



CALIFORNIA
High-Speed Rail Authority

Grant Management Audit

April 2022

Prepared by the Audit Office

Report Number: 22-01

EXECUTIVE SUMMARY

The Audit Office of the California High-Speed Rail Authority (Authority) performed an audit to determine if the Grants Management Branch (Grants) processes and procedures for grant management are adequate to ensure compliance with grant requirements.

The scope of the engagement was limited to reviewing current grant management-related processes for active/open grants as of January 2021. Our audit included examining policies, procedures, and any other relevant criteria, interviewing personnel, and conducting tests necessary to complete the objectives.

We found that necessary internal controls related to managing grants are in place and operating. However, the controls in place need refining. Additionally, we found there are written processes and procedures over the Grant Management process, and Grants generally complies with their procedures however, we recommend improvements to document processes.

We recommend that Grants develop detailed procedures for Grant Management processes and refine controls per detailed recommendations presented in this report.

Paula Rivera

Paula Rivera, Audit Chief

April 25, 2022

Date

Audit Report

BACKGROUND

The California Legislature created the California High-Speed Rail Authority (Authority) as part of the California High-Speed Development Act of 1994. The Authority is responsible for planning, designing, building and operation of the first high-speed rail system in the nation. California high-speed rail will connect the mega-regions of the state, contribute to economic development and a cleaner environment, create jobs and preserve agricultural and protected lands.

The Authority is responsible for overall management, oversight, and monitoring of state and federal awards received. This function requires accountability and transparency and must provide a means of tracking and monitoring program goals, accomplishments, and compliance with grant requirements.

In 2010, the Authority was awarded approximately \$3.5 billion of federal funds— administered by the Federal Railroad Administration (FRA) through two cooperative agreements American Recovery and Reinvestment Act (ARRA) and Fiscal Year 2010 (FY10) – to fund environmental clearance and planning for the first phase of the California High-Speed Rail Program and final design and construction of an initial segment in the Central Valley, known as the First Construction Section. To accomplish this, the Authority secured significant funds from both state and federal sources.

The Authority is contractually bound to meet various regulatory and performance criteria as specified with these grant agreements. The Authority is required to receive, track, administer, and close out grant funding in a fiscally responsible manner. In addition, the Authority is responsible for providing the non-Federal contribution of funding described in each agreement, also known as the State match, and any additional funds needed to complete the agreed-upon tasks in the grants' Statement of Work. The Authority also agreed to the planning and reporting provisions that require the Authority to provide deliverables and reports to FRA by specific deadlines. The Authority is a large and diverse organization with multiple branches and offices that participate in the development of deliverables and reports.

The FRA provides oversight for the Authority grants through programmatic, technical and administrative oversight and guidance of grant related activities.

To ensure compliance with applicable grant-related rules and regulations, the Grants Management Branch (Grants) is responsible for providing guidance and working closely with internal staff and leadership relative to federally funded activities and expenditures. Grants as a branch was established in 2016. Within the Office of Legislation, Grants is composed of one Authority staff – Grant Manager, and two consultant staff – Grants Coordinator and Deputy Director of Special Projects (part time). Their overarching purpose is to be the liaison between the FRA and the rest of the Authority on matters such as deliverables and grant budget tracking.

Furthermore, Grants is responsible for developing and implementing policies and procedures related to pursuit of new sources of Federal grant funding, support for grant applications, use of local and in-kind match for existing and new sources of federal funding and leveraging of state funding to support stakeholder agreements. Grants administers the Authority's grant program which includes managing, monitoring, and reporting on the Authority's federal grants; providing policy analysis and recommendations related to the oversight of grant and matching funds; preparing and submitting progress reports, budget revision amendments; and initiating grant close-out.

Additionally, Grants serves as the primary point of contact between the Authority's executive management team and the FRA for negotiations on issues of federal grant policy, strategic amendments to existing funding agreements and new sources of funding to maximize the use and flexibility of existing and new funding sources in the best interest of the Authority.

