



Federal Awards Reports in Accordance
with the Uniform Guidance
June 30, 2022

Southern California
Regional Rail Authority

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Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
Southern California Regional Rail Authority
Los Angeles, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Southern California Regional Rail Authority (SCRRA), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise SCRRA’s basic financial statements and have issued our report thereon dated January 31, 2023. Our report includes an emphasis of matter paragraph regarding SCRRA’s adoption of Governmental Accounting Standards Board (GASB), Statement No. 87, *Leases*, for the year ended June 30, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered SCRRA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SCRRA's internal control. Accordingly, we do not express an opinion on the effectiveness of SCRRA 's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether SCRRRA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

SCRRRA's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on SCRRRA's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. SCRRRA's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Rancho Cucamonga, California
January 31, 2023



Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

To the Board of Directors
Southern California Regional Rail Authority
Los Angeles, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Southern California Regional Rail Authority's (SCRRA) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on SCRRA's major federal programs for the year ended June 30, 2022. SCRRA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, SCRRA complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of SCRRA and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of SCRRA's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to SCRRA's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on SCRRRA's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about SCRRRA's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding SCRRRA's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of SCRRRA's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of SCRRRA's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2022-003. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on SCRRRA's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. SCRRRA's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-003 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-002 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on SCRRRA's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. SCRRRA's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of SCRRRA as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise SCRRRA's basic financial statements. We issued our report thereon dated January 31, 2023, which contained an unmodified opinion on those financial statements. Our report included an emphasis of matter paragraph regarding SCRRRA's adoption of Governmental Accounting Standards Board (GASB) Statement No. 87, Leases, for the year ended June 30, 2022. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Eide Bailly LLP

Rancho Cucamonga, California
January 31, 2023

Southern California Regional Rail Authority
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number/ Grant Number	Expenditures
Department of Transportation			
Federal Transit Cluster			
Direct Programs:			
Federal Transit Capital Investment Grants	20.500	CA050205	\$ 26,174
Federal Transit Capital Investment Grants	20.500	CA050235	141,911
Federal Transit Capital Investment Grants	20.500	CA050258	60,416
Federal Transit Capital Investment Grants	20.500	CA050271	260,677
Subtotal			<u>489,178</u>
Passed Through Riverside County Transportation Commission			
Federal Transit Capital Investment Grants	20.500	CA050268	522,827
Federal Transit Capital Investment Grants	20.500	CA050283	44,946
Subtotal			<u>567,773</u>
Total Federal Transit Capital Investment Grants			<u>1,056,951</u>
Direct Programs:			
Federal Transit Formula Grants	20.507	CA90Y687	828,919
Federal Transit Formula Grants	20.507	CA90Y934	22,336
Federal Transit Formula Grants	20.507	CA90Y992	72,172
Federal Transit Formula Grants	20.507	CA2017009	3,665
Federal Transit Formula Grants	20.507	CA2018136	22,192
Federal Transit Formula Grants	20.507	CA2019137	5,423,904
Federal Transit Formula Grants	20.507	CA2020004	1,466,490
Federal Transit Formula Grants	20.507	CA2020029	20,412
COVID-19- Cares Act Federal Transit Formula Grants	20.507	CA2020170	21,843,513
Federal Transit Formula Grants	20.507	CA2021017	2,529,098
Subtotal			<u>32,232,701</u>
Passed Through Riverside County Transportation Commission			
Federal Transit Formula Grants	20.507	CA95X339	552,981
Subtotal			<u>552,981</u>
Passed Through Orange County Transportation Authority			
Federal Transit Formula Grants	20.507	CA95X180	32,609
Federal Transit Formula Grants	20.507	CA95X286	(325)
Subtotal			<u>32,284</u>
Total Federal Transit Formula Grants			<u>32,817,966</u>

Southern California Regional Rail Authority
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number/ Grant Number	Expenditures
Direct Programs:			
State of Good Repair Grants Program	20.525	CA540014	\$ 295,687
State of Good Repair Grants Program	20.525	CA540043	110,596
State of Good Repair Grants Program	20.525	CA2017009	12,166,441
State of Good Repair Grants Program	20.525	CA2017085	203,586
State of Good Repair Grants Program	20.525	CA2021017	992,662
State of Good Repair Grants Program	20.525	CA2021027	752,034
Subtotal			<u>14,521,006</u>
Passed Through Riverside County Transportation Commission			
State of Good Repair Grants Program	20.525	CA540033	293,081
State of Good Repair Grants Program	20.525	CA2017121	2,698,769
State of Good Repair Grants Program	20.525	CA2020261	528,002
Subtotal			<u>3,519,852</u>
Total State of Good Repair Grants Program			<u>18,040,858</u>
Total Federal Transit Cluster			<u>51,915,775</u>
Direct Programs:			
Railroad Safety	20.301	FR-TSP-0002-21	13,935
Total Railroad Safety			<u>13,935</u>
Direct Programs:			
Railroad Safety Technology Grants	20.321	CA2018033	525,000
Total Railroad Safety Technology Grants			<u>525,000</u>
Direct Programs:			
Consolidated Rail Infrastructure and Safety Improvements Program	20.325	FR-CRS-0032-20	2,354,805
Consolidated Rail Infrastructure and Safety Improvements Program	20.325	FR-CRS-0084-21	4,325
Consolidated Rail Infrastructure and Safety Improvements Program	20.325	FR-CRS-0116-22	5,211
Total Consolidated Rail Infrastructure and Safety Improvements Program			<u>2,364,341</u>
Total Department of Transportation			<u>54,819,051</u>
Total Federal Financial Assistance			<u>\$ 54,819,051</u>

