



BRIEFING: October 6, 2015 BOARD MEETING AGENDA ITEM #5

TO: Chairman Richard and Board Members
FROM: Russell Fong, Chief Financial Officer
DATE: October 6, 2015
RE: Quarterly Presentation of Finance and Audit Committee Reports

Background

At its February 2012 meeting, the California High-Speed Rail Authority Board created the Finance and Audit Committee and named Directors Rossi and Richards to comprise its membership. At the time, the Authority had no Chief Financial Officer (CFO) and was not appropriately staffed or organized in the area of fiscal management to deliver a project on the scale of the nation's first high-speed rail system.

Since then, the Authority has hired a CFO, built out its Financial Office, and put in place policies and procedures that are consistent with industry best practices. During the course of these efforts, the Financial Office has been providing regular monthly reports to the Finance and Audit Committee and, in turn, the full Board on a quarterly basis. These reports include summaries of cost variances, compliance, risk management, program status, and individual project status.

As has become standard practice, the purpose of this agenda item is to provide these reports to the Board and public to give an update on current financial trends as well as the Authority's fiscal control efforts that are critical to project success.

Discussion

As a part of this agenda item, staff will present the Board with a number of reports. They fall into the categories below:

Financial

As the Authority and its program continue to expand, monthly financial tracking and forecast reporting provides the Board with the relevant financial issues impacting project delivery. The Financial Office has developed several reports that allow for current reference to spending trends, contract status, project expenditures, and cash management.

At its September 2012 meeting, the Board adopted Resolution #HSR12-24 regarding delegation of authority to the Chief Executive Officer. The resolution included a stipulation

that, “a list of all new or amended Authority contracts with a value of \$10,000 or more will be periodically presented to the Board by Authority staff.” This information is provided on a monthly basis to the Finance and Audit Committee and to the full Board on a quarterly basis, meeting the requirements of Resolution #HSR12-24.

Operations Report

Staff has developed a series of management reports on critical performance areas to provide the Finance and Audit Committee, the full Board, and the public with extensive information regarding the program’s progress on an ongoing basis. These management reports allow the Board to define and measure progress through the lens of actual performance compared to planned performance. The Financial Office has developed a centralized Operations Report that provides this information on a monthly basis to the Board, stakeholders, and public. The October Operations Report contains information on three critical performance areas: Right of Way, Environmental Planning, and Third Party Agreements.

Audits

The Authority Audit Division provides independent evaluation and consultation services to Authority management and the Board. External agencies periodically audit the Authority for compliance with government regulations in order to ensure the effective administration and management of public funds. The Audit Division provides the full Board with status reports on reports issued, and the quarterly status of the Authority’s annual internal audit plan.

Risk Management

The Authority’s Risk Management Plan requires staff to identify, assess, and prioritize risks on a regular basis. This exercise is followed by coordinated and economical application of resources to minimize, monitor, and control the probability and/or impact of events that could increase the cost or significantly delay the project or to maximize the realization of opportunities on the project. The Authority’s Risk Management staff will provide status updates on the current trends of all project risks and the devices established to mitigate the risks.

Program Status

As the Authority has transitioned from primarily focusing on planning and environmental clearance activities to full program delivery, monthly reports have been developed that will inform the Board of the relevant issues impacting program delivery. Program Management has developed several reports that allow for current reference to Construction Package 1 (CP 1), Construction Package 2-3 (CP 2-3), and State Route 99 (SR 99) Realignment Project status. The scope of these program delivery reports will expand as additional projects are delivered to the design and construction phase.

Recommendations

This is an information item; there are no staff recommendations at this time.

Attachments

- Finance and Audit Committee: October Agenda
- September 8, 2015 Finance and Audit Committee Meeting Minutes (draft)
- Executive Summary (new)
- Accounts Payable Aging Report
- Cash Management Report
- Summary of YTD Budget & Expenditures
- Executive Budget Summary
- Capital Outlay and Expenditure Report
- Total Project Expenditures with Forecasts
- Contracts & Expenditures Report
- Projects & Initiatives Report
- Summary of Financial Reports
- Operations Report
- Audit Plan Status
- Preaward Review for Project Construction Management Services for Construction Package 4
- CP 1 Monthly Status Report
- CP 1 Performance Metrics
- CP 2-3 Monthly Status Report
- CP 2-3 Performance Metrics
- SR 99 Monthly Status Report
- SR 99 Performance Metrics