

# **SANDAG**

## ***Audit Committee Agenda***

**Friday, January 22, 2021**

**12:30 to 2:30 p.m.**

**\*\*Teleconference Meeting\*\***

### MEETING ANNOUNCEMENT AMIDST COVID-19 PANDEMIC:

The Audit Committee meeting scheduled for Friday, January 22, 2021, 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:

- To participate via Zoom webinar, click the link to join the meeting: [zoom.us/j/95750340795](https://zoom.us/j/95750340795)
- Webinar ID is 957 5034 0795.
- To participate via Telephone, dial a number based on your current location  
US: +1 669 900 6833 or +1 346 248 7799 or +1 253 215 8782 or +1 301 715 8592 or  
+1 312 626 6799 or +1 929 205 6099
- International numbers available: [zoom.us/u/aeBjieBZ6x](https://zoom.us/u/aeBjieBZ6x)

SANDAG is relying on commercial technology to broadcast the meeting via Zoom. With the recent increase of virtual meetings, platforms such as Microsoft Teams, WebEx, GoToMeeting, and Zoom are working to scale their systems to meet the new demand. If we experience technical difficulty or you are unexpectedly disconnected from the broadcast, please close and re-open your browser and click the link to re-join the meeting. SANDAG staff will take all possible measures to ensure a publicly accessible experience.

**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](mailto:clerk@sandag.org) (please reference: "January 22 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, January 21, 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.

# SANDAG

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](mailto: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.

In order to keep the public informed in an efficient manner and facilitate public participation, SANDAG also provides access to all agenda and meeting materials online at [sandag.org/meetings](http://sandag.org/meetings). Additionally, interested persons can sign up for email notifications at [sandag.org/subscribe](http://sandag.org/subscribe).

SANDAG operates its programs without regard to race, color, and national origin in compliance with Title VI of the Civil Rights Act. SANDAG has developed procedures for investigating and tracking Title VI complaints, and the procedures for filing a complaint are available to the public upon request. Questions concerning SANDAG nondiscrimination obligations or complaint procedures should be directed to the SANDAG General Counsel, John Kirk, at (619) 699-1997 or [john.kirk@sandag.org](mailto:john.kirk@sandag.org). Any person who believes himself or herself or any specific class of persons to be subjected to discrimination prohibited by Title VI also may file a written complaint with the Federal Transit Administration.

In compliance with the Americans with Disabilities Act (ADA), SANDAG will accommodate persons who require assistance in order to participate in SANDAG meetings. If such assistance is required, please contact the SANDAG ADA Coordinator, the Director of Diversity and Equity, at (619) 699-1900, at least 72 hours in advance of the meeting. To request this document or related reports in an alternative format, please call (619) 699-1900 or (619) 699-1904 (TTY), or fax (619) 699-1905.

SANDAG agenda materials can be made available in alternative languages. To make a request, call (619) 699-1900 at least 72 hours in advance of the meeting.

Los materiales de la agenda de SANDAG están disponibles en otros idiomas. Para hacer una solicitud, llame al (619) 699-1900 al menos 72 horas antes de la reunión.

如有需要, 我们可以把SANDAG议程材料翻译成其他语言.

请在会议前至少 72 小时打电话 (619) 699-1900 提出请求.

## **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.*

San Diego Association of Governments · 401 B Street, Suite 800, San Diego, CA 92101-4231  
(619) 699-1900 · Fax (619) 699-1905 · [sandag.org](http://sandag.org)

# Audit Committee

Friday, January 22, 2021

Item No.		Action
+1.	<b>Approval of Meeting Minutes</b> The Audit Committee is asked to review and approve the minutes from its November 13, 2020, meeting.	Approve
2.	<b>Public Comments/Communications/Member Comments</b> 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.	<b>Executive Director's Report</b> <i>Hasan Ikhata, SANDAG</i> An update on key programs, projects, and agency initiatives, including San Diego Forward: The 2021 Regional Plan, will be provided.	Discussion
4.	<b>Update on Office of the Independent Performance Auditor Activities</b> <i>Mary Khoshmashrab, Independent Performance Auditor</i> An update on the Office of the Independent Auditor's activities and other information sharing events will be provided.	Discussion
<b>Reports</b>		
+5.	<b>Proposed FY 2022 Independent Performance Auditor Budget</b> <i>Mary Khoshmashrab, Independent Performance Auditor</i> The Audit Committee is asked to:	Discussion/ Possible Action
<ol style="list-style-type: none"><li>1. Review the proposed Office of the Independent Auditor FY 2022 budget, and</li><li>2. Recommend its approval by the Board of Directors.</li></ol>		
6.	<b>Continued Public Comments</b> 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.	

**7. Upcoming Meetings**

**Information**

The next Audit Committee meeting is scheduled for Friday, February 26, 2021, at 12:30 p.m.

