



SOUTHERN CALIFORNIA
ASSOCIATION OF GOVERNMENTS
900 Wilshire Blvd., Ste. 1700
Los Angeles, CA 90017
T: (213) 236-1800
www.scag.ca.gov

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REVISED - TELECONFERENCE LOCATION AND UPDATED SCAG MEETING ROOM

MEETING OF THE

**AUDIT
COMMITTEE**

***Members of the Public are Welcome to Attend
In-Person & Remotely***

***Wednesday, June 12, 2024
3:00 p.m. – 4:30 p.m.***

To Attend In-Person:

**SCAG Main Office – Policy A Meeting Room
900 Wilshire Blvd., Ste. 1700
Los Angeles, CA 90017**

To Attend and Participate on Your Computer:

<https://scag.zoom.us/j/81950774385>

To Attend and Participate by Phone:

**Call-in Number: 1-669-900-6833
Meeting ID: 819 5077 4385**

PUBLIC ADVISORY

If members of the public wish to review the attachments or have any questions on any of the agenda items, please contact Maggie Aguilar at (213) 630-1420 or via email at aguilarm@scag.ca.gov. Agendas & Minutes are also available at: www.scag.ca.gov/committees.

SCAG, in accordance with the Americans with Disabilities Act (ADA), will accommodate persons who require a modification of accommodation in order to participate in this meeting. SCAG is also committed to helping people with limited proficiency in the English language access the agency's essential public information and services. You can request such assistance by calling (213) 630-1420. We request at least 72 hours (three days) notice to provide reasonable accommodations and will make every effort to arrange for assistance as soon as possible.



Instructions for Attending the Meeting

To Attend In-Person and Provide Verbal Comments: Go to the SCAG Main Office located at 900 Wilshire Blvd., Ste. 1700, Los Angeles, CA 90017 or any of the remote locations noticed in the agenda. The meeting will take place in the Policy A Meeting Room on the 17th floor starting at 3:00 p.m.

To Attend by Computer: Click the following link: <https://scag.zoom.us/j/81950774385>. If Zoom is not already installed on your computer, click “Download & Run Zoom” on the launch page and press “Run” when prompted by your browser. If Zoom has previously been installed on your computer, please allow a few moments for the application to launch automatically. Select “Join Audio via Computer.” The virtual conference room will open. If you receive a message reading, “Please wait for the host to start this meeting,” simply remain in the room until the meeting begins.

To Attend by Phone: Call **(669) 900-6833** to access the conference room. Given high call volumes recently experienced by Zoom, please continue dialing until you connect successfully. Enter the **Meeting ID: 819 5077 4385**, followed by #. Indicate that you are a participant by pressing # to continue. You will hear audio of the meeting in progress. Remain on the line if the meeting has not yet started.

Instructions for Participating and Public Comments

Members of the public can participate in the meeting via written or verbal comments.

- In Writing:** Written comments can be emailed to: ePublicComment@scag.ca.gov. Written comments received **by 5pm on Tuesday, June 11, 2024**, will be transmitted to members of the legislative body and posted on SCAG’s website prior to the meeting. You are **not** required to submit public comments in writing or in advance of the meeting; this option is offered as a convenience should you desire not to provide comments in real time as described below. Written comments received after 5pm on Tuesday, June 11, 2024, will be announced and included as part of the official record of the meeting. Any writings or documents provided to a majority of this committee regarding any item on this agenda (other than writings legally exempt from public disclosure) are available at the Office of the Clerk, at 900 Wilshire Blvd., Suite 1700, Los Angeles, CA 90017 or by phone at (213) 630-1420, or email to aguilarm@scag.ca.gov.
- Remotely:** If participating in real time via Zoom or phone, please wait for the presiding officer to call the item for which you wish to speak and use the “raise hand” function on your computer or *9 by phone and wait for SCAG staff to announce your name/phone number.
- In-Person:** If participating in-person, you are invited but not required, to fill out and present a Public Comment Card to the Clerk of the Board or other SCAG staff prior to speaking. It is helpful to indicate whether you wish to speak during the Public Comment Period (Matters Not on the Agenda) and/or on an item listed on the agenda.

