SANTA CLARA
Valley Transportation Authority

GOVERNANCE AND AUDIT COMMITTEE

Thursday, September 1, 2016

4:00 PM

Conference Room 157

County Government Center

70 West Hedding Street

San Jose, CA

AGENDA

CALL TO ORDER

1. ROLL CALL

2. PUBLIC PRESENTATIONS:

This portion of the agenda is reserved for persons desiring to address the Committee on any matter not on the agenda. Speakers are **limited to 2 minutes**. The law does not permit Committee action or extended discussion on any item not on the agenda except under special circumstances. If Committee action is requested, the matter can be placed on a subsequent agenda. All statements that require a response will be referred to staff for reply in writing.

3. ORDERS OF THE DAY

CONSENT AGENDA

4. ACTION ITEM - Approve the Regular Meeting Minutes of June 2, 2016.

5. ACTION ITEM -Ratify appointments to the Bicycle & Pedestrian Advisory Committee for the two-year term ending June 30, 2018 of: (1) Jim Stallman, representing the City of Saratoga; (2) Kristal Caidoy, representing the City of Milpitas; (3) David Simons, representing the City of Sunnyvale; and (4) Mila Zelkha, representing the County of Santa Clara.

6. INFORMATION ITEM -Receive and review the Quarterly Ethics Hotline Summary Report.

REGULAR AGENDA

7. ACTION ITEM -Review and receive the Auditor General's report on the Succession Planning Process Assessment.

8. ACTION ITEM -Review and receive the Auditor General's report on the FY 2017 VTA Risk Assessment Refresh.

9. ACTION ITEM -Review and receive the Auditor General's follow-up report on the implementation status of management's action plans contained in the VTA/ATU, Local 265 Pension Plan Program Internal Audit.

10. ACTION ITEM -Review and receive the Auditor General's follow-up report on the implementation status of management's action plans contained in the Third-Party Fare Reporting Process Assessment.

11. INFORMATION ITEM -Receive an update from Auditor General Office staff on the status of projects contained in the current Internal Audit Work Plan.

12. INFORMATION ITEM -Receive a report on cap-and-trade and implications relating to funding for transportation purposes.

13. INFORMATION ITEM -Review and receive the Internal Audit Program's Audit Dashboard on the status of implementation of recommendations issued by the Office of the Auditor General.

OTHER ITEMS

14. Receive an Update on VTA Strategic Planning Process. (Verbal Report) (Haywood)

15. Items of Concern and Referral to Administration.

16. Review Committee Work Plan. (Fernandez)

17. Committee Staff Report. (Fernandez)

18. Chairperson's Report. (Chavez)

19. Determine Items for the Consent Agenda for future VTA Board of Directors' meetings.

20. ANNOUNCEMENTS

21. ADJOURN

In accordance with the Americans with Disabilities Act (ADA) and Title VI of the Civil Rights Act of 1964, VTA will make reasonable arrangements to ensure meaningful access to its meetings for persons who have disabilities and for persons with limited English proficiency who need translation and interpretation services. Individuals requiring ADA accommodations should notify the Board Secretary's Office at least 48-hours prior to the meeting. Individuals requiring language assistance should notify the Board Secretary's Office at least 72-hours prior to the meeting. The Board Secretary may be contacted at ☎ (408) 321-5680 or ✉ board.secretary@vta.org or ☎ (408) 321-2330 (TTY only). VTA's home page is www.vta.org or visit us on www.facebook.com/scvta. ☎ (408) 321-2300: 中文 / Español / 日本語 / 한국어 / tiếng Việt / Tagalog.

Disclosure of Campaign Contributions to Board Members (Government Code Section 84308) In accordance with Government Code Section 84308, no VTA Board Member shall accept, solicit, or direct a contribution of more than $250 from any party, or his or her agent, or from any participant, or his or her agent, while a proceeding involving a license, permit, or other entitlement for use is pending before the agency. Any Board Member who has received a contribution within the preceding 12 months in an amount of more than $250 from a party or from any agent or participant shall disclose that fact on the record of the proceeding and shall not make, participate in making, or in any way attempt to use his or her official position to influence the decision. A party to a proceeding before VTA shall disclose on the record of the proceeding any contribution in an amount of more than $250 made within the preceding 12 months by the party, or his or her agent, to any Board Member. No party, or his or her agent, shall make a contribution of more than $250 to any Board Member during the proceeding and for three months following the date a final decision is rendered by the agency in the proceeding. The foregoing statements are limited in their entirety by the provisions of Section 84308 and parties are urged to consult with their own legal counsel regarding the requirements of the law.

All reports for items on the open meeting agenda are available for review in the Board Secretary's Office, 3331 North First Street, San Jose, California, (408) 321-5680, the Monday, Tuesday, and Wednesday prior to the meeting. This information is available on VTA's website at http://www.vta.org and also at the meeting.

NOTE: THE BOARD OF DIRECTORS MAY ACCEPT, REJECT OR MODIFY ANY ACTION RECOMMENDED ON THIS AGENDA.

SANTA CLARA Valley Transportation Authority

GOVERNANCE AND AUDIT COMMITTEE

Thursday, June 2, 2016

MINUTES

CALL TO ORDER

The Regular Meeting of the Governance and Audit Committee ("Committee") was called to order at 4:05 p.m. by Vice Chairperson Bruins in Conference Room 157, County Government Center, 70 West Hedding Street, San José, California.

1. ROLL CALL

Attendee Name	Title	Status
Jason Baker	Member	Present
Jeannie Bruins	Vice Chairperson	Present
Cindy Chavez	Chairperson	Present
Rose Herrera	Member	Present
Johnny Khamis	Member	Present

A quorum was present.

2. PUBLIC PRESENTATIONS

There were no Public Presentations.

3. ORDERS OF THE DAY

Nuria I. Fernandez, General Manager and CEO, requested **Agenda Item #6,** Amend the bylaws for the Committee for Transit Accessibility to modify the membership structure as well as implement other minor administrative revisions, be removed from the Regular Agenda and placed on the Consent Agenda.

M/S/C (Herrera/Khamis) to accept the Orders of the Day.

RESULT:	**APPROVED – Agenda Item #3**
MOVER:	Rose Herrera, Member
SECONDER:	Johnny Khamis, Member
AYES:	Bruins, Herrera, Khamis
NOES:	None
ABSENT:	Baker, Chavez

NOTE: M/S/C MEANS MOTION SECONDED AND CARRIED AND, UNLESS OTHERWISE INDICATED, THE MOTION PASSED UNANIMOUSLY.

CONSENT AGENDA

4. Regular Meeting Minutes of May 5, 2016

M/S/C (Khamis/Herrera) to approve the Regular Meeting Minutes of May 5, 2016.

6. Amend the Committee for Transit Accessibility Bylaws

M/S/C (Khamis/Herrera) to amend the bylaws for the Committee for Transit Accessibility to modify the membership structure as well as implement other minor administrative revisions.

RESULT:	**APPROVED [Unanimous] – Consent Agenda Items 4, 6**
MOVER:	Johnny Khamis, Member
SECONDER:	Rose Herrera, Member
AYES:	Bruins, Herrera, Khamis
NOES:	None
ABSENT:	Baker, Chavez

REGULAR AGENDA

5. Seven-Party Regional Funding Supplement to the 2012 High Speed Rail Early Investment Strategy for the Peninsula Corridor Electrification Project (PCEP)

Jim Lawson, Government Affairs Director & Executive Policy Advisor, provided an overview of the staff report.

Member Baker arrived at the meeting at 4:11 p.m. and took his seat.

Member Herrera expressed concern with the significant reduction in available Cap and Trade funding, and queried about alternate funding sources.

Mr. Lawson noted staff would report back to the Committee in September to provide an update.

Chairperson Chavez arrived at the meeting at 4:14 p.m. and took her seat.

Vice Chairperson Bruins relinquished her seat to Chairperson Chavez who presided over the remainder of the meeting.

Public Comment

Roland Lebrun, Interested Citizen, expressed concern with the Peninsula Corridor Electrification Program 7-Party MOU, noting the following: 1) electrification costs are excessive; 2) the project conflicts with proposed High Speed Rail (HSR) and Bay Area Rapid Transit (BART) projects, and; 3) potential budget and funding issues.

Chairperson Chavez requested the Board of Directors (Board) conduct an annual review of all VTA regional partnership agreements with agencies such as Caltrain, Ace, Highway 17, Monterey Highway, and Capitol Corridor.

Members of the Committee discussed cost estimates and the importance of Caltrain electrification.

M/S/C (Herrera/Baker) to authorize the General Manager to execute the Seven-Party Regional Funding Supplement to the 2012 Nine-Party Memorandum of Understanding (MOU) for the Peninsula Corridor Electrification Project (PCEP). This MOU supplement provides an additional financial commitment of $20 million to address a portion of the PCEP funding gap.

RESULT:	**APPROVED - Agenda Item #5**
MOVER:	Rose Herrera, Member
SECONDER:	Jason Baker, Member
AYES:	Baker, Bruins, Chavez, Herrera, Khamis
NOES:	None
ABSENT:	None

6. (Removed from the Regular Agenda and placed on the Consent Agenda.)

Amend the bylaws for the Committee for Transit Accessibility to modify the membership structure as well as implement other minor administrative revisions.

7. Review Status of Internal Audit Work Plan

Corey Saunders, Deputy Auditor General, provided a brief overview of completed, underway and proposed projects.

On order of Chairperson Chavez and there being no objection, the Committee received an update from Auditor General Office staff on the status of projects contained in the current Internal Audit Work Plan.

8. Audit Dashboard Follow-up: Audit Recommendations Issued by the Office of the Auditor General

Raj Srinath, Chief Financial Officer, provided a brief overview of the staff report. Mr. Srinath introduced Grace Ragni, Fiscal Resources Manager, who reviewed the Audit Dashboard implementation methodology.

Discussion ensued regarding the following: 1) tracking and prompt action; 2) Division Directors are responsible for implementation of recommendations; and 3) formal process in place for follow-up.

Chairperson Chavez requested staff bring the top three or four items that have significant financial implications back to the Committee for review to insure an action plan is in place.

Vice Chairperson Bruins suggested adding an additional column that notes "Level of Concern."

On order of Chairperson Chavez and there being no objection, the Committee received an update from Auditor General Office staff on the Audit Dashboard Follow-up: Audit Recommendations Issued by the Office of the Auditor General.

9. Scope of Work for Annual Financial Audit Services for Fiscal Year 2016

Mr. Srinath introduced Ahmad Gharaibeh and Leonard Danna with the accounting firm of Vivrinek Trine & Day (VTD), who provided a brief overview of the Scope of Work for Annual Financial Audit Services for Fiscal Year 2016.

Chairperson Chavez suggested coordination between the auditors would be helpful. She requested VTD return with information on which areas have received a more thorough investigation.

On order of Chairperson Chavez and there being no objection, the Committee received the Scope of Work for Annual Financial Audit Services for Fiscal Year 2016.

OTHER ITEMS

10. VTA's Strategic Planning Process Update

Scott Haywood, Transportation Planning Manager, provided a brief overview of VTA's Strategic Planning Process, highlighting the following: 1) held strategic planning meetings with employees to discuss VTA strengths, weaknesses, opportunities, threats, mission and vision; 2) strategic planning process draft completed in mid-summer; 3) September Board workshop; 4) October public meetings; 5) final draft in November; and 6) Board adoption in December, 2016.

On order of Chairperson Chavez and there being no objection, the Committee received an update on VTA's Strategic Planning Process.

11. Items of Concern and Referral to Administration

There were no Items of Concern and Referral to Administration.

12. Governance & Audit Committee Work Plan

Ms. Fernandez reminded the Committee that the next Governance & Audit Committee meeting is scheduled for September 1, 2016, and reviewed the items to be discussed at the next committee meetings.

Chairperson Chavez requested the following be added to the work plan: 1) under what terms and conditions VTA establishes Policy Advisory Boards (PAB) and what is their scope of responsibility and work, and; 2) orientation to new members about what their role on a PAB is, how long the PAB may live, and operating opportunities.

Member Khamis requested staff investigate the possibility of establishing an advisory committee that will focus on congestion management.

On order of Chairperson Chavez and there being no objection, the Committee reviewed the Committee Work Plan.

13. Committee Staff Report

There was no Committee Staff Report.

14. Chairperson's Report

Chairperson Chavez stated the Auditor General's report on the Alum Rock Bus Rapid Transit (BRT) Delay Assessment along with the Management's Directive Action Commitments will be presented to the full Board in August, 2016.

15. Determine Items for the Consent Agenda for Future Board of Directors' Meetings

CONSENT:

Agenda Item #5. Authorize the General Manager to execute the Seven-Party Regional Funding Supplement to the 2012 Nine-Party Memorandum of Understanding (MOU) for the Peninsula Corridor Electrification Project (PCEP). This MOU supplement provides an additional financial commitment of $20 million to address a portion of the PCEP funding gap.

Agenda Item #6. Amend the bylaws for the Committee for Transit Accessibility to modify the membership structure as well as implement other minor administrative revisions

Agenda Item #7. Receive an update from Auditor General Office staff on the status of projects contained in the current Internal Audit Work Plan.

Agenda Item #8. Receive an update from Auditor General Office staff on the Audit Dashboard Follow-up: Audit Recommendations Issued by the Office of the Auditor General.

Agenda Item #9. Receive the Scope of Work for Annual Financial Audit Services for Fiscal Year 2016.

REGULAR:

None.

16. ANNOUNCEMENTS

There were no Announcements.

17. RECESS TO CLOSED SESSION at 4:49 p.m.

Conference with Legal Counsel - Anticipated Litigation

Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9

Number of Cases: 1

18. RECONVENE TO OPEN SESSION at 5:30 p.m.

19. CLOSED SESSION REPORT

Conference with Legal Counsel - Anticipated Litigation

Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9

Number of Cases: 1

Robert Fabela, General Counsel, noted that no reportable action was taken during Closed Session.

22. ADJOURNMENT

On order of Chairperson Chavez and there being no objection, the Committee was adjourned at 5:32 p.m.

Respectfully submitted,

Anita McGraw, Board Assistant
VTA Office of the Board Secretary

SANTA CLARA
Valley Transportation Authority

Date: August 17, 2016
Current Meeting: September 1, 2016
Board Meeting: October 6, 2016

BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
Governance and Audit Committee

THROUGH: General Manager, Nuria I. Fernandez

FROM: Board Secretary, Elaine Baltao

SUBJECT: Ratification of Appointments to the Bicycle & Pedestrian Advisory Committee

Policy-Related Action: No **Government Code Section 84308 Applies: No**

ACTION ITEM

RECOMMENDATION:

Ratify appointments to the Bicycle & Pedestrian Advisory Committee for the two-year term ending June 30, 2018 of: (1) Jim Stallman, representing the City of Saratoga; (2) Kristal Caidoy, representing the City of Milpitas; (3) David Simons, representing the City of Sunnyvale; and (4) Mila Zelkha, representing the County of Santa Clara.

BACKGROUND:

The Bicycle & Pedestrian Advisory Committee (BPAC) advises the VTA Board of Directors on planning and funding for bicycle and pedestrian projects and issues. The BPAC consists of 16 voting members, one appointed by each of VTA's Member Agencies (the 15 cities in the county and the County of Santa Clara), and one non-voting member and alternate appointed by the Silicon Valley Bicycle Coalition (SVBC). The BPAC also serves as the countywide bicycle and pedestrian advisory committee for the County of Santa Clara.

The BPAC bylaws specify that the appointment term is two years and that members may be appointed to successive terms. Committee members must live, work or both in Santa Clara County during their term. Voting members of the Committee must also be a representative of the Member Agency's local bicycle advisory committee or, for Member Agencies without a local bicycle advisory committee, their representative must be an individual who lives or works in the local jurisdiction and is interested in bicycle or pedestrian issues. BPAC members are precluded from representing a Member Agency that is their employer.

The process to fill BPAC vacancies is that staff notifies the appointing authority of the vacancy or approaching term expiration and provides the current membership requirements. The appointing authority then appoints one member for the designated membership position. For vacancies occurring mid-term, the bylaws specify that they be filled for the remainder of the term by the appointing authority. In both cases, the VTA Board must ratify the appointment.

DISCUSSION:

VTA staff notified appointing authorities on the June 30th BPAC expiration of the then current term, advised them on their representative's standing, provided information on the appointment process, and requested that they appoint their BPAC representative for the new term.

In response, the following individuals were appointed by their respective appointing authority to serve as their BPAC representative for the new two-year term that commenced July 1, 2016:

- The City of Saratoga re-appointed Jim Stallman, who was most recently appointed to the committee in 2014. Prior to that, he served on the committee from 1998-2009 representing Saratoga.
- The City of Milpitas has re-appointed Kristal Caidoy, who was first appointed to the committee in 2013. Ms. Caidoy serves as the BPAC chairperson for 2016.
- The City of Sunnyvale has re-appointed David Simons, who has served on the committee since late 2000.
- The County of Santa Clara has re-appointed Mila Zelkha, who was first appointed to the committee in January 2016.

These individuals are members in good standing, have served the committee well, and are eligible for re-appointment. Based on their qualifications and proven service to VTA, staff recommends that the Board ratify the appointment of these individuals.

ALTERNATIVES:

The Board could choose to not ratify any or all of these appointments.

FISCAL IMPACT:

There is no fiscal impact as a result of this action.

Prepared by: Stephen Flynn, Advisory Committee Coordinator
Memo No. 5704

SANTA CLARA
Valley Transportation Authority

Date: February 19, 2016
Current Meeting: September 1, 2016
Board Meeting: N/A

BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
Governance and Audit Committee

FROM: Auditor General, Bill Eggert

SUBJECT: VTA Ethics Hotline Program Quarterly Report

FOR INFORMATION ONLY

BACKGROUND:

The VTA Ethics Hotline is a means for VTA staff and those doing business with VTA to anonymously report suspected unethical behavior such as fraud, waste, abuse, theft, misconduct or any violation of company policy, law or regulation. Launched in February 2015, this 24/7 hotline initially is available only to VTA staff, consultants, and vendors/suppliers. Individuals submitting reports are protected from any retribution by state law and VTA policy.

The Ethics Hotline is hosted by a third-party provider, Ethical Advocate, to maintain independence and confidentiality to the extent provided by law. Reports are evaluated, investigated or referred by the Auditor General's Office, an independent CPA firm reporting directly to the VTA Board of Directors.

As part of its duties, the Auditor General's Office provides high-level summary reports on Hotline usage and results. These reports are provided to the Governance & Audit Committee quarterly, coinciding with the meetings that focus primarily on audit activities, and a yearly report is provided to the Board following the close of the fiscal year.

DISCUSSION:

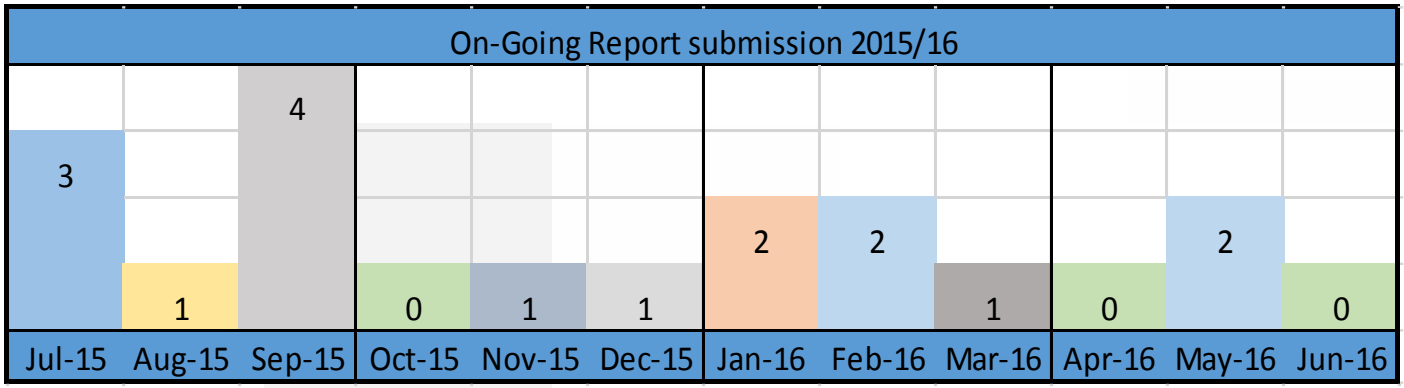
Attached is the summary report on Ethics Hotline usage from November 2015 through January 2016. It contains metrics on Hotline usage including the number of reports received, type of concerns reported, and disposition of the allegations during the subject period. It also includes fiscal year-to-date and trend information.

Prepared By: Stephen Flynn, Advisory Committee Coordinator
Memo No. 5475

VTA Ethics Hotline
Activity Summary: 04/01/16 through 06/30/16

Method of Submission	Number of Reports
Website	2
Phone call	0
Other	0
Total	2

Current Period Activity	Number
Fraud	0
Waste or Inefficiency	0
Ethics/Policy Violation	2
Employee Conduct/Abuse	0
Theft	0
Customer Service	0
Non-VTA Issues	0
Total	2



Aging (Inception through Current Period)	Total	1-30 days	31-60 days	60+ days
Preliminary Assessment	0			
Investigation	3	2	1	
Completed	35	15	8	12
Total	38			

SANTA CLARA
Valley Transportation Authority

Date: August 25, 2016
Current Meeting: September 1, 2016
Board Meeting: October 6, 2016

BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
Governance and Audit Committee

FROM: Auditor General, Bill Eggert

SUBJECT: Succession Planning Assessment

Policy-Related Action: No **Government Code Section 84308 Applies: No**

ACTION ITEM

RECOMMENDATION:

Review and receive the Auditor General's report on the Succession Planning Process Assessment.

BACKGROUND:

Succession Planning Process Assessment is one of the projects contained in the Board-approved FY 2016 Internal Audit Work Plan. The Auditor General's Office completed this project between November 2015 and August 2016 and the attached report is the result of that review.

Succession planning is a process for identifying and developing internal talent with the potential to fill key leadership positions in the organization. Succession planning increases the availability of experienced and capable employees through effective development of the high-potential employees, helping prepare them to assume leadership roles when they become available.

DISCUSSION:

The purpose of the assessment was to provide independent expert analysis of VTA's current succession planning processes, identify root causes of potential gaps between current and leading practices, and develop recommendations for improving the identification and development of a talent pipeline for VTA. Internal talent development for key positions will become increasingly important for VTA in the near term as approximately 27% of employees are currently eligible to retire, 44% will be eligible within five years and 56% within 10 years.

Based on the work performed, an overall report rating of *High* was assigned to help management understand our assessment of the overall design of VTA's Succession Planning processes. This was based on five primary observations categories, three of which were rated *High* and the other two rated *Medium*. We also issued 22 corresponding recommendations for corrective action or potential process improvements. Overall, based on our assessment there appears to be several significant opportunities for improvement relative to VTA's Success Planning processes and supporting programs.

Management concurs with the risks identified and has committed to implement the recommended mitigation actions. Most will be completed by the end of 2016, with a small number completed by the close of 2017. A few actions require negotiation with the unions or additional funding and due to this, their projected completion cannot be reasonably determined at this time.

Recommendations for improvement or efficiency opportunities contained in this report are presented for the consideration of VTA management, which is responsible for the effective implementation of any action plans.

FISCAL IMPACT:

There is no financial impact associated with acceptance of this report.

Prepared by: Bill Eggert, Auditor General & Stephen Flynn, Advisory Committee Coordinator
Memo No. 5281

ATTACHMENTS:

- A--Succession Planning Process Assessment (PDF)

Succession Planning Process Assessment

Auditor General Report No. 2016-10

August 24, 2016

EXECUTIVE SUMMARY

Background

A component project contained in the Board-approved FY 2016 Internal Audit Work Plan is this Succession Planning Process Assessment. The Auditor General's Office completed this project between January and June 2016.

Succession planning is a process for identifying and developing internal talent with the potential to fill key business leadership positions in the organization. Succession planning increases the availability of experienced and capable employees through effective development of the high-potential employees, so that they are prepared to assume leadership roles as they become available.

This review was performed in accordance with the Standards for Consulting Services issued by the American Institute of Certified Public Accountants. The report was prepared for use by VTA's Board of Directors, Governance & Audit Committee, and management. Recommendations for improvement are presented for management's consideration, and management is responsible for the effective implementation of corrective action plans.

Objective and Scope

The objective of this assessment was to obtain an understanding of VTA's current succession planning processes and assess the effectiveness of VTA's talent management processes across the organization. We sought identify potential process gaps or risks facing the Authority. The review also focused on identifying process improvement opportunities that could enhance VTA's processes for promoting depth of current and future talent.

The review objectives were achieved through the following key work steps:

- Evaluate existing processes and documentation that support the identification and development of talent to meet VTA's needs
- Interview leaders across the organization and union representatives
- Review of relevant reports, including the Workforce Analysis Study, Compensation and Leveling Study conducted by the Hay Group, and the succession planning pilot program with VTA's Technology group
- Compare VTA's processes to industry and leading HR practices, and identify potential opportunities for process and control improvements

Overall Rating
(See Appendices A and B for definitions)

	Report Rating	Number of Observations by Risk Rating		
		High	Medium	Low
Succession Planning Process Assessment	**High**	**3**	**2**	**0**

Overall Summary and Review Highlights

Across VTA, approximately 27% of its workforce is eligible to retire and 56% will be eligible within 10 years. This high-risk demographic profile puts VTA at risk of diminished ability to conduct business and provide service to its customers. The success of the necessary knowledge and skills replacement or transfer is dependent on Human Resource (HR) practices that effectively recruit, retain, and manage VTA's human capital.

Succession planning was the primary focus of our review, but the overall HR program and specific HR processes are integral components of a succession plan. During our review, we observed that VTA has conducted various analyses and laid the foundation for a succession planning program, but there is not a formal succession planning program in place.

Based on the work performed, an overall report rating of *High* was assigned to help management understand our assessment of the overall design of VTA's Succession Planning processes. This was based on a total of five observations: three rated *High* and two rated *Medium*.

Although we believe not having a formal succession planning process is a significant risk to the Authority, we also identified observations and recommendations in the following key areas that are vital to VTA's human resource needs and the effectiveness of a succession planning program:

- Demographic risk
- Knowledge management and workforce planning processes
- Attracting and recruiting the right talent
- Employee career and leadership development
- Comprehensive performance management process

We would like to thank those who assisted us throughout this review. Questions should be addressed to Bill Eggert in the VTA Auditor General's Office at Auditor.General@VTA.org.

© 2016 RSM US LLP. All Rights Reserved.

OBSERVATIONS SUMMARY

Following is a summary of observations noted in the areas reviewed. Definitions of the observation rating scale are included in Appendix A

Ratings by Observation	
Observation Title	**Rating**
1. DEMOGRAPHIC RISK: KNOWLEDGE MANAGEMENT AND WORKFORCE PLANNING PROCESSES	High
2. ATTRACTING AND RECRUITING THE RIGHT TALENT	High
3. EMPLOYEE CAREER AND LEADERSHIP DEVELOPMENT	High
4. COMPREHENSIVE PERFORMANCE MANAGEMENT PROCESS	Medium
5. SUCCESSION PLANNING PROGRAM	Medium

© 2016 RSM US LLP. All Rights Reserved.

DETAILED OBSERVATIONS

Demographic Risk: Knowledge Management and Workforce Planning Processes			
Ref. # 1	**Observation:** Over half of VTA's current workforce will be eligible to retire within ten years, and the organization may have potentially diminished ability to carry out business and service because of the retiring work force and insufficient knowledge and skills management processes.	**Recommendation:** We recommend that VTA develop a comprehensive knowledge management program and/or framework that effectively identifies critical knowledge and skills within the workforce and manages the transfer of knowledge to protect the Authority from current demographic risk and proactively manage future needs.	**Management's Action Plan**
Observation Rating: High			

1.1 During our review, we noted the Engineering & Transportation Infrastructure Development (ETID) division proactively completed an analysis where they identified a shift in its workforce needs. As of July 21, 2016 VTA had an active workforce of 2,234 employees and the following projected retirement eligibility:

Retirement Eligibility timeframe in years	Number of Employees	Percentage of Current Workforce
Currently eligible	604	27%
Eligible within in 5 years	974	44%
Eligible within 5 - 10 years	1,254	56%

(Additional workforce data available in Appendix D)

Although the eligibility table does not dictate specific retirement dates, it illustrates a critical demographic risk VTA faces because of its aging workforce. During our review, we observed that some positions, such as bus and rail operators, are more readily backfilled because

1.1.a We recommend that management expand the completed Workforce Analysis study and include projected workforce needs in the coming years. Once VTA identifies long-term projected needs, the organization can develop a comprehensive risk assessment of projected skills and knowledge needs. We recognize that as a large organization with a diverse workforce skillset that knowledge management is a significant challenge to VTA. However, in order to effectively manage the demographic risk VTA faces, a more sustainable and comprehensive approach is necessary.

The Workforce Analysis completed by VTA identifies current retirement projections and critical position needs, but it does not analyze the specific skills required to meet future workforce needs only maintaining current workforce job classes. In the *Harvard Business Review* article "Managing Demographic Risk," the authors suggest performing the analysis at the job group, job family, and job function levels to adequately understand the risk and address the demographic problem at the right level. We suggest that VTA expand its existing workforce analysis to ensure management has considered future workforce

1.1 Expand the Workforce Analysis study to include a projection of future workforce needs.

Explore and implement three progressive methods of knowledge transfer:

1) Training – to expose employee to additional skills.
2) Coaching – to put the transferred knowledge to practical use.
3) Mentoring – to transfer soft skills and intangibles to the mentees.