**8. Adjournment**

+ next to an item indicates an attachment

January 22, 2021

## November 13, 2020, Audit Committee Meeting Minutes

Vice Chair Bill Wells (City of El Cajon) called the meeting of the Audit Committee to order at 12:31 p.m.

### 1. Approval of Meeting Minutes (Approve)

Action: Upon a motion by Robert Monson (Public Member) and a second by Stewart Halpern (Public Member), the Audit Committee approved the minutes from its October 23, 2020, meeting.

Action: **Approve**

The Audit Committee is asked to review and approve the minutes from its November 13, 2020, meeting.

The motion passed.

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

### 2. Public Comments/Communications/Member Comments

None.

### 3. Executive Director's Report (Discussion)

Executive Director Hasan Ikhata presented an update on the development of SANDAG: The Five Big Moves, the Otay Mesa East Port of Entry project, the Del Mar Bluff Stabilization efforts, the Central Mobility Hub, and efforts to develop an "open" data program.

Action: Discussion only.

### 4. Update on the Office of the Independent Performance Auditor Activities (Discussion)

Independent Performance Auditor Mary Khoshmashrab presented an update on activities and other information sharing events.

Action: Discussion only.

## Reports

### 5. Proposed Action Plan: Salaries and Compensation Program Audit (Discussion/Possible Action)

Executive Director Ikhata and Chief Planning and Innovation Officer Ray Traynor presented the proposed action plan for the findings and recommendations made in the Salaries and Compensation Compliance and Performance Audit.

Action: Upon a motion by Robert Monson, and a second by Paul Dostart, the Audit Committee accepted the proposed action plan, and recommended that the Board of Directors reconsider their intent to hire an additional outside counsel.

The motion passed.

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

## **6. Audit Committee: Audit Review Process (Discussion/Possible Action)**

The Audit Committee discussed and considered adopting process improvements for reviewing audit reports and other products.

Action: Upon a motion by Stewart Halpern, and a second by Robert Monson, the Audit Committee adopted the process discussed for reviewing audit reports and other products.

The motion passed.

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

## **7. Independent Performance Auditor Performance Evaluation (Discussion/Possible Action)**

Robert Monson and Consultant Linda Schoop presented the Independent Performance Auditor's Performance Evaluation to the Audit Committee.

Consultant Linda Schoop suggested that the Audit Committee document how they define "accept," "receive," and "approve."

Action: Upon a motion by Robert Monson, and a second by Vice Chair Wells, the Audit Committee accepts the Independent Performance Auditor's performance as "Satisfactory," in accordance with the Office of the Independent Performance Auditor's contract, and that this conclusion be submitted to the Board.

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

## **8. Continued Public Comments**

None.

## **9. Upcoming Meetings**

The next Audit Committee meeting has not been scheduled.

## **10. Adjournment**

Vice Chair Wells adjourned the meeting at 2:03 p.m.

## Confirmed Attendance at SANDAG Audit Committee Meeting

November 13, 2020

Jurisdiction/Organization	Name	Member/ Alternate	Attended
City of La Mesa	Hon. Bill Baber	Member	No
City of El Cajon	Hon. Bill Wells	Alternate	Yes
Public Member	Paul Dostart	Primary	Yes
Public Member	Stewart Halpern	Primary	Yes
Public Member	Robert Monson	Primary	Yes

January 22, 2021

## Proposed FY 2022 Independent Performance Auditor Budget

### Overview

In accordance with Board Policy No. 039, Section 6.3, the Independent Performance Auditor (IPA) has prepared the proposed Office of the Independent Performance Auditor (OIPA) FY 2022 Budget for the Audit Committee to review and recommend its approval to the Board of Directors.

### Action: Discussion/Possible Action

The Audit Committee is asked to:

1. Review the proposed Office of the Independent Auditor FY 2022 Budget, and
2. Recommend its approval by the Board of Directors.

### Key Considerations

The proposed OIPA FY 2022 Budget provides the necessary resources to perform the activities of the office. At the Audit Committee meeting held on February 28, 2020, the IPA presented a detailed analysis of dollar oversight per auditor responsibility that supported the request for additional audit resources. During that meeting, the Committee recognized and approved the need for additional staffing resources (including two entry-level auditor positions, two associate level auditor positions, and one administrative staff support), additional training and development needs, and \$100,000 of allocated funds to obtain a data penetration consultant that will perform a review across SANDAG critical data while providing training to OIPA auditors. Further, the IPA presented the approved proposal to the Board in March of 2020 and the Board recognized the needed five additional positions, but the funding was not provided.

In the proposed OIPA FY 2022 Budget, the IPA has included one additional entry-level (I/II) Auditor to requested positions. Given the lack of staffing resources for the office, the IPA intends to bring a revised audit plan for FY 2022 back to the Audit Committee once the Board approves the proposed budget. However, in order for the office to be successful and retain already-trained resources the office currently holds, at least one entry-level auditor position is necessary. The OIPA prepared a state mandate to attempt to obtain much-needed funding but was unsuccessful.