Grants has developed written processes and procedures. The Grants Management Manual (November 2020) focuses on Grants' areas of responsibility for the Authority. The manual includes procedures on the grant application process, financial and performance oversight, Federal/State communication, record retention, purchasing/procurement, and grant closeout. The Grants Management Manual summarizes Grants responsibilities:

- Financial and performance reporting
- Perform internal oversight
- Maintain and provide access to grant records
- Compliance with applicable rules and regulations, and grant terms and conditions
- Monitor progress on grant scope and work objectives
- Various activities in preparing/submitting/tracking performance deliverables
- Coordinate annual federal monitoring reviews
- Registration compliance for various federal electronic sites

Additionally, Grants compiled four separate procedures:

- Procedure A - File Transfer (December 2020) that ensures a consistent and secure delivery process of large files to federal agencies
- Procedure B - Correspondence Log (June 2021) applies to staff within Grants, including State employees and integrated consultant staff
- Procedure C - Deliverable Preparation and SharePoint Procedures (July 2021) ensures consistent requirements, roles, responsibilities, and steps for coordinating, transmitting and retaining copies of grant-related deliverables
- Procedure D - Quarterly Report Preparation (October 2021) ensures consistency with requirements, roles, responsibilities and identifies steps for coordinating, transmitting and retaining copies of Federally required quarterly and annual reports

We have identified two different external reviews and audits, discussed below. Grants' follow up on these areas was included in the scope of our audit.

Prior to 2019, FRA issued Monitoring Reports based on site monitoring reviews that were conducted by FRA representatives. In the 2017 Monitoring Report, FRA identified 7 Areas of Interest¹ that concerned Staff Capability/Capacity, Internal Processes, Scope, Schedule, Budget, Environmental Mitigation, and Service Development Planning.

In January 2020 the Office of Inspector General (U.S. Department of Transportation) released their audit² of the FRA. The audit indicated that FRA routinely found insufficient submissions of required planning documents by the Authority. Additionally, the audit specified the Authority missed deadlines to provide an

¹ Monitoring Report, 02.12.2018, Prepared by Juliana Barnes

² "Improved Federal Railroad Administration Decision Making and Financial Oversight Processes Could Have reduced Federal Risks from the California High-Speed Rail Project", Office of Inspector General, January 2020.

acceptable interim use plan. Finally, FRA's review of project reimbursement requests relied on documentation that was not adequate to verify if expenditures met Federal requirements.

During the reporting phase of our audit, we learned that 2021 annual deliverables were approved and/or accepted by FRA.

OBJECTIVES, SCOPE, and METHODOLOGY

The purpose of our audit was to determine if the Grants processes and procedures for grant management are adequate to ensure compliance with grant requirements. Our audit objectives were:

1. Determine there are written processes and procedures over the Grant Management process.
2. Verify compliance with established written processes and procedures.
3. Determine the necessary internal controls are in place and operating effectively.

The scope of the engagement was limited to reviewing current grant management-related processes for active/open grants as of January 2021. To accomplish our objectives, we reviewed applicable criteria, interviewed staff involved in the grant management process, and tested selected deliverables/reports files.

The deliverables required by FRA were categorized as Deliverables (deliverables listed on the Grant Agreement Attachment as Exhibit A), Annual Deliverables, and Quarterly Reports. Within our audit period (2018-2021) Grants submitted 17 Deliverables, 17 Annual Deliverables, and 112 Quarterly Reports³ to FRA. Our testing was a judgmental sample of 4 (23%) Deliverables, 8 (47%) Annual Deliverables, and 30 (27%) Quarterly Reports.

The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

The results of this audit were discussed with Grants team on February 9, 2022. The Grants Management Branch provided a response, which is included as Attachment A. This report is intended as information for management's use; however, this report is a public document, and its distribution is not limited. We appreciate the Authority's time and cooperation throughout the audit and look forward to assisting the Grants Management Branch as needed.