Explore ways in which VTA can shift the cultural mindset to encourage knowledge sharing. This will include encouraging coaching and mentoring training for employees with specialized training and providing performance appraisal training to ensure accountability.

Responsible Party:
Diversity & Inclusion (OD&T)

Target Date: 12/31/17

© 2016 RSM US LLP. All Rights Reserved.

Demographic Risk: Knowledge Management and Workforce Planning Processes			
Ref. # 1	**Observation:** Over half of VTA's current workforce will be eligible to retire within ten years, and the organization may have potentially diminished ability to carry out business and service because of the retiring work force and insufficient knowledge and skills management processes.	**Recommendation:** We recommend that VTA develop a comprehensive knowledge management program and/or framework that effectively identifies critical knowledge and skills within the workforce and manages the transfer of knowledge to protect the Authority from current demographic risk and proactively manage future needs.	**Management's Action Plan**
the positions are less complex and there is more procedure documentation available for training new employees in such positions. However, there are many positions across the organization that are highly complex with specialized skills, knowledge, and responsibility, such as planning and engineering, that are not as easily backfilled. All of VTA's employees are key to delivering the mission, yet these specialized positions present a significant risk to the Authority because VTA depends on deep expertise and tacit knowledge that is not consistently documented and understood. VTA does not currently have a robust knowledge and skills management process and/or framework in place that adequately identifies critical skills and knowledge throughout the organization and ensures those skills and knowledge are effectively transferred or documented on ongoing basis. Without sufficient preventative controls, VTA will continue to face risks associated with retirement and potentially have diminished workforce capability in the coming years.	needs with sufficient granularity. Doing so will allow VTA to develop a detailed strategic plan to address succession planning needs. **1.1.b** In addition to the assessment described in recommendation 1.1.b, we recommend that VTA also develop a comprehensive knowledge and skills management program and/or framework. We recommend that the program include processes to identify specialized skills and knowledge, a methodology for documenting critical information and transferring of knowledge on a sustainable basis. Developing a comprehensive knowledge and skills management program is an extensive undertaking for an organization and should be led by HR and coordinated with management across an organization. Developing such processes are critical for VTA to manage the demographic risk the Authority faces. A sustainable program will also serve as a valuable workforce management tool HR can leverage in other processes such as performance management and employee career development, as well as identifying workforce optimization, efficiencies, and evolving needs.	

© 2016 RSM US LLP. All Rights Reserved.

Demographic Risk: Knowledge Management and Workforce Planning Processes			
Ref. # 1	**Observation:** Over half of VTA's current workforce will be eligible to retire within ten years, and the organization may have potentially diminished ability to carry out business and service because of the retiring work force and insufficient knowledge and skills management processes.	**Recommendation:** We recommend that VTA develop a comprehensive knowledge management program and/or framework that effectively identifies critical knowledge and skills within the workforce and manages the transfer of knowledge to protect the Authority from current demographic risk and proactively manage future needs.	**Management's Action Plan**
	1.2 During our review, we noted the operations division proactively completed an analysis where they identified a shift in the Engineering & Transportation Infrastructure Development division's (ETID) workforce needs. The analysis highlighted a shift from a focus on capital development projects to maintenance of current infrastructure, which required different skill sets. The ETID analysis illustrates how VTA's business environment continually evolves and how the workforce needs will change in parallel. Although VTA had completed the workforce analysis study and ETID performed its own analysis, neither were part of a larger, formal workforce planning process that continually monitors both the strategic long-term and operational near-term workforce needs. The potential workforce gaps, such as those identified by ETID, are not always detected or understood across VTA and effectively built into the overall resource plan and budget analysis.	**1.2**. We recommend that VTA develop a formalized, highly collaborative workforce planning process that HR leads and includes regular input from business divisions in order to protect the Authority and ensure VTA has the right workforce to meet its evolving needs. A robust workforce planning process that is continuous and proactive would allow VTA to better align workforce skills with both current and projected business needs. By focusing on collaboration with division leaders, HR would allow critical input and in-depth understanding of the evolving technical needs from each business division at VTA.	**1.2** Management has an opportunity to present workforce needs at the beginning of each budget cycle. These needs are reviewed and analyzed in a collaborative process. At any time, management may also consult with HR if there is a need to reorganize their department. A final decision is made after receiving input from all relevant parties. **Responsible Party:** Human Resources **Target Date:** N/A

© 2016 RSM US LLP. All Rights Reserved.

Attracting and Recruiting the Right Talent			
Ref. # 2	**Observation:** VTA has sometimes been unsuccessful at attracting and hiring the necessary talent for its workforce needs because of recruiting processes that have not evolved with competitive marketplace practices, often in combination with inaccurate job classifications and non-competitive market salaries.	**Recommendation:** We recommend that VTA develop a process to regularly review and update job classifications, continue to perform market-based pay analysis and salary adjustments, as well enhance its current recruiting program to attract a demographically diverse and talented workforce in the competitive Bay Area job market.	**Management's Action Plan**
Observation Rating: High			
2.1 VTA's recruiting processes typically use traditional job advertisement locations and basic social media outlets. In addition, recruiting at VTA is heavily dependent on Human Resources, and management is not consistently required to participate in the recruiting process. Instead, management typically only participate in the interview phase after the potential candidate list is narrowed. According to the Pew Research Center, in 2015 the Millennial Generation (Millennials: generally defined as those born between the early 1980s and early 2000s) became the largest workforce demographic in the US and account for approximately 34% of the US labor force. However, VTA's current workforce includes only 19% Millennials. Although VTA has effective recruiting efforts in place to seek talent from the veteran, disabled, and senior communities, VTA's recruiting processes are often ineffective at attracting Millennials with the necessary talent to meet its diverse workforce needs, especially high-skilled and technical jobs. During our review, HR reported that they are more likely to receive a large number of applicants at lower-level jobs that are easier to fill than professional-level roles requiring specific technical skills, such as HR expertise,	**2.1** With diverse workforce needs in a competitive job market, VTA will continue to face recruiting challenges. VTA has already developed some strategic recruiting practices that have proven to be effective; however, we recommend that VTA continue to enhance its recruiting processes to more effectively position the Authority's image toward potential candidates in the job market and suggest management consider the following recommendations to enhance recruitment processes: **2.1.a** We recommend that VTA expand on its current recruiting and outreach techniques by developing a recruiting/branding campaign that is focused on developing a talent pipeline and aggressively targets Millennials because they are currently underrepresented in VTA's workforce. Generationally, Millennials rely more on social media to connect with companies and develop their careers, while they also prioritize career choices that provide purpose and meaning to their lives. A suggested approach would include a branding	**2.1** In 2015, 30% of VTA new hires were Millennials. In order to continue to attract Millennials, VTA will: Continue to actively post VTA recruitments on VTA's social media pages (LinkedIn and Twitter). Continue to include community partnership content on the internet/social media. Continue to engage Millennials through social media presence, specifically Twitter & LinkedIn. Continue to post personal LinkedIn updates with a link to VTA job opportunities page. Encourage others to do so as well. Continue to reshare corporate projects showcasing socially responsible initiatives through personal social media accounts. Encourage others to do so as well. Continue to participate in job fairs and other community engagement events and continue to invite participation by members of management.

© 2016 RSM US LLP. All Rights Reserved.

Attracting and Recruiting the Right Talent			
Ref. # 2	**Observation:** VTA has sometimes been unsuccessful at attracting and hiring the necessary talent for its workforce needs because of recruiting processes that have not evolved with competitive marketplace practices, often in combination with inaccurate job classifications and non-competitive market salaries.	**Recommendation:** We recommend that VTA develop a process to regularly review and update job classifications, continue to perform market-based pay analysis and salary adjustments, as well enhance its current recruiting program to attract a demographically diverse and talented workforce in the competitive Bay Area job market.	**Management's Action Plan**
planning expertise, or engineers. These hard-to-fill roles often remain unfilled for longer periods, with some taking over a year to hire.		campaign that portrays VTA in a favorable manner and has a robust social-media presence that is linked to VTA career site. HR may also include the use of "ideal" candidate profiles that recruiters proactively seek and network with on LinkedIn, potentially utilizing premium services. **2.1.b** We also recommend that VTA managers be required to participate in recruiting efforts as part of their job responsibilities in order to foster a management culture that is engaged and vested in the its workforce. For example, managers should proactively be building relationships to recruit talent while they are attending industry events (i.e., APTA) or interacting with other agencies, and promote the hiring needs in their social media accounts, such as LinkedIn. By leveraging current leaders in the recruiting process, VTA will have increased market visibility and perception of potential recruits. If VTA implements a branded recruiting campaign and process that effectively leverages the organization's mission and vision in a media savvy way, while also requiring	Continue to use social media to inform job seekers of new and continuing hard-to-fill positions. Continue partnerships with local schools and continue apprenticeship programs in order to grow internal talent. Continue to revamp VTA's employment page on the internet to make it visually appealing and mobile friendly. Create a VTA careers page on the internet, highlighting employees and their impact to VTA and the community. Work with Marketing to identify additional ways to attract Millennials, e.g. make the recruitment process more trendy; a Silicon Valley experience. Train managers on how to promote hiring needs via their social media accounts. Encourage management to provide qualified leads for hard-to-fill positions and maintain a list of these leads for future contact. Job Interest Cards will be completed on behalf of interested

© 2016 RSM US LLP. All Rights Reserved.

Attracting and Recruiting the Right Talent			
Ref. # 2	**Observation:** VTA has sometimes been unsuccessful at attracting and hiring the necessary talent for its workforce needs because of recruiting processes that have not evolved with competitive marketplace practices, often in combination with inaccurate job classifications and non-competitive market salaries.	**Recommendation:** We recommend that VTA develop a process to regularly review and update job classifications, continue to perform market-based pay analysis and salary adjustments, as well enhance its current recruiting program to attract a demographically diverse and talented workforce in the competitive Bay Area job market.	**Management's Action Plan**
		active involvement from management, VTA could potentially create a talent pipeline and interest in the organization that has not been achieved with traditional recruiting methods.	qualified leads. Encourage managers to promote VTA recruitments when attending conferences and seminars. Pursue LinkedIn recruiter access to reach passive candidates. Additional resources will be required to ensure full implementation of this recommendation. **Responsible Party:** Human Resources **Target Date:** 12/31/17 NOTE: VTA's Diversity Committee includes several employees from the Millennial generation and one of the topic areas that can be addressed is how to attract and retain Millennials at VTA.

© 2016 RSM US LLP. All Rights Reserved.

Attracting and Recruiting the Right Talent			
Ref. # 2	**Observation:** VTA has sometimes been unsuccessful at attracting and hiring the necessary talent for its workforce needs because of recruiting processes that have not evolved with competitive marketplace practices, often in combination with inaccurate job classifications and non-competitive market salaries.	**Recommendation:** We recommend that VTA develop a process to regularly review and update job classifications, continue to perform market-based pay analysis and salary adjustments, as well enhance its current recruiting program to attract a demographically diverse and talented workforce in the competitive Bay Area job market.	**Management's Action Plan**
	2.2 VTA commissioned the Hay Group to complete a compensation and job classification analysis in 2014 that studied non-ATU employee job classifications. Non-ATU employees account for approximately 30% of VTA's workforce. The study included leveling analysis for all classifications and used employee survey responses to evaluate classifications. Approximately 40% of employees surveyed (or about 12% of the total VTA employee population) responded to the request. Of the respondents, roughly 40% suggested their job classification specification had deviations. The Hay Group validated less than 3% of the reported deviations, which resulted in recommendations related to job classification changes that VTA has subsequently implemented. While the Hay Group Assessment analyzed a significant portion of VTA employees, the study itself was not comprehensive in evaluating that majority of job classifications for all employees at VTA. We also observed in the current business environment that multiple divisions perceive job descriptions, including job titles, as outdated or not aligned with current job roles and responsibilities. In our interviews with management and HR there were multiple indications that some job classifications are currently paid below market rate or not competitive	**2.2** We recommend that VTA complete a thorough job classification analysis that expands on the recent study and includes the majority of job classifications at VTA to ensure that job classifications and descriptions are accurate. We also recommend that VTA develop a periodic job classification review to ensure VTA can competitively recruit in the marketplace with accurate critical HR data. Leveraging the analysis and likely revised job classifications, we would also recommend that VTA continue to perform market-based compensation analyses and evaluate potential costs and benefits of realigning certain job classification pay rates to position itself competitively in the recruiting market.	**2.2** VTA's current job classifications are designed to cover a broad area of expertise and not each individual job, e.g. Human Resources Analyst classification encompasses analyst in the areas of Benefits, Recruitment and Selection, Classification and Compensation, Retirement Services, and Labor Relations. In addition, many of our represented classifications are studied as part of contract negotiations. Moreover, classifications are updated as requested by management. While those interviewed may perceive an issue with classifications and salaries, HR has not experienced this to be a pervasive issue. HR will continue to add job statements to recruitments to address job specific details, as necessary. Review and revise titles to be consistent with current titling conventions used by other public agencies in our local labor market. Work with division managers to systematically update duties and responsibilities on job descriptions and update those that are inconsistent with actual duties performed by incumbents.

© 2016 RSM US LLP. All Rights Reserved.

Attracting and Recruiting the Right Talent			
Ref. # 2	**Observation:** VTA has sometimes been unsuccessful at attracting and hiring the necessary talent for its workforce needs because of recruiting processes that have not evolved with competitive marketplace practices, often in combination with inaccurate job classifications and non-competitive market salaries.	**Recommendation:** We recommend that VTA develop a process to regularly review and update job classifications, continue to perform market-based pay analysis and salary adjustments, as well enhance its current recruiting program to attract a demographically diverse and talented workforce in the competitive Bay Area job market.	**Management's Action Plan**
enough to attract top talent. Without well-defined job descriptions and classifications, VTA may continue to have a partial understanding of its workforce and unreliable compensation analysis.			Consult with unions regarding job titles and descriptions as called for in their respective collective bargaining agreements. **Responsible Party:** Human Resources **Target Date:** 12/30/17

© 2016 RSM US LLP. All Rights Reserved.

Attracting and Recruiting the Right Talent

Ref. # 2	**Observation:**	**Recommendation:**	**Management's Action Plan**
	VTA has sometimes been unsuccessful at attracting and hiring the necessary talent for its workforce needs because of recruiting processes that have not evolved with competitive marketplace practices, often in combination with inaccurate job classifications and non-competitive market salaries.	We recommend that VTA develop a process to regularly review and update job classifications, continue to perform market-based pay analysis and salary adjustments, as well enhance its current recruiting program to attract a demographically diverse and talented workforce in the competitive Bay Area job market.	
	2.3 Separate from VTA's recruiting process, the hiring process is critical in determining which candidates are the most qualified and best fit for the organization. Our analysis, in combination with interviews held with management across the organization, indicated that there are certain weaknesses in the hiring process that inhibit VTA from attaining highly motivated performers. The observations specific to the hiring process are such that: • VTA's hiring process often selects for the current job role and does not formally consider a candidate's drive or potential; in some cases, these employees are union represented and may not be interested in advancement which may inhibit the advancement of other, more qualified employees because of seniority. • At times, VTA has restricted backfilling internal positions that were vacated due to internal transfers or promotions. As a result, hiring managers often do not seek to promote candidates from within their business division or unit for fear of losing critical staff positions or resources. In addition, some promotions result in the deletion of the employee's previous position to keep total headcount the same within a specific department. As a result, it may appear as a lost opportunity for growth for other employees that were hoping to fill the position.	**2.3.a** We recommend that HR update its Employee Selection Process (ESP) to includes a standardized method to evaluate candidates' attitude (i.e., work ethic) and initiative (i.e., ambition, drive) or other behavioral indicators of highly engaged employees prior to making hiring decisions. It is vital that both behavioral attributes and technical skills are evaluated when identifying the best candidates with the greatest growth potential. **2.3.b** We also recommend that HR clearly communicate current hiring practices and encourage internal promotions when it is the most qualified candidate. When candidates are not selected for an internal promotion, we recommend that VTA expand its current process to provide candidates with selection criteria for a position and feedback when a candidate is not selected for a specific position. Given the priority VTA places upon promoting from within, it is critical that VTA adequately communicate its HR practices to both management and staff to ensure there is appropriate transparency in the process and is fair and competitive for all employees.	**2.3** Enhance our current Employee Selection Process (ESP) Training by covering questions geared to assess applicant drive and potential in order to attract the right type of talent. Enhance the current ESP Training to emphasize to hiring authorities the need to meet with internal candidates who are not selected for a promotion and provide guidance to on how to give clear, constructive feedback to those employees who were not selected for a position. This will help create a culture of candor in feedback. Incorporate considerations for drive, potential, and other behavioral attributes into its Employee Selection Process (ESP) Training. Research the use of personality testing as part of the hiring process to determine if such a test increases the chances of finding "the right fit." **Responsible Party:** Diversity and Inclusion (OD&T) and Human Resources **Target Date:** 12/31/17

© 2016 RSM US LLP. All Rights Reserved.

Employee Career and Leadership Development			
Ref. # 3	**Observation:** VTA does not have a comprehensive career framework and corresponding development programs that adequately foster employee development and skills to meet the organization's staffing and succession planning needs.	**Recommendation:** We recommend that VTA evaluate implementing a comprehensive career framework and expand its existing career development programs, including training, mentorship, and leadership development, to ensure VTA effectively develops its employees and invests in the organization's future leaders.	**Management's Action Plan**
Observation Rating: High			
	3.1 As of July 2016, VTA has employees represented by four collective bargaining units (CBUs), as well as non-represented employees across varied job classifications. VTA management identified potential recruiting pools based on minimum requirements for specific positions as part of its workforce analysis study, which is a significant step in understanding skills needed for the future. During our interviews across the agency, however, it was consistently noted that employees do not feel VTA has adequately provided employees with clear guidance on how to earn promotions and advance within the organization. One interviewee stated, "There is a perception that there is not a career path for people. Knowing that the organization fosters the next steps would be helpful." The skills and capabilities required for career progression are neither well documented nor understood by employees because VTA does not have a comprehensive career development framework in place.	**3.1** We recognize that navigating the union landscape can be difficult, but in order to support talent retention, enhance employee engagement, and strengthen its talent pipeline, we recommend that VTA evaluate the implementation a comprehensive career framework. VTA should consider documenting and communicating its expectations for employees across different job and career levels as part of a formal career development framework. A robust framework can serve as a roadmap for employees to understand what is required at different career stages and what type of activities, skills, or competencies (see Appendix C for example competencies) may be necessary to progress within a career. We suggest that VTA develop a single career development framework that supports all HR processes (hiring, selection, promotion, discipline, etc.) and leverage the framework across all functions. This same framework could facilitate management's ability to effectively develop and coach employees at various stages in their careers. Ultimately, if VTA wants to attract and retain a talented workforce, a career framework is a fundamental tool for	**3.1** Conduct a cost-benefit analysis for purchasing the SuccessFactors career development tool in the next budget cycle, as well as increasing training offered through the LMS. A competency framework will be created separately as a reference tool for managers' use. Creating such a standard framework will be a group effort used to support all HR processes (OD&T, Employee Relations, and HR Administration). VTA's Leadership Academy will include a module on Effective Staff Development that includes creating and implementing development plans, holding career discussions, and identifying and addressing competency gaps. Examine current job classifications and recommend development of a progressive career development path that focuses on the employees' needs for growth and development and the assistance VTA can provide to

© 2016 RSM US LLP. All Rights Reserved.

Employee Career and Leadership Development			
Ref. # 3	**Observation:** VTA does not have a comprehensive career framework and corresponding development programs that adequately foster employee development and skills to meet the organization's staffing and succession planning needs.	**Recommendation:** We recommend that VTA evaluate implementing a comprehensive career framework and expand its existing career development programs, including training, mentorship, and leadership development, to ensure VTA effectively develops its employees and invests in the organization's future leaders.	**Management's Action Plan**
		employees to bridge present job responsibilities with future career goals at VTA.	employees looking for opportunities to grow his or her career. Create a behaviorally anchored competency list to complement the Leadership Academy targeted competencies. Revise the current Supervisory Home Study Program (SHSP) to align with VTA Leadership Academy Competencies, and consider redesigning the program to include a project deliverable that the mentee completes with guidance from the mentor. Collaborate with Organizational Development & Training (OD&T) to further educate managers on the hiring process. This is currently covered in Employee Selection Process Training. Continue to host periodic Hot Topic Lunch and Learn seminars regarding this topic. **Responsible Party:** Diversity & Inclusion (OD&T), Human Resources, Employee Relations. **Target Date:** 12/31/17

© 2016 RSM US LLP. All Rights Reserved.

Employee Career and Leadership Development			
Ref. # 3	**Observation:** VTA does not have a comprehensive career framework and corresponding development programs that adequately foster employee development and skills to meet the organization's staffing and succession planning needs.	**Recommendation:** We recommend that VTA evaluate implementing a comprehensive career framework and expand its existing career development programs, including training, mentorship, and leadership development, to ensure VTA effectively develops its employees and invests in the organization's future leaders.	**Management's Action Plan**
	3.2 VTA currently has multiple training and development programs, some of which are in a proposed phase, pilot phase, or are newly implemented. While each program has unique goals, some of VTA's development programs are not consistently aligned with HR-assessed behaviors and needed skills. Some of the specific examples we identified during our review are described below: **3.2.a** VTA has a robust Learning Management System (LMS) with approximately 150 courses to deliver training to employees, but the current training offered does not align with the behaviors assessed in any of the current HR systems. Of the recently implemented curriculum in the LMS, only eight courses focus on management skills, which is a critical skillset to the organization. **3.2.b** While most supervisors and senior staff are expected to mentor other employees as part of the role, VTA does not currently have a formal mentorship program in place that includes training on effective coaching and mentoring skills. As a result, mentoring is often ad-hoc and not optimally utilized to foster employee growth.	**3.2** Subsequent to developing a comprehensive career development framework, it is critical that VTA provide employee training and leadership through effective HR programs and tools. In order to enhance employee engagement while also aligning existing and future programs with talent needs, we recommend the following: **3.2.a** Expand LMS and other training courses to focus on the supervisory/management skills needed within VTA for quality job performance and development of talent supporting the succession plan. **3.2.b** Implement a formal mentoring program that would match mentors and mentees in specific skill areas. A formalized program would help both mentors and mentees understand expectations. A formal plan could also provide guidance or training that would support the effectiveness of the program. In addition, we recommend that VTA develop and require coaching/mentoring training for all supervisory employees and above to better prepare coaches and mentors, while enhancing the culture of employee development.	**3.2.a** VTA's Leadership Academy will significantly increase the offerings of management and supervisory skills training. Assess and establish a budget in the next budget cycle for online content to add to the LMS, and consider bite-size mobile learning options. **3.2.b** Offer modules on "Motivating Others" and "Coaching and Mentoring" through VTA's Leadership Academy. VTA will incorporate elements in the recommendation into this or other relevant modules. Secure additional funding for regular course offerings in order to make these courses into a stand-alone program for all managers. Complete a cost-benefit analysis to determine what additional funding is needed to secure adequate staffing to coordinate and manage a formalized mentoring program.

© 2016 RSM US LLP. All Rights Reserved.

Employee Career and Leadership Development			
Ref. # 3	**Observation:** VTA does not have a comprehensive career framework and corresponding development programs that adequately foster employee development and skills to meet the organization's staffing and succession planning needs.	**Recommendation:** We recommend that VTA evaluate implementing a comprehensive career framework and expand its existing career development programs, including training, mentorship, and leadership development, to ensure VTA effectively develops its employees and invests in the organization's future leaders.	**Management's Action Plan**
	3.2.c VTA has a tuition reimbursement programs with a maximum reimbursement of $2000 annually, which is below the tax-free IRS allowable amount of $5250 annually. VTA also offers Professional Development program for all employees except ATU. The maximum eligible reimbursement is $3500 annually paid out on a 50% basis. In addition, VTA's reimbursement program does not pay up front tuition costs, with limited exceptions. Instead, reimbursement occurs following successful completion of the course. These combined factors may detract from employee participation and, as a result, employee professional development. **3.2.d** The Federal Transit Administration's Innovative Public Transportation Workforce Development Program is providing funding for apprenticeship programs focused on specialized skills required in operations roles (e.g., Overhead Line Worker). The CBUs are supportive of these programs, which are a useful for developing technical skills that are in limited supply in the marketplace. **3.2.e** VTA has a developed a novel Supervisory Home Study Program that is focused on educating employees about necessary skills at the supervisory level. The program is currently structured as "on request" which provides flexibility and includes a structured discussion	**3.2.c** VTA should evaluate the tuition reimbursement program to ensure the most effective use by qualified employees. VTA should analyze the potential cost and benefits of expanding the current model. For example, VTA could provide the full $5,250 tax-free allowable amount by the IRS up front to candidates similar to other organizations, including agencies in those in the public sector. Then to protect VTA's investment in the employee, VTA can require a passing grade and a pro-rated payback model if the employee leaves the company during a specific period. **3.2.d** In order to maximize available funding and increase technical operational skills, VTA should continue to seek available government funding opportunities for apprenticeship programs in Operations. **3.2.e** VTA should evaluate expanding the Supervisory Home Study Program to include a structured learning component, such as peer-to-peer learning circles or supplemental class environment to enhance the overall value to class participants. In addition, VTA should consider creating an online module to potentially expand the current offering.	**3.2.c** Research what other public agencies in our region are doing in terms of tuition reimbursement caps. Conduct an analysis of the fiscal impact of raising the limit to the tax-free amount and whether additional restrictions would be implemented if VTA chose to increase the limit to the tax-free amount. If approved, implement approved changes to the tuition reimbursement program as appropriate (Non-reps; Unions per contract negotiations) **3.2.d** Continue to proactively seek additional funding sources and opportunities for apprenticeship programs in Operations. **Responsible Parties for 3.2.d:** Programming and Grants, in collaboration with Operations. **Target Date:** Underway **3.2.e** Re-structure SHSP to specific timeframe offerings (i.e. 3 times per year: Jan-Apr, May – Aug, Sept – Dec) in order to include peer-to-peer learning circles,

© 2016 RSM US LLP. All Rights Reserved.

Employee Career and Leadership Development			
Ref. # 3	**Observation:** VTA does not have a comprehensive career framework and corresponding development programs that adequately foster employee development and skills to meet the organization's staffing and succession planning needs.	**Recommendation:** We recommend that VTA evaluate implementing a comprehensive career framework and expand its existing career development programs, including training, mentorship, and leadership development, to ensure VTA effectively develops its employees and invests in the organization's future leaders.	**Management's Action Plan**
with the mentor and mentee following an outlined program workbook.			deliverables, presentations, etc. in addition to the existing in-person meetings between the individual employee and his/her mentor. Consider developing online modules to supplement the program. Additionally, the VTA Leadership Academy will include a module on Coaching and Mentoring, and current and future SHSP mentors will be required to attend this training. **Responsible Party (except 3.2.d):** Diversity & Inclusion (OD&T) **Target Date:** 06/30/18

© 2016 RSM US LLP. All Rights Reserved.

Employee Career and Leadership Development			
Ref. # 3	**Observation:** VTA does not have a comprehensive career framework and corresponding development programs that adequately foster employee development and skills to meet the organization's staffing and succession planning needs.	**Recommendation:** We recommend that VTA evaluate implementing a comprehensive career framework and expand its existing career development programs, including training, mentorship, and leadership development, to ensure VTA effectively develops its employees and invests in the organization's future leaders.	**Management's Action Plan**
	3.3 VTA's Technology Department completed a Succession Planning pilot program in 2016. A review of the program highlighted that it was not a succession plan, but functioned as a leadership development program that could develop employees that could feed into a succession plan. The pilot program focused on developing supervisors. The program was successful, with all of the employees having enhanced skills and six of the ten pilot participants receiving promotions. The pilot program was deployed in IT because of the large employee population, and because the majority of the program content was not focused on IT-specific skills but general supervisory and leadership skills, the program could be highly generalizable across all business areas. As result of the pilot, HR has proposed a new VTA Leadership Academy. The proposed program will focus on critical supervisory skills needed while expanding on the general-skill content provided in the pilot.	**3.3.a** VTA has taken critical steps in developing its proposed Leadership Academy that will serve as a vital component of VTA's overall employee career and leadership develop program. We recommend that VTA continue the rollout of the program with the necessary funding to ensure the program can be successful and sustainable long-term. VTA management should prioritize the investment in employee development and create a leadership bench in the coming years that can continue to fill roles of retirees and other high-skilled needs across the organization. **3.3.b** The proposed Leadership Academy model will be delivered to a small, select group of employees. While the program offerings will be instrumental in developing potential high performers, we recommend that VTA leverage the leadership development material and expand its offerings, possibly through LMS, to positively influence the development of as many employees as possible.	**3.3** Assess and request a budget in the next budget cycle for online content to add to the LMS, and possibly bite-size mobile learning options, in order to make some elements of the Academy more broadly available. Forty-one employees are registered for the 2016-2017 VTA Leadership Academy. The Academy courses are also available through the LMS to additional employees who are not officially part of the Academy, for the purpose of individual development. Determine how to make the Leadership Academy applicable to a broader group of employees and offer the courses on a regular basis. Secure funding on an ongoing basis to offer more frequent classes to reach more employees. Long term, Partner with Mission College to convert our Leadership Academy to a certificated program. **Responsible Party:** Diversity & Inclusion (OD&T) **Target Date:** 06/30/18

© 2016 RSM US LLP. All Rights Reserved.

