



Memorandum

DATE: May 13, 2015

TO: Lijia Zhang, Contract Manager

FROM: Jasdeep Uppal, Audit Division

CC: Finance and Audit Subcommittee of the Board
Jeff Morales, CEO
Richard Vanderzanden, Contract Analyst

SUBJECT: Preaward Review HSR14-31

The Authority Audit Division has completed its review of the draft agreement and the cost proposal for HSR14-31 between the California High-Speed Rail Authority (Authority) and Amec Foster Wheeler Environment & Infrastructure Inc. (Contractor) for the Ground Subsidence Study Services.

The scope was limited to reviewing the draft agreement and the cost proposals dated February 26, 2015. The objectives of the review were to determine if the necessary fiscal provisions were incorporated in the draft agreement and whether the proposed costs are reasonable and in compliance with the Code of Federal Regulations Title 48, Chapter 1, Part 31 for the purpose of accepting contract progress billings.

Except as noted in the following paragraph, our review was conducted in accordance with Government Auditing Standards for attestation engagement as issued by the Comptroller General of the United States. A review is substantially less in scope than an examination, the objectives of which is the expression of an opinion on the proposed costs contained in the cost proposal submitted by the Contractor, and accordingly, review reports express no such opinion.

The Authority Audit Division has not undergone a peer review as required by the Government Auditing Standards due to the recent formation of the Audit Division and the lack of a body of work to be reviewed. The Authority Audit Division is not yet eligible for a peer review for the reasons stated.

Based on the review of the cost proposal and the draft agreement, no material deficiencies were noted.

This report is intended for the information and use of the management of the Authority. However, this report is a public document and its distribution is not limited.