



California High-Speed Rail

BRIEFING: SEPTEMBER 23, 2021, Board Meeting AGENDA ITEM #5

TO: Chair Richards and Board Members

FROM: Paula Rivera, Chief Auditor

DATE: September 23, 2021

RE: Consider Approving the Fiscal Year 2021-22 Audit Plan and Acknowledging the Internal Quality Assurance Self-Assessment, Fiscal Year 2020-21

Summary

Staff recommends that the Board:

- Approve the Internal Audit Plan for Fiscal Year 2021-22.
- Acknowledge the Internal Quality Assurance Self-Assessment, Fiscal Year 2020-21.

Background

The mission of the Audit Office is to assist management in accomplishing the California High-Speed Rail Authority's values and goals by bringing a value-added, risk-based approach to independently reviewing, testing, and evaluating program processes throughout the Authority.

The Audit Program has been developed based on the International Standards for the Professional Practice of Internal Auditing which describe the guidelines and required elements for audit reporting relationships and responsibilities. It states that auditors require "the freedom from conditions that threaten the ability of the internal audit activity to carry out internal audit responsibilities in an unbiased manner." To maintain its organizational independence, the Audit Office reports functionally to the Authority Board and administratively to the Chief Executive Officer (CEO). Additionally, the standards identify that the chief audit executive must develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity.

The Audit Office has prepared a risk-based Audit Plan for Fiscal Year 2021-22 identifying priorities for audit activities. To develop the Audit Plan, audit topics were solicited from executive and senior management, and the Finance and Audit Committee members. Audit Office senior managers risk-ranked the audit topics based on the impact to the Authority's program goals and objectives, if an issue was auditable, and then determined which audits could be performed with existing staff resources.

The 2021-22 Audit Plan includes three audits in progress from the prior year's audit plan – incurred cost, data validation and grant management. Additional audits proposed for this fiscal year include: contract management, contract amendments, environmental mitigation, civil works certification, diversity, equity and inclusion, program schedule, small business and pre-award evaluations.

Staff brings the audit plan to the Board for approval to comply with the International Standards for the Professional Practice of Internal Auditing, Performance Standard 2020, to communicate the internal audit plans and resource requirements for review and approval.

In addition, staff is also presenting the Internal Quality Assurance Self-Assessment to comply with Performance Standard 1320, which requires the chief audit executive to communicate the results of the quality assurance and improvement program to the board.

Prior Board Action

Resolution # 19-10 Audit Plan and Quality Self-Assessment.

Resolution #HSRA 20-02 Fiscal Year 2020-21 Audit Plan.

Legal Approval

Reviewed by the Legal Office and no legal concerns to report.

Budget and Fiscal Impact

This item considers approving the Fiscal Year 2021-22 Audit Plan and acknowledging the Internal Quality Assurance Self-Assessment, Fiscal Year 2020-21, and does not by itself have a budget or fiscal impact. However, depending on the nature of audit findings and implementation, unknown fiscal benefits may result.

REVIEWER INFORMATION	SIGNATURE
Reviewer Name and Title: Brian Annis Chief Financial Officer	Signature verifying budget analysis: September 16, 2021
Reviewer Name and Title: Alicia Fowler Chief Counsel	Signature verifying legal analysis: September 16, 2021

Recommendations

Staff recommends that the Board approve the Internal Audit Plan for Fiscal Year 2021-22 and acknowledge the Internal Quality Assurance Self-Assessment for Fiscal Year 2020-21.

Attachments

Resolution #HSRA 21-10

Audit Plan Fiscal Year 2021-22

Internal Quality Assurance Self-Assessment for Fiscal Year 2020-21