Comprehensive Performance Management Process			
Ref. # 4	**Observation:** Existing performance management processes have limited effectiveness because the criteria are not clearly defined and understood, and due to collective bargaining agreement restrictions, performance management processes are not broadly required across the organization.	**Recommendation:** Enhance existing performance management program by more clearly defining criteria and formalizing development planning. In addition, we recommend that VTA analyze performance processes across union-represented and non-represented employees and consider revising the process to ensure all employees have performance managed.	**Management's Action Plan**
Observation Rating: Medium			
4.1 At the time of review, VTA had recently launched a new performance management program using an HR tool called SuccessFactors. The new process contains 24 behaviors/skills that are used to assess participating employees. While these behaviors and skills are improved and more focused than the previous performance management process, the attributes are not clearly defined. In some instances, employee performance expectations and resulting ratings are not understood because of the unclear performance criteria.	**4.1** We recommend that VTA further define specific criteria and attributes for the 24 behaviors and skills currently used in the SuccessFactors performance evaluation process at different job and performance levels. By building that level of detail into the performance assessment model, both managers and employees will have greater clarity and understanding of expectations (Appendix C contains an example of a competency defined at multiple career stages). VTA is responsible for defining clear performance attributes and expectations so managers can provide valuable feedback to employees and allow them the opportunity to make appropriate changes in performance.	**4.1** Create a competency framework as a reference tool for managers' use. Creating such a standard framework will be a group effort used to support all HR processes (OD&T, Employee Relations, and HR Administration). **Responsible Parties:** Diversity & Inclusion (OD&T), Human Resources, Employee Relations. **Target Date: 12/31/17**

© 2016 RSM US LLP. All Rights Reserved.

Comprehensive Performance Management Process			
Ref. # 4	**Observation:** Existing performance management processes have limited effectiveness because the criteria are not clearly defined and understood, and due to collective bargaining agreement restrictions, performance management processes are not broadly required across the organization.	**Recommendation:** Enhance existing performance management program by more clearly defining criteria and formalizing development planning. In addition, we recommend that VTA analyze performance processes across union-represented and non-represented employees and consider revising the process to ensure all employees have performance managed.	**Management's Action Plan**
4.2 The majority of VTA employees are not subject to performance evaluations due to collective bargaining agreement restrictions, and only 15% of current employees participate in the existing process. While the existing performance process is beneficial for some employees, VTA does not have a comprehensive performance management process that effectively defines performance attributes, prioritizes and requires development, and measures performance consistently for the *majority* of employees.	**4.2** Although VTA is subject to current union agreement requirements, we recommend management expand the current performance management process to include a broader employee base. VTA may consider, as is becoming an increasingly common HR practice, transitioning from traditional quantitative employee performance assessments to a qualitative, holistic, and dialogue-focused performance evaluation process. VTA will likely enhance employee engagement by changing the existing performance assessment model to focus on long-term development and constructive performance feedback and coaching. In addition, VTA may garner support from unions and partner with the unions to potentially include performance management in future bargaining agreements.	**4.2** Conduct research with other public agencies to identify best practices in performance management. Supplement the current performance management process with a dialogue-focused process that provides constructive feedback and coaching. This method can be used for union employees who do not receive the rated performance assessments, and can provide additional feedback for those that do. This can be communicated through follow-up training of supervisors and managers. **Responsible Party:** Diversity & Inclusion (OD&T) **Target Date:** 6/30/17

© 2016 RSM US LLP. All Rights Reserved.

Comprehensive Performance Management Process			
Ref. # 4	**Observation:** Existing performance management processes have limited effectiveness because the criteria are not clearly defined and understood, and due to collective bargaining agreement restrictions, performance management processes are not broadly required across the organization.	**Recommendation:** Enhance existing performance management program by more clearly defining criteria and formalizing development planning. In addition, we recommend that VTA analyze performance processes across union-represented and non-represented employees and consider revising the process to ensure all employees have performance managed.	**Management's Action Plan**
	4.3 During our review, we also observed that employee development planning is not formally incorporated into the performance management process that hinders VTA's ability to develop employees and monitor success as part of performance management.	**4.3** We recommend that VTA expand its performance management process to formally include employee development and monitoring. Having a development-oriented performance management process would facilitate on-going coaching and feedback, which could enhance employee engagement and retention, ultimately resulting in a stronger leadership talent pipeline.	**4.3** Conduct a cost-benefit analysis for purchasing the SuccessFactors career development tool in the next budget cycle, as well as increasing training offered through the LMS. **Responsible Party:** Diversity & Inclusion (OD&T) **Target Date:** 6/30/18
	4.4 The new SuccessFactors program encourages quarterly performance discussions, which is a great proactive performance management practice. VTA has delivered preliminary training for the rollout of the newly launched tool, but the training delivered to date has not adequately prepared management to understand the tool and provide effective feedback for the specific behaviors and skills they are responsible for evaluating.	**4.4** The success of the new performance management program is and will continue to be dependent on management's understanding and implementation of the criteria described in recommendation 4.1. Therefore, we recommend that VTA HR develop standardized training programs and/or modules for managers and employees that are readily available or can be delivered on-demand to ensure employees have the knowledge and skills to utilize the tool effectively and the benefits of the program can be fully realized.	**4.4** Develop standardized training programs or modules on giving effective performance feedback and encourage supervisors and managers to hold quarterly conversations with their employees and implement training to support this effort. **Responsible Party:** Diversity & Inclusion (OD&T) **Target Date:** 6/30/18

© 2016 RSM US LLP. All Rights Reserved.

Succession Planning Program			
Ref. # 5	**Observation:** VTA does not have a formal, comprehensive succession-planning program in place that effectively identifies, manages, and develops the necessary skills within the organization.	**Recommendation:** We recommend that VTA develop a more formal succession planning process that comprehensively identifies key leadership positions in the company, as well as identifies and develops potential candidates to fill critical roles.	**Management's Action Plan**
Observation Rating: Medium			
	5.1 VTA has experienced a high-level of turnover in critical leadership positions in recent years, including "C-level" (executives) positions that report directly to the General Manager. In just the past 2 years, at least five principals have retired, and another retirement was announced as of this report being published. Although VTA has various HR processes in place that manage performance and analyze the workforce in varying ways, VTA does not have a formal, comprehensive succession planning process in place. Thus, VTA has often been ineffective at identifying developing capable future leaders to fill critical leadership positions in the agency when necessary.	**5.1** We recommend that VTA develop a formal succession planning process. In conjunction with the other HR-process specific recommendations listed in this report, developing a formal succession planning process will enable VTA to not only identify its key leaders, but more effectively identify future talent and have a robust process to manage growth and skills so that the next generation of leaders are capable to fill the critical roles as they become available.	**5.1** Develop a formal succession planning process that builds upon the initiatives for training and development; performance management; recruitment and selection; career planning; and knowledge management. Utilize the succession planning tool in SuccessFactors to identify potential successors, view organization charts, and create talent pools. **Responsible Party:** Diversity & Inclusion (OD&T) and Human Resources. **Target Date:** 12/31/18

© 2016 RSM US LLP. All Rights Reserved.

APPENDIX A—RATING DEFINITIONS

Observation Risk Rating Definitions	
Rating	**Definition**
Low	Process improvements exist but are not an immediate priority for VTA. Taking advantage of these opportunities would be considered best practice for VTA.
Medium	Process improvement opportunities exist to help VTA meet or improve its goals, meet or improve its internal control structure, and further protect its brand or public perception. This opportunity should be considered in the near term.
High	Significant process improvement opportunities exist to help VTA meet or improve its goals, meet or improve its internal control structure, and further protect its brand or public perception presents. This opportunity should be addressed immediately.

Report Rating Definitions	
Rating	**Explanation**
Low	Adequate internal controls are in place and operating effectively. Few, if any, improvements in the internal control structure are required. Observation should be limited to only low risk observations identified or moderate observations which are not pervasive in nature.
Medium	Certain internal controls are either: • Not in place or are not operating effectively, which in the aggregate, represent a significant lack of control in one or more of the areas within the scope of the review. • Several moderate control weaknesses in one process, or a combination of high and moderate weaknesses which collectively are not pervasive.
High	Fundamental internal controls are not in place or operating effectively for substantial areas within the scope of the review. Systemic business risks exist which have the potential to create situations that could significantly impact the control environment. • Significant/several control weaknesses (breakdown) in the overall control environment in part of the business or the process being reviewed. • Significant non-compliance with laws and regulations. • High risk observations which are pervasive in nature.
Not Rated	Opportunity to improve efficiency or profitability of operations, but does not indicate an internal control weakness or a material inefficiency.

© 2016 RSM US LLP. All Rights Reserved.

APPENDIX B—DETAILED SCOPE, WORK PLAN AND BACKGROUND

Our engagement consisted of staff interviews across the organization and documentation review.

Fieldwork Dates: March 1 – March 21, 2016

Detailed Scope:

The following steps were taken to complete our analysis and deliver a report with recommendations:

I. Assess Current State

1. Review:
    A. Organization chart to better understand the organization
    B. Available content regarding career paths, position requirements, and job descriptions for Executive, Management and Supervisory roles
    C. Previously completed Workforce Analysis Study Report
    D. HR Team capabilities, capacity and related HR processes to understand internal capabilities to leverage
    E. Promotions process
    F. Talent Acquisition process and metrics

2. Interview:
    A. A representative sample of leaders at various levels to understand their role and potential bench (or lack thereof)
    B. Representatives from all four unions to understand possible options that they would approve
    C. The process owner for Technology Succession Planning process to understand design elements and what was working or not working
    D. HR representative to understand the current state of the Succession Planning process and design factors

II. Recommend Practical Actions to Improve VTA Leadership Capabilities

1. Identification of root causes of poor leadership bench strength and alternative approaches to remedy the problems.

© 2016 RSM US LLP. All Rights Reserved.

INTERVIEW PARTICIPANTS:

Title	Union	Representatives
Director, Business Services	*TAEA*	Three representatives
Deputy Director, HR & Diversity Programs		
Diversity & Inclusion Manager		
Director, Engineering & Transportation Infrastructure Development		
Deputy Director, Construction	*AFSCME*	Two representatives
Deputy Director, BART Silicon Valley		
Deputy Director, Construction	*SEIU*	Three representatives, including:
Project Controls Group Manager		Chair
Chief Finanical Officer		Vice Chair
Deputy Director, Accounting	*ATU*	Three representatives, including:
Deputy Director, Planning		President
Director, Planning & Project Development		Vice President
Deputy Director, Project Development		
Chief Operating Officer		
Deputy Director, Transit Operations		
Deputy Director, Operations - Maintenance		
Chief Information Officer		
Manager, Technology Infrastructure & Communications Systems		
Information Systems Supervisor		
Director, Systems Safety & Security		

© 2016 RSM US LLP. All Rights Reserved.

APPENDIX C—EXAMPLE OF A BEHAVIORALLY ANCHORED COMPETENCY

COMMUNICATE EFFECTIVELY *Listens and asks questions to ensure understanding; conveys information clearly, concisely and in a timely manner; delivers clear and impactful presentations; tailors communications to audience; fosters open and honest communication.*				
Leading Self		**Leading Others**	**Leading Managers**	**Leading Leaders**
Primary	**Advanced**			
1. Listens in order to understand others' needs 2. Gives others full attention when listening 3. Paraphrases and asks questions to ensure understanding 4. Communicates clearly and concisely 5. Explains to others one's approach and rationale for work completed	1. Initiates timely communications to keep other people informed 2. Explains issues in non-technical terms, when necessary 3. Communicates effectively in both written and oral formats 4. Is able to tailor own style to communicate and work effectively with different people 5. Is decisive and able to answer questions with confidence 6. Does not become defensive when challenged	1. Develops and delivers presentations that have clarity and impact 2. Is poised, professional, articulate and confident when presenting to leadership 3. Considers how others will react to what is being said, prior to communicating 4. Asks questions to promote discussion 5. Is able to engage with people at all levels of the organization 6. Persuades others by addressing their interests, needs or concerns	1. Communicates complex financial information in a simple way; clarifies important points and provides recommendations 2. Effectively presents bad news in a timely manner and with an action-oriented approach 3. Can effectively diffuse a tense situation	1. Asks challenging questions to push people to think creatively 2. Provides leadership messages that are simple, focused and consistent 3. Creates an environment where employees are encouraged to be open, honest, and constructive in their communications

© 2016 RSM US LLP. All Rights Reserved.

APPENDIX D—KEY DATA REGARDING HEADCOUNTS AND RETIREMENT AT VTA:

Below are key data regarding headcount and retirement at VTA:

- VTA headcount per bargaining unit

	AFSCME	ATU	SEIU	TAEA	Non-represented	Retiree/Intern	Total
No. of Employees (As of 07/21/2016)	234	1,565	262	37	131	5	2,234

- Retirement Trends

According to the Workforce Analysis that was performed as of April 30, 2015, based on retirement data for the last five years (between 2/1/2010 – 2/20/2015), the average retirement age was **60**.

Based on active workforce of 2,234 as 7/21/2016 and CALPERS minimum retirement age requirement (age 55 if hired on or before 12/31/2012 and age 62 if hired on or after 1/1/2013), VTA's workforce retirement trend is as follows:

	No of Employees	Percentage of Total Workforce
Currently eligible to retire	604	27%
Eligible to retire in 5 years	974	44%
Eligible to retire between 5 to 10 years	1,254	56%

© 2016 RSM US LLP. All Rights Reserved.

APPENDIX E—BIOGRAPHY OF THE SPECIAL MATTER EXPERT

Edie Goldberg, Ph.D. – Special Matter Expert (SME) on this assessment

Edie Goldberg has specialized in talent management and organization effectiveness for over 25 years. She focuses her practice on designing HR systems to attract, engage, develop and retain employees. She has developed performance management processes that involved aligning the organizational goal setting process with the individual goal setting process to create clear line-of-sight with measurable results. She has identified company-wide competencies that set new expectations for performance. She has designed processes that held individuals accountable for results and provided the needed training for managers to coach and develop their staff. She has created strong pay-for-performance linkages, leadership assessments, individual coaching, action learning programs, developmental assessment centers and global leadership development programs designed to identify potential leadership talent and build bench strength for the future. She has designed career management processes for various organizations to help develop, retain and engage employees. She has designed assessment processes (including competency-based interviewing, testing, 360-assessments and assessment centers) to select and develop talent to meet organizational needs. She has also conducted organizational effectiveness audits to understand and execute changes needed in organization design to ensure the organization's ability to achieve its strategic objectives.

Previously, Edie worked for Towers Perrin as the Global Leader in Learning & Development, Career Management and Succession Planning. During the last year with Towers Perrin she co-led a company-wide initiative focusing on Talent Management which resulted in groundbreaking research on employee perceptions regarding what attracts and retains them, as well as the development of a process to help companies attract, retain and engage their workforce.

Prior to working for Towers Perrin, Edie spent five and a half years as a business unit manager for another management consulting firm. She also worked for the Navy Personnel Research and Development Center in San Diego where she participated in some of the seminal Total Quality Management research in the U.S.

Edie has published research in the areas of performance management, career management, test validation, test score banding and future-oriented job analysis, and has presented numerous papers on developing core competencies, performance management, career management, organization change and total quality management. She earned her Ph.D. in industrial and organizational psychology from the University of Albany, State University of New York, and her B.A. and M.S. from San Diego State University. She is a member of the Society for Industrial and Organizational Psychology, HR People + Strategy (HRPS), and is the founder of the Bay Area Applied Psychologists. She currently sits on the board of the HR Strategy Forum, the California affiliate for HRPS and is the Ex-Officio Chairperson of the Board for HRPS.

© 2016 RSM US LLP. All Rights Reserved.

RSM US LLP
100 W. San Fernando Street, Suite 460
San Jose, CA 95113
408.5724450

www.rsmus.com

This document contains general information, may be based on authorities that are subject to change, and is not a substitute for professional advice or services. This document does not constitute audit, tax, consulting, business, financial, investment, legal or other professional advice, and you should consult a qualified professional advisor before taking any action based on the information herein. RSM US LLP, its affiliates and related entities are not responsible for any loss resulting from or relating to reliance on this document by any person.

RSM US LLP is a limited liability partnership and the U.S. member firm of RSM International, a global network of independent audit, tax and consulting firms. The member firms of RSM International collaborate to provide services to global clients, but are separate and distinct legal entities that cannot obligate each other. Each member firm is responsible only for its own acts and omissions, and not those of any other party. Visit rsmus.com/aboutus for more information regarding RSM US LLP and RSM International.

RSM® and the RSM logo are registered trademarks of RSM International Association. The power of being understood® is a registered trademark of RSM US LLP.

© 2016 RSM US LLP. All Rights Reserved.

SANTA CLARA
Valley Transportation Authority

Date: August 25, 2016
Current Meeting: September 1, 2016
Board Meeting: October 6, 2016

BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
Governance and Audit Committee

FROM: Auditor General, Bill Eggert

SUBJECT: FY 2017 VTA Risk Assessment Refresh

Policy-Related Action: No **Government Code Section 84308 Applies: No**

ACTION ITEM

RECOMMENDATION:

Review and receive the Auditor General's report on the FY 2017 VTA Risk Assessment Refresh.

BACKGROUND:

VTA's Auditor General's Office is responsible for developing and recommending the annual Internal Audit Work Plan, assigning and managing the resources required to conduct each internal audit or project, and providing project results and progress reports to the Governance & Audit Committee and Board of Directors.

In June 2015, the Board of Directors approved the FY 2016 & 2017 Internal Audit Work Plans. During July and August 2016, the Auditor General's Office performed the FY 2017 Risk Assessment Refresh that was contained in these plans.

DISCUSSION:

To develop its recommended annual internal audit work plans, the Auditor General's Office annually facilitates a high-level risk assessment of significant current or future potential financial, business or reputation risks to VTA. These risks are derived from a combination of interviews with key management, working knowledge of the organization, input solicited from the GM/CEO and senior staff, and knowledge of key industry trends and best practices. The auditable risks are then identified, prioritized and considered for potential projects in the recommend work plan for the upcoming one or two fiscal years.

In August 2016, the Auditor General's Office completed its FY 2017 Risk Assessment Refresh, the results of which are presented in Attachment A. A theme that continues from previous risk assessments is the significance and ongoing risk of the BART Silicon Valley Extension project, including the Phase I extension to Berryessa, the Phase II extension through downtown San Jose onto Santa Clara, and implementation of service projected for fall 2017. The continued high risk results from the project's size, complexity, regional and local importance, and high-level of public awareness. Some of the newly-identified high-risk areas include:

- Inventory Management
- Interagency agreements
- Paratransit Services
- State of Good Repair

More detailed observations and explanations are provided in the attached report (Attachment A).

Following review and direction by the Governance & Audit Committee, the proposed plan will be further refined, cost estimates for each potential project will be developed, and projected optimal implementation schedules will be established. This information will be used to develop the Auditor General's Recommend FY 2018 & FY 2019 Internal Audit Work Plans. It should be noted that due to the quantity, complexity and timing of the universe of projects, not all potential projects contained in the Risk Assessment Refresh are assured of being included in the Recommended FY 2018 & FY 2019 Internal Audit Work Plans and thus may be recommended for future plans.

In addition, the Risk Assessment Refresh identified two new high risk items that are time-sensitive, and thus it would best serve VTA to have the Auditor General's Office complete them as soon as reasonably possible:

- Paratransit Inventory Internal Audit
- Inventory Management Assessment

Given this, the Auditor General's Office will be recommending that the Board amend the current Internal Audit Work Plan (FY 2017) to: (1) include the two indicated projects; and (2) defer until FY 2018 (which begins July 1, 2017) two existing lower risk, less time-sensitive projects. This action, if approved, will allow work to commence on the projects within a month or so. Amendment of the FY 2017 Internal Audit Work Plan is being scheduled for Board consideration at its October 6, 2016 meeting.

The Auditor General's Recommended FY 2018 & FY 2019 Internal Audit Work Plans are projected for Governance & Audit Committee consideration at consideration in early 2017, with final adoption by the Board in spring 2017.

FISCAL IMPACT:

There is no financial impact associated with acceptance of this report.

Prepared by: Bill Eggert, Auditor General & Stephen Flynn, Advisory Committee Coordinator
Memo No. 5709

ATTACHMENTS:

- A--AG FY17 Risk Assessment Refresh (PDF)

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

FY17 Risk Assessment Refresh and Proposed Future Auditor General Projects

September 1, 2016

©2016 RSM US LLP. All Rights Reserved.

FY17 Risk Assessment Refresh

Objective:

- To evaluate current or potential financial, reputational, strategic, or other business risks that could significantly impact VTA.

Approach:

- Assess FY15 Risk Assessment results and audit work completed to date
- Interview a selection of Senior Management and Board members
- Conduct an anonymous Risk Assessment survey with a cross-section of VTA employees
- Aggregate results into Risk Assessment Heat Map and develop proposed future Auditor General project plan
- Hold Auditor General public meeting to gain community input and feedback (date TBD)

Next Steps:

- Evaluate the remaining projects in FY17
- Develop the internal audit project work plan for the next 2 years

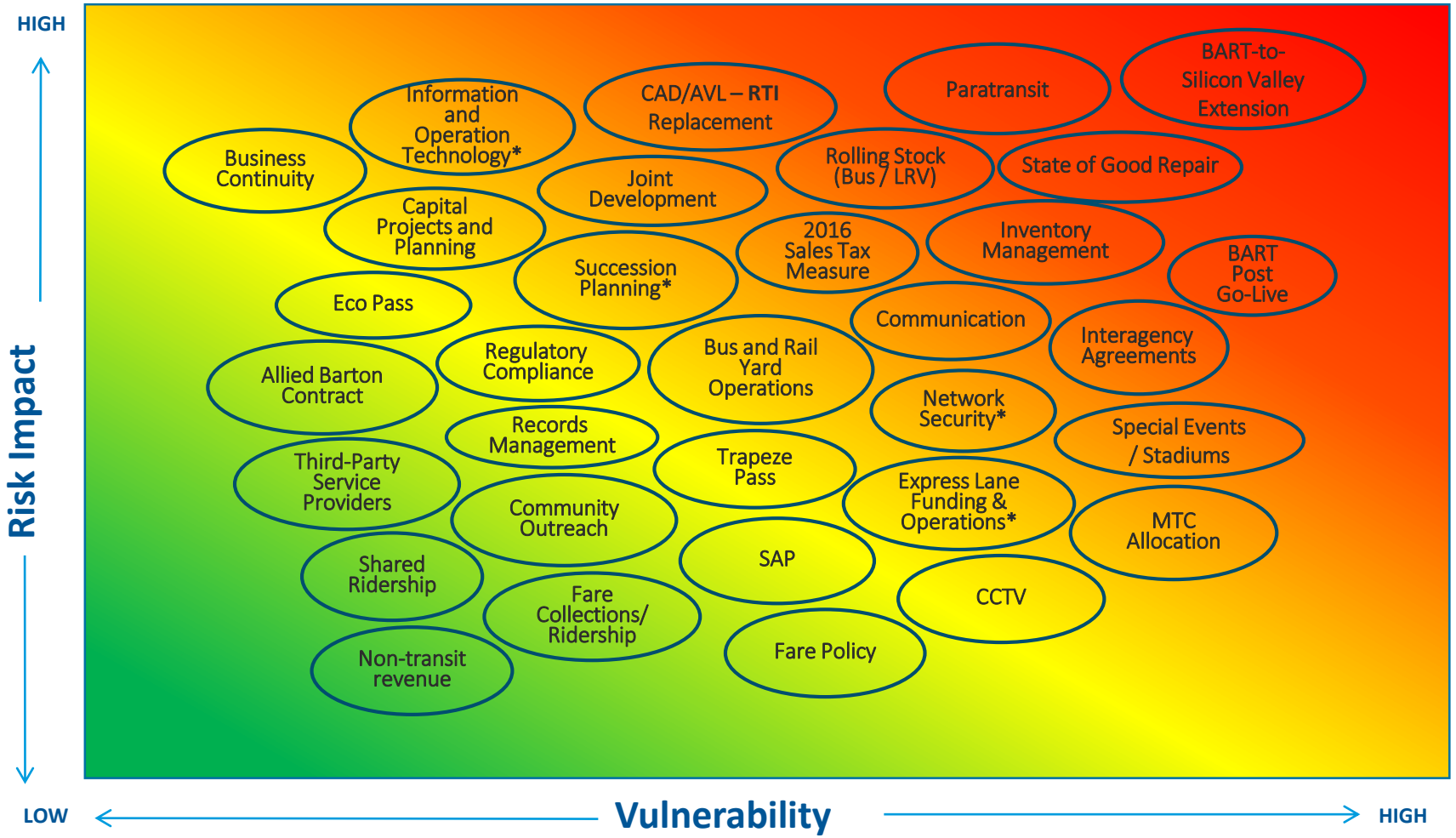
©2016 RSM US LLP. All Rights Reserved.

Approved FY16 /17 Internal Audit Work Plan

Board-approved Internal Audit Projects:	AG Project Status as of 9/1	Fiscal Year
Paratransit Operations	Complete	FY16
Public Safety Process Assessment	Complete	FY16
Network Security	Complete	FY16
Grants Management and Compliance	Complete	FY16
Alum Rock BRT Project Construction Delay Assessment (added mid-year)	Complete	FY16
Succession Planning	Complete	FY16
Risk Assessment Refresh	Complete	FY17
Express Lane Funding and Operations	In Progress	FY17
IT Development and Project Management	In Progress	FY17
Special Events and Stadium Service Assessment	Planned	FY17
Rolling Stock	Planned	FY17
BART Silicon Valley Extension (placeholder: scope TBD)	Planned	FY17
Investment Controls (per Board Policy, every two years)	Planned	FY17
CAD/AVL RTI System Replacement (Computer-Aided Dispatch / Automatic Vehicle Location, Real Time information)	Planned	FY17

©2016 RSM US LLP. All Rights Reserved.

FY17 Risk Assessment Refresh - Heat Map



©2016 RSM US LLP. All Rights Reserved.

* Project is in progress or will be completed as of September 1, 2016

Proposed Future Auditor General Projects

Project Areas	Description
Paratransit - Inventory Audit (*Proposed FY17 Addition*)	Examine inventory held by Outreach and Escort, Inc. Considerations may include: * VTA-funded and grant-funded assets: Vehicles, radios, Trapeze Pass, leasehold improvements, One-touch phone system * Compliance per contract § 13.2
Inventory Management (*Proposed FY17 Addition*)	Examine the processes for Inventory Management. Considerations may include: * Business processes and internal controls * SAP functionality and automation * Parts resupply and utilization metrics * Supply chain management and inventory optimization
BART to SV Extension: Construction Contractor Compliance (*Proposed Audit Scope*)	Examine risks related to VTA's involvement in the BART to Silicon Valley Extension. Audit considerations may include: * Construction project management / contractor compliance * Allowable costs * Regulatory Compliance * Project Controls * Change Orders
RTI Project – CAD/AVL Replacement	Examine current and potential future needs of the RTI (Real Time information) project for Computer-Aided Dispatch (CAD) / Automatic Vehicle Location (AVL). Considerations may include: * Pre-Implementation review * Cost/Funding * Strategy * RFP and contract, vendor capabilities
Special Events and Stadiums (*Proposed Deferral to FY18*)	Examine new risks associated with the servicing of new athletic stadiums. Considerations may include: * Infrastructure, equipment, staffing, and morale * Service connectivity to Stadiums * MOUs and the cost to VTA * Operator/Field Supervisor availability * Ambassador program and additional potential outsourcing opportunities * Progress on schedule, budget, safety matters, policies, and roles to-date

©2016 RSM US LLP. All Rights Reserved.
RSM

Proposed Future Auditor General Projects

Project Areas	Description
Rolling Stock (*Proposed Deferral to FY18*)	Examine the process related to the purchase, planning, use, and maintenance of VTA's rolling stock. May include: * Maintenance schedule and productivity * Supply chain operations related to parts procurement * Mid-life rehabilitation * Equipment shortages * Potential impact on the system and riders * Rail and bus pull-out
Joint Development	Examine current and future joint development plans. Considerations may include: * Diridon Station * Monetization of assets and property sales * Political pressure * Project planning and development * Community outreach * Land use and zoning
Interagency Agreements	Examine current interagency agreements between the VTA and other agencies and/or municipalities. May include: * Program management and oversight * Board policy * VTA objectives vs. agreement terms ; compliance with agreements * Impact on funding for State of Good Repair * Optimization of funding * Business process
2016 Sales Tax Ballot Measure	Examine current and future plans of the proposed Sales Tax Measure funding. Considerations may include: * Evaluation of measure results * Capital budgeting * Reporting of progress on capital expenditures, political impact, and community outreach * VTA oversight * Future audit requirements
Paratransit - Operations Transition	Examine the controls and processes surrounding VTA's Paratransit operations. Considerations may include: * Transition from current provider, including process assessment and implementation * RFP process and contract * Community outreach

©2016 RSM US LLP. All Rights Reserved.

Proposed Future Auditor General Projects

Project Area	Description
Bus and Rail Yard Operations	Examine VTA's operational processes and controls at bus and rail yards. Assessment considerations may include: * Productivity and process effectiveness * Internal controls and monitoring programs * Key process indicators (KPIs) and continuous improvement programs
Regulatory Compliance	Examine the processes for establishing and tracking VTA's regulatory compliance requirements. Considerations may include: * Regulators and organizational compliance requirements * Internal monitoring and controls assessment * Compliance assessment * Federal, state, and local regulations
Trapeze Pass	Examine the implementation and controls of the Trapeze Pass system for Paratransit services, focused on: * Software acquisition * System implementation and application go-live * System controls and reporting
Records Management	Examine VTA's record retention policy and related management processes and controls. Audit considerations may include: * Effectiveness of existing policy * Compliance with policy * Automation and process improvement opportunities to mitigate risk
Diridon Station	Examine current and future plans of the Diridon Station. Considerations may include: * Project planning and development * Joint Developments * Community outreach
MTC Allocation	Examine the controls and processes surrounding VTA's MTC Allocation. Considerations may include: * Loss of funds to Caltrain due to fund usage * Impact of BART go-live * Subjectivity in allocation process * VTA process to identify and apply for grant funding

RSM

©2016 RSM US LLP. All Rights Reserved.