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of Southern California Regional Rail Authority (SCRRA) under programs of the federal government for the year ended June 30, 2022. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of SCRRA, it is not intended to and does not present the financial position, changes in net position, or cash flows of SCRRA.

Note 2 - Summary of Significant Accounting Policies

The expenditures included in the accompanying schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the costs principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Expenditures reported included any property or equipment acquisitions incurred under the federal program. No federal financial assistance has been provided to a subrecipient.

Note 3 - Indirect Cost Rate

SCRRA has not elected to use the 10% de minimis cost rate.

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	Yes
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	Yes

Identification of major programs:

<u>Name of Major Federal Program/Cluster</u>	<u>Federal Financial Assistance Listing/CFDA Number</u>
Federal Transit Cluster	20.500, 20.507, 20.525
Consolidated Rail Infrastructure and Safety Improvements Program	20.325
Dollar threshold used to distinguish between type A and type B programs:	\$1,644,572
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

**2022-001 Reporting of Capital Assets
Material Weakness**

Criteria:

Management is responsible for the basic financial statements and all accompanying information as well as all representation contained therein for the fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles (GAAP). At year end, management is required to reconcile capital asset balances and ensure capital outlays are properly reported.

Condition:

We observed that there were certain capitalizable costs associated with the Tier IV locomotive project that were expensed rather than transferred from construction in progress (CIP) to the completed capital asset.

Context:

The condition noted above was identified during testing over capital asset balances and changes.

Cause:

SCRRA did not have adequate review procedures over capital assets to ensure that all capitalizable costs were transferred from CIP to completed capital assets.

Effect:

Due to the noted condition, an audit adjustment was made to adjust expenses, that were eligible for capitalization, to capital assets in the amount of \$10.9 million.

Recommendation:

Management should strengthen its review and procedures over capital assets to ensure that capital outlays meeting the criteria for capitalization are properly reported.

Views of Responsible Officials:

Management Agrees. See separate corrective action plan.

Section III – Federal Award Findings and Questioned Costs

2022-002

Program Name: Federal Transit Cluster
CFDA No.: 20.500/20.507/20.525
Federal Grantor: U.S. Department of Transportation
Award No. and Year: Various

Program Name: Consolidated Rail Infrastructure and Safety Improvements Program
CFDA No.: 20.325
Federal Grantor: U.S. Department of Transportation
Award No. and Year: Various

Compliance Requirement: Procurement and Suspension and Debarment
Type of Finding: Significant Deficiency in Internal Control

Criteria:

2 CFR Section 200.303(a), Internal Controls, states that the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Title 2 CFR Section 200.214 of the Uniform Guidance states that SCRRRA must comply with 2 CFR part 180, which implements Executive Orders 12549 and 12689. The regulations in 2 CFR part 180 restrict awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities. The 2022 Compliance Supplement states:

Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. "Covered transactions" include contracts for goods and services awarded under a non-procurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other criteria as specified in 2 CFR section 180.220. All non-procurement transactions entered into by a passthrough entity (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in 2 CFR section 180.215.

When a non-Federal entity enters into a covered transaction with an entity at a lower tier, the non-Federal entity must verify that the entity, as defined in 2 CFR section 180.995 and agency adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction. This verification may be accomplished by (1) checking the System for Award Management (SAM) Exclusions maintained by the General Services Administration (GSA) and available at <https://www.sam.gov/SAM/>, (2) collecting a certification from the entity, or (3) adding a clause or condition to the covered transaction with that entity (2 CFR section 180.300).

Condition:

During our testing of SCRRRA's provisions for procurement requirements for the FTA program, we noted six (6) of the fourteen (14) contracts selected for testing where there was no evidence that SCRRRA verified the entity was not suspended or debarred or otherwise excluded from participating in the transaction, prior to entering the contract, in accordance with SCRRRA's policy.

During our testing of SCRRRA's provisions for procurement requirements for the CRISI program, we noted four (4) of the four (4) contracts selected for testing where there was no evidence that SCRRRA verified the entity was not suspended or debarred or otherwise excluded from participating in the transaction, prior to entering the contract, in accordance with SCRRRA's policy.

Cause:

SCRRRA did not adhere to established policies and procedures to verify the information described in the condition prior to entering the transactions.