General Information for Public Comments

Verbal comments can be presented in real time during the meeting. Members of the public are allowed a total of 3 minutes for verbal comments. The presiding officer retains discretion to adjust time limits as necessary to ensure efficient and orderly conduct of the meeting, including equally reducing the time of all comments.

For purpose of providing public comment for items listed on the Consent Calendar, please indicate that you wish to speak when the Consent Calendar is called. Items listed on the Consent Calendar will be acted on with one motion and there will be no separate discussion of these items unless a member of the legislative body so requests, in which event, the item will be considered separately.

In accordance with SCAG’s Regional Council Policy, Article VI, Section H and California Government Code Section 54957.9, if a SCAG meeting is “willfully interrupted” and the “orderly conduct of the meeting” becomes unfeasible, the presiding officer or the Chair of the legislative body may order the removal of the individuals who are disrupting the meeting.

OUR MISSION

To foster innovative regional solutions that improve the lives of Southern Californians through inclusive collaboration, visionary planning, regional advocacy, information sharing, and promoting best practices.

OUR VISION

Southern California’s Catalyst for a Brighter Future

OUR CORE VALUES

Be Open | Lead by Example | Make an Impact | Be Courageous



AUDIT COMMITTEE MEETING AGENDA

TELECONFERENCE AVAILABLE AT THESE ADDITIONAL LOCATIONS

Curt Hagman Chino Hills District Office 14010 City Center Drive Chino Hills, CA 91709	Steve Manos 53180 Odyssey Street Lake Elsinore, CA 92532
Ray Marquez 15922 Old Carbon Canyon Road Chino Hills, CA 91709	Ali Saleh City of Bell – City Hall 6330 Pine Avenue Bell, CA 90201
Marty Simonoff – REVISED LOCATION Sacramento Metro Fire Headquarters 10545 Armstrong Avenue Mather, CA 95655	Edward Wilson City of Signal Hill - City Hall 2175 Cherry Avenue Signal Hill, CA 90755

* Under the teleconferencing rules of the Brown Act, members of the body may remotely participate at any location specified above.



AC - Audit Committee Members – June 2024

- 1. Hon. Ray Marquez**
AC Chair, Chino Hills, RC District 10
- 2. Sup. Curt Hagman**
San Bernardino County
- 3. Hon. Steve Manos**
Lake Elsinore, RC District 63
- 4. Hon. Ali Saleh**
Bell, RC District 27
- 5. Hon. Marty Simonoff**
Brea, RC District 22
- 6. Hon. Alan Wapner**
SBCTA Representative
- 7. Hon. Edward Wilson**
Signal Hill, GCCOG

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AUDIT COMMITTEE AGENDA

Southern California Association of Governments
900 Wilshire Boulevard, Suite 1700 – Policy A Meeting Room
Los Angeles, CA 90017
Wednesday, June 12, 2024
3:00 PM

The Audit Committee may consider and act upon any of the items listed on the agenda regardless of whether they are listed as Information or Action Items.

CALL TO ORDER AND PLEDGE OF ALLEGIANCE

(The Honorable Ray Marquez, Chair)

PUBLIC COMMENT PERIOD (Matters Not on the Agenda)

This is the time for public comments on any matter of interest within SCAG’s jurisdiction that is **not** listed on the agenda. For items listed on the agenda, public comments will be received when that item is considered. Although the committee may briefly respond to statements or questions, under state law, matters presented under this item cannot be discussed or acted upon at this time.