³ Per information provided by Grants (Deliverable at a Glance Document, FRA Deliverable Tracking Spreadsheet, SharePoint Deliverable/Report Library site)

CONCLUSION

We have found that necessary internal controls related to managing grants are in place and operating. However, as identified in the Issues below, the controls in place need refining. Additionally, we have found there are written processes and procedures over the Grant Management process and Grants generally complies with their procedures. However, we recommend improvements to document processes.

The audit findings are detailed below.

Issue 1: Lack of Employee Transition Plan Can Lead to an Experience Gap in Grants

The Authority employs one state employee (Grants Manager) in Grants. The Grants Manager is supported by two consultants, Grants Coordinator (full-time) and Deputy Director of Special Projects (part-time). The consultants are hired through the Rail Delivery Partner contract, which is scheduled to end at the next fiscal year. It will be replaced by a new contract for program delivery support. We have identified that Grants does not have a finalized staff transition plan that can reduce the risk of an experience gap within the Branch. Lack of experienced staff in Grants can delay the grant management process and negatively affect compliance with federal grant agreements. The issues presented below have a higher risk because current consultants might not be part of a new contract. Grants should be prepared for new staff by updating current policies and procedures, adequately documenting their current processes, and consistently maintaining records related to the grant management process.

Recommendation

Grants should develop an employee transition plan that will reduce the risk of an experience gap when the contract for their consultants expires.

Response

The Legislative Office (LO) and the Grants Management Branch (Grants) acknowledges the need to complete the employee transition plan to accommodate Grants' expanding workload. The LO and Grants plans to complete an employee transition plan by August 30; in the interim, the consultant contract has been extended to November 30. This extension will allow the current consultants to assist with onboarding new program delivery support consultants.

Analysis

We agree with the corrective action identified.

Issue 2: The Current Grants Processes Do Not Align with Written Policies and Procedures

We have identified that the current Grants processes discussed below do not align with the written policies and procedures developed by Grants. Written policies and procedures are an essential part of the branch, they provide a roadmap for day-to-day operations for current and new Grants staff, they ensure compliance with laws and regulations, give guidance for decision-making, and streamline internal processes. All current Grants processes should align with the written policies and procedures.

Issue 2.1: Tracking FRA Deliverables⁴

According to Procedure C, Grants, as the Authority Branch responsible for the coordination of grant deliverables, uses a tracking sheet to ensure deliverables are completed within the performance period of the grants. The tracking sheet includes:

- A list of all deliverables
- A description of the deliverable
- Dates for when delivery has been completed
- Dates for anticipated completion

This sheet is then useful for tracking progress toward completion of the grant agreement scope of work.

We have identified 5 different sources to determine how deliverables are tracked by Grants. These sources are:

- ARRA Grant Agreement Exhibit A
- FRA Deliverable Tracking spreadsheet
- Deliverables at a Glance document
- SharePoint - Deliverables and Report Library Site
- SharePoint - Correspondence Log Site

Grants does have each of these components required by their Procedure C listed on one of their tracking logs, but none of these sources include all four components in one tracking log. Furthermore, there are inconsistencies across the deliverable due dates and submitted dates, and deliverables between the five sources mentioned above.

New Grants staff may have difficulty reconciling between several tracking sources mentioned above to fully understand the current status of deliverables. Failure to have consistent and updated information across all sources will cause confusion within Grants' new staff and between Grants and Subject Matter Experts (SMEs).

Recommendation

Grants should combine the tools. A single tracking tool would be helpful because due dates for the deliverables can be flexible and updating one living document with changing information reduces the opportunity for error caused by revising multiple tools.

Alternatively, Grants should make sure the information on these tracking sources is updated and consistent before sharing them internally within the branch and/or the Authority. Grants should revise their current procedure to reflect that they have multiple tracking tools, so it aligns with their current process of tracking FRA deliverables.

⁴ A Federal entity (FRA) uses deliverables as a means to measure the recipient's (The Authority) performance progress toward meeting the grant scope of work. Deliverables is a generic description for a variety of documents such as proof of meeting regulatory requirements, proof of milestone achievements, documents such as project of program plans.

