



San Diego Association of Governments

Office of the Independent Performance Auditor

**Mary Khoshmashrab, MSBA, CFE, CPA
Independent Performance Auditor**

ANNUAL AUDIT PLAN
For the period of
July 1, 2022 to June 30, 2023

I. FY 2019-2020 and 2020-2021 STRATEGIC GOALS AND ACTIVITIES

Strategy

To continue ensuring the Office of Independent Performance Auditor’s (OIPA) plan is successful, it must be strategically designed. The plan for fiscal year 2123 has been updated and continues to consist of defined goals that encompass OIPA’s planned activities and/or tasks. To ensure the plan is properly designed, OIPA provides actions steps or tasks to help ensure and support a plan that results in success and contributes to SANDAG becoming a more efficient and effective agency. The OIPA’s defined goals represent our contribution to SANDAG’s success in accomplishing their overall five strategic initiatives (defined in the table below) that supports their mission and vision. The OIPA’s goals focus on end-result based outcomes for the agency while supporting how the OIPA achieves success. The OIPA’s defined activities and task consist of tasks or actions to be taken to accomplish the defined goals (shown on the next page).



Five strategic initiatives are the focus in FY 2023. will drive improvements to the capacity and overall performance of the agency. These strategic initiatives establish a strong foundation to ensure our success as an organization and build the capacity needed to effectively deliver priority projects.

<i>Initiatives</i>
<ul style="list-style-type: none">• <i>Establish an organizational structure and systems that allow us to dynamically assemble resources and mobilize teams to advance and complete priority projects</i>• <i>Ensure that necessary technology and systems are in place</i>• <i>Communicate internally and externally in a clear, authentic, and transparent manner</i>• <i>Adopt practices that attract and retain highly qualified and motivated employees</i>• <i>Establish processes that allow quick access to needed talent and expertise</i>

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OIPA's Goals & Benefits Derived	SANDAG'S Strategic Initiatives	Priority	OIPA's Goals	Actions	Aligns to SANDAG's 2022-23 Strategic Goals
<p>OIPA Goal -01</p> <p>Efficiencies and Effectiveness</p>	<p><i>Establish an organizational structure and systems that allow us to dynamically assemble resources and mobilize teams to advance and complete priority projects</i></p>	<p>1</p>	<p>Continue to work directly with SANDAG's CEO and Deputy CEOs to identify areas where improvement is needed in regard to policies, procedures, and system controls. This will help the organization to become more effective and efficient with their resources.</p>	<p>Perform audits and reviews on a continuous basis around areas of p-card and reimbursement transactions, contracts and procurement, and inventories of assets such as major and minor equipment, software and IT equipment and other inventories.</p>	<p>Yes</p>
<p>OIPA Goal – 02</p> <p>Efficiencies and Effectiveness</p> <p>Good System of Controls</p>	<p><i>Ensure that necessary technology and systems are in place</i></p>	<p>1</p>	<p>Continue to work directly with SANDAG's CEO and Deputy CEOs to identify areas where improvement is needed in regard to policies, procedures, and system controls are it relates to technology.</p>	<p>Engage and provide guidance to management and staff regarding system controls that should exist within an automated system to ensure that controls are built into the system vs manual controls.</p> <p>The IPA will work directly with Management to ensure that contractors charged with system implementation of the new system, including budget, accounting, and contracts are timely with their tasks, actions, and commitment and staying within the budget and scope of the project according to the agreement/contract. And, where there are delays, ensure that management is addressing and documenting deficiencies and holding the contractor accountable.</p>	<p>Yes</p>