REVIEW AND PRIORITIZE AGENDA ITEMS

CONSENT CALENDAR

Approval Item

1. Minutes of the Meeting – December 12, 2023 PPG.6

INFORMATION ITEMS

2. Eide Bailly Presentation on Annual Audit for Fiscal Year 2024 30 Mins. PPG. 11
(David James, Internal Auditor)
3. Internal Audit Risk Assessment and Audit Plan for Fiscal Year 2024-2025 15 Mins. PPG. 17
(David James, Internal Auditor)
4. Audit Status Report 10 Mins. PPG. 22
(David James, Internal Auditor)

FUTURE AGENDA ITEMS

ANNOUNCEMENTS

ADJOURNMENT



AUDIT COMMITTEE (AC)
MINUTES OF THE MEETING
TUESDAY, DECEMBER 12, 2023

THE FOLLOWING MINUTES ARE A SUMMARY OF ACTIONS TAKEN BY THE AUDIT COMMITTEE (AC). A VIDEO AND AUDIO RECORDING OF THE FULL MEETING IS AVAILABLE AT: <http://scag.iqm2.com/Citizens/>.

The Audit Committee (AC) of the Southern California Association of Governments (SCAG) held its regular meeting both in person and virtually (telephonically and electronically). A quorum was present.

Members Present:

Sup. Curt Hagman, 1st Vice President

Hon. Steve Manos	<i>Lake Elsinore</i>	San Bernardino County
Hon. Ali Saleh	<i>Bell</i>	District 63
Hon. Marty Simonoff	<i>Brea</i>	District 27
Hon. Alan D. Wapner		District 22
Hon. Edward Wilson	<i>Signal Hill</i>	SBCTA
		GCCOG

Members Not Present

Hon. Cindy Allen, Chair, 2nd Vice President	<i>Long Beach</i>	District 30
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CALL TO ORDER AND PLEDGE OF ALLEGIANCE

The Honorable Curt Hagman, San Bernardino County, and Acting Chair, called the meeting to order at 2:00 p.m. He asked everyone to join in the Pledge of Allegiance. The Clerk confirmed a quorum was present.

PUBLIC COMMENT PERIOD

Sup. Hagman provided detailed instructions and general information on how to provide public comments. Additionally, he noted that public comments received via email to ePublicComment@scag.ca.gov after 5 p.m. on Monday, December 11, 2023, would be announced and included as part of the official record of the meeting.

Sup. Hagman opened the public comment period and noted this was the time for members of the public to offer comment for matters that are within SCAG’s jurisdiction but are not listed on the agenda.

The Clerk acknowledged there were no written public comments received via email before or after the 5 p.m. deadline on Monday, December 11, 2023. SCAG staff also noted that there were no public comments for matters not listed on the agenda.

Sup. Hagman closed the public comment period for matters not listed on the agenda.

REVIEW AND PRIORITIZE AGENDA ITEMS

There were no reprioritizations made.

CONSENT CALENDAR

Approval Item

1. Minutes of the Meeting – July 10, 2023

A MOTION was made (Simonoff) and SECONDED (Manos) to approve the Consent Calendar, Item No. 1. The motion passed by the following roll call vote:

FOR: Hagman, Manos, Saleh, Simonoff and Wapner (5)

AGAINST: None (0)

ABSTAIN: None (0)

There were no public comments or additional discussions from the Committee on this item.

INFORMATION ITEMS

2. Eide Bailly Financial Statements Audit

David James, Internal Auditor, introduced Kinnaly Soukhaseum, Partner, and Shelley Goodrich, Senior Manager, Eide Bailly LLP, and asked them to present the results of the annual SCAG financial statements audit and the Single Audit for the fiscal year ended June 30, 2023.