SANTA CLARA
Valley Transportation Authority

Date: August 23, 2016
Current Meeting: September 1, 2016
Board Meeting: October 6, 2016

BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
Governance and Audit Committee

FROM: Auditor General, Bill Eggert

SUBJECT: Report on Follow-up on the VTA/ATU, Local 265 Pension Plan Program Internal Audit

---

Policy-Related Action: No **Government Code Section 84308 Applies: No**

ACTION ITEM

RECOMMENDATION:

Review and receive the Auditor General's follow-up report on the implementation status of management's action plans contained in the VTA/ATU, Local 265 Pension Plan Program Internal Audit.

BACKGROUND:

VTA's Auditor General's Office is responsible for conducting the internal audits specified in the Board-approved Internal Audit Work Plan. It is also responsible for determining the implementation status, adequacy, and timeliness of corrective actions that VTA management committed to implement on reported observations and recommendations contained in these internal audits.

In August 2014, the Auditor General's Office completed the VTA/ATU, Local 265 Pension Plan Program Internal Audit. The primary objective of this review was to determine if the decisions made by the Board of Pensions of the VTA/ATU Pension Plan, a separate legal entity from VTA, were being implemented accurately to ensure that pension payments are accurate and paid only to approved recipients.

Based on the work performed, an overall *Medium* level of potential opportunity for process improvement was issued, based on five identified areas of potential process improvement: one judged as *High* potential, three *Medium* and one *Low*.

VTA management agreed with all of the recommendations issued by the Auditor General's Office. It committed to implement all corrective actions by the end of 2014 except for those requiring technology solutions or additional resources, which were targeted for completion during the first half of 2015.

Recommendations of opportunities for improvement contained in that report were presented by the Auditor General for consideration by the VTA Board of Directors, Governance & Audit Committee, and management, which are solely responsible for the effective implementation of any recommendation.

DISCUSSION:

In August 2016, the Auditor General's Office completed its follow-up process to assess if the management action plans specified in the VTA/ATU, Local 265 Pension Plan Program Internal Audit had been completed. The results of this follow-up, as well as a summary of the findings, recommendations, and VTA management responses from the subject report, are included in Attachment A.

Based on the evidence submitted by VTA, we have confirmed that four of the five recommendations have been successfully implemented. The four recommendations implemented relate to document retention, process and control documentation, VTA/ATU pension plan policies, and investment training. The recommendation that has not been successfully implemented relates to application integration and will be reviewed by the Auditor General's office upon completion.

Recommendations of opportunities for improvement contained in that report were presented by the Auditor General for consideration by the VTA Board of Directors, Governance & Audit Committee and management, which are solely responsible for the effective implementation of any recommendation.

FISCAL IMPACT:

There is no financial impact associated with acceptance of this report.

Prepared by: Bill Eggert, Auditor General and Stephen Flynn, Audit Committee Coordinator
Memo No. 5708

ATTACHMENTS:

- A--Follow-up on ATU Pension Plan Program IA (PDF)

VTA Auditor General's Office
Follow-up Report: VTA/ATU, Local 265 Pension Plan Program Internal Audit
August 22, 2016

#	Observation	Recommendation	Management Response	Recommendation Implementation Status
1	**Application Integration** Per our review of the VTA/ATU Pension Plan process, we noticed that it is very manual and paper-intensive, which increases the potential for human error. To compensate, Retirement Services (RS) has built several reviews into their processes to ensure payment accuracy (which we validated through our testing). However, our testing sample also revealed several administrative inconsistencies which seem to derive from the inconsistent methods of data entry into SAP. While the RS team does use the SAP Human Resources (HR) module for certain tasks, the SAP Pension Administration module, though owned by VTA, is not currently in use.	Management to explore fully implementing and using the SAP Pension module or similar application that fully integrates with SAP. Utilizing the SAP system to its fullest capabilities would streamline the manual processes, automate controls, reduce paperwork and simplify workflow. This would also allow all documents to be located electronically in one place and easily accessed, searched, tracked and reported upon. Additionally, if VTA management elects to implement the SAP Pension module, relevant training should be provided to all users to help maximize system usability, employee satisfaction with the new process and return on investment.	VTA management concurs with the recommendation. VTA will immediately begin evaluation to determine the business needs of the VTA/ATU Pension Plan administration process. Following completion of an SAP enhancement (Pack 6) scheduled for completion by December 2014 and depending on the results of the business needs evaluation, VTA will implement either SAP functionality or another available technology solution, whichever best meets the business needs. Although a firm date cannot be determined at this time, implementation of the technology solution is estimated for early 2015.	**Auditor General's Office:** **Status: Not Complete** Based on our follow-up interviews with VTA management and personnel from both Retirement Services and Information Technology, management has not formally evaluated Retirement Services pension plan administration needs and corresponding technology solutions. At the time of the follow up, there was no evidence presented that illustrated such an evaluation was conducted or substantiated the conclusion that technology reached to forego implementation of the SAP pension module or other automated solution.
2	**Document Retention** Per our discussions with the RS team, printed copies of retiree document files are currently stored onsite, indefinitely. Having such a volume of paper records on-hand poses several inherent risks, including a data breach of personal information and loss or unintended destruction or damage of critical and/or legal documentation.	As a part of our recommendation related to Improvement Opportunity 1, using the SAP system to its fullest capabilities, management should re-evaluate the process for data retention. With this, management should consider: **1)** Scanning in all relevant documents so that a second, secure copy exists; and **2)** Complying with the VTA-approved retention policy destroying any hard copy files older than stipulated by the policy. If VTA chooses to retain all hard copies, then management should consider leveraging lower cost temporary employees or interns to inventory and organize the files. Offsite storage solutions, such as Iron Mountain, should also be considered to help maximize the safety of the documents.	VTA management concurs with the recommendation. Scanning and electronically storing critical supporting documents for new retirees has been implemented. An evaluation is underway to identify the best solution for cataloging and managing the files, which will be completed by the end of October 2014, at which time the selected document storage solution will be implemented. Digitally backing up all existing retiree documentation, however, will require additional resources, albeit on a temporary basis, to implement. An evaluation has been initiated to determine the scope, schedule and resources required to complete this project. This evaluation will be completed by the end of October 2014. Completion of digitally backing up existing critical retiree documentation is tentatively projected by March 2015, but is dependent on the results of the evaluation and resource availability.	**Auditor General's Office:** **Status: Complete** The Retirement Services department implemented scanning procedures to upload critical retiree documents such as birth, marriage, and death certificates, retiree applications, and benefit letters to a separate shared drive for all retirees beginning March 2015. During implementation of the management action, the Retirement Services and Technology teams identified Sharepoint Collaborate function as a preferable long-term solution for an electronic document repository. Retirement Services began collaborating with Technology in November 2014 and saw a preliminary demo of this solution in early 2015. As of August 2016, the Collaborate site had not been fully implemented by management.

#	Observation	Recommendation	Management Response	Recommendation Implementation Status
3	**Process and Control Documentation** RS has a very talented, knowledgeable, and experienced team. RS does have work instructions that show work steps for some of the critical processes. However, some processes and controls are not formally documented while existing documentation for some is not current. In the event that one or more of the RS team members were to leave, it would be difficult to maintain the same quality of service as is currently provided.	The RS team should consider updating existing documentation and developing new documentation where none exists for processes and controls across their scope of responsibility. As a part of this documentation, the RS team should utilize the IT department to identify key fields within the current SAP HR module and limit what fields are used and what data canbe entered into each field. This would create consistency within all processes and thus enhance their ability to extract more accurate data for actuarial purposes.	VTA management agrees with the recommendation. Critical work procedures will be developed or updated by June 30, 2015. In addition, additional internal controls, albeit manual ones, suggested by Auditor General's Office staff, will be implemented immediately.	**Auditor General's Office:** **Status: Complete** As of August 2015, Retirement Services had updated 19 critical work instructions and other pertinent documents to agree with current processes and procedures. In addition, Retirement Services collaborated with IT to develop multiple SAP enhancements using the existing HR module to standardize the use of critical SAP fields in the pension administration process. Other critical reports have also been updated to ensure data reported to the actuary is aligned with current processes and is complete and accurate.
4	**VTA/ATU Pension Plan Policies** We noted that the VTA/ATU Pension Plan has thorough policies; however, through our walkthroughs and testing we noted that some of the policies may be slightly out-dated due to process enhancements and/or changes that have occurred over time in the natural course of business. Through our testing we identified multiple instances where the Board of Pensions (BoP) failed to clearly determine whether a medical re-evaluation was required or not. In many cases the practice being followed is valid and appropriate; the guiding policy simply may require updating to match that current business practice.	The BoP should thoroughly review and update, where warranted, related existing Plan policies to accurately match current business practices. Until the policy is revised, the BoP should provide clear guidance to RS staff on how disability retirements and medical re-evaluations should be processed. This will be especially important if the process is automated as outlined in the recommendation for Improvement Opportunity 1. These decisions should be formally announced as part of the BoP's decision and be captured in the record of the meeting.	VTA Management concurs with the recommendation. In anticipation of upcoming VTA/ATU contract negotiations, a subcommittee of BoP members headed by BoP Vice Chairperson Robert Escobar has been established to review current Pension Plan policies. Any changes to Pension Plan policies as a result of contract negotiations will be presented to the BoP. Completion of any modifications to Pension Plan policies is targeted for six months following successful completion of negotiations between VTA and ATU.	**Auditor General's Office:** **Status: Complete** ATU Pension policies have been updated to better reflect the current business process. Moreover, the requirement for medical re-evaluation for disabled retirees are clearly defined in the Board of Pension policy. Board minutes in BoP meetings now formally capture decisions made related to disabled retirees and medical re-evaluation.

#	Observation	Recommendation	Management Response	Recommendation Implementation Status
5	**Investment Training** As part of our review, we attended meetings of the Investment Committee and reviewed current asset classification balances compared to the Investment Policy. Evidence showed compliance with investment policy, including re-balancing actions as required. Although the Investment Committee is conservative and does not make rapid changes to its investment policy, and the Investment Committee appears to have an adequate amount of investment expertise available to it, we feel that that more investment knowledge is warranted on the Board of Pensions and within its Investment Committee.	Even though the ATU Investment Committee does provide optional training for its members, there is no formal requirement outlined in Plan policies. We recommend that VTA be proactive by identifying options and creating a recommended training plan policy for the BoP's consideration. This will ensure that recommendations made to the Investment Committee and BoP can be more effectively discussed and decided upon.	VTA management concurs with the recommendation. This recommendation was presented to BoP members at the August 12, 2014 BoP meeting. BoP members expressed support that formalized training opportunities will assist them in their fiduciary responsibilities and improve their contributions in making investment decisions on behalf of VTA-ATU, Local 265 members. VTA staff will work with the BoP to assist in formalizing training opportunities as part of reviewing the BoP's policies and will complete this effort by December 2014.	**Auditor General's Office:** **Status: Complete** The Education policy has been updated and now requires the ATU Investment Committee to attend thirty six hours of investment training over two years. Maria Chavez, Retirement Services Manager, monitors and tracks their progress.

SANTA CLARA
Valley Transportation Authority

Date: August 18, 2016
Current Meeting: September 1, 2016
Board Meeting: October 6, 2016

BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
Governance and Audit Committee

FROM: Auditor General, Bill Eggert

SUBJECT: Report on Follow-Up on the Third-Party Fare Reporting Process Assessment

Policy-Related Action: No **Government Code Section 84308 Applies: No**

ACTION ITEM

RECOMMENDATION:

Review and receive the Auditor General's follow-up report on the implementation status of management's action plans contained in the Third-Party Fare Reporting Process Assessment.

BACKGROUND:

VTA's Auditor General's Office is responsible for conducting the internal audits specified in the Board-approved Internal Audit Work Plan. It is also responsible for determining the implementation status, adequacy and timeliness of corrective actions that VTA management committed to implement on reported observations and recommendations contained in these internal audits.

In June 2015, the Auditor General's Office completed the Third-Party Fare Reporting Process Assessment. This project validated if VTA sends or receives its appropriate settled revenue from the Clipper program and if VTA pays its appropriate portions of operating fees to the Clipper program.

Based on the work performed, an overall *Low* level of risk was issued, based on three identified areas of potential process improvement: one judged as *Medium* potential and as two *Low*.

VTA management agreed with all Auditor General's Office recommendations. It committed to implement all the recommendations by June 30, 2016, and had already completed two by the time of issuance of the audit report.

Recommendations of opportunities for improvement contained in that report were presented by the Auditor General for consideration by the VTA Board of Directors, Governance & Audit Committee and management, which are solely responsible for the effective implementation of any recommendation.

DISCUSSION:

In August 2016, the Auditor General's Office completed its follow-up process to assess if the management action plans specified in the Third-Party Fare Reporting Process Assessment had been completed. The results of this follow-up, as well as a summary of the findings, recommendations and VTA management responses from the subject report, are included in Attachment A.

Based on the evidence submitted by VTA, we have confirmed that the recommendations have been successfully implemented.

FISCAL IMPACT:

There is no financial impact associated with acceptance of this report.

Prepared by: Bill Eggert, Auditor General and Stephen Flynn, Audit Committee Coordinator
Memo No. 5705

ATTACHMENTS:

- A--Follow-Up Report on Third-Party Fare Assessment (PDF)

VTA Auditor General's Office
Follow-up Report: Third-Party Fare Reporting Process
August 5, 2016

#	Observation	Recommendation	Management Response	Recommendation Implementation Status
1	During our review with VTA's Revenue Services team in the Finance & Budget division, we observed that VTA has the ability to validate Clipper-related sales data generated from VTA's Ticket Office Terminals ("TOTs") and Ticket Vending Machines ("TVMs"). Currently, however, VTA does not independently validate Clipper sales data provided by Cubic, including the e-cash collected for VTA and VTA products sold by other transit operators and third-party merchants. As part of fieldwork interviews with MTC and Cubic, we identified two possible methods where VTA could independently verify Clipper transaction data and reconcile the data to the Clipper Settlement Report. First, the MTC loads the Cubic transaction data into their own database on a daily basis, and VTA has the right to visit MTC on a periodic basis and query the database at no additional cost. Second, Cubic provides a data service called the Cubic data store ("TDS Store") that, for a minimal additional cost to VTA, would allow VTA to obtain read-only access of Cubic's device-related transaction data on a daily basis, but use of the data would likely require ongoing programming and IT maintenance support by VTA.	Because VTA is only able to verify Clipper data for transactions on VTA-owned terminals, we recommend that VTA evaluate and select one of the two platforms identified during fieldwork that would allow VTA to access Clipper transaction data. Subsequently, we recommend that VTA develop a process to independently verify Clipper transaction data and reconcile the information to the Clipper Settlement Report. Although neither the MTC database nor the TDS Store account for back office related user data transactions, such as manual adjustments (claims), add value recoveries and auto-load settlement transactions, either alternative selected by VTA would facilitate independent verification of the completeness and accuracy for the majority of Clipper transaction data and enhance VTA's Clipper fare recovery reconciliation process.	VTA management concurs that periodic testing of revenue transaction data to confirm that revenue calculations reflect actual ridership data and reconcile to Clipper Settlement Reports will enhance the fare reconciliation process. VTA will select at least three sample days from each of the four quarters of the prior fiscal year and will review all original revenue transactions for the selected sample dates by collecting transaction data directly from the production system with the assistance of staff from MTC and Cubic.	**Auditor General's Office:** **Status: Completed** VTA management replicated the validation of Cubic settlement reports as performed by the Auditor General's Office last year. Validation was performed for three sample dates (3/7/2016, 4/13/2016 and 5/27/2016) which were selected by VTA. Management observed the generation of the reports by Cubic staff from the Clipper production database with the transaction details for these dates, as used for the validation analysis. In summary, the check against VTA's Clipper settlement reports matched exactly for each of the three dates tested. Based on the evidence submitted by VTA, AG confirmed that the recommendation has been successfully implemented.

#	Observation	Recommendation	Management Response	Recommendation Implementation Status
2	As a third-party service organization, Cubic issues a Service Organization Control (SOC-1) report that provides independent auditor attestation over Cubic's handling of financial data relevant to VTA's interaction with the Clipper card process. During our walkthrough with VTA's Fare Program & Systems Manager, we noted that Cubic's SOC-1 report was not regularly reviewed by VTA management to evaluate control implications at the service organization and if there were any potential conditions that could adversely affect VTA's internal control over financial reporting.	We recommend VTA management request and review the SOC-1 report provided by Cubic on an annual basis to ensure VTA is familiar with Cubic's internal controls and verify if any testing exceptions documented in the report are relevant to VTA. For example, by VTA reviewing the Cubic SOC-1 report, any items identified that represent a risk of material misstatement would be identified and additional actions on VTA's part could be taken to mitigate the associated risk.	VTA management concurs and has implemented the recommendation. The review was conducted by VTA personnel on 3/20/2015 on the latest Cubic SOC-1 Report (covering through 09/01/2013 to 05/31/14) and related bridge letter (through 9/22/2014), noting the relevance of the user considerations tested and reported upon in the SOC-1 report and that no adverse findings were noted that might create increased risk exposure to VTA with respect to Cubic's processes. VTA will review SOC-1 reports and related bridge letters annually.	**Auditor General's Office:** **Status: Completed** AG verified that management reviewed the latest Cubic SOC-1 Report (covering through 06/01/2014 to 05/31/15) and related bridge letter (through 9/28/2015) on May 12, 2016, and concluded there were no adverse findings noted that might create increased risk exposure to VTA with respect to Cubic's processes. The new Cubic SOC report covering through May 2016 will be available in September 2016. VTA management plans to review the newest Cubic SOC report when it becomes available. Based on the evidence submitted by VTA, we have confirmed that the recommendation has been successfully implemented.
3	The Metropolitan Transportation Commission ("MTC") manages the Clipper program and, on a monthly basis, operating fees are calculated and allocated to the each of the Clipper transit operators. Per Amendment No. 2 of the Clipper MOU, two-thirds of Clipper operating costs (contractual fees due to Cubic) are allocated to operators based on total fee payment transactions, while one-third of the operating costs are allocated to operators based on total revenue collected. Fee amounts are distributed among various operators based on their total fee payment transactions and total revenue collected. On a monthly basis, MTC aggregates these calculations and remits to each transit operator its respective operating fee and supporting calculations. Although VTA has an existing review process for reviewing the monthly operating fee invoice, it was noted that the VTA revenue allocation used by MTC to calculate operating fees is not included in the review process and verified by VTA prior to issuing payments.	We recommend that VTA expand its existing review process of the Clipper monthly operating fee invoice to include the verification of the revenue allocation amounts used by MTC to calculate VTA's operating fee against VTA's revenue summary spreadsheet. By including this verification step VTA validates the completeness and accuracy of the calculation basis of its operating fees and increases the likelihood that an inaccurate fee amount would be detected prior to remittance.	VTA management concurs and has enhanced the review process as follows: Daily: Monitor and record revenue from Clipper Reports Server (TLF 002 Report). Monthly: Calculate revenue totals from sub-total of daily report work sheets. Compare totals to revenue totals reported in monthly operator report by MTC. Review the monthly cost calculation worksheet from MTC, compare revenue totals used in cost allocation calculations to total from daily work sheets, and calculate VTA percentage share of revenue to confirm accuracy of cost allocation.	**Auditor General's Office:** **Status: Completed** AG obtained and reviewed documentation for two selected months (February 2016 and May 2016) and verified that: - the revenue from Clipper Reports Server (TLF 002 Report) was monitored; - the monthly operating fee invoice was reviewed against source documents and monthly operator reports to verify accuracy of VTA cost allocation. Based on the evidence submitted by VTA, we have confirmed that the recommendation has been successfully implemented.

SANTA CLARA
Valley Transportation Authority

Date: May 18, 2016
Current Meeting: September 1, 2016
Board Meeting: N/A

BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
Governance and Audit Committee

FROM: Auditor General, Bill Eggert

SUBJECT: Review Status of Internal Audit Work Plan

FOR INFORMATION ONLY

VTA's Auditor General is responsible for developing and recommending the annual Internal Audit Work Plan, assigning and managing the resources required to conduct each internal audit or project, and providing audit results and progress reports to the Governance & Audit Committee.

To keep members informed, the Auditor General's Office provides at each Governance & Audit Committee meeting a report on the current status of the Internal Audit Work Plan and its component projects. This includes an update on the projects currently underway as well as the projected order and estimated completion schedule of the remaining projects.

Prepared By: Bill Eggert, Auditor General & Stephen Flynn, Advisory Committee Coordinator
Memo No. 1896

Internal Audit Work Plan Status Report

Project / Activity	Governance & Audit Committee Meeting					
	FY16		FY17			
	Feb 2016	May 2016	Sept 2016	Nov 2016	Feb 2017	Mar 2017
Succession Planning Assessment	Report Complete					
Risk Assessment Refresh		Report Complete				
Follow-up: Third-party Fare Reporting Process Assessment		Report Complete				
Follow-up: ATU Pension Review		Report Complete				
Timekeeping and Payroll Review: Follow Up			In progress			
Express Lane Funding and Operations Assessment			In progress			
IT Development and Project Management Assessment			In progress			
BART Silicon Valley Extension (Contractor Compliance)				Proposed		
Special Events and Stadiums Service Assessment					Planned	
Rolling Stock Assessment					Planned	
Investment Controls Audit (every two years per Board Policy)					Planned	

Note: the project timelines reflected above are estimates and may be subject to change depending upon certain scheduling constraints and/or Board requests.

Internal Audit Work Plan Status Report – Completed Projects

Project / Activity	Board Meeting					
	FY16					
	Sept 2015	Nov 2015	Dec 2015	Feb 2016	May 2016	June 2016
Public Safety Process Assessment		Complete				
Paratransit Operations Assessment – Phase I		Complete				
Network Security Assessment				Complete		
Grants Management and Compliance Assessment					Complete	
Procurement and Contracts Process Assessment: Follow-Up					Complete	
Alum Rock BRT Project Construction Delay Assessment					Complete	
Paratransit Operations Assessment – Phase II Testing				Complete		

Note: the projects above are considered complete when the Auditor General's report is noted on the meeting agenda and accepted by the full Board. Completed reports are available on the VTA website under the Board meeting agenda.

SANTA CLARA
Valley Transportation Authority

Date: August 16, 2016
Current Meeting: September 1, 2016
Board Meeting: N/A

BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
Governance and Audit Committee

FROM: Director of Government Affairs, Jim Lawson

SUBJECT: Future Cap & Trade Funding Implications for Transportation

---

FOR INFORMATION ONLY

BACKGROUND:

Enacted in 2006, AB 32 (Nunez and Pavley), the so-called Global Warming Solutions Act, required the California Air Resources Board (CARB) to determine the 1990 statewide greenhouse gas emissions level, approve a statewide limit equivalent to that level to be achieved by 2020, and adopt measures by regulation that would reduce greenhouse gas emissions from stationary sources and the transportation sector in the most technologically feasible and cost-effective manner possible.

Pursuant to a Scoping Plan that was initially adopted by CARB in 2008 and then updated in 2014, California's current climate strategy relies on an economy-wide cap coupled with a market-based allowance trading system known as cap-and-trade, as well as a suite of sector-specific policies, such as a renewable portfolio standard for electricity, energy efficiency programs, a low carbon fuel standard, light duty vehicle emission standards, and regional transportation-related greenhouse gas emissions reduction targets.

Cap-and-trade is a key element of California's climate strategy. It establishes a declining cap on major sources of greenhouse gas emissions and creates an economic incentive for investment in cleaner, more efficient technologies. Cap-and-trade covers about 80 percent of the state's greenhouse gas emissions.

Under cap-and-trade, CARB creates allowances equal to the total amount of permissible greenhouse gas emissions over a given compliance period. One allowance equals one metric ton of carbon dioxide equivalent. Because the annual cap declines, fewer allowances are created each year, and overall emissions decrease over time. There are no individual or facility-specific emissions reduction requirements. Each entity covered by cap-and-trade has a compliance obligation, which it is required to meet by acquiring and surrendering to CARB allowances in an amount equal to their greenhouse gas emissions at the end of a particular compliance period.

Allowances are issued by CARB. They are distributed by free allocation and by sale at quarterly auctions. Secondary markets also exist where allowances may be sold and traded among cap-and-trade participants.

Under cap-and-trade, regulated entities have the ability to choose the lowest-cost approach to achieving compliance. They may purchase allowances at auction, trade allowances with others, or take steps to reduce emissions at their own facilities. The ability to auction and trade allowances establishes a price signal that drives long-term investment in cleaner fuels and more efficient energy usage, and affords regulated entities the flexibility to seek out and implement the lowest-cost options to reduce their emissions.

CARB adopted the state's cap-and-trade regulation in October 2011, and it took effect on January 1, 2012. The first allowance auction occurred in November 2012. To help achieve the 2020 greenhouse gas emissions reduction limit established pursuant to AB 32, CARB set up three compliance periods. The first began on January 1, 2013, and ended on December 31, 2014. The current compliance period started on January 1, 2015, and will conclude on December 31, 2017. The final compliance period under AB 32 will extend from January 1, 2018, to December 31, 2020.

Under current law, revenues generated from the quarterly allowance auctions conducted by CARB are deposited into the Greenhouse Gas Reduction Fund and are distributed according to an investment framework that was established in 2014 through the enactment of SB 862. Under this framework, 60 percent of all cap-and-trade money is continuously appropriated, requiring no action on the part of the Legislature. The programs that receive continuous appropriations are as follows:

- 5 percent to the Low Carbon Transit Operations Program. This formula-based program provides operating and capital assistance to public transit agencies to reduce greenhouse gas emissions, improve mobility, and enhance or expand service to increase mode share. Under this program, funding flows to public transit agencies according to the State Transit Assistance Program (STA) formula. If a public transit agency's service area includes disadvantaged communities, at least 50 percent of its funding must be used for projects or services that benefit those communities. Caltrans is the grant administrator for the Low Carbon Transit Operations Program.

- 10 percent to the Transit and Intercity Rail Capital Program. This competitive grant program is intended to fund "transformative" capital improvements that reduce greenhouse gas emissions, and modernize intercity, commuter and urban transit systems. The California State Transportation Agency (CalSTA) is responsible for selecting the projects to be funded, while the California Transportation Commission (CTC) administers the grants. At least 25 percent of the money allocated to the Transit and Intercity Rail Capital Program must be spent in a way that benefits disadvantaged communities.

- 20 percent to the Affordable Housing and Sustainable Communities Program. This program provides grant funds on a competitive basis for projects that reduce greenhouse gas emissions through the implementation of land-use, housing, transportation, and agricultural land

preservation practices that support infill and compact development. The Strategic Growth Council is responsible for administering the Affordable Housing and Sustainable Communities Program. There is a requirement that at least 50 percent of available funding be expended to benefit disadvantaged communities. In addition, at least half of the money must be used for affordable housing projects.

- 25 percent to high-speed rail. In the near term, the California High-Speed Rail Authority plans to use these funds for construction of the initial piece of the state's proposed high-speed train system in the Central Valley, and for further environmental and design work related to other segments of the project.

The remaining 40 percent of cap-and-trade funding is "uncommitted" and subject to annual appropriations by the Legislature. For the second straight year, an agreement on how to distribute these auction proceeds was not reached during budget negotiations. As a result, there is now $1.4 billion in prior-year money sitting in the Greenhouse Gas Reduction Fund. These dollars will remain in the fund until the Legislature takes action to appropriate them.

DISCUSSION:

Currently, cap-and-trade is plagued by legal and political uncertainty. First, there is a lawsuit pending before a state appeals court. Filed by a coalition of business groups led by the California Chamber of Commerce, this legal action seeks to have cap-and-trade invalidated. The lawsuit contends that cap-and-trade is not a regulatory mitigation fee, but rather an illegal tax because AB 32 was not approved by a two-thirds vote of the Legislature. There are reports that a decision by the appellate court could be imminent.

Second, because cap-and-trade is tied to achieving a 2020 greenhouse gas emissions reduction limit, there is some question as to whether it can legally exist beyond that year. Gov. Jerry Brown and CARB contend that because the stated legislative intent of AB 32 is to "maintain and continue reductions in emissions of greenhouse gases beyond 2020," cap-and-trade can be extended without legislation. In fact, CARB has released draft regulations that are intended to keep cap-and-trade and other greenhouse gas emissions reduction programs operating past 2020. CARB plans to consider these regulations in September and to formally adopt them in March 2017, after an extensive public comment process.

The Legislative Counsel's Office, however, has opined that cap-and-trade needs to be reauthorized by the Legislature. To support this conclusion, the Legislative Counsel's Office points to a provision in AB 32 stating that CARB "may adopt a regulation that establishes a system of market-based declining annual aggregate emission limits for sources or categories of sources that emit greenhouse gas emissions, applicable from January 1, 2012, to December 31, 2020, inclusive."

In addition, the Legislative Counsel's Office has opined that AB 32 does not provide the authority for the Governor or CARB to establish a greenhouse gas emissions limit that is below the 1990 level or that would be applicable after 2020. In other words, the Legislative Counsel's Office is questioning the legality of an Executive Order issued by Gov. Brown in April 2015 that

sets a statewide greenhouse gas emissions limit equivalent to 40 percent below the 1990 level to be achieved by 2030.

Initially, SB 32 (Pavley) was intended to address both of these issues. Introduced last year, the bill was approved by the Senate, but ran into problems in the Assembly, even though it technically needs only a simple majority vote to pass. Opposition from Republicans, as well as a lack of support from moderate Democrats concerned about the impact of cap-and-trade on consumer fuel and electricity prices, caused the legislation to stall on the Assembly Floor. Moderate Democrats also are seeking assurances that the Legislature would be given a much stronger role in overseeing CARB.

