

2023-101 AUDIT SCOPE AND OBJECTIVES

Santa Clara Valley Transportation Authority

The audit by the California State Auditor will provide independently developed and verified information related to the VTA's governance structure, project planning and management, financial viability, and fiscal oversight. The audit's scope will include, but not be limited to, the following activities:

1. Review and evaluate the laws, rules, and regulations significant to the audit objectives.
2. Assess VTA's governance structure and practices to determine whether:
 - (a) The roles and responsibilities of the VTA's board are comparable to that of other local transportation authorities.
 - (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.
 - (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.
 - (d) The VTA uses committees effectively and the extent to which advisory committees are involved in the development of policy.
 - (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.
 - (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.
3. Review the VTA's strategic planning by evaluating the following:
 - (a) VTA's strategic planning process, including how goals, objectives, and priorities are set and how performance is measured.
 - (b) Whether the VTA consistently met its strategic planning goals and objectives.
4. Evaluate the VTA's project planning and oversight by determining the following:
 - (a) The adequacy of the VTA's policies, procedures, and practices related to project planning, management, and monitoring.

- (b) The extent to which the VTA provided adequate planning for a selection of large projects.
 - (c) The accuracy of the VTA's estimates for project costs and timelines.
 - (d) Whether the VTA could more efficiently and effectively achieve project objectives through the application of best practices.
5. Assess the VTA's financial viability by determining the following:
- (a) The VTA's revenues, expenditures, and ridership for the last four years.
 - (b) 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.
 - (c) The extent of financial planning for the next five and ten years and whether the VTA considered relevant factors during related planning.
6. Review the VTA's fiscal oversight by assessing the following:
- (a) Its financial planning, reporting, and oversight structure and processes.
 - (b) The adequacy of its policies and procedures concerning fiscal transparency.
 - (c) The extent to which the capital budget reports include data on total project costs, unspent funds, and funding sources.
 - (d) Whether VTA officials review quarterly reports adequately and what actions the VTA takes when it does not achieve forecasted financial results.
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.
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.
9. Review and assess any other issues that are significant to the audit.