The presentation included an overview of the audit engagement and responsibilities in relation to financial statements under Generally Accepted Government Auditing Standards. Highlights of the audit results included the following:

- Audit on internal control over financial reporting and on compliance in accordance with Generally Accepted Auditing Standards and Government Auditing Standards;
- Audit of the Annual Comprehensive Financial Report (ACFR);
- Testing of compliance requirements with certain provisions of laws, regulations, contracts, and noncompliance which could have a direct and material effect on the determination of financial statement amounts;
- Testing and a review of GASB 96 standards which became effective July 1, 2022;

Ms. Soukhaseum concluded her presentation noting there were particularly sensitive financial statement disclosures relating to SCAG's net OPEB liability and net pension liability. In addition, she stated there were no uncorrected misstatements identified as a result of the audit.

There were no additional discussions or comments made on this item.

There were no public comments received for this item.

The comprehensive staff report, and PowerPoint presentation - SCAG Audit Conclusion Presentation, were included in the agenda packet.

3. Internal Audit Report on REAP 1

David James, Internal Auditor, provided background information and an overview of the internal audit report on the Regional Early Action Planning (REAP) 1 grant, noting the audit focused on financial transactions and requirements for REAP 1.

Mr. James stated that SCAG staff generally followed SCAG's policies and procedures in administering the REAP 1 grant program. However, the audit found issues in total expenditures that SCAG reported to the California Department of Housing and Community Development, invoice payments made based on percentage of completion of projects, payment of fringe benefits, and approvals of invoices greater than \$200,000.

The audit report includes a summary of the audit observations and recommendations, along with Management Responses.

There were no additional discussions or comments made on this item.

There were no public comments received for this item.

The comprehensive staff report was included in the agenda packet.

4. Internal Audit Report on SCAG's Transit Reimbursements

David James, Internal Auditor, provided background information and an overview of the internal audit report on SCAG's Transit Reimbursements for employees.

Mr. James noted the audit period covered reimbursements from March 2022 to April 2023 and that SCAG staff followed SCAG's policies and procedures in transit reimbursements. Mr. James reported that the audit did not find significant material issues; however, the audit did have observations and recommendations on processing transit parking receipts and transit reimbursement forms.

The audit report includes a summary of the audit observations and recommendations, along with Management Responses.

Darin Chidsey, Chief Operating Officer, provided additional details on the evolution of the transit policy due to the shift to a hybrid workforce and explained that the guidelines became stricter to match the needs of staff's participation as well as ensuring that the transit reimbursement program does not burden SCAG's accounting staff with an overly complexed transit reimbursement policy.

There were no public comments received for this item.

The comprehensive staff report was included in the agenda packet.

5. Internal Audit Status Report

David James, Internal Auditor, presented the Internal Audit Status Report, which lists work performed since the last Audit Committee meeting. Mr. James provided a brief update of the projects currently in progress and internal audit projects to perform in the remainder of fiscal year (FY) 2024. Highlights included:

- An update on SCAG's ethics hotline which noted that one report was received since the last Audit Committee;
- An update on the internal audit projects for FY24: REAP 1 subrecipients or Councils of Governments /government agencies; REAP project selection process, and an Internal Audit Risk Assessment.

There were no additional discussions made on this item.



There were no public comments received for this item.

The comprehensive staff report was included in the agenda packet.

FUTURE AGENDA ITEMS

There were no future agenda items.

ANNOUNCEMENTS

There were no announcements.

ADJOURNMENT

There being no further business, Sup. Hagman adjourned the Audit Committee meeting at 2:31 p.m.

Respectfully submitted by:
Carmen Summers
Audit Committee Clerk

[MINUTES ARE UNOFFICIAL UNTIL APPROVED BY THE AUDIT COMMITTEE]

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AGENDA ITEM 2
REPORT

Southern California Association of Governments
June 12, 2024

To: Audit Committee (AC)

**EXECUTIVE DIRECTOR'S
APPROVAL**

From: David James, Internal Auditor
(213) 630-1483, djames@scag.ca.gov

Subject: Eide Bailly Presentation on Annual Audit for Fiscal Year 2024

RECOMMENDED ACTION:

Information Only – No Action Required

STRATEGIC PLAN:

This item supports the following Strategic Plan Goal 7: Secure funding to support agency priorities to effectively and efficiently deliver work products.