Response

Grants concurs that current procedures should be updated to reflect the current process Grants uses to track FRA deliverables. Grants plans to complete the refinement of their procedures, addressing this recommendation, by August 30

Analysis

We agree with the corrective action identified.

Issue 2.2: Review Policy and Procedures

According to the Grants Management Policy, POLI-1044 Grants reviews and provides feedback on federal Deliverables and Quarterly Reports. Moreover, Procedure D clarifies that the Grants Manager and the Grants Coordinator review the quarterly reports for consistency with prior reporting and known changes, as well as if the report meets the expectations of the FRA.

Based on the testing results, Grants was unable to provide supporting documentation that shows two out of five selected deliverables were reviewed by Grants before submission to FRA. Furthermore, Procedure C does not include a process of deliverable review, however the Grants Management Policy requires Grants to review deliverables. Grants staff has noted that not all deliverables/reports are required to be reviewed by their staff, which leaves them with only a high-level review process. We were not able to identify this process in Grants' written procedures or manual.

Undocumented processes and procedures can lead to confusion between employees and/or other stakeholders. Unless the process is documented and communicated, new Grants staff will not know which deliverables require review. This can lead to submitting unreviewed deliverables to the FRA and cause noncompliance with the grant agreement.

Recommendation

Grants should ensure that all deliverables/reports are reviewed before submitting them to FRA. In addition, Grants should define, adopt, and document the deliverable and report review process so that the Grants Management Policy is consistent with the actual review process and other procedure manuals utilized by Grants.

Note: During the audit, Grants noted that they are working on updating their current procedures manuals. These updates will be reviewed within the regular audit follow-up process to determine they address recommendations issued in this report.

Response

Although Grants currently performs various levels of review on all deliverables submitted, Grants was in the process of updating the procedure at the time of the audit and will continue to refine the procedure addressing the auditor's recommendation by August 30.

Analysis

We agree with the corrective action identified.

Issue 3: Undocumented Processes

We have identified that the current Grants processes presented below are not documented and communicated. We believe that because these processes can be core to operations, documenting them is essential. Documenting processes reduces risk in the event that key personnel leaves or is unavailable. In addition, business process improvement can only be done with accurate process documentation. Grants should document and communicate processes identified below.

Issue 3.1: Written Guidance for Subject Matter Experts

Grants works with the Authority's various programmatic and administrative branches to provide technical assistance and achieve agency-wide integration and consistency between myriad performance requirements within the grant scope of work's multiple disciplines.

We have identified Grants' processes related to the deliverable/report submission that have not been formally communicated to SMEs who are in charge of preparing, approving, and submitting the deliverables/reports required by the grant agreements. Examples of such processes are:

- SMEs submit deliverables/reports to Grants that are reviewed by the appropriate manager
- Grants requires SMEs to submit deliverables/reports a certain number of days before the due date for Grants' review
- Feedback/comments received from FRA will be communicated to the SMEs by Grants
- SMEs are required to respond to the FRA comments within specific timeframe (depending on deliverable)
- Requests for extensions of deliverable/report due dates must be communicated to Grants in writing

Considering the frequency of employee turnover at the Authority, this type of clear and written communication will be helpful for SMEs to efficiently respond to Grants' requirements. In addition, written and communicated guidance for SMEs on the deliverable/report submission process can minimize ad-hoc meetings with SMEs and it will ensure that the new Authority employees or employees with no prior knowledge of grants-related topics are informed about their responsibilities as well as Grants' expectations in regard to the grant management process.

Recommendation

Grants should develop and communicate a brief guidance/instruction manual for SMEs that will document processes related to the SME requirements in the deliverable/report submission process and define Grants' expectations for the deliverable/report preparation and submission process. This can be a living document that allows for review and/or updates when necessary.

Response

Grants reaches out to program directors/SMEs to provide individualized dialogue/guidance specific to each deliverable. It is Grants' methodology to work with the program area staff individually to outline content, review previous comments, and due dates and/or extensions (if necessary) to achieve quality deliverables. This process is effective and productive considering the specificity of each deliverable and how the criteria for each varies.

To bolster this process, Grants will develop an introductory overview of the process to share with the program directors to share with their SMEs by August 30.

