



ITEM ID: 2026-169-0

TRANSMITTAL DATE: March 20, 2026

MEETING DATE: March 27, 2026

TO: Board of Directors

FROM: Elisabeth Lazuardi, Director, Audit

SUBJECT: Internal Audit Policy Update

Issue

The Southern California Regional Rail Authority's (SCRRA) Internal Audit Department (IA) has updated its Internal Audit Policy (IA-1.1) to align with the changes in the auditing standards and to incorporate other process improvement.

Recommendation

It is recommended that the Board approve the Internal Audit policy update.

Strategic Commitment

This report aligns with the Strategic Business Plan commitment of:

- **Modernizing Business Practices:** We will improve our operational efficiency, through transparency, objective metrics, and streamlined governance, reducing reliance on subsidy while bringing our system into a state of good repair and investing in the development of our employees. Internal Audit's compliance with the auditing standards contributes to its effectiveness for the Authority.

Background

The Internal Audit Policy (IA-1.1) was first approved on June 12, 2015. It was subsequently updated on October 27, 2017, to align with the Internal Audit Charter, and again on September 25, 2020, to incorporate requirements for external audit reporting and update procedures related to management's corrective action and incorporate changes to align with the auditing

standards.

The Internal Audit Policy defines the role, responsibilities, and authority of the IA Department.

Discussion

IA follows two sets of auditing standards, which were recently updated:

- Government Auditing Standards (updated in 2024)
- International Standards for the Professional Practice of Internal Auditing (updated in 2024 and retitled the Global Internal Audit Standards)

The Internal Audit Policy was updated to incorporate changes in the auditing standards and other general housekeeping. The updated Internal Audit Policy was reviewed by the ALGA Peer Reviewers during the 2023–2025 peer review process in February 2026. In summary, the key changes are as follows:

- **General Housekeeping:** Reorganized content for improved structure and enhanced clarity, removed duplicate contents covered in the Internal Audit Charter or auditing standards, removed references to the Audit and Finance Committee (AFCOM) to reflect current Board structures.
- **Alignment with 2024 Standards:** Updated all auditing standards references to reflect the 2024 Global Internal Audit Standards and the 2024 Government Auditing Standards.
- **Section 1.6.2:** Introduced an escalation process for unresolved matters
- **Section 1.8:** Revised reporting requirement for non-audit (i.e. Reviews, Agreed Upon Procedures, Examinations, and others) engagements to align with Section 1.11.2.

Next Steps

Upon Board approval, the updated Internal Audit Policy will go into effect.

Prepared by: Claudia Casasola, Auditor II

Approved by: Elisabeth Lazuardi, Director, Audit

Attachment(s)

[Attachment A - 2026 Updated IA Policy RED LINE](#)

[Attachment B - 2026 Updated IA Policy CLEAN](#)

[Presentation - Internal Audit Policy Update](#)