



CASA Officers

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April 20, 2020

Paula Rivera, Chief Auditor
Audit Office
California High-Speed Rail Authority
770 L Street, Suite 920
Sacramento, CA 95814

Dear Ms. Rivera:

We have completed a peer review of the California High-Speed Rail Authority's Audit Office for the period of February 1, 2017 through January 31, 2020 for audits conducted under *Generally Accepted Government Auditing Standards (GAGAS)*, and February 1, 2017 through January 31, 2020 for assurance engagements conducted under the *International Standards for the Professional Practice of Internal Auditing (ISPP/A)* issued by the Institute of Internal Auditors.

Noteworthy Mentions

We would like to mention some of the areas in which we believe your office excels:

- The Audit Committee and Senior Management demonstrate a strong commitment to supporting the internal audit function.
- The Audit Office's Audit Manual is up to date, effectively organized, and easy to follow.

Observations and Suggestions

We offer the following observations and suggestions to enhance your organization's demonstrated accordance to GAGAS and/or ISPP/A:

Observation #1: The Significance of Audit Standards Not Followed Was Not Assessed

- GAGAS standard 5.01 states that, “Auditors performing attestation engagements in accordance with GAGAS should comply with the American Institute of Certified Public Accountants (AICPA) general attestation standard on criteria, the field work and reporting attestation standards, and the corresponding statements on standards for attestation engagements (SSAEs).” GAGAS standards 2.24 and 2.25 indicate that when auditors do not comply with the applicable standards, the auditor should assess the significance of the noncompliance and modify the GAGAS compliance statement as applicable.

In reviewing the Audit Office’s work papers, we observed that the attestation engagement tested did not comply with several AICPA standards, including agreeing with the terms of the engagement with the engaging party and making inquiries of appropriate parties to determine whether they had knowledge of any actual, suspected, or alleged fraud or noncompliance with laws or regulations affecting the subject matter. The Audit Office did not follow these standards because they were determined to not be applicable to the project. However, the Audit Office did not assess whether the extent of audit standards not followed was significant enough to warrant modifying the GAGAS compliance statement.

Due to the extent of AICPA standards deemed to be not applicable for pre-award reviews, we suggest that the Audit Office consider performing this type of project under ISPPIA standards for responsibilities that fall outside of internal auditing or consulting services, which may better align with the Audit Office’s pre-award assignment.

Observation #2: Engagement Work Programs Were Not Approved Prior to Implementation

- IPPF 2240.A1 states, “Work programs must include the procedures for identifying, analyzing, evaluating, and documenting information during the engagement. The work program must be approved prior to its implementation, and any adjustments approved promptly.

In reviewing the Audit Office’s work papers, we identified that supervisors did not approve the work program until the end of the engagement.

We recommend that the Audit Office supervisors approve work programs during the planning stage of the engagement to ensure that the engagement is designed to timely achieve engagement objectives.

We extend our thanks to you, your staff, and the other California High-Speed Rail Authority officials we met for the hospitality and cooperation extended to us during our review.

Sincerely,

Laura Langston

Laura Langston, Team Leader
Audits and Investigations
California Department of Education

Bryan Macias

Bryan Macias, Team Member
Office of Inspector General
California Highway Patrol

Aida Singh

Aida Singh, Concurrent Reviewer
Audits Office
Department of Motor Vehicles



April 8, 2020

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Jennifer Whitaker, President
California Association of State Auditors

Dear Ms. Whitaker:

We would like to thank the California Association of State Auditors (CASA) for performing the peer review of the California High-Speed Rail Authority Audit Office. We appreciate CASA providing this service to allow us to comply with the requirement in audit standards for a peer review.

We would like to take this opportunity to respond to the observations identified in the management letter.

Observation #1 – We will perform any future pre-award reviews under the International Standards for the Professional Practice of Internal Auditing to better align with the purpose of a pre-award review.

Observation #2 – We will approve work programs during the planning phase of an engagement.

We would like to thank the team of Laura Langston, Bryan Macias, and Aida Singh for their professionalism and the time they spent reviewing and understanding our quality system.

Sincerely,

A handwritten signature in blue ink that reads "Paula Rivera".

Paula Rivera
Chief Auditor

cc: Brian Kelly, Chief Executive Officer
Tom Richards, Chairman, Finance and Audit Committee
Ernest Camacho, Member, Finance and Audit Committee
Nancy Miller, Member, Finance and Audit Committee