Analysis

We agree with the corrective action identified.

Issue 3.2: Deliverable/Report Due Dates Extension Requirements

According to Procedure C, while Grants cannot control the schedule of the deliverables, it is crucial for Grants to stay informed and aware of any changing completion dates so that Grants staff may notify federal partners of any delay and seek approval/concurrence, when necessary.

During the audit testing of the deliverable/report due date extension process, we learned that not all deliverables and reports require extension approvals from FRA. Deliverables that do not require an extension are updates to previously submitted deliverables. Even though there may have been an established update date, Grants does not consider this a due date. We were not able to identify anywhere in Grants' procedures manual and/or tracking tools indicating certain deliverables did not require approval of a time extension. If there is a staff turnover, there will be a lapse in communication while the Grants new staff gets up to speed. Documenting due date extension information can help Grants staff quickly see which upcoming deliverables and reports on their tracking source need an extension approval from FRA.

Recommendation

Grants should write a set of guidelines in their procedures that will assist new staff in figuring out if the due date request from the SMEs requires an extension.

Response

For deliverables that may require extensions, Grants will include clarifying language in the procedures by July 30.

Analysis

We agree with the corrective action identified.

Issue 4: Ancillary Records Maintained by Grants are not Consistent, Clear, and/or Centrally Accessible

We reviewed the SharePoint sites and other file systems developed by Grants to centrally maintain records related to grant management. Records communicated to FRA are maintained and managed on the SharePoint sites. However, based on our review, records and documentation that support Grants' internal processes are not consistent, clear, and/or centrally accessible, such instances are discussed below.

Maintaining consistent, clear, and accessible records is crucial for several reasons. Without adequate record-keeping, monitoring the progress of Grants goals can be challenging. Also, good recordkeeping practices can help new Grants staff to comply with laws and regulations.

Issue 4.1: Record Management

The Correspondence Log Site on SharePoint retains copies of deliverables, reports, and correspondence sent to federal partners. However, our testing revealed that not all supporting and relevant documentation is kept in a centralized location available to all Grants staff and for future retrieval if any current staff separate from the Authority. Grants keeps these items, but they are in various Outlook email folders of individual Grants staff. Documents that support the following Grants processes were not maintained in the centralized and accessible location:

- Records for SMEs submittal of reviewed Deliverables/Reports to Grants.
- Records for communicating FRA comments/feedback to SMEs.
- Records of coordinating SME responses with FRA.
- Records of reviewing the deliverables/reports by Grants, etc.

Furthermore, according to Procedure C, Grants maintains a site within SharePoint that retains copies of reports and deliverables submitted to federal partners. This SharePoint Site is called the Deliverables and Reports Library (Library).

Based on our review we identified that the Library site did not include the following deliverables: Notice of Intent, Scoping Report, Agency Coordination Plan, and Relocation Plans for all project sections. Other deliverables such as Purpose of Need Statement, Record of Decision (ROD), Mitigation Monitoring and Enforcement Plan (MMEP), and Station Area Plans have some project sections uploaded but there are other project sections for which the records are not maintained on the Library site.

Recommendation

A centralized location should be established and used to store records and documentation that supports all internal processes utilized by Grants. Not every email sent while producing deliverables/reports needs to be retained and supporting documents do not have to be emails, they may be sign-off sheets, memos, meeting minutes, etc. Suggested for retention in a centralized location would be items showing Grants receipt, Grants review, Sign-off or instruction from other Authority staff or executives, FRA feedback sent to SMEs, SMEs addressing FRA feedback/comments, etc.

The Authority's Document Control System should be considered in Grants' discussion and development of a centralized records retention location.

Response

Coincidentally during the audit, Grants had already begun requesting quality control documents from program area SMEs that produce deliverables. Although it is the responsibility of the various programmatic areas to retain any supporting background on documents they produce, as well as documenting their approval process of a deliverable (record) according to their procedures, Grants acknowledges the value of a redundant backup and will include this process in the policy refinement by July 30.