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<p>OIPA Goal – 03</p> <p>Transparency and Accountability</p>	<p><i>Communicate internally and externally in a clear, authentic, and transparent manner</i></p>	<p style="text-align: center;">2</p>	<p>Work directly with Management and Staff to help ensure that there is proper documentation and in an understandable and organized manner that is easily digestible for both the board and the public served.</p> <p>Work with OIPA auditors to ensure that audits and review workpapers and audit reports are clear, precise, and fully supported, and that findings and recommendations are easy to follow, understand and are clearly stated in audit reports.</p>	<p>Perform audits and reviews that identify areas where documentation is unclear or lacking and provide feedback to management and staff during reviews and through recommendations that would help support and provide guidance on how to ensure sufficient, appropriate, and accurate documentation is provided around SANDAG business transactions, processes, and procedures.</p> <p>To ensure that OIPA’s audit reports are clear, concise, and easy to digest for the purpose and benefit of the board and public served.</p>	<p style="text-align: center;">Yes</p>
<p>OIPA Goal – 04</p> <p>Opportunity and Success of the Agency Mission and Objectives</p>	<p><i>Adopt practices that attract and retain highly qualified and motivated employees</i></p>	<p style="text-align: center;">3</p>	<p>The IPA will work with management to provide guidance to help them develop and maintain processes and procedures that help to support best practices to retain qualified talent and that helps to bring an environment that encourages and motivates SANDAG employees while keeping within in the guidelines that govern public agencies.</p>	<p>The IPA will continuously work to provide guidance and suggested public agency best practices regarding hiring and retaining talent and motivating staff while ensuring guidelines are followed, proper documentation is maintained, and equality among employees is consistently applied and is properly supported and justified.</p>	<p style="text-align: center;">Yes</p>
<p>OIPA Goal – 05</p> <p>Efficiencies and Effectiveness</p>	<p><i>Establish processes that allow quick access to needed talent and expertise</i></p>	<p style="text-align: center;">3</p>	<p>The IPA will help to ensure that SANDAG polices are followed when executing contracts and consulting services for support around employee retention or contracted services for providing temporary resources.</p>	<p>The OIPA auditors will incorporate these types of contracts in the continuous auditing of SANDAG contracts as part of this fiscal year’s audit plan.</p>	<p style="text-align: center;">Yes</p>

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II. PERFORMANCE MEASURES FOR FY 2022-2023

The OIPA's performance measures for FY 2022-2023 are aligned with SANDAG Strategic Initiatives (SSI) and were developed and approved by the Audit Committee. Further, these performance measures will be used during the IPA's annual performance review (IPA). Lastly, the OIPA measures were designed to ensure adherence to professional auditing standards (PAS) and in consideration of staff development goals (SDG).

The IPA's Performance Measure Goals	PM No.	Type	Alignment	On Target	Exceeds
<p>CPE- Professional Continued Education (IPA) 100% of auditors adhere to professional certificate/licensing requirements and competency needs every two years and at least 40 hours by December 31, 2021.</p>	1	Quality/ Teamwork	PAS/SDI/ IPA	90%	100%
<p>Percentage of planned engagements vs. number of engagements conducted Ensure auditor utilization performance meets industry standards, with audit utilization being measured by the number of planned audits divided by the number of audits conducted.</p>	2	Outcome/ Leadership	SSI/PAS/ SDI/IPA	80%	85%
<p>Budgeted vs. actual audit hours per engagement (OIPA) Complete audits in an efficient and effective manner, measured by the number of hours budgeted per audit vs actual hours expended per audit.</p>	3	Outcome/ Leadership	SSI/PAS/ SDG/IPA	80%	85%
<p>Percentage of OIPA's key goals achieved. In preparation of the annual audit plan, the IPA offers and provides support that includes an annual risk discussion with the governing board, the audit committee, and executive team as part of consideration of risk. The IPA offers and supports providing training and outreach to SANDAG staff and Board members by way of classes and guidance on areas of system controls, best practices, and risk consideration.</p>	4	Outcome/ Operational	SSI/SDG/ IPA	70% participation	80% participation
<p>Public Transparency and Accountability The IPA ensures that OIPA will work with Management to maintain an ongoing summary of all internal and external audits that are performed on SANDAG and the status of all Corrective Action Plans (CAPs). Additionally, the IPA will ensure that all CAPs relating to audits performed by OIPA are reviewed and tested and that results are reported on a quarterly basis to the Audit Committee on posted to the OIPA website on an annual basis. Fraud, Waste, Abuse – The IPA ensures that the OIPA will provide an annual written report to the Audit Committee, Board, and post to website that consist of all incidents reported via the Fraud, Waste, and Abuse website. Further, the IPA will agenize, on a quarterly basis, an update to the Audit Committee. The IPA ensures that there will be no intentional failures to post and there would be no public posting of disclosures by the IPA of information that is required, under law, to be kept confidential.</p>	5	Quality/ Operational/ Communication	SSI/IPA	100%	100%
<p>Communication and Relationship Development Maintain and further develop, working relationships with management, while maintaining independence, so that the Office of the Independent Performance Auditor is viewed as a value-added part of the organization. The IPA will undergo an independent - 360 type performance review/survey. Participants will include professional peers, Board, Audit Committee Members, management, and staff of SANDAG. Based on an evaluation similar to the IPA's previous review performed by an independent consultant. The IPA ensures that an "Action Plan" will be prepared and publicly posted that addresses any need for improvements that were identified as a result of the review/survey.</p>	6	Outcome/ Communication	SSI/IPA	Not less than satisfactory or 70%.	Exceeds 80%

