



## **California High-Speed Rail** **BRIEFING: June 26, 2024, Board Meeting** **AGENDA ITEM #3**

**TO:** Chair Richards and Board Members

**FROM:** Paula Rivera, Chief Auditor

**DATE:** June 26, 2024

**RE:** Consider Approving the Fiscal Year 2024-25 Audit Plan and Acknowledging the Internal Quality Assurance Self-Assessment, February 2023 – May 2024

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### **Summary**

Staff recommends that the Board:

- Approve the Internal Audit Plan for Fiscal Year 2024-25.
- Acknowledge the Internal Quality Assurance Self-Assessment, February 2023 – May 2024.

### **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.

The Audit Program has been developed based on the International Standards for the Professional Practice of Internal Auditing which describe the guidelines and required elements for audit reporting relationships and responsibilities. It states that auditors require "the freedom from conditions that threaten the ability of the internal audit activity to carry out internal audit responsibilities in an unbiased manner." To maintain its organizational independence, the Audit Office reports functionally to the Authority Board and administratively to the Chief Executive Officer. Additionally, the standards identify that the chief audit executive must develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity.

State lawmakers established an Inspector General for the High-Speed Rail Authority in 2022, and following a process described in state law, appointed the first Inspector General in 2023. The Inspector General may initiate an audit or review regarding oversight related to delivery of the project and the selection and oversight of contractors related to the project. The Office of the Inspector General is not a subdivision of any other governmental entity. The legislation identifies that nothing in the enacted law is intended to infringe upon the authority of the of the High-Speed Rail Authority's own audits and controls. Therefore, although they can and do regularly communicate and coordinate, the Audit Office and the Inspector General are organizationally independent of each other and establish separate audit plans for the fiscal year.

The Audit Office has prepared a risk-based Audit Plan for Fiscal Year 2024-25 identifying priorities for audit activities. To develop the Audit Plan, audits were identified by the Audit Office based on risks identified in audits performed.

The 2024-25 Audit Plan includes two audits in progress from the prior year’s audit plan – design-build change orders and civil works certification. Additional audits proposed for this fiscal year include: four incurred cost audits and pre-award reviews.

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, to communicate the internal audit plans and resource requirements for review and approval.

In addition, staff is also presenting the Internal Quality Assurance Self-Assessment to comply with Performance Standard 1320, which requires the chief audit executive to communicate the results of the quality assurance and improvement program to the board.

**Prior Board Action**

Resolution #HSRA 23-04 Fiscal Year 2023--24 Audit Plan and Fiscal Year 2020-21 Internal Quality Assurance Self-Assessment.

**Legal Approval**

Reviewed by the Legal Office and no legal concerns to report.

**Budget and Fiscal Impact**

This item considers approving the Fiscal Year 2024-25 Audit Plan and acknowledging the Internal Quality Assurance Self-Assessment, February 2023 – May 2024, and does not by itself have a budget or fiscal impact. However, depending on the nature of audit findings and implementation, unknown fiscal benefits may result.

REVIEWER INFORMATION	SIGNATURE
Reviewer Name and Title: Brian Annis Chief Financial Officer	Signature verifying budget analysis:
Reviewer Name and Title: Alicia Fowler Chief Counsel	Signature verifying legal analysis:

**Recommendations**

Staff recommends that the Board approve the Internal Audit Plan for Fiscal Year 2024-25 and acknowledge the Internal Quality Assurance Self-Assessment for February 2023 – May 2024.

**Attachments**

Resolution #HSRA 24-07  
Audit Plan Fiscal Year 2024-25  
Internal Quality Assurance Self-Assessment for February 2023 – May 2024