Effect:

SCRRRA's control was not consistently applied, which required verification of suspension or debarment prior to entering the contract. However, the verification of suspension and debarment was subsequently performed and documented by SCRRRA.

Questioned Costs:

No questioned costs were identified as a result of our procedures.

Context/Sampling:

A nonstatistical sample of fourteen (14) out of seventy-two (72) procurement contracts were selected for procurement and suspension and debarment testing for the FTA program.

A nonstatistical sample of four (4) out of (4) procurement contracts were selected for procurement and suspension and debarment testing for the CRISI program.

Repeat Finding from Prior Year(s):

Yes

Recommendation:

We recommend SCRRRA adhere to their procurement procedures requiring the suspension or debarment verification is performed prior to entering into a covered transaction.

Views of Responsible Officials:

Management Agrees. See separate corrective action plan.

2022-003

Program Name: Federal Transit Cluster

CFDA No.: 20.500/20.507/20.525

Federal Grantor: U.S. Department of Transportation

Award No. and Year: Various

Compliance Requirements: Other

Type of Finding: Material Weakness in Internal Control and Instance of Non-Compliance

Criteria:

Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) requires non-federal entities receiving federal awards to prepare a Schedule of Expenditures of Federal Awards (SEFA) showing both the total federal expenditures and amounts passed through to subrecipients for the year.

Per Title 2 CFR 200.502, the determination of when a Federal award must be expended must be based on when the activity related to the Federal award occurs. Generally, the activity pertains to events that require the non-Federal entity to comply with Federal statutes, regulations, and the terms and conditions of Federal awards, such as: expenditure/expense transactions associated with awards including grants, cost-reimbursement contracts under the FAR, compacts with Indian Tribes, cooperative agreements, and direct appropriations; the disbursement of funds to subrecipients; the use of loan proceeds under loan and loan guarantee programs; the receipt of property; the receipt of surplus property; the receipt or use of program income; the distribution or use of food commodities; the disbursement of amounts entitling the non-Federal entity to an interest subsidy; and the period when insurance is in force.

Condition:

SCRRRA reported expenditures on the current year SEFA that were previously reported as expenditures on the prior year SEFA.

Cause:

SCRRRA did not have adequate internal controls in place to ensure total federal expenditures were appropriately reported on the SEFA.

Effect:

Prior to the correction, the total federal expenditures on the SEFA was overstated by \$3,098,000.

Questioned Costs:

None

Context/Sampling:

No sampling was used; program expenditures on the SEFA were reconciled to supporting records.

Repeat Finding from Prior Year(s):

No

Recommendation:

We recommend SCRRA enhance controls to ensure federal expenditures are accurately reported on the SEFA.

Views of Responsible Officials:

Management Agrees. See separate corrective action plan.

Southern California Regional Rail Authority
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2022

Summarized below is the status of all audit findings reported in the prior year audit's schedule of audit findings and questioned costs.

Financial Statement Findings:

None Reported.

Federal Award Findings:

Finding No.	Finding Description	Status of Corrective Action
2021-001	Procurement and Suspension and Debarment	Not Implemented- See Current Year Finding No. 2022-002



SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY

Corrective Action Plan

Year ended June 30, 2022

Compiled by: Alex Barber



SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY

Corrective Action Plan

Year ended June 30, 2022

I. Financial Statement Findings

FINDING 2022-001

Reporting of Capital Assets

Management's or Department's Response:

Management agrees.

Views of Responsible Officials and Corrective Action:

Management has already taken a proactive approach to identifying capital assets by setting up meetings with Operations to establish a clear line of communications regarding outstanding projects and the acquisitions that are happening as apart of these projects. Management will continue to take proactive steps of reaching out to Project Manager's throughout the year to identify when capital projects are ending and properly identify the correct in-service date.

SCRRA will continue to review a detailed project listing throughout the fiscal year to ensure new capital assets are identified and properly capitalized.

Name of Responsible Person: Alex Barber

Implementation Date: June 30, 2023



II. Federal Award Findings and Questioned Costs

Finding 2022-002

Procurement and Suspension and Debarment

Management's or Department's Response:

Management agrees.

Views of Responsible Officials and Corrective Action:

On October 19, 2022, CPMM proactively conducted a check on all active procurements to ensure a SAM report was pulled. If one was not present in the file, CPMM pulled a SAM report. Going forward, CPMM will use the checklist to ensure a SAM report is pulled for all future procurements.

SCRRA has already implemented the use of the checklist for all the required documents associated with a procurement. The checklist includes all required documents to complete a procurement including the verification of suspension and debarment documentation.

Name of Responsible Person: Cynthia Minix

Implementation Date: June 30, 2023

Finding 2022-003

Federal Transit Cluster - SEFA

Management's or Department's Response:

Management agrees.

Views of Responsible Officials and Corrective Action:

SCRRA will document the process to review the SEFA from prior year. Compare the SEFA to the final Single Audit Report to ensure the ending balances tie back to the Single Audit Report, before starting the current year's SEFA.

Name of Responsible Person: Thelma Bloes

Implementation Date: June 30, 2023

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