

Audit Review Process

Audit Committee | November 13, 2020

Why Have This Conversation?

- OIPA procedure for communicating Auditor Reports already approved by the Committee
 - Document is available on the OIPA website
- But Committee process for reviewing such reports has not been codified
 - Neither SANDAG Board nor the public were well-served by the ad-hoc approach taken at our Sep 11 meeting

Proposed AC Review Process

- Audit Committee docketing and public posting will be consistent with previously-approved procedure
- At the AC meeting at which an Audit Report is docketed:
 - OIPA will present a summary of the findings and recommendations
 - Mgmt will have the oppty to comment on concurrence or differences, if any
 - After Committee Q&A and discussion, the Committee will vote

SANDAG

Proposed AC Review Process – cont.

- The vote options for the Committee will be to consider:
 - Accept the report, findings and recommendations
 - Accept the report and findings but with requested modification to or comment on specific recommendations
- The outcome of the vote and comments, if any, will be presented to the SANDAG Board of Directors at its next meeting
- In case the vote is not unanimous, those in the minority will be given an oppty to have included in the report to the BoD a brief explanation of their dissent

SANDAG



IPA Performance Evaluation

Final Report to Audit Committee

November 13, 2020

The Audit Committee is tasked with

- Performing the required annual performance evaluation of the IPA*
- Reaching a conclusion on whether the performance was “Satisfactory”

* At the request of the IPA, this performance review and report is being discussed in an Open Meeting.

Background:

- **Section 3.1.11 of SANDAG Board Policy 39 states:**

"The responsibilities of the Audit Committee include: Conduct the IPA's annual performance evaluation against performance measures established and adopted by the Audit Committee".

- **Section 4.2 of IPA's contract, effective as of 2/8/2019, states that:**

"The Audit Committee shall annually review the performance of Ms. Khoshmashrab using established performance measures. If, based upon the Audit Committee's annual evaluation of Ms. Koshmashrab, her performance is determined to be at least satisfactory, the Board of Directors may adjust Ms. Koshmashrab's salary. Adjustments to salary, if any, will be made by the Board of Directors in its sole and absolute discretion. Further, the Audit Committee will set measurable performance goals for Ms. Khoshmashrab each year."

Section 4.2 further states that, in addition to the above, the Audit Committee is charged with recommending to the SANDAG BoD whether or not the IPA's performance for the evaluation period was "satisfactory" and to set measurable performance goals for each year.



Subcommittee Implementation

Part 2: Process/Timetable

Timeline	Implementation Process Step
October 2, 2020	Planning and Research Begins <ul style="list-style-type: none"> Conducted research on IPA role, best-practice evaluation criteria Done in consultation with Subcommittee and IPA
October 15, 2020	Determine Respondents Interviews And To Complete Survey Invited 5 AC members, 10 Board, 16 internal staff/managers, 3 outside peers of IPA Done in consultation with Subcommittee, IPA and SANDAG HR
October 19, 2020	Develop Interview and Survey <ul style="list-style-type: none"> First Interviews conducted with Audit Committee members
October 23, 2020	Audit Committee meeting <ul style="list-style-type: none"> Provide progress report Motion to approve the criteria, process and timetable
October 26, 2020	Survey Distribution and Interviews Continue <ul style="list-style-type: none"> 31 key stakeholders invited to take survey (quantitative data); Interviews provide first-hand examples that support ratings (qualitative data)
Nov 6, 2020	Subcommittee to Analyze And Synthesize The Data <ul style="list-style-type: none"> Discuss data with IPA
Nov 13, 2020	Audit Committee meeting <ul style="list-style-type: none"> Subcommittee Report to AC whether IPA performance meets “Satisfactory” AC to consider Motion to approve Subcommittee Report

On October 23, 2020, The Audit Committee passed the following Motion:

- The Audit Committee approves the proposed evaluation criteria, process and timetable, and direct the AC to docket at an AC meeting a new ad hoc subcommittee to develop measurable Performance Goals for 2021 annual evaluation

Approved Evaluation Criteria (Motion passed Oct 23, 2020)

1. Independence/Objectivity/Integrity
2. Technical Expertise in Government Auditing
3. Office of the IPA First 18-Months: Workplan Accomplishments
4. Communication Ability
5. Leadership and Teamwork

Data Gathered – Quantitative and Qualitative

- 27/31 Surveys Completed
- 25/34 Interviews Conducted
 - 5 AC members, 7 Board, 13 internal staff/managers, 2 outside peers of IPA



Performance Evaluation Results

Criteria	# Who Strongly Agree/Agree Total Responses	Participants Strongly Agree/Agree
1. Independence/Objectivity/Integrity	50/76	66%
2. Technical Expertise in Government Auditing	37/54	69%
3. Office of the IPA First 18-Months: Workplan Accomplishments	76/88	86%
4. Communication Ability	90/132	68%
5. Leadership and Teamwork	94/124	76%
TOTALS	347/474	73%



Motion for Committee Approval

Based on the data, the Subcommittee recommends a Motion that both:

- The Audit Committee accepts the IPA's performance as "Satisfactory", in accordance with the IPA's contract, and
- That this conclusion be submitted to the SANDAG Board of Directors.