

## 2007-129 AUDIT SCOPE AND OBJECTIVES

The audit by the Bureau of State Audits will provide independently developed and verified information related to the VTA and would include, but not be limited to, the following:

1. Review and evaluate the laws, rules, and regulations significant to the audit objectives.
2. Review and assess the VTA's governance structure to determine if roles and responsibilities are clearly defined and communicated. Determine whether the structure complies with statutes and whether it allows for effective operations. Assess the processes for selecting board members and their tenure.
3. Determine how the various participants within the governance structure interact and communicate on priorities, issues, resolutions, or actions.
4. Review and assess the VTA's strategic and project planning processes. Determine how the VTA, board, and/or committees:
  - a. Set goals, objectives, and priorities.
  - b. Measures success in meeting goals and objectives.
  - c. Monitors progress towards achieving goals and objectives.
  - d. Follows up on redirecting or re-prioritizing as needed.
5. Identify and review the projects approved during fiscal years 2005–06 and 2006–07, including the Bay Area Rapid Transit extension project.
6. For those projects approved by VTA, determine what analyses were prepared as a basis for approval of the projects and evaluate the analyses to ensure they considered relevant factors such as costs, benefits, and various alternatives. To the extent possible, compare actual costs, milestones, and outcomes to projected costs, milestones, and outcomes to determine if goals were achieved.
7. Review the VTA's financial reporting structure and determine if it allows for adequate levels of review such as quarterly reporting to ensure revenues, expenditures, ridership, and other budgeting forecasts are on track. Determine what action the VTA takes when actuals deviate from forecasts and assess the effectiveness of the actions.
8. For the prior three fiscal years, trend the revenues, expenditures, ridership, and other forecasts deemed appropriate. Compare actual to forecasts and determine the reasons for the fluctuations.
9. Review the VTA's long-term financial planning efforts to ensure they consider relevant factors.

10. Assess the level of oversight the Board and VTA executive management exercise over the VTA operations and financial records. Determine whether they regularly monitor the VTA's performance as a transit operator and if the level of review is adequate for fiscal decision-making.