Analysis

The recommendation above relates to the supporting documents of internal processes utilized by Grants. Hence, Grants is responsible for maintaining records of the processes described in this issue. We agree with the corrective action identified.

Furthermore, the records maintained on the library site should be consistent and all deliverables/reports should be uploaded per Grants' procedures manual.

Response

The Auditor identified that some deliverables were not found in the SharePoint Library. As per Procedure C and POLI-1044, record owners are responsible for retaining and managing documents created within their branch. Some deliverables such as environmental documents, design plans, and detailed schedules are not stored within Grant's SharePoint Library because of their size and/or a requirement for specialized software to store; therefore, Grants is unable to store them in the Grants' SharePoint Library. However, Grants will refine procedures and note that these deliverables as being stored with the record owner.

Analysis

We agree with the corrective action identified.

4.2: Tracking FRA Comments

FRA has issued repeated comments on the Program Management Plan and the Annual Work Plan from 2018 to 2020. According to FRA at the time, these comments were not addressed by the Authority, hence the Program Management Plan and Annual Work Plan had not been accepted by FRA. However, during the reporting phase of the audit, the current Administration approved and accepted the 2021 Program Management Plan and the 2021 Annual Work Plan.

The testing results revealed that records maintained by Grants are not consistent and/or clear. According to the documents provided by Grants, it cannot be identified if or how the Authority has been addressing FRA comments for the selected deliverables (2018-2020 Program Management Plan and Annual Work Plan). Because necessary controls, such as this, for management of deliverables are not in place, the oversight, managing, and monitoring type of activities by Grants may not be fully utilized.

Recommendation

Grants should maintain clear and consistent records that show the comments/feedback by FRA was addressed by the Authority's relevant branches. These records should also be kept in a centralized location so that they can be easily accessible for Grants staff and other stakeholders.

Note: During our audit Grants created an electronic file system in SharePoint for us to review FRA feedback/comment coordination between the Authority and FRA for the selected sample. Grants has noted that this file system will be used for future staff to track previous FRA comments/feedback and Grant's responses on deliverables.

Response

Grants has developed options for a more visible view of comment tracking for SMEs to use and will refine the procedure and associated storage of the feedback/comments by July 30.

Analysis

We agree with the corrective action identified.



CALIFORNIA High-Speed Rail Authority

Memorandum

DATE: April 11, 2022

TO: Paula Rivera, Chief Auditor

FROM: Jane Brown, Deputy Director of Legislation

SUBJECT: Response to Grants Audit Draft Report

The California High-Speed Rail Authority (Authority) Grants Management Branch appreciates the opportunity to provide a response to the Authority's Audit Office Grant Management Audit (22-01). I was pleased that the audit found that the Authority has necessary internal controls in place and operating, as well as that there are written processes and procedures in place to successfully administer the Grant Management process. The audit noted some areas for improvement: the area of developing a staff transition plan; tracking tools that could be helpful to other Authority personnel; and lastly, improvements in documentation.

The Grants Management Branch appreciates the Auditor's insights and provides the following responses:

Issue 1: Lack of Employee Transition Plan Can Lead to an Experience Gap in Grants

Recommendation

Grants should develop an employee transition plan that will reduce the risk of an experience gap when the contract for their consultants expires.

Response

The Legislative Office (LO) and the Grants Management Branch (Grants) acknowledges the need to complete the employee transition plan to accommodate Grants' expanding workload. The LO and Grants plans to complete an employee transition plan by August 30; in the interim, the consultant contract has been extended to November 30. This extension will allow the current consultants to assist with onboarding new program delivery support consultants.

Issue 2: The Current Grants Processes Do Not Align with Written Policies and Procedures

Issue 2.1: Tracking FRA Deliverables

Recommendation

Grants should combine the tools. A single tracking tool would be helpful because due dates for the deliverables can be flexible and updating one living document with changing information reduces the opportunity for error caused by revising multiple tools.

Alternatively, Grants should make sure the information on these tracking sources is updated and consistent before sharing them internally within the branch and/or the Authority. Grants should revise their current procedure to reflect that they have multiple tracking tools, so it aligns with their current process of tracking FRA deliverables.

