



California High-Speed Rail BRIEFING: **JUNE 25, 2020 BOARD MEETING AGENDA ITEM #3**

TO: Acting Chair Richards and Board Members
FROM: Paula Rivera, Chief Auditor
DATE: June 25, 2020
RE: Consider Approving the Fiscal Year 2020-21 Audit Plan

Summary

Staff recommends that the Board approve the Internal Audit Plan for 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.

To maintain its organizational independence, the Audit Office reports functionally to the Authority Board and administratively to the Chief Executive Officer (CEO). The International Standards for the Professional Practice of Internal Auditing define independence and objectivity as "the freedom from conditions that threaten the ability of the internal audit activity to carry out internal audit responsibilities in an unbiased manner." Thus, in order to "achieve the degree of independence necessary to effectively carry out the responsibilities of the internal audit activity, the chief audit executive has direct and unrestricted access to senior management and the board. This can be achieved through a dual-reporting relationship"

The Audit Office has prepared a risk-based Audit Plan for Fiscal Year 2020-21 identifying priorities for audit activities. To develop the Audit Plan, audit topics were solicited from executive management and the Finance and Audit Committee members. Audit Office senior managers risk-ranked the audit topics based on the impact of the issue to the Authority's program goals and objectives, and whether the issue identified is auditable, and then determined which audits could be performed with existing staff resources.

The 2020-21 Audit Plan includes three audits in progress from the prior year's audit plan, incurred cost, ARRA Grant matching contributions, and contract management. The remaining audits we propose to perform are grant management, procurement, and data validation for selected information management systems.

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, which requires the chief audit executive to communicate the internal audit activity's plans and resource requirements, including significant interim changes, to senior management and the board for review and approval.

Prior Board Action

The Board annually approves the audit plan, most recently in November 2019.

Legal Approval

Not applicable.

Budget and Fiscal Impact

Not applicable.

REVIEWER INFORMATION	SIGNATURE
Reviewer Name and Title: Brian Annis, Chief Financial Officer	Signature verifying budget analysis: Original Signed 6/17/2020
Reviewer Name and Title: Alicia Fowler, Chief Legal Counsel	Signature verifying legal analysis: Original Signed 6/17/2020

Recommendations

Staff recommends that the Board approve the Internal Audit Plan for Fiscal Year 2020-21.

Attachments

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