

# **SANDAG**

## ***Audit Committee Agenda***

**Friday, July 23, 2021**

**12:30 p.m.**

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

### MEETING ANNOUNCEMENT AMIDST COVID-19 PANDEMIC:

The Audit Committee meeting scheduled for Friday, July 23, 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. Committee members will primarily participate in the meeting virtually, while practicing social distancing, from individual remote locations.

To participate via Zoom webinar, click the link to join the meeting: <https://zoom.us/j/91763687954>

Webinar ID: 917 6368 7954

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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 [clerkoftheboard@sandag.org](mailto:clerkoftheboard@sandag.org) (please reference July 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, July 22, will be provided to members prior to the meeting.

If you desire to provide live verbal comment during the meeting, please join the Zoom meeting by computer or phone and use the "Raise Hand" function to request to provide public comment. On a computer, the "Raise Hand" feature is on the Zoom toolbar. By phone, enter \*9 to "Raise Hand" and \*6 to unmute. Requests to provide live public comment must be made at the beginning of the relevant item, and no later than the end of any staff presentation on the item. The Clerk will call on members of the public who have timely requested to provide comment by name for those joining via a computer and by the last three digits of for those joining via telephone. All comments received prior to the close of the meeting will be made part of the meeting record. Please note that any available chat feature on the Zoom meeting platform should be used by panelists and attendees solely for procedural or other "housekeeping" matters as comments provided via the chat feature will not be retained as part of the meeting record. All comments to be provided for the record must be made via email or orally per the instructions above.

# SANDAG

Welcome to SANDAG. Members of the public may speak to the Audit Committee on any item at the time the Committee is considering the item. Public speakers are limited to three minutes or less per person. The Committee may only take action on any item appearing on the agenda.

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).

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请在会议前至少 72 小时打电话 (619) 699-1900 提出请求.

## **Vision Statement**

*Pursuing a brighter future for all.*

## **Mission Statement**

*We are the regional agency that connects people, places, and innovative ideas by implementing solutions with our unique and diverse communities.*

## **Our Commitment to Equity**

*We hold ourselves accountable to the communities we serve. We acknowledge we have much to learn and much to change; and we firmly uphold equity and inclusion for every person in the San Diego region. This includes historically underserved, systemically marginalized groups impacted by actions and inactions at all levels of our government and society.*

*We have an obligation to eliminate disparities and ensure that safe, healthy, accessible, and inclusive opportunities are available to everyone. In 2021, SANDAG will develop an equity action plan that will inform how we plan, prioritize, fund, and build projects and programs; frame how we work with our communities; define how we recruit and develop our employees; guide our efforts to conduct unbiased research and interpret data; and set expectations for companies and stakeholders that work with us.*

*We are committed to creating a San Diego region where every person who visits, works, and lives can thrive.*

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# Audit Committee

Friday, July 23, 2021

Item No.		Action
+1.	<b>Approval of Meeting Minutes</b> The Audit Committee is asked to review and approve the minutes from its June 25, 2021, meeting.	Approve
2.	<b>Public Comments/Communications/Member Comments</b> Public comments under this agenda item will be limited to five speakers. Members of the public shall have the opportunity to address the Audit Committee on any issue within the jurisdiction of SANDAG that is not on this agenda. Public speakers are limited to three minutes or less per person. Committee members also may provide information and announcements under this agenda item. If the number of public comments under this agenda item exceeds five, additional public comments will be taken at the end of the agenda. Subjects of previous agenda items may not again be addressed under public comment.	
3.	<b>Chief Executive Officer's Report</b> <i>Hasan Ikhata, SANDAG</i> Chief Executive Officer Hasan Ikhata will present an update on key programs, projects, and agency initiatives.	Discussion
4.	<b>Update on Office of the Independent Performance Auditor Activities</b> <i>Mary Khoshmashrab, SANDAG</i> The Independent Performance Auditor will present an update on the Office of the Independent Auditor's activities and other information sharing events.	Discussion
<b>Reports</b>		
+5.	<b>Overview of Data Science and Analytics (DSA); Data and Modeling (DAM); and Research and Program Management (RPM)</b> SANDAG's DSA, DAM, and RPM Departments support regional planning and decision making by collecting, managing, and analyzing data. Staff will provide an overview of these department functions and responsibilities.	Information
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.	<b>Upcoming Meetings</b> The next Audit Committee meeting is scheduled for Friday, September 24, 2021, at 12:30 p.m.	Information