Response

Grants concurs that current procedures should be updated to reflect the current process Grants uses to track FRA deliverables. Grants plans to complete the refinement of their procedures, addressing this recommendation, by August 30.

Issue 2.2: Review Policy and Procedures

Recommendation

Grants should ensure that all deliverables/reports are reviewed before submitting them to FRA. In addition, Grants should define, adopt, and document the deliverable and report review process so that the Grants Management Policy is consistent with the actual review process and other procedure manuals utilized by Grants.

Response

Although Grants currently performs various levels of review on all deliverables submitted, Grants was in the process of updating the procedure at the time of the audit and will continue to refine the procedure addressing the auditor's recommendation by August 30.

Issue 3: Undocumented Processes

Issue 3.1: Written Guidance for Subject Matter Experts

Recommendation

Grants should develop and communicate a brief guidance/instruction manual for SMEs that will document processes related to the SME requirements in the deliverable/report submission process and define Grants' expectations for the deliverable/report preparation and submission process. This can be a living document that allows for review and/or updates when necessary.

Response

Grants reaches out to program directors/SMEs to provide individualized dialogue/guidance specific to each deliverable. It is Grants' methodology to work with the program area staff individually to outline content, review previous comments, and due dates and/or extensions (if necessary) to achieve quality deliverables. This process is effective and productive considering the specificity of each deliverable and how the criteria for each varies.

To bolster this process, Grants will develop an introductory overview of the process to share with the program directors to share with their SMEs by August 30.

Issue 3.2: Deliverable/Report Due Dates Extension Requirements

Recommendation

Grants should write a set of guidelines in their procedures that will assist new staff in figuring out if the due date request from the SMEs requires an extension.

Response

For deliverables that may require extensions, Grants will include clarifying language in the procedures by July 30.

Issue 4: Ancillary Records Maintained by Grants are not Consistent, Clear, and/or Centrally Accessible

Issue 4.1: Record Management

Recommendation

A centralized location should be established and used to store records and documentation that supports all internal processes utilized by Grants. Not every email sent while producing deliverables/reports needs to be retained and supporting documents do not have to be emails, they may be sign-off sheets, memos, meeting minutes, etc. Suggested for retention in a centralized location would be items showing Grants receipt, Grants review, Sign-off or instruction from other Authority staff or executives, FRA feedback sent to SMEs, SMEs addressing FRA feedback/comments, etc.

The Authority's Document Control System should be considered in Grants' discussion and development of a centralized records retention location.

Response

Coincidentally during the audit, Grants had already begun requesting quality control documents from program area SMEs that produce deliverables. Although it is the responsibility of the various programmatic areas to retain any supporting background on documents they produce, as well as documenting their approval process of a deliverable (record) according to their procedures, Grants acknowledges the value of a redundant backup and will include this process in the policy refinement by July 30.

Recommendation

Furthermore, the records maintained on the library site should be consistent and all deliverables/reports should be uploaded per Grants' procedures manual.

Response

The Auditor identified that some deliverables were not found in the SharePoint Library. As per Procedure C and POLI-1044, record owners are responsible for retaining and managing documents created within their branch. Some deliverables such as environmental documents, design plans, and detailed schedules *are not* stored within Grant's SharePoint Library because of their size and/or a requirement for specialized

software to store; therefore, Grants is unable to store them in the Grants' SharePoint Library. However, Grants will refine procedures and note that these deliverables as being stored with the record owner.

4.2: Tracking FRA Comments

Recommendation

Grants should maintain clear and consistent records that show the comments/feedback by FRA was addressed by the Authority's relevant branches. These records should also be kept in a centralized location so that they can be easily accessible for Grants staff and other stakeholders.

Response

Grants has developed options for a more visible view of comment tracking for SMEs to use and will refine the procedure and associated storage of the feedback/comments by July 30.

If you have any questions, please contact Jane Brown at (916) 215-0826 or jane.brown@hsr.ca.gov for information.