

Table B
Audit Objectives and the Methods Used to Address Them

AUDIT OBJECTIVE	METHOD
<p>1 Review and evaluate the laws, rules, and regulations significant to the audit objectives.</p>	<p>Reviewed relevant state and federal laws and regulations related to the objectives listed below.</p>
<p>2 Assess VTA's governance structure and practices to determine whether:</p> <p>a. The roles and responsibilities of the VTA's board are comparable to that of other local transportation authorities.</p> <p>b. The VTA's board and management appropriately carry out their governance-related roles and responsibilities, including their oversight of agency funds and their implementation of management controls designed to detect and prevent waste, fraud, abuse, illegal conduct, mismanagement, and conflicts of interest.</p> <p>c. The VTA board member selection and tenure practices are effective and whether they align with state law and best practices. Determine the effectiveness of current statutes and whether the VTA could increase transparency related to the selection of its board members. Consider whether state law should be changed to improve performance.</p> <p>d. The VTA uses committees effectively and the extent to which advisory committees are involved in the development of policy.</p> <p>e. The VTA relies on alternate board members, the extent to which it did so, and whether the use of alternates reduced board member attendance and engagement. Further, assess the extent to which the VTA's use of alternates aligns with best practices and good governance policies.</p> <p>f. VTA board members perform their fiduciary duties with a focus on the county overall or on the city they may represent and the extent to which members representing cities confer with respective city staff and councils prior to votes.</p>	<ul style="list-style-type: none"> • Interviewed VTA staff and identified documentation outlining the board's roles and responsibilities. • Identified five peer agencies to VTA based on service population, operating expenses, number of directors, director selection method, director term lengths, and services provided. Compared their boards' responsibilities with those of VTA's board. • Interviewed VTA staff and reviewed best practices related to standards of ethics as well as conflict-of-interest prevention and detection. • Reviewed VTA board directors' compliance with conflict-of-interest requirements and policies. • Interviewed VTA staff and reviewed best practices related to board tenure requirements. Reviewed board directors' tenure data and the peer agencies' tenure data. • Interviewed VTA staff and reviewed VTA's and peer agencies' board member selection practices. • Attempted to review four appointing authority meetings, during which appointments were discussed or made, to determine the extent to which the appointments were transparent. One of these meetings was not public and therefore we only reviewed three meetings. • Reviewed the roles and responsibilities for each standing and advisory committee. Identified five board-approved policies by reviewing significant policy actions taken by the board and choosing policies that represented the range of VTA's responsibilities. Reviewed the five board-approved policies to determine whether relevant committees received the policies for consideration prior to board adoption. • Interviewed VTA staff and reviewed VTA's use of alternate directors. • Reviewed VTA's attendance data to determine director attendance rates for January 2020 through June 2023. • For each of the five peer agencies, reviewed publicly available documentation and interviewed their staff to determine whether they have alternate board members. • Interviewed VTA staff and reviewed best practices for ensuring that board members are aware of and adhere to their fiduciary duties. • Reviewed city council meetings occurring before five VTA policy decisions to determine whether VTA policy was discussed at the council meetings. • Interviewed directors to determine whether they discuss VTA policy with city staff or city council members.
<p>3 Review the VTA's strategic planning by evaluating the following:</p> <p>a. VTA's strategic planning process, including how goals, objectives, and priorities are set and how performance is measured.</p> <p>b. Whether the VTA consistently met its strategic planning goals and objectives.</p>	<ul style="list-style-type: none"> • Interviewed VTA staff and reviewed best practices related to strategic planning, including how VTA sets strategic goals, objectives, and priorities. • Because VTA's strategic plan did not include measurable objectives, we could not assess the extent to which VTA met its goals or objectives.