EXECUTIVE SUMMARY:

Kinnaly Soukhaseum, CPA and partner at Eide Bailly, presents required audit communications for the Fiscal Year Ended June 30, 2024. Kinnaly will discuss the scope of work for the Annual Comprehensive Financial Report (ACFR) and the Single Audit, and will cover engagement timing, the auditor’s responsibilities, and details of performing their audit.

FISCAL IMPACT:

None.

ATTACHMENT(S):

- 1. PowerPoint Presentation - Eide Bailly - SCAG Required Communications



SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS

REQUIRED AUDIT COMMUNICATIONS

For the Fiscal Year Ended June 30, 2024
June 12, 2024

ENGAGEMENT MANAGEMENT TEAM



Kinnaly Soukhaseum, CPA

Partner
ksoukhaseum@eidebailly.com
909.466.4410



Kyle Bartle, CPA

Senior Manager
kbartle@eidebailly.com
916.999.8512



AUDITOR'S REQUIRED COMMUNICATION (AU-C 260)

- Scope of Work for the Annual Audit (Fiscal Year Ended June 30, 2024):
 - Annual Comprehensive Financial Report (ACFR)
 - Single Audit



AUDITOR'S REQUIRED COMMUNICATION (AU-C 260)

- Our Responsibility
 - U.S. Generally Accepted Auditing Standards and Government Auditing Standards
 - Express an opinion about whether the financial statements that have been prepared by management are presented fairly, in all material respects, in conformity with generally accepted accounting principles:
 - Reasonable, not absolute assurance
 - Audit does not relieve the management of its responsibilities
 - For the Single Audit, express an opinion on compliance applicable to each major federal programs



AUDITOR'S REQUIRED COMMUNICATION (AU-C 260)

- Our Responsibility (continued)
 - Our audit includes obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing and extent of further audit procedures:
 - Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity
 - Identify areas potentially more susceptible to misstatement, thereby requiring special audit considerations. These are designated by as “significant risks”. The following was identified as an area of significant risk:
 - Management override of internal controls
 - Revenue Recognition
 - No opinion on internal control will be expressed



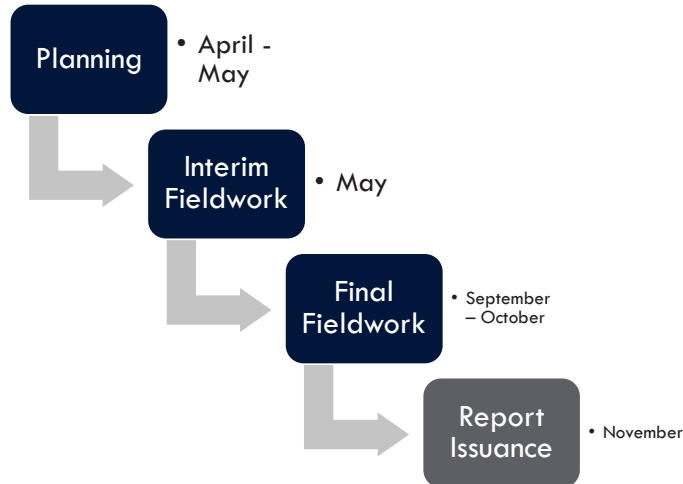
AUDITOR'S REQUIRED COMMUNICATION (AU-C 260)

- Our Responsibility (continued)
 - Communicate other matters:
 - Qualitative aspects of accounting policies, accounting estimates and note disclosures
 - Difficulties encountered
 - Corrected and uncorrected misstatements
 - Disagreements with management
 - Management representations
 - Consultations with other accountants



AUDITOR'S REQUIRED COMMUNICATION (AU-C 260)

- Engagement Timing



AUDITOR'S REQUIRED COMMUNICATION (AU-C 260)