Since then, SB 32 has been amended to focus solely on requiring CARB to set a post-2020 greenhouse gas emissions reduction limit that is consistent with the Governor's April 2015 Executive Order. The bill no longer extends beyond 2020 the "market-based compliance mechanism" provisions in AB 32 used by CARB to implement cap-and-trade. It is hoped that by dealing only with an emissions reduction goal, for now, and avoiding the contentious issue of cap-and-trade, enough moderate Democrats could be persuaded to support the legislation and allow it to move forward. This strategy would take care of one of the issues raised by the opinion issued by the Legislative Counsel's Office, but still leave the future of cap-and-trade in doubt.

It is worth noting that if the Assembly and Senate were to pass a bill reauthorizing cap-and-trade by a two-thirds vote, that action would not only allow the system to legally operate beyond 2020, but it also would make the issue of whether cap-and-trade is a tax or fee, which is the crux of the California Chamber of Commerce lawsuit, irrelevant. Right now, there is not enough support in the Assembly to reauthorize cap-and-trade even with a simple majority vote.

Finally, there is significant concern about the poor results of the most recent allowance auction, which was held by CARB in May. From this auction, the state realized just $10 million, well below the more than $500 million that previous auctions have been generating. An analysis conducted by the Brown Administration indicates that the marketplace appears to be responding to the uncertainty surrounding cap-and-trade's future. In other words, regulated entities may be holding off on spending money to purchase allowances, given that there is a chance that the appellate court could invalidate cap-and-trade.

In addition, the analysis noted that there is a glut of allowances available in the secondary market for prices well below the state's minimum rate. It appears that speculators who previously purchased allowances are dumping them in the secondary market for fear that those allowances could become worthless if cap-and-trade cannot legally exist beyond 2020. And because allowances in the secondary market are selling at a cheaper price, regulated entities are choosing to buy them there, rather than at CARB's auction.

Needless to say, everyone is anxiously awaiting the results of the next allowance auction, which is scheduled to be held by CARB on August 16. This auction will be the first one conducted in FY 2017. About 86.2 million allowances are on offer for a minimum selling price of $12.73 per allowance. The results are not expected to be released by CARB until at least a week after the

auction concludes.

Prepared By: Kurt Evans, Government Affairs Manager
Memo No. 5648

SANTA CLARA
Valley Transportation Authority

Date: August 31, 2016
Current Meeting: October 6, 2016
Board Meeting: October 6, 2016

BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
Board of Directors

THROUGH: General Manager, Nuria I. Fernandez

FROM: Chief Financial Officer, Raj Srinath

SUBJECT: Audit Dashboard Follow up: Audit Recommendations Issued by the Office of the Auditor General

---

FOR INFORMATION ONLY

BACKGROUND:

In 2008, VTA established an independent audit function reporting to the audit committee by utilizing contract auditors to perform independent audit services and serve in the position of the Auditor-General. The Office of the Auditor-General has issued recommendations to strengthen compliance, improve internal control, and promote operational effectiveness and efficiency. In May 2016, VTA Internal Audit Program was established to follow up and report on the status of open audit recommendations and corrective action plans. This is a follow up to the preliminary status report that staff presented to the Governance & Audit Committee in June 2016.

DISCUSSION:

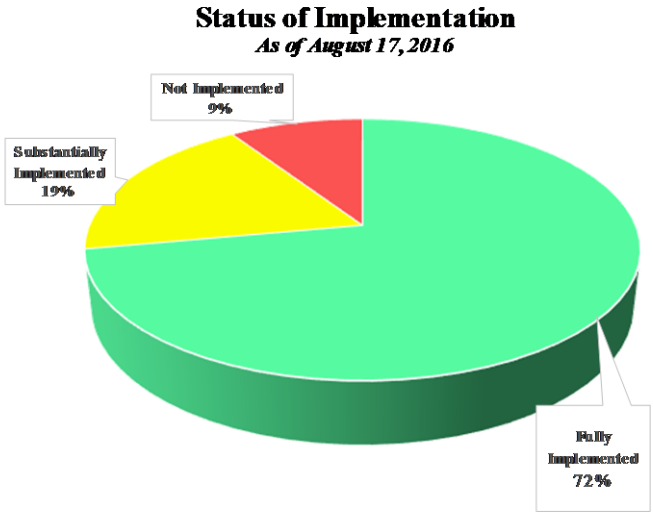
The purpose of the audit dashboard report is to provide a status summary of implementation of recommendations. This is a control mechanism established by management to track and provide reasonable assurance that appropriate and timely action is taken by management in support of implementing the recommendations.

The implementation status is based on compilation of information and review of documentary evidence from various departments. As of August 17, 2016, there were 126 recommendations (Exhibit A). Of this total, 36 are not yet due for implementation but are being worked upon. The implementation status of the remaining 90 recommendations is summarized by area of responsibility on the following page.

Status of Recommendations Due for Implementation by Area of Responsibility

As of August 17, 2016

Audit Area	Fully Implemented *Corrective actions are complete; no further actions necessary in support of the recommendation.*	Substantially Implemented *Major actions are complete; critical elements of the recommendation have been implemented.*	Not Implemented *Only minor actions in support of the recommendation have been performed; major actions have yet to be implemented.*	Total
Human Resources & Diversity Programs		1		1
Information Technology	7	2		9
Procurement and Contracts	3	4	2	9
ATU Pension Bd	3	1		4
Engineering & Transp Infra Development	12	2	1	15
Finance & Budget	14			14
General Manager	1			1
Operations	8	2	4	14
Paratransit	3	4		7
Grants	1			1
Public Relations - Community Outreach	3	1		4
System & Safety	10		1	11
Totals	65	17	8	90
Percentage	***72%***	***19%***	***9%***	



Of the 90 recommendations due for implementation, eight have not been implemented. Exhibit B provides details on the recommendations that have yet to be implemented. One recommendation with a high risk rating is dependent on another local agency's collaborative effort for implementation and three recommendations with a high risk rating have not been implemented as they will be need to be negotiated in the new Collective Bargaining Agreement with the Amalgamated Transit Union Local 265 in September 2018. Implementation of the remaining four recommendations with a risk rating of medium and low are in progress. VTA's Internal Audit Program will continue to follow up on these recommendations until they are fully implemented.

Prepared By: Grace Ragni, Fiscal Resources Manager
Memo No. 5707

Inventory of Recommendations Issued by the Office of the Auditor-General
Status of Implementation
As of August 17, 2016

Audit Report	Governance & Audit Committee review date	Risk Rating: High, Medium or Low	Recommendation	Response by Department	Original Target Date of Implementation	Revised Date of Implementation	Progress to Date: Not Implemented	Progress to Date: Substantially Implemented	Progress to Date: Fully Implemented	Responsible for Implementation	Actions Taken To Date	Other Comments
Human Resources												
Timekeeping & Payroll Internal Audit	03/05/15	**LOW**	Although VTA can request but not compel its employees to elect direct deposit for payroll, we recommend management evaluate alternatives to live payroll paychecks that are in compliance with all applicable laws and regulations. Implementation of an automated solution, such as employer-sponsored payroll cards, that aligns with the existing direct deposit payroll process could result in the following: (1) Enhanced process (2) Cost reduction to VTA	VTA concurs. Although 87% of VTA's employees receive their pay through direct deposit, VTA will continue to work with employee bargaining units to increase this metric. HR will work with employee bargaining units to improve the rate of participation. In addition, HR, as part of new employee "on boarding," will encourage participation by discussing the advantages to both the employee and VTA.	12/31/15	6/30/17		🟡		Human Resources	• Direct deposit form is sent to employee prior to start date, as part of "new hire packet." • Completion of the direct deposit form is emphasized to employees on their start of date if they arrive without it. • Implemented a 1-week follow-up for direct deposit forms that are not received on the start date. • Obtained a list of existing employees Next Steps: • Design a flyer to be placed with the direct deposit form into the envelope with the employee's paycheck. This flyer will outline all the benefits of direct deposit. Employees will be instructed to return the form to HR. The flyer and form is scheduled to be sent out next pay period. • Follow-up with employees after two-weeks to remind them to complete the form and identify those who are opposed to completing the form.	VTA currently processes live, hard copy payroll paychecks for a significant portion of employees. Although there are not significant risks associated with the use of live payroll checks, the process is inefficient due to the manual processes which require a significant amount of time and VTA resources.
Information Technology												
ATU Pension Plan Compliance Audit	8/28/14	**MEDIUM**	As a part of our recommendation related to Improvement Opportunity 1, using the SAP system to its fullest capabilities, management should re-evaluate the process for data retention. With this, management should consider: (1) Scanning in all relevant documents so that a second, secure copy exists; and (2) Complying with the VTA-approved retention policy destroying any hard copy files older than stipulated by the policy. If VTA chooses to retain all hard copies, then management should consider leveraging lower cost temporary employees or interns to inventory and organize the files. Offsite storage solutions, such as Iron Mountain, should also be considered to help maximize the safety of the documents.	VTA management concurs with the recommendation. Scanning and electronically storing critical supporting documents for new retirees has been implemented. An evaluation is underway to identify the best solution for cataloging and managing the files, which will be completed by the end of October 2014, at which time the selected document storage solution will be implemented. Digitally backing up all existing retiree documentation, however, will require additional resources, albeit on a temporary basis, to implement. An evaluation has been initiated to determine the scope, schedule and resources required to complete this project. This evaluation will be completed by the end of October 2014. Completion of digitally backing up existing critical retiree documentation is tentatively projected by March 2015, but is dependent on the results of the evaluation and resource availability.	Evaluation: 10/31/14 Conversion to digital: 3/31/15				🟢	ATU Pension Bd	In September 2014, Maria Chavez requested the establishment of a shared drive exclusively for Retirement Services staff. Retirement Services staff began to scan essential retirement documents (retirement request applications, birth/marriage certificates, divorce/DROs, salary calculations, actuary documents, etc.) of new retirees effective December 2014. Retirement Services has periodically met with Technology staff responsible for SharePoint to create a SharePoint collaboration site to house files. The intent is to eventually scan all Pension Plan retirement files. However, this will require additional resources, including staff to carry out the project effectively, accurately, and efficiently. Technology has loaned the Retirement Services unit scanning equipment to efficiently scan documents. Record retention policy will have to be approved by the Board of Pensions since it is a separate and independent entity from VTA. Policy will not be considered by the Board of Pensions until the completion and evaluation of the SharePoint site. Updated on 6-29-2016 VTA has an approved Record Management policy, procedure, destruction procedure. Records Management training is rolled out by department or division. Training is required prior to the group being allowed to destroy records. Ann will customize the training to the audience and their specific retention / destruction needs. For Example; in the case of Operations it was the entire division and we reviewed their unique retention items from the Legal approved schedule. In HR we did the training & review by department, and every department has completed their training except the retirement group. Training is scheduled after VTA's Office of General Counsel completes the department or division Retention Schedule. Technology has a series of meetings each year with each department to revise Retention Schedule and then with General Counsel to get approval on the Retention Schedule. Then Technology customizes the training material to each department based on retention schedule requirements. Training is typically one hour for a department and longer if it's the entire division team. Participants include the department Records Coordinator and other key employees involved with managing and disposing of the records. After completing the training, the participants conduct their annual disposition, which includes destruction or permanent archival. The training is offered annually to each department of division, as a refresher, when departments do their annual clean-up of files that have met retention requirements and are not under legal hold. Retirement Services' current initiative is to digitize new retiree files going forward; files are currently scanned to a secure server with offsite back-up. All electronic files are fully searchable (OCR) PDF files. Files are audited against a checklist by the Retirement Services team to ensure all appropriate files are digitally captured and stored per retention schedule requirements. Next Steps: 1. Maria Chavez to review process and technology with the Pension board for their approval. 2. Technology is ready to contract with Ricoh to support scan in older documents and follow the destruction schedule.	Paper records could be more easily destroyed in a natural disaster or even inadvertently damaged beyond recognition through something as simple as a fire alarm setting off the sprinklers in the warehouse.
Timekeeping & Payroll Internal Audit	03/05/15	**HIGH**	The current GRC tool rule sets are not regularly nor systematically reviewed by management for applicability to VTA. We recommend VTA management, across all key business processes, review the existing GRC rule sets and update as necessary to appropriately align with business risks.	VTA concurs. SAP GRC ruleset will be reviewed and updated. VTA plans to undertake a comprehensive review of the GRC tool rule sets to ensure adequate risk mitigation as well as applicability to VTA, and compatibility with VTA processes and procedures.	12/31/15	10/10/16		🟡			GRC project kick off happened on June 10th 2016.VTA is upgrading the original GRC deployment using the latest release and upgraded best practice. Testing of the new GRC module and updated business roles is expected in September of 2016. Anticipated full implementation date: 10/10/16.	SAP Governance, Risk, and Compliance (GRC) rule sets are not reviewed by management to ensure effective segregation of duties analysis and mitigate appropriately as if needed..

Inventory of Recommendations Issued by the Office of the Auditor-General
Status of Implementation
As of August 17, 2016

Audit Report	Governance & Audit Committee review date	Risk Rating: High, Medium or Low	Recommendation	Response by Department	Original Target Date of Implementation	Revised Date of Implementation	Progress to Date: Not Implemented	Progress to Date: Substantially Implemented	Progress to Date: Fully Implemented	Responsible for Implementation	Actions Taken To Date	Other Comments
Timekeeping & Payroll Internal Audit	03/05/15	**MEDIUM**	We were made aware that VTA is currently testing automated time entry applications at the time of review. We encourage implementation of an automated timekeeping system and workflow to enhance process efficiencies by: • Standardizing time entry and approval process • Automating workflow and approval process • Eliminating paper records and archival files • Reduction of manual errors at various process stages	VTA concurs. An automated timekeeping application has been developed and is currently being tested in the Technology and Payroll Departments. Management plans to roll it out enterprise-wide within the next quarter in a phased manner.	06/30/15				●	VTA Technology and Finance Departments		Time recording, approval, and entry process is manual and non-standard throughout VTA. - Lack of standard process could result in inaccurate or unauthorized pay - Manual process results in inefficiencies and inconsistent documentation - Error correction is time-intensive and inefficient: requires re-work for timekeepers and payroll, including adjustment/issuance of off-cycle checks
Timekeeping & Payroll Internal Audit	03/05/15	**MEDIUM**	We recommend that VTA review its document retention practices and ensure appropriate personnel are aware of and trained appropriately on document retention requirement and that ownership of timecard documentation is defined. Implementation of an automated timekeeping system should resolve this issue, but archival documents should be stored appropriately. We recommend consideration of offsite storage for records management (i.e. Iron Mountain) to reduce risk of loss and support compliance with VTA policy.	VTA concurs. VTA Technology, working with the General Counsel's Office, will continue to review its records retention policies. Electronic solutions will be emphasized where appropriate. Training to relevant staff on new and revised policies will be administered by VTA's Organizational Development and Training (OD&T) Office. Ongoing guidance and support will be provided by VTA's Records Management Administrator in the Technology Department.	09/30/15				●	VTA Technology Department, Office of the General Counsel, and Organizational Development & Training	VTA's electronic timekeeping system (eTime) has been fully deployed in support of VTA's non-ATU staff. OD&T has delivered full classroom training to staff prior to each Business Area rollout. Training materials in both written and A/V form are accessible via VTA's intranet site (the Hub) within OD&T's Training Aids website. eTime records are managed per VTA's Records Retention Schedule. eTime's business owner is Disbursements Manager. Human Resources is responsible for FMLA, WOOC, and Lead/Training Pay modules of the eTime system.	Record Retention plan pertaining to timekeeping/payroll processes not adhered to across organization and many key documents are only stored as hard copy.
Timekeeping & Payroll Internal Audit	03/05/15	**MEDIUM**	As also observed in conjunction with the ATU Pension review (reported upon to the Audit Committee in September 2014), we recommend HR review record retention practices and identify critical documents to be stored electronically to reduce reliance on manual/paper processes and ensure compliance with VTA retention policies.	VTA concurs. Any updates to improve the document retention policy, focusing on timecard records and electronic solutions, will be made. The policy will then be distributed and relevant staff will receive training. As part of the ongoing enterprise-wide effort to update VTA's Records Management Program, HR will digitize appropriate documents and establish schedules for maintenance and destruction of all documents.	09/30/15				●	VTA Technology Department, Office of the General Counsel, and Human Resources	1) In January 2015, the Board of Pensions adopted the retention period for ATU Local 265 Pension Plan records and treatment of original paper records after imaging; 2) In October 2015, Document Control collaborated with Retirement Services to develop a scanning procedure and designed and procured a mobile scanning cart which houses a high-speed production scanner; 3) In Dec 2015, Document Control trained the current Retirement Services staff on operating the mobile scanning cart. This scanning cart is currently "chartered" to the Retirement Services group; 4) Retirement Services' current initiative is to digitize new retiree files going forward; files are currently scanned to a secure server with off-site back-up. All electronic files are fully searchable (OCR) PDF files; 5) Files are audited against a checklist by the Retirement Services to ensure all appropriate files are digitally captured and stored per retention schedule requirements.	Record Retention plan pertaining to timekeeping/payroll processes not adhered to across organization and many key documents are only stored as hard copy.
Records and Information Management Assessment Report	2/2/2012	**none specified**	VTA should develop a RIM Staff Committee comprised of cross-functional groups to develop, oversee and enforce a RIM Program across the organization. The committee should consist of representatives from various groups including Legal, IT groups and other key stakeholders and should establish standards and procedures and enforce startegic plans. VTA should also consider identifying resource or group and assigning them to records management.	Concur. Staff is the process of developing a comprehensive organization-wide Record Information Management Program to include establishemnt of cross-functional groups that will develop, oversee and enforce a RIM Program	no specified date of implementation				●	Chief Information Officer	VTA's Records Management Oversight Committee (RMOC) has been established with requisite procedures in place. Completed the Record Management Policy and a very comprehensive Records Retention Schedule. Both the policy and retention schedule have been approved by the VTA Board of Directors. Staff developed very comprehensive Record Management procedure and destruction procedure. The Record Management program was presented to executive management multiple times from 2012 to 2016.	Overall, the assessment determined that VTA does not currently have a comprehensive, organization-wide RIM Program, and as a result, the organization could be at risk including potential noncompliance with certain legal and/or regulatory obligations. Additionally, there is cost and other risks associated with processes, practices, or activities that are not executed efficiently.
Records and Information Management Assessment Report	2/2/2012	**none specified**	VTA should develop and adopt policies and guidelines to enhance the RIM Program: 1) A formal RIM Policy across the orgnization to govern VTA's RIM program; 2) Email strategy to be reflected in a written Email Management and Retention Policy; 3) Disposition guidelines mto address destruction of records; 4) Written Legal Hold Policy that provides an overview of the process.	VTA concurs with the findings in the Record Retention Assessment. Staff is in process of developing the Record management Program including a Record management Policy, Retention Schedule, and supporting procedures along with resources and budget. The Record management Policy, Retention schedule, and required budget request will go to the Administrative & Finance Committee in the next few month, and staff will provide a progress report at the May Audit Committee meeting.	no specified date of implementation				●	Chief Information Officer	Completed the Record Management Policy and a very comprehensive schedule. Both the policy and original schedule went to the VTA Board for approval. Staff developed a very comprehensive Record Management procedure, and destruction procedure. The Record Management program was presented to executive management multiple times from 2012 to 2016. In 2012 VTA Capital Committee, GM and the VTA board approved the RIM capital plan and budget. Incremental funding for record management was added during the FY 2016 and 2017 budget cycle that was also approved by the VTA Board. Lastly, VTA did not create a separate legal hold policy but integrated it into the Record Management policy per best practice	Overall, the assessment determined that VTA does not currently have a comprehensive, organization-wide RIM Program, and as a result, the organization could be at risk including potential noncompliance with certain legal and/or regulatory obligations. Additionally, there is cost and other risks associated with processes, practices, or activities that are not executed efficiently.
Records and Information Management Assessment Report	2/2/2012	**none specified**	VTA should evaluate existing information technology tools to determine if they can help with the implementation of the RIM policies, procedures and practices recommended above. During the assessment, we noted that VTA is currently considering migrating to a SharePoint 2010 Collaboration / Document Management / Record Management environment.	VTA concurs with the findings in the Record Retention Assessment. Staff is in process of developing the Record management Program including a Record management Policy, Retention Schedule, and supporting procedures along with resources and budget. The Record management Policy, Retention schedule, and required budget request will go to the Administrative & Finance Committee in the next few month, and staff will provide a progress report at the May Audit Committee meeting.	no specified date of implementation				●	Chief Information Officer	VTA selected Microsoft Sharepoint 2010 as our core Record/Document Management tool. Successfully migrated eDOCS/OpenText documents into SharePoint. Built over 100 Sharepoint Teamsites with retention containing thousands of libraries. Upgraded to SharePoint 2013 in FY 2016. Used SharePoint 2013 as tool for VTA HUB and provided business a location to store business content/records.	Overall, the assessment determined that VTA does not currently have a comprehensive, organization-wide RIM Program, and as a result, the organization could be at risk including potential noncompliance with certain legal and/or regulatory obligations. Additionally, there is cost and other risks associated with processes, practices, or activities that are not executed efficiently.

Inventory of Recommendations Issued by the Office of the Auditor-General
Status of Implementation
As of August 17, 2016

Audit Report	Governance & Audit Committee review date	Risk Rating: High, Medium or Low	Recommendation	Response by Department	Original Target Date of Implementation	Revised Date of Implementation	Progress to Date: Not Implemented	Progress to Date: Substantially Implemented	Progress to Date: Fully Implemented	Responsible for Implementation	Actions Taken To Date	Other Comments
Records and Information Management Assessment Report	2/2/2012	**none specified**	VTA should develop a RIM Staff Committee comprised of cross-functional groups to develop, oversees and enforce a RIM Program across the organization. The committee should consist of representatives from various groups including Legal, IT groups, and other key stakeholders and should establish standards and procedures and enforce strategic plans. VTA should also consider identifying a resource or group and assigning them to records management.	Concur. Staff is the process of developing a comprehensive organization-wide Record Information Management Program to evaluate existing IT tools.	no specified date of implementation				●	Chief Information Officer	VTA selected Microsoft Sharepoint 2010 as our core Record/Document Management tool. Successfully migrated eDOCS/OpenText documents into SharePoint. Built over 100 Sharepoint Teamsites with retention containing thousands of libraries. Upgraded to SharePoint 2013 in FY 2016. Used SharePoint 2013 as tool for VTA HUB and provided business a location to store business content/records.	Overall, the assessment determined that VTA does not currently have a comprehensive, organization-wide RIM Program, and as a result, the organization could be at risk including potential noncompliance with certain legal and/or regulatory obligations. Additionally, there is cost and other risks associated with processes, practices, or activities that are not executed efficiently.
Records and Information Management Assessment Report	2/2/2012	**none specified**	VTA should develop and execute a Change Management/Training Communications (CTC) Plan to help deliver specific content on records retention and disposition, legal hold, readiness, email management and other related policies and procedures.	Staff is the process of developing a comprehensive organization-wide Record Information Management Program to develop and execute a Change Management/Training Communications Plan.	no specified date of implementation			●		Chief Information Officer; IT Supervisor	VTA developed a Microsoft Sharepoint governance model, developed a Sharepoint training site located within VTA HUB and the Record management site. Developed overall RIM Program summary materials with RIM 101 explanations, like what's Records Management. Developed RIM Program training decks with training material that's curtailed specially to each business area's content. Engaged VTA Record Coordinators on all RIM concepts as well as the comprehensive Destruction Procedure and processes. Deployed Record Management to certain departments. Currently in the process of deploying Record Management to AP and Purchasing, including training.	Overall, the assessment determined that VTA does not currently have a comprehensive, organization-wide RIM Program, and as a result, the organization could be at risk including potential noncompliance with certain legal and/or regulatory obligations. Additionally, there is cost and other risks associated with processes, practices, or activities that are not executed efficiently.
Procurement & Contracting Process Assessment												
Alum Rock Bus Rapid Transit (BRT) Project Delay Assessment	05/05/16	none specified	• Ensure radar scan requirement is a component in future contracts • Utility relocations should be included as part of the pre-construction process.	-VTA management agrees. In addition to the current practice of utility research, review of as-built drawings, and explorations/borings, staff is now utilizing Ground Penetration Radar (GPR) during the design (pre-construction) phase of all applicable construction projects to identify existing utilities. For both the Alum Rock Avenue Roadway/Stations and Downtown Stations contracts, GPR was used to confirm utility locations prior to construction. -VTA typically does major utility relocations before construction. For the AR/SC project, the relocations were done as part of the major project. The newly implemented Pre-Construction Requisition Review process will ensure appropriate utilities have been relocated prior to bid or relocations are included in the contract. Utility relocations will be accomplished either by third party utility companies or a separate utility relocation contract issued prior to the main construction contract.	no implementation date specified				●	Manager of Procurement, Contracts & Matls	Fully implemented. AG report to Bd on Aug 4, 2016. Ongoing procedure has been implemented	
Alum Rock Bus Rapid Transit (BRT) Project Delay Assessment	05/05/16	none specified	• Ensure bid scope requires contractor to have adequate experience for project • Ensure the right VTA/Vendor Project Manager is assigned for the contract • Insert required qualifications into contract for key personnel • Verify contractor's experience and qualification after receipt of bid based on information submitted by the contractor.	VTA management agrees: -To this end, staff is currently preparing for Board consideration proposed revisions to the Board-adopted prequalification process, including enhanced requirements for minimum qualifications and experience for the contractor. -Newly revised technical specifications include provisions for minimum qualifications and experience for the contractor's project manager. -Newly revised technical specifications include provisions for minimum qualifications and experience for the contractor's key personnel including the project manager, quality assurance manager, community outreach representative and safety manager. -Contractor's submitted qualifications for key personnel are now reviewed by qualified VTA staff prior to contractor's personnel being allowed to perform any work on the contract.	no implementation date specified	End of 2016		●		Manager of Procurement, Contracts & Matls	Substantially implemented. All action items are implemented except for requiring in the bid scope contractor's adequate experience for project. Staff is currently preparing for Board consideration proposed revisions to the Board-adopted prequalification process, including enhanced requirements for minimum qualifications and experience for the contractor. As of August 4, 2016, target date of implementation is end of 2016. Source: AG report presented to the Bd on Aug 4, 2016.	

Inventory of Recommendations Issued by the Office of the Auditor-General
Status of Implementation
As of August 17, 2016

Audit Report	Governance & Audit Committee review date	Risk Rating: High, Medium or Low	Recommendation	Response by Department	Original Target Date of Implementation	Revised Date of Implementation	Progress to Date			Responsible for Implementation	Actions Taken To Date	Other Comments
							Not Implemented	Substantially Implemented	Fully Implemented			
Procurement & Contracting Process Assessment	05/01/14	**HIGH**	We strongly recommend Management explore fully implementing and using the SAP procurement and contracts module. This would allow all documents to be online and easily accessible, tracked and reported upon, which would help remediate current communication gaps. Utilizing the system to its full capabilities would streamline the process, reduce paperwork, allow for online signatures/approvals, simplify workflow and reduce procurement turnaround time.	Management concurs. To implement this recommendation, staff will take the following steps: (1) Identify functions within the SAP procurement and contracting modules that have not been implemented, yet are necessary to completely automate the date tracking and reporting functionality; (2) In support of this, staff has initiated development of the prototype workflow process and status reporting functionality in SAP. The first reports using this process will be produced by the close of April 2014; and (3) Initiate the process to procure the services of a third-party contractor to expedite the automation of the procurement and contracting process. Staff will report on the timeline for full implementation at the next (August 28, 2014) Audit Committee meeting.	Workflow process: 4/28/2014 Report on timeline for full implement- action: 8/28/14	10/31/16		●		Chief Information Technology, Manager of Procurement, Contracts & Matls,	Substantially completed with on-going process improvements (based on AG report). Because of the large undertaking involved with this recommendation, the PCMM group divided this into short and long term goals. To date, PCMM has made substantial progress with the short term items. The long-term item can be classified as ongoing process improvement. Update as of June 28, 2016 - Document the procurement business process from document creation to PO / Contract approval. Developed an SAP, K2 interactive forms and sharepoint record center solution. SAP process, screens and workflow are being tested with an early August 2016 release. The interactive custom forms are 85% complete with testing to start in August of 2016. Storage of all electronic document will be done in Sharepoint which is also in test. Training of VTA Staff start date is 8/1/16. Anticipated full implementation date: 10/31/16.	-The process is, at times, prohibitively delayed, jeopardizing critical deadlines. - Project documents are in several places & not organized; documents may be misplaced or lost. - Buyer/Status of project is unknown, or not readily available. - No formal reporting of metrics; limited or no capability to quickly gather needed data.
Procurement & Contracting Process Assessment	05/01/14	**MEDIUM**	As a part of recommendation Number 1, we recommend that Management re-evaluate and determine the purpose and function of the contracts and purchasing functions within CAMM. With this, management should: (1) Decide if the CAMM group is a true service department that supports VTA customers, find efficiencies and cost savings while ensuring VTA compliance, or are they just "gate-keepers" with complete control over this process; (2) Clearly communicate and train all appropriate VTA personnel on the roles and responsibilities so all have a good understanding of the requirements, timeframes, communication channels and expectations in order to simplify the process; and (3) Include tracking and reporting of metrics, (timeframes, budget vs. actual dollars used, renegotiation, etc.)	Management concurs. To implement this recommendation, staff will take the following steps: • CAMM will obtain needed assistance from VTA's Organizational Development and Training staff to provide guidance, instruction and training to CAMM staff to ensure they understand the service nature of the procurement process and provide the proper level of assistance to CAMM internal customers. • With the assistance of internal customer departments, staff will develop a training plan that will communicate and train all appropriate VTA personnel on the roles and responsibilities of both CAMM and the user departments so that there is a clear understanding of the requirements, timeframes, communication channels and expectations in order to simplify the procurement process. • Expand the use of e-procurement where possible to expedite the procurement process. • As a part of the implementation of the SAP procurement and contracting modules, staff will develop tracking and reporting metrics that provide meaningful information to VTA management and staff. These steps will be completed by the end of October 2014.	10/31/14	10/31/16		●		Manager of Procurement, Contracts & Matls,	Substantially completed with on-going process improvements (based on AG report). Because of the large nature of the recommendation and how several recommendations are linked together, the AG feels this is mostly complete with a couple of items that will be considered ongoing process improvement. Anticipated full implementation date: 10/31/16.	- Roles and responsibilities are not clearly defined - Documentation may not be processed or completed in a timely manner, may be provided twice, or not be provided at all - Process requirements/forms are not clearly explained, understood or used consistently - Lack of communication or miscommunication
Procurement & Contracting Process Assessment	05/01/14	**MEDIUM**	Since the existing limits have been in place, in some cases for more than 20 years, we recommend Management consider increasing the limits to help streamline the procurement and contracting process. Increasing limits will reduce the amount of review and approvals needed to make basic purchases.	Management concurs with this recommendation. To implement, staff will take the following steps: (1) Conduct a review with other similar governmental agencies and assess industry standards for levels of purchasing authority other governmental bodies have delegated to their general manager; (2) Analyze how inflation has eroded current authorization limits since their inception; and (3) Based on that information, staff will recommend increasing the Board authorized delegation of contracting authority if it is determined that such a recommended change would help streamline the procurement and contracting process.	08/31/14				●	Manager of Procurement, Contracts & Matls,	After doing analysis of other transit agencies, the GM's approval limit was raised to $500K. The Board approved this change to the VTA Admin Code effective 1/1/15.	Projects may be delayed based on approval matrix requiring several approvals. Dollar thresholds may not be assigned using a risk-based tolerance perspective, thereby causing unnecessary reviews & extending the end-to-end process turnaround time.