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AUDIT OBJECTIVE	METHOD
<p>4 Evaluate the VTA's project planning and oversight by determining the following:</p> <ol style="list-style-type: none"> The adequacy of the VTA's policies, procedures, and practices related to project planning, management, and monitoring. The extent to which the VTA provided adequate planning for a selection of large projects. The accuracy of the VTA's estimates for project costs and timelines. Whether the VTA could more efficiently and effectively achieve project objectives through the application of best practices. 	<ul style="list-style-type: none"> Interviewed VTA staff and reviewed best practices related to project planning and oversight of cost estimates, schedule estimates, and change control processes. Selected two capital projects to review VTA's approach to project selection. Compared VTA's project selection practices against identified best practices. Selected six capital projects by considering the status of project development, project cost with a focus on choosing higher cost projects, and type of project. Reviewed the six VTA capital projects to determine whether VTA applied best practices for project planning and oversight, including whether the projects' cost and schedule estimates were accurate. Reviewed project documents related to Phase II of the BART project and interviewed VTA staff to determine the progress that VTA has made in addressing project risks identified in the FTA contractor's 2021 assessment.
<p>5 Assess the VTA's financial viability by determining the following:</p> <ol style="list-style-type: none"> The VTA's revenues, expenditures, and ridership for the last four years. Operating costs per trip for the last four years, the number of passenger trips per revenue hour, and farebox recovery. Compare the VTA's results in these categories to those of other similarly situated local transit agencies. The extent of financial planning for the next five and ten years and whether the VTA considered relevant factors during related planning. 	<ul style="list-style-type: none"> Interviewed VTA staff and reviewed best practices related to financial planning, including long-term financial forecasting. Reviewed and assessed VTA financial planning documents and processes to determine the extent of VTA's financial planning and whether VTA considered relevant factors during the planning process. Reviewed the ACFRs for VTA and the five peer agencies for fiscal years 2017–18 through 2022–23 to identify revenues and expenditures. Obtained National Transit Database data to calculate the trips per hour, cost per trip, and farebox recovery for VTA and the five peer agencies for fiscal years 2009–10 through 2021–22.
<p>6 Review the VTA's fiscal oversight by assessing the following:</p> <ol style="list-style-type: none"> Its financial planning, reporting, and oversight structure and processes. The adequacy of its policies and procedures concerning fiscal transparency. The extent to which the capital budget reports include data on total project costs, unspent funds, and funding sources. Whether VTA officials review quarterly reports adequately and what actions the VTA takes when it does not achieve forecasted financial results. 	<ul style="list-style-type: none"> Interviewed VTA staff, reviewed VTA's practices for budget oversight, and compared them to best practices. Reviewed VTA's fiscal transparency practices and compared them to established best practices. Reviewed capital budget reports in the annual budget document to determine the extent to which they include data on total project costs, unspent funds, and funding sources. Reviewed quarterly reports to determine how staff and the board respond to deviations between quarterly reports and financial forecasts.
<p>7 To the extent possible, determine the extent to which the VTA has created an agency culture focused on effective and efficient performance and compliance.</p>	<ul style="list-style-type: none"> Interviewed VTA staff and reviewed best practices regarding board and agency actions that encourage effective and efficient performance and compliance. Determined how VTA updates the board and relevant standing committees regarding the agency's financial health and performance measures. Reviewed VTA's CEO evaluation process and compared it to best practices.
<p>8 Evaluate the VTA's implementation of recommendations made as a result of the 2008 audit by the California State Auditor and whether implementation issues remain.</p>	<ul style="list-style-type: none"> Reviewed our July 2008 VTA audit and our subsequent status reviews. Identified and documented recommendations made in our July 2008 audit. Omitted three recommendations made in our 2008 report. These recommendations asked VTA to continue plans to implement recommendations from a third party. Because the core of these recommendations were actions recommended by a third party and not the California State Auditor, we did not follow up on them during this audit. Using VTA material collected as part of answering the audit objectives above and our July 2008 audit recommendations, determined whether implementation issues remain.
<p>9 Review and assess any other issues that are significant to the audit.</p>	<p>None identified.</p>