



Memorandum

DATE: June 17, 2021

TO: Paula Rivera, Chief
Audit Office

FROM: Amy Ong, Associate Management Auditor
Harry Luo, Associate Management Auditor
Audit Office

CC:

SUBJECT: Internal Quality Assurance FY 2020-2021

We have completed the internal assessment of audits performed by the California High Speed Rail Authority Audit Office (Audit Office). The purpose of the internal assessment was to determine whether audits performed by the Audit Office complied with the International Standards for the Professional Practice of Internal Auditing (ISPPIA), Generally Accepted Government Auditing Standards (GAGAS), and the Audit Office Audit Manual (Audit Manual). Our internal assessment covered the period from July 1, 2020 to June 17, 2021.

Audit Manual 2.1.5 Quality Assurance Program states “The Audit Office maintains quality assurance through effective assignment, planning, and performance, supervision, administration, and management review. An important part of the process is the review of all final and draft reports, memos, and correspondence prior to issuance. Management ensures through the review process that all work is competent, relevant, complete and supported.”

The Audit Office completed two audits during the fiscal year ending June 30, 2021. We examined the following completed audit: HSR 19-05 ARRA Grant Matching Contributions and HSR 19-01 Rail Delivery Partner Contract Compliance Audit Agreement. Based on our review, we found all tested areas complied with the Audit Manual. For specific details please see Attachment A.1 and Attachment A.2.



Internal Quality Assurance Review

OBJECTIVE

To determine whether the California High Speed Rail Authority Audit Office (Audit Office) complies with the policies, procedures and audit standards of the International Standards for the Professional Practice of Internal Audits (Red Book) by performing a quality assurance review of completed audits for fiscal year ending June 30, 2021.

SOURCE

- Audit Office Audit Manual (revised January, 2018)
- Audit Office Audit completed audit/review files

METHODOLOGY

- Determine criteria.
- Select sample from completed & issued audit reports for the period of July 1, 2020 through June 30, 2021.
- Review selected files for attributes for compliance with the Audit Office Audit Manual.

CRITERIA

Audit Manual 2.1.5 Quality Assurance Program states "The Audit Office maintains quality assurance through effective assignment, planning, and performance, supervision, administration, and management review. An important part of the process is the review of all final and draft reports, memos and correspondence prior to issuance. Management ensures through the review process that all work is competent, relevant, complete, and supported."

ANALYSIS

AUDIT: ARRA GRANT MATCHING CONTRIBUTIONS			AUDIT NUMBER	IQA Reviewers Comments
			19-05	
Item	Criteria	ATTRIBUTE	Y/N	
		Audit Manual Section		
1	3.4.3	Final audit report	Y	
2	3.4.3	Recommendations	Y	
3	3.4.3	Response	Y	
4	3.4.3	Draft audit report	Y	
5	3.1.7	Engagement letter	Y	
6	3.1.8	Entrance conference	Y	Page number does not match Table of Contents
7	3.2.10	Pre-Exit/Exit conference	Y	Page number does not match Table of Contents
8	3.1.2	Audit planning memo (APM)	Y	
9	↓	APM signed by auditor(s)	Y	
10	↓	APM approved by audit manager/chief	Y	
11	3.1.3	Statement of independence	Y	
12	3.1.9	Risk assessment/analysis	Y	
13	3.1.10	Audit program	Y	Page number does not match Table of Contents

Attachment A.1



WP No.

Date 6/9/2021

Auditor Amy Ong

Internal Quality Assurance Review

Review
Page number does not
match Table of Contents

14	3.1.10	Audit program approved by audit manager/chief	Y	
15	3.4.1	Supervisor review	Y	Not listed in table of contents, but in section
16	3.4.1	Supervisor review notes addressed by auditor	Y	
17	3.4.1	Review notes cleared by audit manager/chief	Y	
18	3.2.6	Work papers initialed and dated by auditor	Y	
19	3.2.5	Work papers include PSAC, where applicable	Y	
20	3.2.9	5 Elements of findings	Y	
21	3.3.2	Work papers support findings/exceptions/discussion items/observations	Y	
22	3.3.2	Work papers address audit objectives and support findings, exceptions, conclusions, recommendations of audit report	Y	
23	3.2.6	Work papers indexed and referenced to source data/documents	Y	
24	3.1.10	Work papers referenced in audit program	Y	

CONCLUSION

For the fiscal year ending June 30, 2021, the Audit Office complies in all material aspects with Audit Office policies, procedures and audit standards of the International Standards for the Professional Practice of Internal Audits (Red Book).