Inventory of Recommendations Issued by the Office of the Auditor-General
Status of Implementation
As of August 17, 2016

Audit Report	Governance & Audit Committee review date	Risk Rating: High, Medium or Low	Recommendation	Response by Department	Original Target Date of Implementation	Revised Date of Implementation	Progress to Date			Responsible for Implementation	Actions Taken To Date	Other Comments
							Not Implemented	Substantially Implemented	Fully Implemented			
Procurement & Contracting Process Assessment	05/01/14	**LOW**	We recommend management thoroughly review and evaluate from the customer's perspective existing policies and procedure to either combine existing documents or replace the current procedures with the CAMM desktop procedures (or something similar) which describe the process and how to comply with the process. This will be especially important if the process is automated as outlined in Recommendation #1. Additionally, CAMM should create a short, easy-to-use "users guide" that clearly describes how to submit the required documents and how to use the SAP functionality. This would allow those customers that rarely use request procurements to submit the proper requirements correctly the first time with little or no help from CAMM staff.	Management concurs. To implement this recommendation, staff will take the following steps: (1) Perform a review of existing Policies and Procedures with internal customer departments to update, simplify and make them more user-friendly; and (2) With assistance of outside resources, develop short, easy-to-use "user guides" to clearly describe how to submit required documents and how to use SAP functionality. These steps will be completed by the end of calendar 2014.	12/31/14	7/1/17		●		Manager of Procurement, Contracts & Matls,	AG Report in April 2016 disclosed that this recommendation is substantially completed with ongoing process improvements. This recommendation is highly dependent upon the first recommendation. Once #1 is implemented, this will soon follow. The User Guide is created but not yet implemented. The AG feels this is mostly complete with a few items that are ongoing process improvement. Anticipated full implementation date: 7/1/17.	Lack of clearly stated procedures & inadequate training on said procedures can cause CAMM customers to submit inaccurate or incomplete data, thereby delaying their procurement or contracting requests.
Procurement & Contracting Process Assessment	05/01/14	**MEDIUM**	We recommend Legal and CAMM Management consider developing a series of standardized contract templates, if not already developed for simple and routine contracts. Legal should write the template to ensure proper terms and conditions are included. Both CAMM and legal would work on a new set of requirements that a contract must meet before it is sent to legal for review. These pre-approved requirements may include contracts over a certain dollar threshold, contracts that are complex or unusual or possibly new or questionable vendors. If the contract does not meet the legal requirements, CAMM would only input the required information and submit it to CAMM management for review and approval. Contracts that would not go to legal for review might include basic or routine items, simple changes or updates in part numbers or pricing, or simple contract renewals. These can be approved within CAMM which will also streamline the process.	Management concurs. To implement this recommendation, staff will take the following steps: (1) Work with the VTA General Counsel's Office to develop a process that allows a one-time review of frequently used standard contract documents. Once the standard is approved by Counsel, no further review will be needed if the item does not contain any changes from the standard contract. This step will be completed by August 2014.	08/31/14	7/1/17	●			Manager of Procurement, Contracts & Matls,	The Manager of the PCMM department was just hired in July 2016. The work that needs to be performed to update the job specifications, research training/program information, and ascertain those staff members who should continue in their professional development will be on the new manager's agenda. Anticipated full implementation date: 7/1/17.	AG report in April 2016 disclosed that this is not fully completed. This recommendation was to improve the turn around time of contracts by establishing standard templates. However, as a precaution, Legal still reviews all contracts. This is an ongoing process and small improvements continue to be made. Legal becomes the bottleneck holding up the process on routine items. Several contract forms or templates are currently being used thus requiring several levels of review.
Procurement & Contracting Process Assessment	05/01/14	**LOW**	We recommend Management consider having all CAMM personnel become certified in transportation purchasing and contracting through a national accreditation organization, if not already certified.	Management concurs with this recommendation. To implement, staff will take the following steps: (1) Determine the requirements to obtain the Certified Purchasing Manager certification as well as other certification achievement that may be appropriate for procurement staff; (2) For appropriate classifications, recruitment bulletins will list "CPM" credentials as a "Desired" attribute as well as seek those candidates that have the ability to obtain the CPM designation while employed at VTA; (3) Where appropriate, management will create incentives for obtaining the CPM for those employees/candidates seeking advancement in the CAMM department; and (4) Review and update if necessary, the existing training matrix for CAMM staff. These steps will be completed by the end of August 2014.	08/31/14				●	Manager of Procurement, Contracts & Matls,	The Manager of the PCMM department was just hired last week. The work that needs to be performed to update the job specifications, research training/program information, and ascertain those staff members who should continue in their professional development will be on the new manager's agenda. Based on an email from A. Lara on 5/17/16, there are several staff in PCMM (formerly CAMM) attending courses toward their professional certification. PCMM will perform more formal action after the succession plan framework from HR is firmed up.	- VTA doesn't keep up on the latest best practices and trends. - From a public perspective or reputation, the CAMM group may not appear qualified or professional having not been certified.

Inventory of Recommendations Issued by the Office of the Auditor-General
Status of Implementation
As of August 17, 2016

Audit Report	Governance & Audit Committee review date	Risk Rating: High, Medium or Low	Recommendation	Response by Department	Original Target Date of Implementation	Revised Date of Implementation	Progress to Date: Not Implemented	Progress to Date: Substantially Implemented	Progress to Date: Fully Implemented	Responsible for Implementation	Actions Taken To Date	Other Comments
Procurement & Contracting Process Assessment	05/01/14	**LOW**	We recommend that CAMM management work with VTA's General Manager and other members of executive management to develop a succession plan for key CAMM purchasing and contracts-related positions that covers the next 3-5 years.	Management concurs with this recommendation. To implement, staff will take the following steps: (1) VTA is currently developing a formal, agency-wide Succession Planning program that will meet the needs of CAMM; (2) In the short term, an important consideration is the implementation of cross-training opportunities for staff where feasible, enabling employees to increase their knowledge and skill levels to become proficient in all disciplines within CAMM. This will also allow employees to take on greater responsibilities and ensure that quality service is provided at all levels. These steps will be completed by the end of calendar 2014.	12/31/14	7/1/17	●			Manager of Procurement, Contracts & Matls,	The Manager of the PCMM department was just hired in August 2016 The work that needs to be performed to update the job specifications, research training/program information, and ascertain those staff members who should continue in their professional development will be on the new manager's agenda. Anticipated full implementation date: 7/1/17.	AG status report as of April 2016 disclosed that CAMM is dependent upon VTA succession plan that is currently in development. Once rolled out, CAMM will proceed according to plan. Procurement Manager also indicated that Succession Plan is a long-term effort. However, PCMM has developed a training matrix and continues to provide training opportunities as time and budget allow. This is still in the exploratory stage. - Lack of adequate succession planning can lead to less than adequate change management during times of anticipated or unanticipated employee turnover. - Inadequate change management can cause inconsistencies in the application of policies and procedures, and additional delays in end-to-end procurement turnaround times.
ATU Pension												
ATU Pension Plan Compliance Audit	8/28/14	**HIGH**	Management to explore fully implementing and using the SAP Pension module or similar application that fully integrates with SAP. Utilizing the SAP system to its fullest capabilities would streamline the manual processes, automate controls, reduce paperwork and simplify workflow. This would also allow all documents to be located electronically in one place and easily accessed, searched, tracked and reported upon. Additionally, if VTA management elects to implement the SAP Pension module, relevant training should be provided to all users to help maximize system usability, employee satisfaction with the new process and return on investment.	VTA management concurs with the recommendation. VTA will immediately begin evaluation to determine the business needs of the VTA/ATU Pension Plan administration process. Following completion of an SAP enhancement (Pack 6) scheduled for completion by December 2014 and depending on the results of the business needs evaluation, VTA will implement either SAP functionality or another available technology solution, whichever best meets the business needs. Although a firm date cannot be determined at this time, implementation of the technology solution is estimated for early 2015.	03/31/15				●	ATU Pension Bd	In August 2015, Maria Chavez spoke to and provided Technology staff the Auditor General's recommendation regarding SAP capabilities. Technology staff (Terresa Lee, Information Systems Supervisor) confirmed she reviewed SAP capabilities/functionalities, contacted external SAP users, and determined that the pension-related features in SAP are insufficient to be considered a viable option to improve efficiency. Technology and Retirement Services staff will develop the necessary reports to streamline and generate data and will review business processes to improve reporting capabilities. This is considered complete (per A Hudda) as exploration was made by IT and there was a determination that it is not necessary to implement SAP Pension module or similar applications.	- Critical Pension Plan documents are stored onsite with no backup of key data and/or documents. Documents may be misplaced or damaged, and confidential retiree personally identifiable information (PII) may be more easily compromised. - Due to current SAP limitations, necessary Pension Plan information may not be captured accurately or timely (i.e. contingent annuitant information).

Inventory of Recommendations Issued by the Office of the Auditor-General
Status of Implementation
As of August 17, 2016

Audit Report	Governance & Audit Committee review date	Risk Rating: High, Medium or Low	Recommendation	Response by Department	Original Target Date of Implementation	Revised Date of Implementation	Progress to Date: Not Implemented	Progress to Date: Substantially Implemented	Progress to Date: Fully Implemented	Responsible for Implementation	Actions Taken To Date	Other Comments
ATU Pension Plan Compliance Audit	8/28/14	**MEDIUM**	The RS team should consider updating existing documentation and developing new documentation where none exists for processes and controls across their scope of responsibility. As a part of this documentation, the RS team should utilize the IT department to identify key fields within the current SAP HR module and limit what fields are used and what data can be entered into each field. This would create consistency within all processes and thus enhance their ability to extract more accurate data for actuarial purposes. Some benefits that would be derived would include: • Consistent, standardized process execution and data entry methodologies; • Strengthened and more efficient internal controls throughout the processes; • Improved employee understanding of system access and capabilities, allowing for thorough review of segregation of duties; and • Easier training for new employees and cross-training of current employees. • The Board of Pensions should thoroughly review and update, where warranted, related existing Plan policies to accurately match current business practices. • Until the policy is revised, the BoP should provide clear guidance to RS staff on how disability retirements and medical re-evaluations should be processed. This will be especially important if the process is automated as outlined in the recommendation for Improvement Opportunity 1. These decisions should be formally announced as part of the BoP's decision and be captured in the record of the meeting.	VTA management agrees with the recommendation. Critical work procedures will be developed or updated by June 30, 2015. In addition, additional internal controls, albeit manual ones, suggested by Auditor General's Office staff, will be implemented immediately. VTA Management concurs with the recommendation. In anticipation of upcoming VTA/ATU contract negotiations, a subcommittee of BoP members and headed by BoP Vice Chairperson Robert Escobar has been established to review current Pension Plan policies. Any changes to Pension Plan policies as a result of contract negotiations will be presented to the BoP. Completion of any modifications to Pension Plan policies is targeted for six months following successful completion of negotiations between VTA and ATU.	06/30/15				🟢	ATU Pension Bd	Since 2015, Retirement Services staff has updated work procedures/business processes. As time permits and/or business processes change, Retirement Services is updating work instructions.	Turnover within the RS team could slow the processing of retiree benefits to create unforeseen data entry errors due to a lack of sufficient knowledge.
ATU Pension Plan Compliance Audit	8/28/14	**MEDIUM**	• The Board of Pensions should thoroughly review and update, where warranted, related existing Plan policies to accurately match current business practices. • Until the policy is revised, the BoP should provide clear guidance to RS staff on how disability retirements and medical re-evaluations should be processed. This will be especially important if the process is automated as outlined in the recommendation for Improvement Opportunity 1. These decisions should be formally announced as part of the BoP's decision and be captured in the record of the meeting.	VTA Management concurs with the recommendation. In anticipation of upcoming VTA/ATU contract negotiations, a subcommittee of BoP members and headed by BoP Vice Chairperson Robert Escobar has been established to review current Pension Plan policies. Any changes to Pension Plan policies as a result of contract negotiations will be presented to the BoP. Completion of any modifications to Pension Plan policies is targeted for six months following successful completion of negotiations between VTA and ATU.	Six months following effective date on new VTA/ATU contract	12/31/16		🟡		ATU Pension Bd	Since 2014, the Pension Plan Policies sub-committee has met periodically to discuss existing Board of Pensions policies. The sub-committee has developed/revised several Board policies that are scheduled to go to the Board of Pensions for their review and approval in the near future. Anticipated completion date: 12/31/16	- Inconsistent or non-compliant administrative practices could develop among staff. - Non-compliance with policy may expose the BoP and its trustees to unnecessary financial commitments that may not be in the best fiduciary interest of the Plan. - Failure to re-evaluate retirees' medical disabilities could result in payments to a retiree who is no longer medically disabled.
ATU Pension Plan Compliance Audit	8/28/14	**LOW**	Even though the ATU Investment Committee does provide optional training for its members, there is no formal requirement outlined in Plan policies. We recommend that VTA be proactive by identifying options and creating a recommended training plan policy for the BoP's consideration. This will ensure that recommendations made to the Investment Committee and BoP can be more effectively discussed and decided upon.	VTA management concurs with the recommendation. This recommendation was presented to BoP members at the August 12, 2014 BoP meeting. BoP members expressed support that formalized training opportunities will assist them in their fiduciary responsibilities and improve their contributions in making investment decisions on behalf of VTA-ATU, Local 265 members. VTA staff will work with the BoP to assist in formalizing training opportunities as part of reviewing the BoP's policies and will complete this effort by December 2014.	12/31/14				🟢	ATU Pension Bd	The Pension Plan Policies sub-committee has revised the Board of Pensions Education Policy which should be presented to the Board of Pensions in June or July 2016 for their review and approval. Completion date: 8/7/16.	Not having the sufficient investment knowledge to proactively make changes with the holdings to protect the fund in case of an adverse event can reduce the long-term effectiveness of the Plan.

Inventory of Recommendations Issued by the Office of the Auditor-General
Status of Implementation
As of August 17, 2016

Audit Report	Governance & Audit Committee review date	Risk Rating: High, Medium or Low	Recommendation	Response by Department	Original Target Date of Implementation	Revised Date of Implementation	Progress to Date: Not Implemented	Progress to Date: Substantially Implemented	Progress to Date: Fully Implemented	Responsible for Implementation	Actions Taken To Date	Other Comments
Engineering and Transportation Infrastructure Development												
Alum Rock Bus Rapid Transit (BRT) Project Delay Assessment	05/05/16	none specified	• Ensure the bid goes out fully-developed to minimize change orders • Insert and enforce contract penalties for failure to perform, including schedule-adherence by contractor • While delays are inevitable, develop contingency plans for contractor.	VTA management agrees: - A new process, Pre-Construction Requisition Review (Pre-Conreq), has been established to review contract documents for readiness to advertise. The review is performed by managers within the Engineering and Transportation Infrastructure Division (ETID) which requisite knowledge and experience to ensure completeness of the contract documents and that all pre-construction activities are addressed. -Contractors are no longer issued a Notice to Proceed until a baseline schedule is submitted and approved. Also, although California law generally limits the ability to impose contract "penalties", new construction contracts, such as the current Alum Rock Avenue Roadway/Stations construction contract, include interim milestones with corresponding liquidated damages. -Project Management Plans (PMP) will identify critical elements of the project and provide possible contingency actions in case of contractor non-performance. For example, for some key projects a completion contract could be used to clean up and install safety improvements during downtime if a non-performing contractor is terminated.	no implementation date specified				●	Director of Engr & Transp Infra Dev; Manager of Procurement, Contracts & Matls	Fully implemented. AG report to Bd on Aug 4, 2016. Ongoing procedure has been implemented	
Alum Rock Bus Rapid Transit (BRT) Project Delay Assessment	05/05/16	none specified	• Major goal in construction contracts should be to minimize community impacts (e.g. develop schedules that minimize community disruption) • Outline acceptable work plans in contract to ensure community impact is minimized (e.g. perform work in sections of the street in shorter increments to minimize impacts to businesses).	-VTA management concurs: - New contracts are being structured to minimize community impacts. Also, a community outreach plan will be prepared early in the project life to identify potential impacts and develop mitigation plans. -Constructability reviews will now include reviews for minimizing community impacts and will involve community outreach staff. Also, newly developed construction contracts now contain provisions to minimize community impacts. One example is the redesign of the Downtown BRT shelters to reduce the excavation required for the new shelters thus shortening the construction duration. Another example is the use of "CIR" (Cold in Place Recycling) asphalt paving for Alum Rock Avenue. CIR is a more environmentally friendly method of paving and can be done much quicker to reduce community impacts. Lastly, shorter, less-disruptive phasing is being implemented going forward in future construction contracts.	no implementation date specified				●	Director of Engr & Transp Infra Dev; Manager of Procurement, Contracts & Matls; Director of Communications	Fully implemented. AG report to Bd on Aug 4, 2016. Ongoing procedure has been implemented	

Inventory of Recommendations Issued by the Office of the Auditor-General
Status of Implementation
As of August 17, 2016

Audit Report	Governance & Audit Committee review date	Risk Rating: High, Medium or Low	Recommendation	Response by Department	Original Target Date of Implementation	Revised Date of Implementation	Progress to Date: Not Implemented	Progress to Date: Substantially Implemented	Progress to Date: Fully Implemented	Responsible for Implementation	Actions Taken To Date	Other Comments
Alum Rock Bus Rapid Transit (BRT) Project Delay Assessment	05/05/16	none specified	• Provide more specific contract requirements and guidelines • Set up additional processes in bid documents and contracts to ensure that priority expectations are met and impacts are minimized, utilizing interim milestones and liquidated damages • Include performance incentives in contract document • Nonperformance can be considered in evaluating future contractor bids.	VTA management agrees: -In addition to our current use of standard contract language for consistent and specific requirements, training is being implemented for project managers to prepare contract documents with more clear and specific contract language. A recent training event was held for project managers (June 28, 2016) with VTA legal counsel providing information on the preparation and execution of construction contracts. Also, the newly implemented Pre-Construction Requisition Review process includes a review by managers with appropriate design and construction experience to confirm that contract documents are specific, clear, biddable and buildable. -Contract language was recently revised to tighten specifications related to minimizing and mitigating impacts to the community, businesses, and others. Additionally, new construction contracts, such as the current Alum Rock Avenue Construction, include several interim milestones and associated liquidated damages. -Staff will continue to evaluate performance incentives on a project-by-project basis and implement as appropriate. -To this end, staff is currently preparing for Board consideration proposed revisions to the Board-adopted prequalification process, including allowing consideration of contractor prior non-performance.	no implementation date specified				●	Director of Engr & Transp Infra Dev; Gen Counsel	Fully implemented. AG report to Bd on Aug 4, 2016. Ongoing procedure has been implemented	
Alum Rock Bus Rapid Transit (BRT) Project Delay Assessment	05/05/16	none specified	• Ensure consensus on all design issues are established prior to bid process • Provide status reports to an active policy Advisory Board (PAB) • Report regularly to a standing committee of the VTA Board.	VTA management agrees: -The new Pre-Construction Requisition Review process includes reviews by Engineering and Transportation Infrastructure Division managers to ensure all open issues with stakeholders have been addressed prior to advertising the contract. -Staff will schedule recurring PAB meetings from initial project stages through final design. Project status reports will be presented at each meeting. During construction, regular updates will be provides to PAB members, the affected jurisdictions and other stakeholder groups. -Semiannual reports, action items (such as contract award, agreements, etc.) and major decisions will be taken to the appropriate standing committee.	no implementation date specified				●	Director of Engr & Transp Infra Dev	Fully implemented. AG report to Bd on Aug 4, 2016. Ongoing procedure has been implemented	

Inventory of Recommendations Issued by the Office of the Auditor-General
Status of Implementation
As of August 17, 2016

Audit Report	Governance & Audit Committee review date	Risk Rating: High, Medium or Low	Recommendation	Response by Department	Original Target Date of Implementation	Revised Date of Implementation	Progress to Date: Not Implemented	Progress to Date: Substantially Implemented	Progress to Date: Fully Implemented	Responsible for Implementation	Actions Taken To Date	Other Comments
Alum Rock Bus Rapid Transit (BRT) Project Delay Assessment	05/05/16	none specified	• Ensure that all pre-construction activities have been scheduled properly such as right-of-way acquisition, demolition, utility relocation, and permits prior to start of construction as required by the VTA policies and procedures • VTA should continue to consider its right to recover costs under the surety bond for contractor's non-performance • Start weekly progress reporting prior to the first week of construction • Ensure consistent review of proper coverage and limits per contract • Develop early warning system to ensure contract compliance	VTA management concurs: -The new Pre-Construction Requisition process includes reviews by qualified managers to ensure all pre-construction activities have been addressed. This includes property acquisition, utility relocations and permits. -VTA has and will continue to evaluate all options available in accordance with California law and the particular facts and circumstances of each matter. -Weekly meetings between VTA's construction staff and the contractor's key personnel will be held throughout the contract duration, starting well prior to any field activities. This will be a standard requirement in all future construction contracts. -VTA management agrees. Legal counsel and VTA's Risk Manager are part of the enhanced review process for readiness of contract documents prior to advertising. The Risk Manager's review will include a review of the coverage and limits. -A system is being set up to include a list of early warning signs that will include but not be limited to qualifications of key contractor personnel, early submittals including site specific work plans, and a baseline schedule. Failure of the contractor to perform on any of the key early warning signs will a notification warning to be issued to the contractor and for staff to implement appropriate actions.	no implementation date specified	9/30/16		●		Director of Engr & Transp Infra Dev	Substantially implemented. All action items were implemented except for the development of early warning system to ensure contract compliance which is anticipated to be implemented on Sept 30, 2016. A system is being set up to include a list of early warning signs that will include but not be limited to qualifications of key contractor personnel, earl;y submittals including site specific work plans, and a baseline schedule. Failure of the contractor to perform on any of the key early warning signs will create a notification warning to be issued to the contractor and for staff to implement appropriate actions. As an example, the contractor's ability to submit a realistic, acheivable and approvable baseline schedule is a crtical warning sign. A Notice to Proceed will not be issued without a VTA-approved schedule. Source: AG report to Bd on Aug 4, 2016. Anticipated full implementation: Sept 30, 2016.	
BART Comprehensive Agreement Assessment	09/03/15	**HIGH**	We recommend that if a subsidy is used to reimburse O&M costs, BART should provide VTA with a monthly or quarterly report "truing up" actual costs incurred to budgeted costs and demonstrating that the subsidy was actually used to pay for those costs.	Prior to the AG report, VTA orgnized an internal working group under the general oversight of the VTA Chief of Staff involving all affected division directors. For years, VTA's BART Silicon Valley Program staff have been meeting monthly with their counterparts at BART to arrange the details of implementing their mutual obligations under the VTA-BART Comprehensive Agreement. To date, VTA and BART have mave made arrangements on: -reimbursement to BART for costs incurred in making staff and other resources available to the BART SV Extension. -providing specific equipment to BART SV Extension construction. VTA and BART have also executed two companion agreements that address events and requirements not anticipated by the Comprehensive Agreement, as follows: - Hayward Maintenance Complex that supports the phased implementation of VTA's Extension. -Vehicle Procurement that will supply VTA with rolling stock from BART's vehicle fleet replacemetn program. VTA and BART management and staff have developed a schedule for completing the planned O&M Agreement, and defining roles and responsbilities between VTA and BART. Internal and interagency coordination has include operations, maintenance, police, security, finance and accounting, communications, planning, real estate, labor relations, General Counsel, and other third-party interfaces.	no implementation date specified	6/30/18	NOT YET DUE FOR IMPLEMENTATION			Director of Engr & Transp Infra Dev; CFO, General Counsel	The recommendations from the Audit Report have been incorporated into an Audit Reconciliation Plan as part of the Internal VTA management working group for the VTA-BART O&M Agreement. This will be addresed in O&M Agreement which is anticipated to be completed in October 2017. Full implementation of the related contract provisions is anticipated to occur in June 2018.	The format prescribed in the Agreement for invoicing O&M costs does not provide VTA sufficient prior visibility into the costs incurred. The majority of O&M costs may potentially be reimbursed out of the subsidy and revenues, with only a minimal amount costs being invoiced and subject to VTA's review.
BART Comprehensive Agreement Assessment	09/03/15	**HIGH**	The subsidy from VTA should be deposited into a VTA account dedicated to paying O&M costs. Any accrued interest from the subsidy should similarly be used towards reimbursing O&M costs.	See combined response in Audit Reference BARTCAA 01.1	no implementation date specified	6/30/18	NOT YET DUE FOR IMPLEMENTATION			Director of Engr & Transp Infra Dev; CFO, General Counsel	The recommendations from the Audit Report have been incorporated into an Audit Reconciliation Plan as part of the Internal VTA management working group for the VTA-BART O&M Agreement. This will be addresed in O&M Agreement which is aniticipated to be completed in October 2017. Full implementation of the related contract provisions is anticipated to occur in June 2018.	The format prescribed in the Agreement for invoicing O&M costs does not provide VTA sufficient prior visibility into the costs incurred. The majority of O&M costs may potentially be reimbursed out of the subsidy and revenues, with only a minimal amount costs being invoiced and subject to VTA's review.