## 8. Adjournment

+ next to an item indicates an attachment

July 23, 2021

## **June 25, 2021, Audit Committee Meeting Minutes**

Chair David Zito (Board Member) called the meeting of the Audit Committee to order at 12:32 p.m.

### Action: **Approve**

The Audit Committee is asked to approve the minutes from its June 25, 2021, meeting.

### **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 January 22, 2021, meeting.

Yes: Chair Zito, Vice Chair Racquel Vasquez (Board Member), Agnes Wong Nickerson (Public Member) Stewart Halpern, and Robert Monson.

No: None.

Abstain: None.

Absent: None.

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

Chair Zito commented on the Board of Directors' meeting where the Audit Committee recommendation of alternating member terms were rejected by the Board.

## **Reports**

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

Executive Director Hasan Ikhata provided an update on key programs, projects, and agency initiatives including signing a Memorandum of Understanding (MOU) regarding Otay Mesa II to confirm the commitment to open the facility in September of 2024; members of the Executive team and Caltrans meeting with the Deputy National Security Advisor, the Commissioner for Customs Patrol, and the Mexican Ambassador to the United States regarding Otay Mesa II; meeting with the Navy regarding the NAVWAR project; an update on the Draft Regional Transportation Plan; and the opening of the VA station of the Mid-Coast Project.

Hasan Ikhata expressed confidence that SANDAG staff would never intentionally omit documents for items presented to the Board of Directors.

Stewart Halpern asked if Hasan Ikhata would aspire for SANDAG to be an example to the world for transparency and governance. Hasan Ikhata responded that he would aspire for SANDAG to be that example and committed to making SANDAG a world class organization.

Action: Discussion only.

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

Independent Performance Auditor Mary Khoshmashrab provided an update on the Office of the Independent Performance Auditor's (OIPA) activities including that the OIPA has made an offer to a new Principal Management Internal Auditor, and that the OIPA has hired an intern.

Stewart Halpern asked Mary Khoshmashrab if she has experienced any interferences to her independence since the last Audit Committee meeting. Mary Khoshmashrab stated that documents that were prepared by OIPA for the Board of Director's meeting were not the ones posted to the agenda.

General Counsel John Kirk reached out to the Clerk of the Board to figure out why the wrong document was posted to the agenda and at the time of the meeting believed it was an administrative issue.

Action: Discussion only.

**5. Office of the Independent Performance Auditor-Proposed FY 2022 Audit Plan (Discussion/Possible Action)**

Mary Khoshmashrab presented the item.

The Audit Committee is asked to discuss the proposed audit plan and consider its approval.

Action: Upon a motion by Robert Monson and a second by Chair Zito, the Audit Committee approved the motion to approve the OIPA proposed FY 2022 Audit Plan.

Yes: Chair Zito, Vice Chair Vasquez, Stewart Halpern, Agnes Wong Nickerson, and Robert Monson.

No: None.

Abstain: None.

Absent: None.

**6. Office of the Independent Performance Auditor Summary of Audits and Recommendations and Status of Corrective Action Plans and the Year-End Fraud, Waste, and Abuse Report for FY 2021 (Discussion/Possible Action)**

Mary Khoshmashrab presented the item.

The Audit Committee is provided these reports as information and asked to recommend that the reports be provided to the Board of Directors as Informational.

Action: Upon a motion by Stewart Halpern and a second by Chair Zito, the Audit Committee approved the motion to recommend that the reports be provided to the Board of Directors as Informational.

