

AUDIT PLAN FY 2014-15 Fourth Quarter Status

Priority

1. CONTRACT MANAGEMENT – **COMPLETED**

Scope: Evaluate current contract management practices, including managing deliverables, contractor oversight, compliance with contract provisions, administrative responsibilities.

Resources: 1,300 hours budgeted.

Estimated completion: March 31, 2015 Completed: February 26, 2015

2. BOARD OF DIRECTORS TRAVEL EXPENSE REVIEW – **COMPLETED**

Scope: Review travel expense claims for Board of Directors on a quarterly basis for compliance with travel rules and policies.

Resources: 200 hours budgeted.

Estimated completion: Quarterly

3. RIGHT OF WAY ACQUISITION PROCESS – **COMPLETED**

Scope: Evaluate Right-of-Way Acquisition process in place. Continuous auditing of acquisition process.

Resources: 600 hours

Estimated completion: May 15, 2015 – process evaluation, June 30, 2015 – continuous auditing update

Completed: *June 30, 2016 – process evaluation*

4. DESIGN-BUILD OVERSIGHT – **TO BE COMPLETED NEXT FISCAL YEAR**

Scope: Review processes in place within Program Management to assure risk model of design-build is maintained with Authority role of design acceptance and oversight.

Resources: ~~1,000~~ 400 hours

Estimated completion: ~~June 30, 2015~~ *Next fiscal year.*

5. YEAR-END CLOSE REVIEW – **COMPLETED**

Scope: Evaluate year-end close process and determine if process is adequate to ensure there are no material misstatements in the 2014 financial statements. Review accrual procedures for compliance with GASB and state year-end close requirements.

Resources: 200 hours budgeted.

Estimated completion: November 30, 2014 Completed: December 12, 2014

6. PREAWARD REVIEWS (A&E) – **COMPLETED**

Scope: Determine reasonableness of proposed costs (labor, overhead, and other direct costs) for Regional Consultants, Project Construction Management CP 2-3, and ~~Right of Way acquisition (five to ten contracts),~~ *Subsidence, and Rail Delivery Partner contracts.* Review procedures include obtaining most current information and analysis of actual costs compared to proposed amounts.

Resources: ~~2,600~~ 3,400 hours budgeted. *Additional 800 hours added to budget due to higher number of subconsultants than estimated.*

Estimated completion: Ongoing as proposals are received. Project Construction Management preaward completed September 10, 2014. Regional Consultant contracts for Palmdale to Burbank and Burbank to Anaheim completed April 2 and March 3, respectively. *Subsidence preaward completed May 13, 2015. Rail Delivery Partner preaward completed June 22, 2015*

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7. INCURRED COST CONTRACT AUDITS (A&E) – **TO BE COMPLETED NEXT FISCAL YEAR**

Scope: Determine reasonableness and allowability of costs reimbursed under contract. Assess effectiveness and efficiency of contracted resources. Procedures will include interviews of Authority and consultant staff, obtaining technical expertise as necessary, analysis of value received for work performed, and reasonableness and allowability of reimbursed costs.

Resources: ~~2,000~~ 1,200 hours budgeted. Hours reduced by 800 due to increased workload of preaward reviews

Estimated completion: Next fiscal year

8. DRAFT AGREEMENT REVIEW - **COMPLETED**

Scope: Review draft contracts for applicable fiscal provisions. Review scope of work in contract to determine if scope is auditable, specifically if clearly defined with deliverables and due dates. Cost proposal is reviewed to assure it doesn't contradict the scope or method of payment.

Resources: 400 hours budgeted.

Estimated completion: Ongoing as contracts are executed.

9. PROMPT PAYMENT FOLLOW UP – **IN PROGRESS**

Scope: To determine if issues previously reported have been corrected.

Resources: 200 hours budgeted.

Estimated completion: ~~March 31, 2015~~ August 15, 2015 - draft report to be issued August 1, 2015

10. SMALL BUSINESS FOLLOW UP – **IN PROGRESS**

Scope: To determine if issues previously reported have been corrected.

Resources: 250 hours budgeted.

Estimated completion: August 15, 2015 - draft report to be issued August 1, 2015

11. PROCUREMENT - **COMPLETED**

Scope: Evaluate efficiency and effectiveness of procurement process.

Resources: 1,000 hours budgeted.

Estimated completion: April 30, 2015 Completed: April 29, 2015

12. AUDIT LIAISON – **COMPLETED**

Scope: Audit liaison for external auditors (Bureau of State Audits, Department of Finance, Government Accountability Office, etc.).

Resources: 300 hours budgeted

Estimated completion: Single Audit - Federal Compliance issued March 26, 2015.

13. SPECIAL REQUESTS

Scope: Hours reserved for audits requested by the Board or management throughout the fiscal year.

Resources: 750 hours budgeted.

Estimated completion: As needed/requested

Fourth Quarter Updates:

The Audit Division had three vacant positions as of April 2015. One vacancy was filled in May and one will be filled in July. Remaining vacancy is being evaluated for appropriate staffing level.