- Phases of the audit:

- Planning and Interim Fieldwork

- Prepare a risk assessment based on our understanding of the entity, its environment and risks to form an audit plan
- Meet with management
- Perform inquiries of management and others regarding fraud risks
- Obtain/update our understanding of the design and implementation of internal controls over financial reporting and compliance
 - Test internal controls over key business cycles
 - Revenues, disbursements, payroll, investments, capital assets, financial reporting, information technology, budget
 - Follow up on the status of prior audit findings or recommendations



AUDITOR'S REQUIRED COMMUNICATION (AU-C 260)

- Phases of the audit (continued):
 - Final Fieldwork and Reporting
 - Address key audit areas
 - Perform tests, on a sample basis, on account balances and classes of transactions
 - Prepare draft financial statements
 - Test journal entries for proper support and business purpose
 - Assess accounting principles used and significant estimates
 - Confirm contingencies with legal counsel
 - Consider subsequent events through the issuance of the report
 - Propose/discuss audit adjustments (if any)
 - Present findings and recommendations (if any)
 - Provide required communication to governance



QUESTIONS?



AGENDA ITEM 3
REPORT

Southern California Association of Governments
June 12, 2024

To: Audit Committee (AC)

**EXECUTIVE DIRECTOR'S
APPROVAL**

From: David James, Internal Auditor
(213) 630-1483, djames@scag.ca.gov

Subject: Internal Audit Risk Assessment and Audit Plan for Fiscal Year 2024-2025

RECOMMENDED ACTION:

Information Only – No Action Required.

STRATEGIC PLAN:

This item supports the following Strategic Plan Goal 7: Secure funding to support agency priorities to effectively and efficiently deliver work products.

EXECUTIVE SUMMARY:

- *Internal Audit has completed an organization-wide risk assessment.*
- *Following are recommended internal audits of the Audit Plan for fiscal year 2024-2025.*

BACKGROUND:

SCAG’s Internal Auditor performs assessments of SCAG operations, including evaluations of the effectiveness and efficiency of various departments, functions and evaluating governance, risk management, and internal controls. Internal Audit assists staff in efficient and effective discharge of responsibilities by providing independent analyses, appraisals, findings, and recommendations.

Internal Audit Risk Assessment

Internal Audit performed an organization-wide risk assessment. Attached is a risk matrix which shows potential auditable areas with Internal Audit’s assessments of risks. The risks are assessed in terms of importance to the mission of SCAG, materiality, likelihood of issues occurring, and other criteria described below.

Risks are events, actions, or inactions that could cause key organizational objectives to not be achieved. To mitigate and manage these risks, SCAG’s management implements internal controls, plans for disruptions, develops risk management programs, and engages in risk mitigation. Internal Audit’s responsibility is to facilitate management’s identification and assessment of risks, and to monitor and report on how well risks are managed.

In the selection of areas to audit for Fiscal Year 2024-2025, this assessment considered current needs of SCAG as expressed by the Strategic Plan and other management goals. Internal Audit conducted interviews with management and staff of all divisions at SCAG. I asked general questions about each manager's function and responsibilities, goals and obstacles, concerns and ideas for improvement, and areas where they thought Internal Audit could help them achieve their goals. I also referred to policies and procedures, internal manuals, external rules such as Caltrans' Local Assistance Procedures Manual, planning documents, financial and audit reports, and other internal operational reports.

Summary of Risk Assessment Interviews Results

Areas that SCAG managers discussed included funding changes like the state's potential reduction for REAP 2, establishing agency priorities, building consensus with stakeholders, application of resources, staffing changes of responsibilities and reorganizations, sufficient staffing for required work to be completed, updating of the procurement and accounting manuals and process documentation, standardization of Planning project processes, closeouts of current Planning projects, potential transitioning of board members to status as employees (form 1099 to W-4), transition of the payroll system, use of IT systems and digital tools, IT systems integration, introduction of new technology/software, procurement processes, invoice approvals and processing, workflow automation, MOU tracking, budget development process, multi-year planning of projects, and Planning project selection.