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III. AUDIT PLAN FOR FY 2022-23

The OIPA’s Audit Plan (plan) includes goals and actions (identified above) in addition to audits, reviews, and other engagement types (defined below). The plan is a tool used to document planned assessments, audits, reviews, and other engagements that are performed by the OIPA to help carry out and fulfill Assembly Bill 805 (Gonzalez, 2017) and Board Policy No. 039. The OIPA auditors are SANDAG’s first line of defense against external audits performed by state and federal auditors and can help prevent and detect issues prior to external reviews that can result in unnecessary negative findings. The OIPA will work with SANDAG’s external auditors to help ensure there is no duplication of work and that the work performed by the Independent Performance Auditor’s (IPA) staff’s compliments and brings value, accountability, and transparency to SANDAG.

Similar to the past two plans, the plan is risk-based and designed to perform engagements that help to identify areas of improvements, provides guidance and support to SANDAG employees, and helps to ensure that there are good system controls, and that processes and procedures are operating effectively and efficiently. Additionally, the plan accounts for the OIPA’s responsibility regarding the detection and prevention of fraud, waste, and abuse around SANDAG’s departments, programs, and major projects, while supporting a proactive attitude and a more responsible government agency.

The IPA presents the following FY2122-23 plan for Audit Committee approval. The plan consists of two parts. The first part is achieved with efforts by the IPA and is linked to the defined goals and performance measures to ensure accountability and success and supports the annual operations of the OIPA. The next part involves the use of direct audit resources and will focus on engagement objectives that include operational processes and system control reviews and other engagement types. In addition to these planned engagements, the OIPA may accept unplanned engagements at the request of SANDAG’s Board, Audit Committee, and Executive Director, and in response to Fraud, Waste, and Abuse complaints; these types of requests are made to the IPA and brought to the Audit Committee for consideration and adjustment of hours to the budgeted audit plan.

A. Part I – Defined Goals and Performance Measures

IPA Operational Activity/Task	Est. Date or Time Commitments	Impact
Audit Committee	Monthly	Compliance/Operational/ Transparency
OIPA staff and Executive meetings	Weekly	Operational
Board and PAC meetings	Monthly	Compliance/Operational
Planning Annual Auditor Training	September	Compliance/Staff Development/Quality
Annual Review of Professional Standards and Update to Engagement Manual and OIPA Policies and Procedures	August	Compliance/Quality
Review of OIPA Website, update information, reports, dashboard, and policies and procedures, etc.	Aug/Sept	Operational/Transparency
Prepare update report on Fraud, Waste and Abuse to the AC	Quarterly	Transparency
OIPA staff performance reviews	Annually	Operational/Staff Development
Review, testing, and reporting of Corrective Action Plans (CAPs) resulting from OIPA audits.	Quarterly	Compliance/Transparency