SANDAG manages an annual budget of almost \$1 billion. Based on the detailed analysis provided at the February 28, 2020, meeting, the baseline number of auditors needed to sufficiently support the office was seven. In properly staffing, securing funding, and investing in an internal/external oversight for SANDAG, the OIPA brings more effectiveness and efficiencies with stronger system controls to the organization, and with that, a realized return on investment as a result.

The IPA's objectives are to continue addressing past challenges that SANDAG experienced regarding forecasting mistakes and timely reporting. The IPA also aims to provide reviews around operations, compliance, system controls, data, budgetary expenses, and projects; and to provide recommendations that would bring about more transparency, accountability, effectiveness, efficiencies, and organizational controls.

The IPA will continue to encourage an environment where Board members can be better educated on specific matters, and provide more avenues for key staff to independently report. The IPA is providing to the Audit Committee the proposed OIPA FY 2022 Budget and is prepared to discuss and answer questions.

**Next Steps**

Pending the Audit Committee recommendation of approval of the OIPA FY 2022 Budget, the Board is expected to consider this item in March of 2021. After the Board's final approval of the OIPA's FY 2022 budget, the IPA will bring for the Committee's approval a revised audit plan.

***Mary Khoshmashrab, Independent Performance Auditor***

Key Staff Contact: Mary Khoshmashrab, (619) 595-5323, [mary.khoshmashrab@sandag.org](mailto:mary.khoshmashrab@sandag.org)

Attachment: 1. Office of the Independent Auditor Proposed FY 2022 Budget

---

# **SANDAG**

## **Office of the Independent Performance Auditor**

### **Proposed FY 2022 Budget July 1, 2021, to June 30, 2022**

Presented to the Audit Committee January 22, 2021

Office of the Independent Performance Auditor  
 Work Program No. 8000103  
 Proposed FY 2022 Budget

<b>8000103 OIPA</b>	<b>FY 20 Actuals</b>	<b>FY 21 Final Budget</b>	<b>FY 22 Budget</b>
Salaries, Benefits, Indirect	507,127	687,029	756,083
Proposed New Positions		-	89,400
Memberships	568	7,000	7,000
Supplies	144		
Travel	972		
Training	-	27,600	30,600
Contracted Services	-	-	-
<b>Total</b>	<b>508,811</b>	<b>721,629</b>	<b>883,083</b>
Member Assessments	301,620	303,000	303,000
TransNet/Fastrak swap	136,231	418,629	487,683
Admin/Overhead	70,960		
	<b>508,811</b>	<b>721,629</b>	<b>790,683</b>
<b>Unfunded</b>	<b>-</b>	<b>-</b>	<b>92,400</b>
		New Positions	89,400
		Training	3,000
			<b>92,400</b>

Office of the Independent Performance Auditor  
 Work Program No. 8000103  
 Proposed FY 2022 Budget

FY22 Staff Costs				
Staff	Position Title	Division	Hours	Total Cost
Carter, Lloyd	Principal Management Internal Auditor	OIPA	1763	██████████
Khoshmashrab, Mary	Independent Performance Auditor	OIPA	1763	██████████
Ludwick, Michelle	Principal Management Internal Auditor	OIPA	1763	██████████
Ryan, Michael	Audit Program Intern #1	OIPA	980	██████████
VACANT (OIPA) Intern (Audit - was Ong)	Intern (Audit - was Ong)	OIPA	980	██████████
		Total:	7249	\$756,083

  

FY22 Other Direct Costs Budget				
OWP	Category	Sub Category	Description	Amount
8000103	Other Direct Costs	0102 -- Proposed New Position	Management Internal Auditor I position....	\$89,400.00
8000103	Other Direct Costs	0108 -- Training Expense	40 hours or 80 hours per two years of C...	\$30,600.00
8000103	Other Direct Costs	0114 -- Memberships & Publications	Professional Memberships for Auditors a...	\$7,000.00
			Direct Costs Total:	\$127,000.00

**Note:**

**\$89,400** – Management Internal Auditor I Position. Classification Number 12 with an Annual Salary of \$47,708 to \$73, 947. The one full-time employee being requested totals an additional need for \$89,400. In February of 2020, the Audit Committee approved the need for seven additional positions for OIPA. The Board of Directors also received the Audit Committee recommendation at the Board meeting in March of 2020. This position is necessary to retain the trained staff (who is currently an intern). The requested funding for this and the other recognized positions was pending the state mandate filing and potential funding. However, in September of 2020, the State rejected the mandate.

The IPA is requesting that the Audit Committee recommend to the Board that the positions and the necessary funding be approved.

**\$3000 of the \$30,600** – The additional \$3,000 training expense would be for the new auditor position for training expense, as Continued Professional Education training, which is required in accordance with professional auditing standards.