Inventory of Recommendations Issued by the Office of the Auditor-General
Status of Implementation
As of August 17, 2016

Audit Report	Governance & Audit Committee review date	Risk Rating: High, Medium or Low	Recommendation	Response by Department	Original Target Date of Implementation	Revised Date of Implementation	Progress to Date: Not Implemented / Substantially Implemented / Fully Implemented	Responsible for Implementation	Actions Taken To Date	Other Comments
BART Comprehensive Agreement Assessment	09/03/15	**HIGH**	VTA should evaluate whether a model-based form of calculation is most appropriate for the calculation and invoicing of O&M costs. Other options may include reimbursing BART for actual cost incurred (although the effort required to substantiate and verify actual costs may be excessive) or a task-based form of reimbursement.	See combined response in Audit Reference BARTCAA 01.1	no implementation date specified	6/30/18	NOT YET DUE FOR IMPLEMENTATION	Director of Engr & Transp Infra Dev; CFO, General Counsel	The recommendations from the Audit Report have been incorporated into an Audit Reconciliation Plan as part of the Internal VTA management working group for the VTA-BART O&M Agreement. A review of Cost Model will be undertaken. Outcome will be reflected in O&M Agreement which is anticipated to be completed in October 2017. Full implementation of the related contract provisions is anticipated to occur in June 2018.	The costing model may include specific costs or cost types for which VTA should not be liable, & identifying these costs would likely require significant effort. Even if VTA were to identify specific costs for exclusion, the Comprehensive Agreement does not currently provide for VTA's right to do so. The agreement also does not specifically address VTA's right to audit & verify the model on a periodic basis.
BART Comprehensive Agreement Assessment	09/03/15	**HIGH**	If a model-based form of reimbursement is determined to be the most appropriate, VTA should evaluate whether the Padron Model (or "Kinetics Model", as it is currently known) is the appropriate model to use or whether an alternative model should be considered.	See combined response in Audit Reference BARTCAA 01.1	no implementation date specified	6/30/18	NOT YET DUE FOR IMPLEMENTATION	Director of Engr & Transp Infra Dev; CFO, General Counsel	The recommendations from the Audit Report have been incorporated into an Audit Reconciliation Plan as part of the Internal VTA management working group for the VTA-BART O&M Agreement. A review of Cost Model will be undertaken. Outcome will be reflected in O&M Agreement which is anticipated to be completed in October 2017. Full implementation of the related contract provisions is anticipated to occur in June 2018.	The costing model may include specific costs or cost types for which VTA should not be liable, & identifying these costs would likely require significant effort. Even if VTA were to identify specific costs for exclusion, the Comprehensive Agreement does not currently provide for VTA's right to do so. The agreement also does not specifically address VTA's right to audit & verify the model on a periodic basis.
BART Comprehensive Agreement Assessment	09/03/15	**HIGH**	If a model-based form of reimbursement is determined to be the most appropriate, VTA should have the right to review and approve the costs included in the model. VTA should also be provided the right to audit and verify the model on a periodic basis.	See combined response in Audit Reference BARTCAA 01.1	no implementation date specified	6/30/18	NOT YET DUE FOR IMPLEMENTATION	Director of Engr & Transp Infra Dev; CFO, General Counsel	The recommendations from the Audit Report have been incorporated into an Audit Reconciliation Plan as part of the Internal VTA management working group for the VTA-BART O&M Agreement. A review of Cost Model will be undertaken. Outcome will be reflected in O&M Agreement which is anticipated to be completed in October 2017. Full implementation of the related contract provisions is anticipated to occur in June 2018.	The costing model may include specific costs or cost types for which VTA should not be liable, & identifying these costs would likely require significant effort. Even if VTA were to identify specific costs for exclusion, the Comprehensive Agreement does not currently provide for VTA's right to do so. The agreement also does not specifically address VTA's right to audit & verify the model on a periodic basis.
BART Comprehensive Agreement Assessment	09/03/15	**HIGH**	VTA and BART should evaluate whether a $12 million subsidy is appropriate and accurately captures the costs of O&M. The subsidy agreed to in the Companion Agreement should reflect the actual current alignment, with the potential for being reevaluated once Phase 2 is complete.	See combined response in Audit Reference BARTCAA 01.1	no implementation date specified	6/30/18	NOT YET DUE FOR IMPLEMENTATION	Director of Engr & Transp Infra Dev; CFO, General Counsel	The recommendations from the Audit Report have been incorporated into an Audit Reconciliation Plan as part of the Internal VTA management working group for the VTA-BART O&M Agreement. A review of subsidy allocation and escalation factors will be undertaken. Outcome will be reflected in O&M Agreement which is anticipated to be completed in October 2017. Full implementation of the related contract provisions is anticipated to occur in June 2018.	The $12M subsidy in the agreement does not accurately reflect the current length of the alignment, nor does it consider the relative O&M costs of the remaining 3 miles that has not yet been built. The growth in taxable sales rate likely does not accurately reflect the actual growth of O&M costs.
BART Comprehensive Agreement Assessment	09/03/15	**HIGH**	VTA should evaluate whether using an escalation factor is the most appropriate method for adjusting the subsidy. Other options include reviewing and approving a total annual subsidy amount based on forecasted O&M costs.	See combined response in Audit Reference BARTCAA 01.1	no implementation date specified	6/30/18	NOT YET DUE FOR IMPLEMENTATION	Director of Engr & Transp Infra Dev; CFO, General Counsel	The recommendations from the Audit Report have been incorporated into an Audit Reconciliation Plan as part of the Internal VTA management working group for the VTA-BART O&M Agreement. A review of subsidy allocation and escalation factors will be undertaken. Outcome will be reflected in O&M Agreement which is anticipated to be completed in October 2017. Full implementation of the related contract provisions is anticipated to occur in June 2018.	The $12M subsidy in the agreement does not accurately reflect the current length of the alignment, nor does it consider the relative O&M costs of the remaining 3 miles that has not yet been built. The growth in taxable sales rate likely does not accurately reflect the actual growth of O&M costs.
BART Comprehensive Agreement Assessment	09/03/15	**HIGH**	If an escalation factor is used, VTA should evaluate whether the taxable sales growth rate is the most appropriate factor to use or whether other industry escalation factors would be more appropriate.	See combined response in Audit Reference BARTCAA 01.1	no implementation date specified	6/30/18	NOT YET DUE FOR IMPLEMENTATION	Director of Engr & Transp Infra Dev; CFO, General Counsel	The recommendations from the Audit Report have been incorporated into an Audit Reconciliation Plan as part of the Internal VTA management working group for the VTA-BART O&M Agreement. A review of subsidy allocation and escalation factors will be undertaken. Outcome will be reflected in O&M Agreement which is anticipated to be completed in October 2017. Full implementation of the related contract provisions is anticipated to occur in June 2018.	The $12M subsidy in the agreement does not accurately reflect the current length of the alignment, nor does it consider the relative O&M costs of the remaining 3 miles that has not yet been built. The growth in taxable sales rate likely does not accurately reflect the actual growth of O&M costs.
BART Comprehensive Agreement Assessment	09/03/15	**HIGH**	VTA should evaluate the methodology used by BART to report revenue and determine whether it is sufficiently reasonable and accurate, and the Companion Agreement should define the methodology and frequency of revenue reporting.	See combined response in Audit Reference BARTCAA 01.1	no implementation date specified	6/30/18	NOT YET DUE FOR IMPLEMENTATION	Director of Engr & Transp Infra Dev; CFO, General Counsel	The recommendations from the Audit Report have been incorporated into an Audit Reconciliation Plan as part of the Internal VTA management working group for the VTA-BART O&M Agreement. A review of Revenue Reporting process and reporting will be undertaken. Outcome will be reflected in O&M Agreement which is anticipated to be completed in October 2017. Full implementation of the related contract provisions is anticipated to occur in June 2018.	BART may use a methodology to calculate & credit revenue to the Extension that is inaccurate, inappropriate or otherwise require a significant level of review by VTA. The agreement does not specifically address VTA's right to audit & verify the revenue reported by BART, & VTA does not have access to BART's fare data to verify the accuracy of revenue reported.

Inventory of Recommendations Issued by the Office of the Auditor-General
Status of Implementation
As of August 17, 2016

Audit Report	Governance & Audit Committee review date	Risk Rating: High, Medium or Low	Recommendation	Response by Department	Original Target Date of Implementation	Revised Date of Implementation	Progress to Date			Responsible for Implementation	Actions Taken To Date	Other Comments
							Not Implemented	Substantially Implemented	Fully Implemented			
BART Comprehensive Agreement Assessment	09/03/15	**HIGH**	The Companion Agreement should provide VTA the right to audit revenue reported, and VTA should have periodic access to BART's fare data and other information in order to be able to independently verify the revenue credited to the Extension.	See combined response in Audit Reference BARTCAA 01.1	no implementation date specified	6/30/18	NOT YET DUE FOR IMPLEMENTATION			Director of Engr & Transp Infra Dev; CFO, General Counsel	The recommendations from the Audit Report have been incorporated into an Audit Reconciliation Plan as part of the Internal VTA management working group for the VTA-BART O&M Agreement. The Comprehensive Agreement address this item under General Provisions- Records and Audit Section - addresses in general terms. O&M Agreement (anticipated completion date is October 2017) will address this item in greater detail.	BART may use a methodology to calculate & credit revenue to the Extension that is inaccurate, inappropriate or otherwise require a significant level of review by VTA. The agreement does not specifically address VTA's right to audit & verify the revenue reported by BART, & VTA does not have access to BART's fare data to verify the accuracy of revenue reported.
BART Comprehensive Agreement Assessment	09/03/15	**HIGH**	The Companion Agreement should require BART to obtain VTA review and approval for the use of all revenues generated by (credited to) the Extension.	See combined response in Audit Reference BARTCAA 01.1	no implementation date specified	6/30/18	NOT YET DUE FOR IMPLEMENTATION			Director of Engr & Transp Infra Dev; CFO, General Counsel	The recommendations from the Audit Report have been incorporated into an Audit Reconciliation Plan as part of the Internal VTA management working group for the VTA-BART O&M Agreement. A review of Revenue Reporting process and reporting will be undertaken. Outcome will be reflected in O&M Agreement which is anticipated to be completed in October 2017. Full implementation of the related contract provisions is anticipated to occur in June 2018.	Revenues generated from the operations of the Extension may potentially by used by BART to pay for O&M costs not attributable to Extension, or for costs which VTA should otherwise not be liable.
BART Comprehensive Agreement Assessment	09/03/15	**HIGH**	VTA should have access to any excess revenue generated by the Extension at least on annual basis once those revenues are known.	See combined response in Audit Reference BARTCAA 01.1	no implementation date specified	6/30/18	NOT YET DUE FOR IMPLEMENTATION			Director of Engr & Transp Infra Dev; CFO, General Counsel	The recommendations from the Audit Report have been incorporated into an Audit Reconciliation Plan as part of the Internal VTA management working group for the VTA-BART O&M Agreement. The Capital Reserve Fund Allocation must also be considered (per IV.F.5, pg. 29)	VTA may potentially not have access to any excess revenues generated & earned on the Extension for the first 15 years of operations.
BART Comprehensive Agreement Assessment	09/03/15	**HIGH**	VTA should address with the FTA whether additional grants will be available to VTA.	See combined response in Audit Reference BARTCAA 01.1	no implementation date specified	6/30/18	NOT YET DUE FOR IMPLEMENTATION			Director of Engr & Transp Infra Dev; CFO, General Counsel	The recommendations from the Audit Report have been incorporated into an Audit Reconciliation Plan as part of the Internal VTA management working group for the VTA-BART O&M Agreement. Comprehensive Agreement (VII.C.5 p.52) notes VTA will be reporting extension data to FTA. Full implementation of the related contract provisions is anticipated to occur in June 2018.	If BART is permitted to claim 100% of ridership increases in its FTA grant application, BART may be granted additional funds to cover O&M whereas VTA may have to pay for its costs out of existing funds.
BART Comprehensive Agreement Assessment	09/03/15	**HIGH**	1) Areas of responsibility for BART and VTA in and outside of stations should be clearly defined in the Companion Agreement in a method determined to be most appropriate by both parties, i.e. defined areas inside and outside of stations, boundaries marked on architectural drawings, etc.	See combined response in Audit Reference BARTCAA 01.1	no implementation date specified	6/30/18	NOT YET DUE FOR IMPLEMENTATION			Director of Engr & Transp Infra Dev; CFO, General Counsel	The recommendations from the Audit Report have been incorporated into an Audit Reconciliation Plan as part of the Internal VTA management working group for the VTA-BART O&M Agreement. SVBX has undertaken an effort to clearly delineate BART/VTA responsibilities, including utilities. O&M Agreement (anticipated completion date is Oct 2017) will include the outcome. Fire Protection and Security will be addressed under a separate agreement. Full implementation of the related contract provisions is anticipated to occur in June 2018.	There is not sufficient definition or distinction of the areas or services that each party will be responsible for during the O&M phase. As a result, significant disputes, disagreements & conflicts may arise due to lack of understanding roles & responsibilities. Routine & non-routine services & repairs may be unnecessarily delayed, and customer service & reputation may suffer as a result.
BART Comprehensive Agreement Assessment	09/03/15	**HIGH**	The Companion Agreement should address roles and responsibilities for aspects of O&M that are not easily defined or span multiple boundaries (such as underground utilities, fire protection, or security).	See combined response in Audit Reference BARTCAA 01.1	no implementation date specified	6/30/18	NOT YET DUE FOR IMPLEMENTATION			Director of Engr & Transp Infra Dev; CFO, General Counsel	The recommendations from the Audit Report have been incorporated into an Audit Reconciliation Plan as part of the Internal VTA management working group for the VTA-BART O&M Agreement. SVBX has undertaken an effort to clearly delineate BART/VTA responsibilities, including utilities. O&M Agreement (anticipated completion date is Oct 2017) will include the outcome. Fire Protection and Security will be addressed under a separate agreement. Full implementation of the related contract provisions is anticipated to occur in June 2018.	There is not sufficient definition or distinction of the areas or services that each party will be responsible for during the O&M phase. As a result, significant disputes, disagreements & conflicts may arise due to lack of understanding roles & responsibilities. Routine & non-routine services & repairs may be unnecessarily delayed, and customer service & reputation may suffer as a result.
BART Comprehensive Agreement Assessment	09/03/15	**HIGH**	VTA should collaborate with BART to review the standards in place for BART operations and maintenance. If VTA determines that BART's standards are not acceptable for the operation of the Extension, new standards should be developed, agreed to and incorporated into the Companion Agreement.	See combined response in Audit Reference BARTCAA 01.1	no implementation date specified	6/30/18	NOT YET DUE FOR IMPLEMENTATION			Director of Engr & Transp Infra Dev; CFO, General Counsel	The recommendations from the Audit Report have been incorporated into an Audit Reconciliation Plan as part of the Internal VTA management working group for the VTA-BART O&M Agreement. The Comprehensive Agreement allows for VTA to request the Extn to be operated and maintained at a level higher than the BART Core Standards. SVBX has undertaken an effort to clearly delineate BART/VTA responsibilities, including utilities. O&M Agreement (anticipated completion date is Oct 2017) will include the outcome. Fire Protection and Security will be addressed under a separate agreement. Full implementation of the related contract provisions is anticipated to occur in June 2018.	VTA does not have the right to approve changes to the O&M standards for the Extension. The Extension may be operated & maintained at lower standards that VTA standards, & Extension ridership, safety & security, & customer satisfaction may be negatively impacted due to lower standards.
BART Comprehensive Agreement Assessment	09/03/15	**HIGH**	VTA should have the right to approve all changes to standards that may substantially impact Extension ridership, safety and security, or customer satisfaction.	See combined response in Audit Reference BARTCAA 01.1	no implementation date specified	6/30/18	NOT YET DUE FOR IMPLEMENTATION			Director of Engr & Transp Infra Dev; CFO, General Counsel	The recommendations from the Audit Report have been incorporated into an Audit Reconciliation Plan as part of the Internal VTA management working group for the VTA-BART O&M Agreement. O&M Agreement (with anticipated completion date of October 2017) will outline circumstances (e.g. change O&M Standards) in which VTA may request higher maintenance levels. Full implementation of the related contract provisions is anticipated to occur in June 2018.	VTA does not have the right to approve changes to the O&M standards for the Extension. The Extension may be operated & maintained at lower standards that VTA standards, & Extension ridership, safety & security, & customer satisfaction may be negatively impacted due to lower standards.

Inventory of Recommendations Issued by the Office of the Auditor-General
Status of Implementation
As of August 17, 2016

Audit Report	Governance & Audit Committee review date	Risk Rating: High, Medium or Low	Recommendation	Response by Department	Original Target Date of Implementation	Revised Date of Implementation	Progress to Date			Responsible for Implementation	Actions Taken To Date	Other Comments
							Not Implemented	Substantially Implemented	Fully Implemented			
BART Comprehensive Agreement Assessment	09/03/15	**HIGH**	Areas of responsibility for BART and VTA security and safety in and outside of stations should be clearly defined in the Companion Agreement in a method determined to be most appropriate by both parties, i.e. defined areas inside and outside of stations, boundaries marked on architectural drawings, etc.	See combined response in Audit Reference BARTCAA 01.1	no implementation date specified	6/30/18	NOT YET DUE FOR IMPLEMENTATION			Director of Engr & Transp Infra Dev; CFO, General Counsel	The recommendations from the Audit Report have been incorporated into an Audit Reconciliation Plan as part of the Internal VTA management working group for the VTA-BART O&M Agreement. SVBX has undertaken an effort to clearly delineate BART/VTA responsibilities, including utilities. O&M Agreement (anticpated completion date is Oct 2017) will include the outcome. Fire Protection and Security will be addressed under a separate agreement. Full implementation of the related contract provisions is anticipated to occur in June 2018.	The agreement does not define the safety & security functions that will be performed by either party both on trains & inside & outside of stations. For BART, the agreement does not define the levels or types of staffing BART will be required to provide on the Extension trains, stations & in parking facilities & other areas outside the stations. There may also be differences in policy & procedure between BART & VTA, which could lead to decreased security standards & rider safety on the Extension.
BART Comprehensive Agreement Assessment	09/03/15	**HIGH**	VTA should evaluate BART's safety and security standards and determine whether they are consistent with VTA's standards and expectations.	See combined response in Audit Reference BARTCAA 01.1	no implementation date specified	6/30/18	NOT YET DUE FOR IMPLEMENTATION			Director of Engr & Transp Infra Dev; CFO, General Counsel	The recommendations from the Audit Report have been incorporated into an Audit Reconciliation Plan as part of the Internal VTA management working group for the VTA-BART O&M Agreement. SVBX has undertaken an effort to clearly delineate BART/VTA responsibilities, including utilities. O&M Agreement (anticpated completion date is Oct 2017) will include the outcome. Fire Protection and Security will be addressed under a separate agreement. Full implementation of the related contract provisions is anticipated to occur in June 2018.	The agreement does not define the safety & security functions that will be performed by either party both on trains & inside & outside of stations. For BART, the agreement does not define the levels or types of staffing BART will be required to provide on the Extension trains, stations & in parking facilities & other areas outside the stations. There may also be differences in policy & procedure between BART & VTA, which could lead to decreased security standards & rider safety on the Extension.
BART Comprehensive Agreement Assessment	09/03/15	**HIGH**	The Companion Agreement should define the safety and security expectations on the Extension and set minimum standards, expected staffing levels, and Key Performance Indicators (KPIs) to accurately track performance and overall safety.	See combined response in Audit Reference BARTCAA 01.1	no implementation date specified	6/30/18	NOT YET DUE FOR IMPLEMENTATION			Director of Engr & Transp Infra Dev; CFO, General Counsel	The recommendations from the Audit Report have been incorporated into an Audit Reconciliation Plan as part of the Internal VTA management working group for the VTA-BART O&M Agreement. A review of Revenue Reporting process and reporting will be undertaken. Outcome will be reflected in O&M Agreement which is aniticipated to be completed in October 2017. Full implementation of the related contract provisions is anticipated to occur in June 2018.	The agreement does not define the safety & security functions that will be performed by either party both on trains & inside & outside of stations. For BART, the agreement does not define the levels or types of staffing BART will be required to provide on the Extension trains, stations & in parking facilities & other areas outside the stations. There may also be differences in policy & procedure between BART & VTA, which could lead to decreased security standards & rider safety on the Extension.
BART Comprehensive Agreement Assessment	09/03/15	**HIGH**	VTA should evaluate whether BART's operations and maintenance standards meet VTA's standards and expectations.	See combined response in Audit Reference BARTCAA 01.1	no implementation date specified	6/30/18	NOT YET DUE FOR IMPLEMENTATION			Director of Engr & Transp Infra Dev; CFO, General Counsel	The recommendations from the Audit Report have been incorporated into an Audit Reconciliation Plan as part of the Internal VTA management working group for the VTA-BART O&M Agreement. A comparison of the BART's Operations and Maintenance Standards against VTA standards will be undertaken. Outcome will be reflected in O&M Agreement (which is anticipated to be completed in October 2017). Full implementation of the related contract provisions is anticipated to occur in June 2018.	Differences in O&M policy & procedures between VTA & BART could lead to decreased standards & service on the Extension. As a result, significant disputes, disagreements & conflicts may arise due to lack of understanding roles & responsibilities.
BART Comprehensive Agreement Assessment	09/03/15	**HIGH**	The Companion Agreement should clearly define roles and responsibilities for the operation of the Extension.	See combined response in Audit Reference BARTCAA 01.1	no implementation date specified	6/30/18	NOT YET DUE FOR IMPLEMENTATION			Director of Engr & Transp Infra Dev; CFO, General Counsel	The recommendations from the Audit Report have been incorporated into an Audit Reconciliation Plan as part of the Internal VTA management working group for the VTA-BART O&M Agreement. The O&M Agreement (which is anticipated to be completed in October 2017) will provide details regarding Operation/Maintenance of SVBX.	Differences in O&M policy & procedures between VTA & BART could lead to decreased standards & service on the Extension. As a result, significant disputes, disagreements & conflicts may arise due to lack of understanding roles & responsibilities.
BART Comprehensive Agreement Assessment	09/03/15	**HIGH**	VTA should have the right to approve all changes to standards that are determined to substantially impact Extension ridership, safety and security, or customer satisfaction.	See combined response in Audit Reference BARTCAA 01.1	no implementation date specified	6/30/18	NOT YET DUE FOR IMPLEMENTATION			Director of Engr & Transp Infra Dev; CFO, General Counsel	The recommendations from the Audit Report have been incorporated into an Audit Reconciliation Plan as part of the Internal VTA management working group for the VTA-BART O&M Agreement. The O&M Agreement (which is anticipated to be completed in October 2017) will outline circumstances (e.g., change O&M Standards) in which VTA may request higher service levels. Full implementation of the related contract provisions is anticipated to occur in June 2018.	Differences in O&M policy & procedures between VTA & BART could lead to decreased standards & service on the Extension. As a result, significant disputes, disagreements & conflicts may arise due to lack of understanding roles & responsibilities.
BART Comprehensive Agreement Assessment	09/03/15	**HIGH**	VTA should have personnel assigned to the coordination, management, and liaising of Extension activities with BART.	See combined response in Audit Reference BARTCAA 01.1	no implementation date specified	6/30/18	NOT YET DUE FOR IMPLEMENTATION			Director of Engr & Transp Infra Dev; CFO, General Counsel	The recommendations from the Audit Report have been incorporated into an Audit Reconciliation Plan as part of the Internal VTA management working group for the VTA-BART O&M Agreement. O&M Agreement is anticipated to be completed in October 2017.	VTA may be understaffed or insufficiently staffed to respond to the demands required for effective & efficient management of the Extension operations & maintenance.

Inventory of Recommendations Issued by the Office of the Auditor-General
Status of Implementation
As of August 17, 2016

Audit Report	Governance & Audit Committee review date	Risk Rating: High, Medium or Low	Recommendation	Response by Department	Original Target Date of Implementation	Revised Date of Implementation	Progress to Date			Responsible for Implementation	Actions Taken To Date	Other Comments
							Not Implemented	Substantially Implemented	Fully Implemented			
BART Comprehensive Agreement Assessment	09/03/15	**HIGH**	VTA should have personnel assigned to processing and approving the invoices in accordance with the Companion Agreement terms and conditions and any changes or modifications therewith.	See combined response in Audit Reference BARTCAA 01.1	no implementation date specified	6/30/18	NOT YET DUE FOR IMPLEMENTATION			Director of Engr & Transp Infra Dev; CFO, General Counsel	The recommendations from the Audit Report have been incorporated into an Audit Reconciliation Plan as part of the Internal VTA management working group for the VTA-BART O&M Agreement. O&M Agreement is anticipated to be completed in October 2017. Full implementation of the related contract provisions is anticipated to occur in June 2018.	VTA may be understaffed or insufficiently staffed to respond to the demands required for effective & efficient management of the Extension operations & maintenance.
BART Comprehensive Agreement Assessment	09/03/15	**HIGH**	VTA should have personnel assigned to monitoring service levels and key performance indicators of the Extension.	See combined response in Audit Reference BARTCAA 01.1	no implementation date specified	6/30/18	NOT YET DUE FOR IMPLEMENTATION			Director of Engr & Transp Infra Dev; CFO, General Counsel	The recommendations from the Audit Report have been incorporated into an Audit Reconciliation Plan as part of the Internal VTA management working group for the VTA-BART O&M Agreement. O&M Agreement is anticipated to be completed in October 2017. Full implementation of the related contract provisions is anticipated to occur in June 2018.	VTA may be understaffed or insufficiently staffed to respond to the demands required for effective & efficient management of the Extension operations & maintenance.
BART Comprehensive Agreement Assessment	09/03/15	**HIGH**	The Companion Agreement should clearly define the boundaries of VTA's liability on the BART core system, i.e. by geographical boundaries, project type, or incremental benefit to VTA.	See combined response in Audit Reference BARTCAA 01.1	no implementation date specified	6/30/18	NOT YET DUE FOR IMPLEMENTATION			Director of Engr & Transp Infra Dev; CFO, General Counsel	The recommendations from the Audit Report have been incorporated into an Audit Reconciliation Plan as part of the Internal VTA management working group for the VTA-BART O&M Agreement. Implementation of Capital Improvement Projects will be handled under independent agreements (e.g. Cost Share Agreements, Implementation Letter). Full implementation of the related contract provisions is anticipated to occur in June 2018.	VTA will be obligated to pay for improvements to the BART Core System that are unrelated to Extension operations or from which VTA receives a very limited benefit.
BART Comprehensive Agreement Assessment	09/03/15	**HIGH**	VTA should have increased participation in the 10-year CIP development process with BART for any costs that will impact VTA.	See combined response in Audit Reference BARTCAA 01.1	no implementation date specified	6/30/18	NOT YET DUE FOR IMPLEMENTATION			Director of Engr & Transp Infra Dev; CFO, General Counsel	The recommendations from the Audit Report have been incorporated into an Audit Reconciliation Plan as part of the Internal VTA management working group for the VTA-BART O&M Agreement. O&M Agreement (with anticipated completion date of October 2017) will detail the Capital Investment/Planning process. Capital Projects will be implemented with BART through individual and independent agreements (e.g. Cost Share Agreements or Implementation Letters). It should be noted that the Comprehensive Agreement requires Capital Investment needs (Capital Planning) will be addressed through three mechanisms: (1) Development of CIP with annual updates, (2) Jointly developed/approved annual Capital Invest Financial Plan, (3) Cost estimates for Capital; Projects included in both of the above. Full implementation of the related contract provisions is anticipated to occur in June 2018.	The lack of agreement between VTA's right to approve costs in the 10-year CIP plan & annual CIP plan may lead to disputes between VTA and BART over the capital improvement costs borne by VTA.
BART Comprehensive Agreement Assessment	09/03/15	**HIGH**	The Companion Agreement should give VTA the right to approve any capital improvement projects for which they will be substantially liable.	See combined response in Audit Reference BARTCAA 01.1	no implementation date specified	6/30/18	NOT YET DUE FOR IMPLEMENTATION			Director of Engr & Transp Infra Dev; CFO, General Counsel	The recommendations from the Audit Report have been incorporated into an Audit Reconciliation Plan as part of the Internal VTA management working group for the VTA-BART O&M Agreement. O&M Agreement (with anticipated completion date of October 2017) will detail the Capital Investment/Planning process. Capital Projects will be implemented with BART through individual and independent agreements (e.g. Cost Share Agreements or Implementation Letters). It should be noted that the Comprehensive Agreement requires Capital Investment needs (Capital Planning) will be addressed through three mechanisms: (1) Development of CIP with annual updates, (2) Jointly developed/approved annual Capital Invest Financial Plan, (3) Cost estimates for Capital; Projects included in both of the above. Full implementation of the related contract provisions is anticipated to occur in June 2018.	The lack of agreement between VTA's right to approve costs in the 10-year CIP plan & annual CIP plan may lead to disputes between VTA and BART over the capital improvement costs borne by VTA.
BART Comprehensive Agreement Assessment	09/03/15	**HIGH**	The Companion Agreement should clearly identify the methodology (or methodologies, if multiple are required) used to apportion Capital Improvement project costs to VTA.	See combined response in Audit Reference BARTCAA 01.1	no implementation date specified	6/30/18	NOT YET DUE FOR IMPLEMENTATION			Director of Engr & Transp Infra Dev; CFO, General Counsel	The recommendations from the Audit Report have been incorporated into an Audit Reconciliation Plan as part of the Internal VTA management working group for the VTA-BART O&M Agreement. Capital Projects (including cost allocations) will be implemented with BART through individual and independnet agreements (e.g., Cost Share Agreements or Implementation Letters). Full implementation of the related contract provisions is anticipated to occur in June 2018.	Without a defined methodology, VTA & BART may disagree on costing allocation methodology, which could result in a dispute between parties. VTA may bear an unreasonable & unnecessary amount of CIP costs if an inappropriate allocation methodology is used.
BART Silicon Valley (SVBX) Schedule Assessment	05/01/14	**MEDIUM**	We recommend that VTA continue to conduct the weekly meetings with SSH and emphasize the importance of communicating the current, accurate and complete schedules. We also recommend that VTA request SSH to review the staffing level for this requirement to ensure staffing is adequate to meet the upcoming construction, and provide a report back to VTA on their go-forward plans to ensure adequate staffing, including measures such as provisions for back-up personnel and cross-training provisions.	We agree with the recommendation as stated and will continue to use the contractual tools at our disposal including formal notifications to SSH for corrective actions needed, non-compliance reports and /or withholding portions of payments until SSH is fully compliant. VTA is reorganizing its team that will closely coordinate with SSH's field staff to assure seamless communication. By April 30, 2014, VTA will reiterate contractual obligations regarding community outreach requirements to SSH, indicate that given their current performance SSH resources applied to this requirement appear to be insufficient, and strongly encourage them to consider making changes to the SSH organization to realize needed performance improvement in this area.	04/30/14					Director of Engr & Transp Infra Dev (BART Silicon Valley)	Completed 4/30/2014. Reference Document: P0728-C700-14-0953.	Failure to properly notify the public may result in adverse public perception of the project, which could jeopardize public support for both the SVBX component and, more importantly, for the 2nd phase from Berryessa through downtown San Jose to Santa Clara. Failure to notify the public increases the risk of accidents involving the public that are related to the construction. This will become ratably more significant as construction is projected to increase substantially within the next year & will require additional time to monitor & report the construction schedules timely to VTA.