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Review and update audit plan to ensure performance measures and goals are on track and to make necessary revisions.	Quarterly	Compliance/Operational/ Quality
Review and update Smartsheet reports and tracking sheets.	Quarterly	Operational
Annual Budget Planning	April/May/June	Compliance/Operational
Audit Risk Discussion with Board Members and Executive staff for FY22/23 Audit Plan	April and May	Compliance/Operational
Prepare Annual Audit Plan	May, June	Compliance/Operational
Prepare Year End Reports to the AC	May, June	Operational/Transparency
Attend required CPE training and ensured that CPE hours for IPA and Staff are captured.	Varies	Compliance/Operational
Investigate reported Fraud, Waste and Abuse complaints	Varies by caseload and complaint	Operational/Transparency
Support OIPA staff, workpapers reviews, coaching, training and development, and engagement support	Ongoing	Compliance/Operational
Other Admin and outreach duties as requested.	Ongoing	Operational/Quality
Public Policy Committee (PAC) Member Selection Review Process	October	Compliance/Transparency

B. Part II – Planned Audits and Reviews

<i>Engagement ID Number and Priority</i>	<i>OIPA's Annual Audit Plan July 1, 2022 to June 30, 2023</i>	<i>Est. Start Date</i>	<i>Carry Forward</i>	<i>Budgeted Hours</i>
P1 ID 2022-05PY	Operational Process and System Control Review – Contracts and Procurement Review	July	Yes	1000
P2 ID 2023-01BR	Board Member Requested Business and Travel Reimbursement (Prior 3-year audit period)	Sept/Oct	Yes	600
P2 ID INV2023-01	Operational Process and System Control Review – Inventory of Major and Minor Assets	Oct/Nov	No	500
P1 ID CON2023-01 to 10	Continuous Auditing Operational Process and System Control Review – Contracts and Procurement	Oct/Nov	No	1910
P2 ID PC2023-01 to 10	Continuous Auditing Operational Process and System Control Review – Purchase Cards	Feb/March	No	500
P3 ID TRV/REIMB2023-01 to 10	Continuous Auditing Operational Process and System Control Review – Travel and other Reimbursements	March - June	No	400
Total Hours Budgeted				4910
Total Available				4910

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IV. AUDIT RESOURCES

Current Available Resources and budgeted expenses:

- Independent Performance Auditor: 1.0 FTE plus equipment
- Principal Management Internal Auditor - 2.0 FTE plus equipment
- Auditor I/II – 2.0 FTE plus equipment
- Student Auditor internship 2.0 (20 to 29 hours per week for each intern. Currently vacant)
- Auditor training, professional dues, and licenses

Current Resources Absorbed by SANDAG as part of Overhead:

- SANDAG Legal Staff Support
- SANDAG Data Production Support
- Equipment and office space for the PMIA
- Equipment and cubical space for interns.

Current Resources Direct Audit and Non-Audit Hours Available (July 1, 2022 to June 30, 2023)

8,800 hours of direct, indirect, and other productive hours for the fiscal year period.

Annual Allocation of Auditor Hours

Position	Current Annual Productive Hours FTE	OIPA Strategic Goals/Indirect Audit Hours (Annual), and Investigations	Direct Audit and Review Hours (Annual)	CPE Required training (Annual)	*Admin Hours (Annual)
IPA	1760	(1,120)	-	(40)	(600)
IMPA	1760	(300)	(1,120)	(40)	(300)
IMPA	1590 ^{note 1}	-	(1,250)	(40)	(300)
Auditor I/II	1760	(200)	(1,220)	(40)	(300)
Auditor I/II	1760	(100)	(1,320)	(40)	(300)
Available Hours	8,630	(1,720)	(4,910)	(200)	(1,800)

- ❖ Admin hours – Agenda Setting, Clerking, SANDAG required training, AC, and other committee meetings, employee events, all hands-on meetings, timesheets, etc. = 300 annually
- ❖ Annual Productive Hours (2060 less time off – 300 holidays, PTO, other leave) = 1760 per FTE (Full-Time-Equivalent)
- ❖ Indirect Audit Hours = Supervisory, workpaper review (first and second level), staff development, QC, etc.
- ❖ IPA = Independent Performance Auditor
- ❖ IMPA = Principal Management Internal Auditor (Note1. One FTE vacant. Est. hiring August 1. 1760 – 170 = 1590 hrs)

V. ADOPTION, APPROVALS, AND ACCEPTANCE

AC Approved: June 10, 2022

BOD Accepted: July X, 2022