Yes: Chair Zito, Vice Chair Vasquez, Stewart Halpern, Agnes Wong Nickerson, and Robert Monson.

No: None.

Abstain: None.

Absent: None.

**7. The Office of the Independent Performance Auditor Hiring Process and Contract Terms and Language (Discussion/Possible Action)**

Mary Khoshmashrab presented the item.

The Audit Committee was asked to discuss, provide input and recommend changes to the current hiring processes, procedures, contract terms and language to ensure that the Independent Performance Auditor (IPA) is able to successfully hire qualified auditors and other Office of the Independent Performance Auditor (OIPA) staff while ensuring independence is not impaired as a result of SANDAG management's involvement.

Prior to the presentation Hasan Ikhata reaffirmed that he respects the OIPA's independence and stated that he would never intervene with the OIPA and that it is important that the OIPA maintains its independence. He also wanted to let the public be aware that he and Mary Khoshmashrab are on the same page when it comes to the importance of OIPA independence

Robert Monson expressed his support that there should not be term contracts for the IPA's auditors and that positions could stay at-will but without cause.

Stewart Halpern asked if these changes could be done by the Executive Director or if it would have to be done through a change in administrative policy by the Board of Directors. John Kirk stated that Board Policy 39 has provisions for both the appointment of the IPA and the employment of the staff of the IPA. John Kirk added that Public Utilities Code (PUC) 132354.1 section (b)(1) states "The audit committee shall appoint an independent performance auditor, subject to approval by the board, who may only be removed for cause" and that section (b)(3) states "The auditor shall have the power to appoint, employ, and remove assistants, employees, and personnel as deemed necessary for the efficient and effective administration of the affairs of the office". John Kirk reaffirmed that the board policy must be consistent with the statute.

Mary Khoshmashrab asked that since PUC 132354.1 states that the IPA has the power to employ, why does she not have the ability to make employment with or without cause. John Kirk responded by saying the PUC refers to the position and not Mary Khoshmashrab herself. Kirk reaffirmed that Mary Khoshmashrab has the ability to handle her staff at her discretion but expressed concern that they would not want to bind a future auditor's discretion in a way that is inconsistent with the statute.

Stewart Halpern expressed that he would like to find a way to protect both the IPA and her staff in order to retain OIPA independence.

Mary Khoshmashrab explained the difficulty of hiring auditors with the current provisions and that she has lost two candidates for the open principal management internal auditor position due to the language that she is required to put it into the contracts. John Kirk expressed support that staff will continue to work with her to help come up with options that will be consistent with the existing statute.

Chair Zito asked if the three-year term is required. John Kirk stated that the statute does not speak to it.

Stewart Halpern asked if PUC 132354.1 is a bright line statute or up to interpretation and asked what the potential consequences could be for violating that code if SANDAG had a compelling reason to do so. John Kirk responded that he would never advise not following the PUC especially when dealing with the OIPA, and that he would consider the difference between sections (b)(1) and (b)(3) to be a bright line.

Mary Khoshmashrab stated that maybe the contract language could have an exception when relating to professional auditing standards so that the "without cause" language of the contracts would not be around auditors following standards or doing their job. She also stated that removing the three-year term would also help.

Action: Discussion only.

## **8. Upcoming Meetings (Information)**

The next Audit Committee meeting is scheduled for Friday July 23, 2021 at 12:30 p.m.

## **9. Adjournment**

Chair Zito adjourned the meeting at 2:15 p.m.

## Confirmed Attendance at SANDAG Audit Committee Meeting

June 25, 2021

Jurisdiction/Organization	Name	Member/ Alternate	Attended
Board Member	David Zito (Chair)	Primary	Yes
Board Member	Racquel Vasquez (Vice Chair)	Primary	Yes
Public Member	Robert Monson	Primary	Yes
Public Member	Agnes Wong Nickerson	Primary	Yes
Public Member	Stewart Halpern	Primary	Yes

