



## **California High-Speed Rail** **BRIEFING: October 9, 2025, Board Meeting AGENDA ITEM #2**

**TO:** Chair Richards and Board Members

**FROM:** Paula Rivera, Chief Auditor

**DATE:** October 9, 2025

**RE:** Consider Approving the Plans for an External Quality Assessment of the Audit Office

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### **Summary**

Staff recommends that the Board:

- Approve the external quality assessment to be performed by an external assessor every three years.

### **Background**

Government Code Section 13886.5(a) identifies that state agencies that have their own internal auditors shall conduct internal audit activity under the general and specific standards of internal auditing prescribed by the Institute of Internal Auditors or the Government Auditing Standards issued by the Comptroller General of the United States, as appropriate.

Effective January 9, 2025, the internal audit standards prescribed by the Institute of Internal Auditors underwent an overall general revision. The Global Internal Audit Standards have been revised and reorganized into 15 principles which are contained within five domains:

- Domain I – Purpose of Internal Auditing
- Domain II – Ethics and Professionalism
- Domain III – Governing the Internal Audit Function
- Domain IV – Managing the Internal Audit Function
- Domain V – Performing Internal Audit Services

Within Domain III, Standard 8.4 identifies the requirement for an external quality assessment of the internal audit function. The external quality assessment is a comprehensive review of the adequacy of the internal audit functions conformance with the Global Internal Audit Standards. For your consideration, the Audit Office proposes the engagement of an independent external assessor on a three-year cycle.

The Global Internal Audit Standards provide for the performance of the external quality assessment by an independent external assessor or a self-assessment with independent validation. The Audit Office has historically participated in the peer review program with the California Association of State Auditors (CASA), who coordinate external peer reviews/assessments through an exchange of resources with other state entities. The value of an external assessment by CASA is the assessment is conducted by experienced auditors working within the state government environment. The Audit Office conducts internal self-assessments

annually in the years that there is not an external peer review, which makes the self-assessment with external validation non value-added.

The Audit Office follows the Global Internal Audit Standards and the Generally Accepted Government Audit Standards, which require an external quality assessment every five and three years, respectively.

### **Prior Board Action**

No prior approval of the external quality assessment plan, however the external quality assessment reports were presented to the Board in June 2023, June 2020, and June 2017.

### **Legal Approval**

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

### **Budget and Fiscal Impact**

No fiscal impact. The external quality assessment does not require an allocation of funds as the external quality assessment is resourced through an exchange program through the peer review group that the Authority's Audit Team is a member of. For instance, our Audit Team performs peer review for other members within the peer review group.

<b>REVIEWER INFORMATION</b>		<b>SIGNATURE</b>
Reviewer Name and Title: Jamey Matalka Chief Financial Officer		Signature verifying budget analysis: <b>Original signed 9/30/25</b>
Reviewer Name and Title: Adam Brezine General Counsel		Signature verifying legal analysis: <b>Original signed 9/30/25</b>

### **Recommendations**

Staff recommends that the Board approve the external quality assessment to be performed by an outside assessor every three years.

### **Attachments**

Resolution #HSRA 25-09