Risk Assessment Methodology and Risk Matrix

Internal Audit established the structure of the risk assessment by identifying key programs, projects, and processes (auditable areas). The attached spreadsheet with a risk matrix shows potential areas to audit. In the attached risk matrix, the following categories of risk apply to each auditable area:

- Materiality / Financial Impact / Compliance – The magnitude of financial exposure, the degree of regulatory oversight, possible financial penalties.
- Strategic / Operational Impact – The significance of this process to SCAG's strategic success, impact of process disruption.
- Change / Stability – How much the process has been altered and the change of personnel carrying out the process.
- Complexity of Operations or Laws – The number of individuals, entities, and processes involved, and the degree to which professional judgment or technical expertise is applied.
- Political / Reputation – The degree of public interest and awareness, the visibility of the process to stakeholders and the media.
- Last Audit: Time and Results – The length of time since the last audit or review was conducted and the results of that audit or review.

In the attached risk matrix, the areas of risk are rated 1 (low) to 5 (high). Each area is color-coded with white for 1, and dark green for 5. The higher the number, the more important the area to the success of SCAG's mission and goals.

Selection of Internal Audit Projects for Fiscal Year 2024-2025 and Audit Plan

Projects were selected to provide assurance to management and the Board that processes are functioning as expected. Projects selected for internal audits are considered the most useful to the goals and needs of SCAG.

The following are recommended Internal Audit projects for fiscal year 2024-2025:

- Data Published by SCAG – assess the accuracy of data in web apps published by SCAG and processes for having controls over what is published and validating accuracy.
- Call Procedures and Project Selection – evaluate calls for projects and how projects are assessed and scored. Assess compliance with grant funding requirements and criteria for project selection.
- Records Retention at SCAG – assess staff compliance with SCAG's records retention policy.

FISCAL IMPACT:

None.

ATTACHMENT(S):

1. Internal Audit Risk Assessment Matrix 2024

SCAG Internal Audit Risk Matrix 2024

Risk Ranking Definitions	Low	Low to Medium	Medium	Medium to High	High
	1	2	3	4	5

Division	Audit Area	Materiality / Financial Impact / Compliance	Strategic / Operational Impact	Change / Stability	Complexity of Operations or Laws	Political / Reputation	Last Audit - Time and Results	Average Risk Ranking
All	Business Continuity/Disaster Recovery	5	5	4	5	5	5	4.8
Planning	REAP Project Selection Process	5	5	5	4	5	5	4.8
Planning/Finance	Compliance with Funding Sources	5	5	4	5	5	4	4.7
Finance	Budget Process	5	5	4	5	4	5	4.7
Planning	Community-Based Organizations	4	5	4	5	5	5	4.7
Planning	Project Management Procedures	4	5	4	5	5	5	4.7
Planning/Finance	REAP 2 Projects	5	5	4	4	5	5	4.7
Planning/IT	Data Published by SCAG	4	5	4	5	5	5	4.7
Finance	Accounting Processes	5	4	4	5	4	4	4.3
Finance	Approval Process	4	5	4	4	5	4	4.3
Planning/Finance	Council of Governments Projects	4	5	4	4	5	4	4.3
Finance	Spreadsheets in Processes	4	4	4	5	4	5	4.3
HR	Risk Management/Insurance	4	4	4	5	4	5	4.3
Finance	Contracts/MOU Process	5	4	4	4	4	4	4.2
Board	Board Members as SCAG Employees	4	4	4	4	4	5	4.2
IT	Employee Access to Systems	4	4	4	4	4	5	4.2
Legal	FPPC Form 700 Compliance	5	3	3	4	5	5	4.2
Finance	Pension Liabilities	4	3	4	4	4	5	4.0
Legal	Brown Act Compliance	4	3	4	3	5	5	4.0
Legal	Public Records Request Process	4	3	4	3	5	5	4.0
Planning/Finance	REAP 1 Projects	5	5	4	4	5	1	4.0
Finance	Procurement Process	5	4	4	4	5	1	3.8
Finance	Workflow Automation System	3	4	4	4	3	5	3.8
HR	Training of Staff	3	5	4	3	3	5	3.8
Legal	Records Retention	4	3	3	3	5	5	3.8
Finance	Capital Assets	3	3	4	4	3	5	3.7