Internal Quality Assurance Review

OBJECTIVE

To determine whether the California High Speed Rail Authority's Audit Office complies with the policies, procedures, and audit standards of the Generally Accepted Government Auditing Standards (Yellow Book) by performing a quality assurance review of completed audits for the fiscal year ending June 30, 2021.

SOURCE

- ☐ Audit Office Manual (revised January 2018)
- ☐ Audit Office's completed audits

METHODOLOGY

- ☐ Determine criteria
- ☐ Select sample from completed and issued audit reports for the period July 1, 2020 to June 30, 2021.
- ☐ Review files for attributes and compliance with the Audit Office Manual.

CRITERIA

Section 2.1.5 Quality Assurance of the Audit Manual states “The Audit Office quality assurance program is comprised of the processes outlined in this manual. An important part of the process discussed in this manual is the review of all final and draft reports, memos and correspondence prior to issuance. Management ensures through the review process that all work is competent, relevant, complete and supported.”

ANALYSIS

Audit: Rail Delivery Partner Contract Compliance Audit Agreement # HSR 14-66

Item	Criteria Audit Manual Selection	Attribute	Y/N	Notes
1	3.4.3	Final Audit Report included?	Y	*Interim Audit Report
2	3.4.3	Report issued to auditee with recommendations to be implemented?	Y	*Interim Audit Report
3	3.4.3	Responses received from auditee and included in final audit report?	Y	*Interim Audit Report
4	3.4.3	Draft report included?	Y	N/A
5	3.1.7	Engagement Letter prepared?	Y	N/A
6	3.1.8	Entrance Conference documented?	Y	N/A
7	3.2.10	Pre-Exit or Exit Conference documented?	N/A	Final audit yet to be completed
8	3.1.2	Audit Planning Memorandum prepared including objectives, scope, methodology, & preliminary audit risk?	Y	N/A
9	3.1.2	Planning Memo signed off by the auditor?	Y	N/A
10	3.1.2	Planning Memo approved by the Audit Manager?	Y	N/A
11	3.1.3	Statement of Independence	Y	N/A
12	3.1.9	Risk Analysis performed to assess audit risk?	Y	N/A
13	3.1.10	Audit Program documented and signed off by the auditor?	Y	N/A
14	3.1.10	Audit Program approved by the Audit Manager?	Y	N/A
15	3.4.1	Evidence of Supervisory Review before the audit report is issued?	Y	N/A

Internal Quality Assurance Review

16	3.4.1	Supervisory Review Notes addressed by auditor?	Y	N/A
17	3.4.1	Supervisor cleared review notes?	Y	N/A
18	3.2.6	Workpaper initialed & dated by auditor?	Y	N/A
19	3.2.5	Workpaper included Purpose, Source, Scope, Methodology, & Conclusion, where applicable?	Y	N/A
20	3.2.9	Develop the elements of a finding relevant & necessary to achieve audit objectives?	Y	N/A
21	3.3.2	Workpaper provide appropriate evidence to support findings/discussion items/exceptions?	Y	N/A
22	3.3.2	Workpapers provide sufficient and appropriate evidence is sufficient to address audit objectives & support findings, conclusions & recommendations contained in Audit Report?	Y	N/A
23	3.2.6	Workpaper properly indexed & referenced to the source documents?	Y	N/A
24	3.1.10	Workpapers cross-referenced in Audit Program?	Y	N/A

CONCLUSION

For the fiscal year ending June 30, 2021, the Audit Office complies in all material aspects with Audit Office policies, procedures and audit standards of the International Standards for the Generally Accepted Government Auditing Standards (Yellow Book).