair Baber, Paul Dostart. No: Vice Chair Wells and Stewart Halpern. Abstain: None.
Absent: Robert Monson.

Action: The Audit Committee voted on Finding XI, Part A:

1. The Audit Committee recommends that the Board instruct SANDAG's General Counsel to determine and report to the Board whether the Executive Director timely reported severance payments to the Board.

The motion passed.

Yes: Chair Baber, Vice Chair Wells, Stewart Halpern, and Paul Dostart. No: None. Abstain: None.
Absent: Robert Monson.

Action: The Audit Committee voted on Finding XI, Part B:

2. The Audit Committee recommends that the Board formally ratify the severance payments identified in the Audit Report.

The motion failed.

Yes: Chair Baber and Paul Dostart. No: Vice Chair Wells and Stewart Halpern. Abstain: None.
Absent: Robert Monson.

Action: The Audit Committee voted on Finding XI, Part C:

3. The Audit Committee recommends that the Board specify the procedure for setting and reporting severance payments in the future.

The motion passed.

Yes: Chair Baber, Vice Chair Wells, Stewart Halpern, and Paul Dostart. No: None. Abstain: None.
Absent: Robert Monson.

Action: The Audit Committee voted on Finding XI, Part D:

4. The Audit Committee recommends that SANDAG's Board discuss whether §1.5 of the Employee Handbook should be modified to require notification to Board leadership in defined circumstances.

The motion passed.

Yes: Chair Baber, Vice Chair Wells, Stewart Halpern, and Paul Dostart. No: None. Abstain: None.
Absent: Robert Monson.

Action: The Audit Committee voted on Finding XII:

1. The Audit Committee recommends that the OIPA, the Board, the Audit Committee, or any SANDAG employee, generally not release to the public any document that identifies any SANDAG employee (by name and/or unique title) whose personnel records are discussed without first redacting the names of that employee and/or unique title to protect that employee's privacy.

The motion failed.

Yes: Chair Baber. No: Vice Chair Wells, Stewart Halpern, and Paul Dostart. Abstain: None.

Absent: Robert Monson.

3. Upcoming Meetings

The next Audit Committee meeting is scheduled for Friday, September 25, 2020, at 12:30 p.m.

4. Adjournment

Chair Baber adjourned the meeting at 3:17 p.m.

Attendance at SANDAG Audit Committee Meeting

September 11, 2020

Jurisdiction/Organization	Name	Member/ Alternate	Attended Open Session
Board Member	Bill Baber (Chair)	Member	Yes
Board Member	Bill Wells (Vice Chair)	Alternate	Yes
Public Member	Robert Monson	Primary	Yes
Public Member	Paul Dostart	Primary	Yes
Public Member	Stewart Halpern	Primary	Yes