Finance	Subscription Licenses	3	3	4	4	3	5	3.7
Finance	Payroll	4	4	4	4	4	1	3.5
Finance	Travel/Expense Reports	2	3	3	3	5	5	3.5
All	Satellite Offices Use/Expenses	3	3	2	2	3	5	3.0
IT	IT Equipment Inventory	2	2	3	3	3	5	3.0

Audit Areas highlighted in yellow indicate selection for Fiscal Year 2024-2025.



AGENDA ITEM 4
REPORT

Southern California Association of Governments
June 12, 2024

To: Audit Committee (AC)
From: David James, Internal Auditor
(213) 630-1483, djames@scag.ca.gov
Subject: Audit Status Report

**EXECUTIVE DIRECTOR'S
APPROVAL**

Kome Ajise

RECOMMENDED ACTION:
Information Only – No Action Required.

STRATEGIC PLAN:
This item supports the following Strategic Plan Goal 7: Secure funding to support agency priorities to effectively and efficiently deliver work products.

- EXECUTIVE SUMMARY:**
- *Eide Bailly Financial Statements Audits are in progress.*
 - *Caltrans Incurred Cost Audit is in progress.*
 - *Internal Audit of REAP 1 Grant Expenditures by SCAG Subrecipients is nearing completion.*
 - *Hotline Status Report Update.*

BACKGROUND:
A. Eide Bailly Financial Statements Audits for Fiscal Year 2023-2024

Eide Bailly auditors have started planning and interim procedures for their fiscal year 2023-2024 financial statement audits. For the Audit Committee meeting, Eide Bailly presents an overview of the audit process, responsibilities of the audit, timing, and risks.

Eide Bailly’s audit services include:

- Audit of the Annual Comprehensive Financial Report (Annual Report on Financial Statements)
- Audit report on compliance over major federal programs, schedule of expenditures of federal awards and internal control in accordance with 2 CFR 200 (Single Audit).

B. Incurred Cost Audit by Caltrans

The Caltrans Internal Audits Office (CIAO) is performing an audit of SCAG. The entrance conference was on April 9, 2024. The audit objective is to determine whether the claimed costs are adequately supported and incurred in accordance with applicable state and federal laws and regulations, and contract provisions.

SCAG Accounting has provided to CIAO the requested records, information, and documentation. The auditors have no audit findings thus far. Auditors are currently working on labor costs and are sending follow-up questions/requests.

At the conclusion of the audit, CIAO will conduct an exit conference to discuss the audit results. CIAO will provide a draft audit report to SCAG and request a written response, which will be incorporated into the final audit report.

C. Internal Audit of REAP 1 Grant Expenditures by SCAG Subrecipients

Internal Audit is performing fieldwork on an audit of REAP 1 grant expenditures by SCAG subrecipients. The audit objective is to confirm that SCAG and its subrecipients followed policies, procedures, state laws, and California Department of Housing and Community Development (HCD) reporting requirements. The audit reviews subrecipient invoices, eligibility of expenses, labor costs, administrative costs, consultant costs, and reimbursements. The audit period covers the REAP 1 program at SCAG from the program's inception to the expected completion of all REAP 1 projects by June 30, 2024.

D. SCAG Ethics Hotline Reports Update

No reports were submitted to SCAG's ethics hotline since the last Audit Committee meeting.

FISCAL IMPACT:

None.