Inventory of Recommendations Issued by the Office of the Auditor-General
Status of Implementation
As of August 17, 2016

Audit Report	Governance & Audit Committee review date	Risk Rating: High, Medium or Low	Recommendation	Response by Department	Original Target Date of Implementation	Revised Date of Implementation	Progress to Date			Responsible for Implementation	Actions Taken To Date	Other Comments
							Not Implemented	Substantially Implemented	Fully Implemented			
BART Silicon Valley (SVBX) Schedule Assessment	05/01/14	**MEDIUM**	We recommend that VTA work closely with SSH to ensure that they submit timely and accurate information as requested by Change Order #38 and the subsequent Project Manager's response dated March 11, 2014. Additionally, should future change orders arise whereby schedule updates are required, VTA should work with SSH to help ensure that the process is completed timely.	SSH submitted a revised Baseline Contract Schedule on January 16, 2013 that was accepted with status Make Corrections Noted (MCN) on February 10, 2014. SSH made a subsequent submittal on February 14th as stated. It was also accepted MCN on March 11, 2014. We agree with the recommendation that VTA work closely with SSH to ensure they submit timely and accurate information as requested by CO #38 and for any future schedule revisions. This can be augmented by the Project Manager's potential usage of Contract provisions relative to withholding of payment as described in Contract section 7.3.2, Special Withholding. By April 30, 2014, VTA will reiterate contractual obligations regarding schedule submittal requirements to SSH, indicate that based on past performance SSH resources applied to this requirement appear to be insufficient, and make specific recommendations about changes to the SSH organization to improve performance in this area.					●	Director of Engr & Transp Infra Dev (BART Silicon Valley)	Completed VTA implemented a program of special withholding for schedule deficiencies and issued a Corrective Action Report that ultimately induced a change in SSH schedule resources and a contract compliant schedule submittal. Reference Document: P0728-C700-14-2002 P0728-C700-CAR-000004	The project management team may not be able to effectively evaluate the project schedule & monitor the construction progress, including impact upon the critical path, which could lead to missed milestones & adverse financial, operational & public perception impacts.
BART Silicon Valley (SVBX) Schedule Assessment	05/01/14	**MEDIUM**	The Project Management team should continue to dedicate resources to review the RFC design. SSH should be advised to dedicate the necessary resources to provide current, accurate, and complete RFC drawings. VTA should also work closely between the Project Management team and SSH to help ensure that the review and subsequent questions are facilitated timely.	Management concurs. It should be pointed out that the team has been working closely with SSH and has developed a modification to the existing incentive program that is designed to encourage SSH to focus on quality and timeliness of their design submittals. While the contract stipulates review of no more than three design packages in a 21-day period, VTA has dedicated resources to simultaneously review significantly more packages to expedite the process. VTA has fully documented the timeliness and content in all communications relating to design review and resolution of comments to establish a record of VTA and SSH performance on this process. April 30, 2014, VTA will reiterate contractual obligations regarding design requirements to SSH, indicate that based on past performance SSH resources applied to this requirement appear to be insufficient to assure adequate coordination between technical disciplines and design packages, and suggest that changes to the SSH organization might be needed to improve performance in this area.	04/30/14				●	Director of Engr & Transp Infra Dev (BART Silicon Valley)	Completed VTA focused SSH on specific design deliverables to assure timely preparation of critical design elements. Design is now fully complete. Reference Document: P0728-C700-14-1450	Delays in reviewing & approving RFC drawings could impact the start of construction, achievement of subsequent milestones, & the ultimate completion date for the project, causing potentially adverse financial impact & heightened exposure to reputational risk. This also increases the risk associated with potential claims & additional cost to meet the completion dates.

Inventory of Recommendations Issued by the Office of the Auditor-General
Status of Implementation
As of August 17, 2016

Audit Report	Governance & Audit Committee review date	Risk Rating: High, Medium or Low	Recommendation	Response by Department	Original Target Date of Implementation	Revised Date of Implementation	Progress to Date: Not Implemented	Progress to Date: Substantially Implemented	Progress to Date: Fully Implemented	Responsible for Implementation	Actions Taken To Date	Other Comments
BART Silicon Valley (SVBX) Schedule Assessment	05/01/14	**MEDIUM**	SSH should take the appropriate measures to ensure that there is stability by dedicating a team of schedulers to support the scheduling function. Additionally, SSH should also ensure that the accuracy and timeliness of schedule submissions is consistently adhered to, regardless of personnel turnover. To the extent possible, VTA should communicate its dissatisfaction with SSH's inability to provide continuity of personnel.	Management agrees. To-date there have been numerous changes in SSH management and in the field support staff that have likely had substantial impacts on scheduling. Directions from upper SSH management about their implementation strategies have not been consistent and the recurring reorganization of staff over the first two years of SSH's contract has not helped with the comprehensive planning for the project's implementation. Although coordination between SSH scheduling and field personnel has greatly improved in recent months, the SSH scheduling group remains understaffed. We do see a risk to timely and complete schedule submissions unless the SSH Scheduling Department staff is increased. As a result, VTA will continue to express its concern in writing and encourage that SSH take steps to ensure the stability and continuity of whoever is assigned to this position. By April 30, 2014, VTA will reiterate contractual obligations regarding scheduling requirements to SSH, indicate that based on past performance SSH resources applied to this requirement appear to be insufficient, and make specific recommendations about changes to the SSH organization that might improve performance in this area. Also, to address the general concern regarding comprehensive planning, VTA will add two additional Field Engineers to the VTA team to coordinate and assure that SSH adequately addresses this issue.	04/30/14				●	Director of Engr & Transp Infra Dev (BART Silicon Valley)	Completed VTA implemented a program of special withholding for schedule deficiencies and issued a Corrective Action Report that ultimately induced a change in SSH schedule resources and a contract compliant schedule submittal. Reference Document: P0728-C700-14-2002 P0728-C700-CAR-000004	Personnel turnover increases the risk of inaccurate and untimely schedules submissions.
BART SV Interagency Agreement Assessment	11/06/14	**HIGH**	We recommend that VTA obtain written assurances and clarifications from the City of Milpitas regarding its commitments under the MA considering the circumstances of the conflicting agreement.	VTA agrees. VTA and the City of Milpitas management are coordinating resolution of this issue and are developing the pertinent clarifications regarding the City's commitments under an amendment to the Master Agreement. Although a firm deadline cannot be established due to the complexity of this issue and because the two parties still need to need to reach an amended agreement and obtain City Council approval, VTA has already initiated the process of obtaining written assurances and clarifications from the City of Milpitas and anticipates the process will be completed by the end of February 2015.	02/28/15	Dependent on city's collaborative effort	●			Director of Engr & Transp Infra Dev (BART Silicon Valley)	VTA met with the City of Milpitas in July 1, 2015 to coordinate the pertinent clarifications regarding the City's commitments under an amendment to the Master Agreement. On July 15, 2015, VTA proposed amended terms for payment based on the discussions at July 1 Meeting. (Reference document P0728-C640-LTR-000001) Although VTA and City staff continue to meet and coordinate project implementation matters, VTA has not received a formal response to the proposed amendment. VTA continues to invoice the City for reimbursement, and is preparing another request for written assurances and clarifications from the City of Milpitas regarding its commitments under the Master agreement. VTA General Counsel is drafting a second request for written assurances and clarifications from the City regarding its commitment.	The City of Milpitas has not responded to requests for payment, or to requests for amended terms for payment. As of July 31, 2016 VTA has invoiced the City approximately $11 million. Failure to properly comply with the agreement increases the risk that the City may not have adequate funds to reimburse VTA for the Eastern Segment. Without the City and VTA reaching agreement, financial exposure to VTA could potentially reach $17M.
BART SV Interagency Agreement Assessment	11/06/14	**MEDIUM**	For future agreements with utilities, VTA should include contract verbiage that specifically defines allowable cost of work by cost element. We also recommend that VTA identify in the agreements any mark-ups, such as allowable overhead and profit. At a minimum, the utility should provide a reconciliation detailing the actual costs incurred to the amount billed.	After the utility's proposed cost estimate and cost allocation is reconciled with VTA's independent cost estimate, VTA issues a Notice to Owner authorizing the work to begin. VTA agrees to reimburse the utility for VTA's share of the actual costs of the relocation as indicated in the Notice to Owner. The progress of utility relocation work is monitored by VTA staff, and each progress payment to the utility owner is evaluated against the measured progress. VTA management agrees with the Auditor General's recommendation that for subsequent utility relocation agreements, VTA's process for issuing the Notice to Owner should include more defined cost elements and more specific provisions for making progress payments and for reimbursing the utility for management and administrative costs. VTA will pursue such arrangements when negotiating subsequent utility relocation agreements. To that end, VTA will review and modify applicable policies and procedures to reflect these changes by the end of January 2015.	01/31/15				●	Director of Engr & Transp Infra Dev (BART Silicon Valley)	VTA has reviewed its policies and procedures, and updated the applicable procedure on Utility relocation Agreements with additional requirements for Payment Obligations. (Reference Procedure No. P0728-PW-PRO-TPA-005, Rev. 1) The revised requirements for Payment Obligations include: • A clear definition of allowable cost of work by cost element. • Specified mark-ups, such as allowable Overhead, Management, and Administrative Costs. • A process for issuing the Notice to Owner that reflects the defined cost elements and specific provisions for making progress payments. • Requirements for a reconciling statement with each invoice or request for payment that details the actual costs incurred and applicable mark-ups for cumulative and current request for payment. • Provisions for VTA to make adjustments to invoices and requests for payment if supporting documents are sufficient.	VTA may pay for cost that is considered to be unallowable under industry standards. Disputes and/or disagreements could also result in potential delays to completing the overall project per the integrated project schedule.

Inventory of Recommendations Issued by the Office of the Auditor-General
Status of Implementation
As of August 17, 2016

Audit Report	Governance & Audit Committee review date	Risk Rating: High, Medium or Low	Recommendation	Response by Department	Original Target Date of Implementation	Revised Date of Implementation	Progress to Date			Responsible for Implementation	Actions Taken To Date	Other Comments
							Not Implemented	Substantially Implemented	Fully Implemented			
BART SV Interagency Agreement Assessment	11/06/14	**MEDIUM**	When future agreements are executed, they should include a required billing format with support such that adequate reviews of invoices can be performed. VTA should also consider exercising its right to audit by verifying select Utilities have invoiced based on actual cost incurred.	Each invoice VTA receives for utility relocation work is reviewed by VTA field and administrative staff to assure that the invoice is commensurate with the actual work performed. The Auditor General's report is correct that in some instance utility invoices did not include adequate supporting documentation. In such instances where VTA staff could not establish the basis of the amounts invoices, VTA has withheld payment until adequate supporting documentation has been provided. VTA management agrees with the Auditor General's recommendation that VTA should exercise its right to audit utility relocation costs, and will conduct audits of representative samples by June 30, 2015.	06/30/15				●	Director of Engr & Transp Infra Dev (BART Silicon Valley)	VTA has reviewed its policies and procedures, and updated the applicable procedure on Utility relocation Agreements with additional requirements for Payment Obligations. (Reference Procedure No. P0728-PW-PRO-TPA-005, Rev. 1) The revised requirements for Payment Obligations include: • A clear definition of allowable cost of work by cost element. • Specified mark-ups, such as allowable Overhead, Management, and Administrative Costs. • A process for issuing the Notice to Owner that reflects the defined cost elements and specific provisions for making progress payments. • Requirements for a reconciling statement with each invoice or request for payment that details the actual costs incurred and applicable mark-ups for cumulative and current request for payment. • Provisions for VTA to make adjustments to invoices and requests for payment if supporting documents are insufficient. VTA has also strengthened its invoicing reviews and continues to audit utility company invoices to validate eligible actual cost information, and makes deductions and corrections as needed. An example audited invoice adjustment is attached.	Failure to obtain sufficient supporting documentation, including invoices, and/or conduct an audit of the Utilities' costs incurred, could result in over-payment or otherwise inaccurate payments.
BART SV Interagency Agreement Assessment	11/06/14	**LOW**	VTA should review the procedures for issuing notices to owners in lieu of contract amendments to confirm that each option is being used appropriately. Where none are present, procedures should be developed so that VTA employees are able to easily make the most appropriate selection in each instance.	The determination for the use of an amendment or a Notice to Owner is based on the usual business practices of each utility. Notice to Owner is a standard business practice for many utilities. For utilities where Notice to Owner is not a recognized practice, an amendment is normally used. VTA management agrees with the Auditor General's recommendation that VTA's process for issuing the Notice to Owner should include defined cost elements and more specific provisions for reimbursing the utility for management and administrative costs. VTA will pursue such arrangements when negotiating subsequent utility relocation agreements. To that end, VTA will review and modify applicable policies and procedures to reflect these changes by the end of January 2015.	01/31/15				●	Director of Engr & Transp Infra Dev (BART Silicon Valley)	VTA has reviewed its policies and procedures, and updated the applicable procedure on Utility relocation Agreements with additional requirements for Payment Obligations. (Reference Procedure No. P0728-PW-PRO-TPA-005, Rev. 1) The revised requirements for Payment Obligations include: • A clear definition of allowable cost of work by cost element. • Specified mark-ups, such as allowable Overhead, Management, and Administrative Costs. • A process for issuing the Notice to Owner that reflects the defined cost elements and specific provisions for making progress payments. • Requirements for a reconciling statement with each invoice or request for payment that details the actual costs incurred and applicable mark-ups for cumulative and current request for payment. • Provisions for VTA to make adjustments to invoices and requests for payment if supporting documents are insufficient.	The notice to owner is less formal and may not provide adequate terms and conditions and internal controls to protect VTA's interest in all cases; there may be instances when only a contract amendment would properly mitigate VTA's risk exposure.
BART SV Interagency Agreement Assessment	11/06/14	**LOW**	VTA should review the issue with VTA legal counsel and approach MCI, requesting that it comply with the invoice provision of the contract and provide current actual costs to date. Additionally, cost accruals should be maintained in the project plan and in the financial system to ensure that a large sudden cost does not have a material impact on financial results.	VTA management agrees with the Auditor General's recommendation. Since MCI utility relocations have been difficult to coordinate due to their extensive presence throughout the SVBX Project corridor, VTA management, in coordination with VTA legal counsel, in September 2014 established specific work processes that will regulate the work of MCI and VTA's contractors on site. This should result in bringing MCI's billings up to date and in line with VTA's agreements with MCI. In the meantime, VTA staff continues to track the anticipated costs of MCI relocation work by monitoring the estimated costs of the specific work requested, and by monitoring the on-site activities conducted by MCI.	06/30/15	9/30/16		●		Director of Engr & Transp Infra Dev (BART Silicon Valley)	VTA maintains cost projections for anticipated costs related to all Utility relocations. MCI relocations for SVBX are now complete, and VTA is expecting a final invoice from MCI in Q3 2016.	Additional costs could be incurred by MCI where VTA is unaware. Invoice delays increase the risk of variances in the actual versus estimated completion costs and as the resulting effort needed to resolve any discrepancies.

Inventory of Recommendations Issued by the Office of the Auditor-General
Status of Implementation
As of August 17, 2016

Audit Report	Governance & Audit Committee review date	Risk Rating: High, Medium or Low	Recommendation	Response by Department	Original Target Date of Implementation	Revised Date of Implementation	Progress to Date: Not Implemented	Progress to Date: Substantially Implemented	Progress to Date: Fully Implemented	Responsible for Implementation	Actions Taken To Date	Other Comments
BART SV Interagency Agreement Assessment	11/06/14	**LOW**	In future agreements, the Utilities should be required to obtain VTA approval prior to incurring cost that will exceed stated limitations. The agreement should also include a requirement for the Utilities to provide a revised cost estimate, which VTA can approve prior to incurring additional cost.	VTA's Notice to Owner is based on an estimate of costs, not lump sum amounts. VTA is obligated to reimburse the utility owner for VTA's share of actual costs. Actual costs cannot be known until the work is completed. The 15% allowance for costs greater than the estimated costs is an administrative convenience that reflects the accuracy of estimated costs. VTA is obligated to reimburse the utility owner for VTA's share of actual costs, including justifiable cost overruns. VTA construction management staff observes the utility relocation work to assure that no unnecessary activities are conducted. If a utility submits an invoice for an amount exceeding 115% of the estimated cost in the Notice to Owner, the invoice is paid only up to the 115% limit until adequate documentation for the cost overrun is received and recognized as valid justifiable costs. VTA agree to review future utility relocation agreements with VTA counsel to assess whether more specific provisions can be implemented to address the measurement and payment of actual costs. VTA will pursue such arrangements when negotiating subsequent utility relocation agreements. To that end, VTA will review and modify applicable policies and procedures to reflect these changes by the end of January 2015.	01/31/15				●	Director of Engr & Transp Infra Dev (BART Silicon Valley)	VTA has reviewed its policies and procedures, and updated the applicable procedure on Utility relocation Agreements with additional requirements for Payment Obligations. (Reference Procedure No. P0728-PW-PRO-TPA-005, Rev. 1) The revised requirements for Payment Obligations include: • A clear definition of allowable cost of work by cost element. • Specified mark-ups, such as allowable Overhead, Management, and Administrative Costs. • A process for issuing the Notice to Owner that reflects the defined cost elements and specific provisions for making progress payments. • Requirements for a reconciling statement with each invoice or request for payment that details the actual costs incurred and applicable mark-ups for cumulative and current request for payment. • Provisions for VTA to make adjustments to invoices and requests for payment if supporting documents are insufficient.	Additional, unexpected and unnecessary cost could be incurred by VTA.

Finance and Budget

Investment Control (2013) Internal Audit	11/07/13	**LOW**	Management reclassify TECO4 as a non-key control and remove it from further testing during the audit of key controls. Doing so will save VTA staff time each month, and since the actual control is tested at TECO13 the overall integrity of the control portfolio will not be compromised by the elimination of TECO4	VTA Management agrees. VTA will reclassify TECO4 as a non-key control and remove it from further testing during the audit of key controls. This will be accomplished by the end of September 2013	09/30/13				●	Manager of Investments		N/A - NOT A KEY CONTROL - This is a process rather than a control. The actual review of the journal entries is a control which is included in control TECO13.
Investment Control (2013) Internal Audit	11/07/13	**LOW**	As stated previously in this report, based on our assessment of associated risk, combined with the fact that no high or medium risk issues have been identified during the four Investment Controls internal audits, we recommend that consideration be given to performing this audit on a slightly longer cycle, perhaps alternating between a two and three-year interval. This would allow re-allocation of Auditor General hours to higher-risk areas during the years when the Investment Controls internal audits are not performed.	[No management commitment]					●	Manager of Investments		N/A - NOT A KEY CONTROL.
Investment Program Controls Internal Audit (FY15)	05/07/15	**LOW**	Convert the existing duplicate control of SSAE 16 report review from the Custodial Agent to the Investment Manager to ensure documented controls cover all Investment process service organizations and their controls.	VTA concurs. VTA will update the controls as recommended	05/31/15				●	Manager of Investments		Various investment controls did not reflect current investment processes, & not all control objectives were adequately covered by existing controls. Review of the Investment Manager's SSAE 16 report was not a documented control activity.
Investment Program Controls Internal Audit (FY15)	05/07/15	**LOW**	Revise existing controls to require only one level of review of the SSAE 16 report that includes all control objectives. Revising the control will optimize VTA resources, while adequately reviewing the service organization's controls.	VTA concurs. VTA will update the controls as recommended	05/31/15				●	Manager of Investments		Various investment controls did not reflect current investment processes, & not all control objectives were adequately covered by existing controls. The SSAE 16 reports were unnecessarily reviewed by both the Investment Programs Manager & Fiscal Resources Manager, but the review did not cover all control objectives covered in the SSAE 16 reports.
Investment Program Controls Internal Audit (FY15)	05/07/15	**LOW**	Update existing controls to only require the Investment Manager's review and approval of investment journal entries. The revision would result in process efficiencies while effectively mitigating risks related to journal entries.	VTA concurs. VTA will update the controls as recommended	05/31/15				●	Manager of Investments		It was noted that investment journal entries require a secondary review, though such journal entry controls generally only require one level of review.

Inventory of Recommendations Issued by the Office of the Auditor-General
Status of Implementation
As of August 17, 2016

Audit Report	Governance & Audit Committee review date	Risk Rating: High, Medium or Low	Recommendation	Response by Department	Original Target Date of Implementation	Revised Date of Implementation	Progress to Date			Responsible for Implementation	Actions Taken To Date	Other Comments
							Not Implemented	Substantially Implemented	Fully Implemented			
Investment Program Controls Internal Audit (FY15)	05/07/15	**LOW**	Reclassify the duplicate control as non-key and remove it from further testing during the audit of key controls. Doing so would eliminate control redundancies and result in time savings for VTA process owners without compromising the control portfolio.	VTA concurs. TECO-4 will be removed from the investment key control listing.	05/31/15				●	Investment Program Management		It was identified that a control activity was documented and tested in two separate key controls.
Operator Scheduling Assessment	05/07/15	**HIGH**	Maintenance staffing levels may be another potential constraint. We recommend an analysis of staffing levels to provide adequate services to ensure vehicle availability is increased.	Staffing levels for both LR vehicle maintenance and WP&S have been analyzed and additional staffing has been requested in the upcoming two-year transit operating budget.	05/31/15				●	Chief Financial Officer		Supply chain management & maintenance process are negatively affecting light rail vehicle (LRV) availability. In additional, bus service is limited by sub-fleets operating on community bus routes. In addition to supply chain management practices, it was observed maintenance staffing levels may constrain LRV availability.
Operator Scheduling Assessment	05/07/15	**HIGH**	Currently, the community buses have limited route options and bus fares are lower compared to other bus routes. We recommend that VTA investigate fare standardization for bus fares - through an increase in bus fares on community routes - to lift the restrictions to the current sub-fleet to operate on other routes.	VTA's newest community buses are 30-foot hybrid standard transit buses that completely replace our previous fleet of cutaway buses. This new bus style, which does not include a community bus branding, does allow use of these buses on other lines, such as first/last mile service. However, on weekdays this fleet is fully deployed on community bus lines. In many cases, a smaller 30-foot bus is needed on these lines due to street configurations, turning movements and community desires. In the future, as vehicles become available or more are procured VTA will look to using these smaller buses on other services. At this time, VTA is not considering any changes to community bus fares.					●	Deputy Director of Accounting; Deputy Director of Transit Operations	VTA staff informed the BOD that at this time, VTA is not considering any changes to community bus fares.	Supply chain management & maintenance process are negatively affecting light rail vehicle (LRV) availability. In additional, bus service is limited by sub-fleets operating on community bus routes. Bus fares on the community routes could be raised to standard fare and, as a result, this fleet could also operate on other services providing flexibility and system efficiency.
Third-Party Fare Reporting Process Assessment	09/03/15	**MEDIUM**	Because VTA is only able to verify Clipper data for transactions on VTA-owned terminals, we recommend that VTA evaluate and select one of the two platforms identified during fieldwork that would allow VTA to access Clipper transaction data. Subsequently, we recommend that VTA develop a process to independently verify Clipper transaction data and reconcile the information to the Clipper Settlement Report. Although neither the MTC database nor the TDS Store account for back office related user data transactions, such as manual adjustments (claims), add value recoveries and auto-load settlement transactions, either alternative selected by VTA would facilitate independent verification of the completeness and accuracy for the majority of Clipper transaction data and enhance VTA's Clipper fare recovery reconciliation process.	VTA management concurs that periodic testing of revenue transaction data to confirm that revenue calculations reflect actual ridership data and reconcile to Clipper Settlement Reports will enhance the fare reconciliation process. VTA will select at least three sample days from each of the four quarters of the prior fiscal year and will review all original revenue transactions for the selected sample dates by collecting transaction data directly from the production system with the assistance of staff from MTC and Cubic.	06/30/16				●	Fare Programs and Systems	Tested transaction data and reviewed transactions. Enclosed email of VTA Data Sets of Jun 2016.	VTA does not independently verify Clipper revenue-generating data for transactions that occur outside of VTA-owned terminals.
Third-Party Fare Reporting Process Assessment	09/03/15	**LOW**	We recommend VTA management request and review the SOC-1 report provided by Cubic on an annual basis to ensure VTA is familiar with Cubic's internal controls and verify if any testing exceptions documented in the report are relevant to VTA. For example, by VTA reviewing the Cubic SOC-1 report, any items identified that represent a risk of material misstatement would be identified and additional actions on VTA's part could be taken to mitigate the associated risk.	VTA management concurs and has implemented the recommendation. The review was conducted by VTA personnel on 3/20/2015 on the latest Cubic SOC-1 Report (covering through 09/01/2013 to 05/31/14) and related bridge letter (through 9/22/2014), noting the relevance of the user considerations tested and reported upon in the SOC-1 report and that no adverse findings were noted that might create increased risk exposure to VTA with respect to Cubic's processes. VTA will review SOC-1 reports and related bridge letters annually.	06/30/15				●	Fare Programs and Systems		Cubic SOC-1 report was not reviewed by VTA management on an annual basis and therefore they would not be aware of any potential conditions that could adversely affect VTA's internal control over financial reporting.
Third-Party Fare Reporting Process Assessment	09/03/15	**LOW**	We recommend that VTA expand its existing review process of the Clipper monthly operating fee invoice to include the verification of the revenue allocation amounts used by MTC to calculate VTA's operating fee against VTA's revenue summary spreadsheet. By including this verification step VTA validates the completeness and accuracy of the calculation basis of its operating fees and increases the likelihood that an inaccurate fee amount would be detected prior to remittance.	VTA management concurs and has enhanced the review process as follows: Daily: Monitor and record revenue from Clipper Reports Server (TLF 002 Report). Monthly: Calculate revenue totals from sub-total of daily report work sheets. Compare totals to revenue totals reported in monthly operator report by MTC. Review the monthly cost calculation worksheet from MTC, compare revenue totals used in cost allocation calculations to total from daily work sheets, and calculate VTA percentage share of revenue to confirm accuracy of cost allocation.	06/30/15				●	Fare Programs and Systems		Prior to issuing payment for Clipper operating fees, VTA does not verify the revenue amount used in the allocation calculation.

Inventory of Recommendations Issued by the Office of the Auditor-General
Status of Implementation
As of August 17, 2016

Audit Report	Governance & Audit Committee review date	Risk Rating: High, Medium or Low	Recommendation	Response by Department	Original Target Date of Implementation	Revised Date of Implementation	Progress to Date: Not Implemented	Progress to Date: Substantially Implemented	Progress to Date: Fully Implemented	Responsible for Implementation	Actions Taken To Date	Other Comments
Timekeeping & Payroll Internal Audit	03/05/15	**MEDIUM**	Because of the complexity of timecard exception pay codes VTA employees, supervisors, and timekeepers frequently have questions on processing timecards. We recommend VTA identify a centralized expert-level function, often referred to as a "center of competence," that would be responsible for the communication of timekeeping information throughout VTA. Centralized process ownership facilitates: • Ease of access to information • Standard implementation of processes • Consistent communication of information • Clearly defined roles and responsibilities	VTA concurs. Management will clarify that Payroll is the primary owner of the timekeeping process, and that Human Resources (HR) is responsible for various personnel actions which affect timekeeping. These HR activities include updating personnel systems to reflect new hires, pay rate changes, promotions, transfers, and separations. The two departments will develop and deploy documentation and training to users in VTA.	09/30/15				●	Payroll and Human Resources		No centralized process owner and standards for timekeeping information and training.
Timekeeping & Payroll Internal Audit	03/05/15	**MEDIUM**	In addition, we recommend VTA identify best practices for timekeeping and develop standard training for employees, timekeepers, and supervisors. Training should include, but not be limited to: a standard breakdown sheet of pay codes and examples for each union; FAQs and common mistakes; training for collective bargaining agreement (CBA) revisions that affect pay codes; refresher courses, etc. Implementation of standard training would facilitate the following: • Consistent implementation of pay codes • Reduction of manual re-work by timekeepers and payroll department • Increased accuracy of data inputs and remuneration	VTA concurs. The timekeeping function is affected by Human Resources functions. Adequate internal control is maintained by segregation of duties within the two functions. Each function owner will develop and deploy training to users in a coordinated and integrated manner.	09/30/15				●	Payroll and Human Resources		No centralized process owner and standards for timekeeping information and training.
Timekeeping & Payroll Internal Audit	03/05/15	**MEDIUM**	We recommend that documentation be developed or updated for key processes and procedures. Developing adequate documentation can support: • Standardized process execution, yielding process efficiencies • Clear identification of roles and responsibilities • Defining of baseline metrics that can be used to monitor and measure process performance • Employee accountability to defined standards We recommend primarily focusing on: • Standard time recording and timekeeping procedures • Process documentation for Employee Set Up and change processes in SAP, including procedures, as appropriate • Updated Payroll Process documentation and development of procedures for key tasks	VTA concurs. The documentation prepared to address Recommendations 3.1 and 3.2 will ensure alignment with the current state.	09/30/15				●	Payroll and Human Resources		Documentation provided during review to support processes and procedures was limited or out of date.

Office of the General Manager

Operator Scheduling Assessment	05/07/15	**HIGH**	We were made aware that the procurement process has incredible lead-time and parts were often unavailable for service needs. We recommend that VTA evaluate its existing supply chain management process and establish appropriate processes that would allow the light rail division to calculate the service life of each light rail vehicle, plan for vehicle failures, and have sufficient spare parts to repair nonfunctional vehicles to maintain 90% light rail vehicle availability. Effective and efficient supply chain management supports VTA's need for light rail availability for critical transportation services.	The materials management section, previously in Operations, has been reorganized to report directly to Procurement & Contracting Department. This reorganization is streamlining communications and creating inventory ordering improvements.	03/31/15				●	GM/CEO		Supply chain management & maintenance process are negatively affecting light rail vehicle (LRV) availability. In additional, bus service is limited by sub-fleets operating on community bus routes. The combined lead time and lack of parts indicates ineffective supply chain management, which will continue to impact light rail vehicle availability.

Inventory of Recommendations Issued by the Office of the Auditor-General
Status of Implementation
As of August 17, 2016

Audit Report	Governance & Audit Committee review date	Risk Rating: High, Medium or Low	Recommendation	Response by Department	Original Target Date of Implementation	Revised Date of Implementation	Progress to Date: Not Implemented	Progress to Date: Substantially Implemented	Progress to Date: Fully Implemented	Responsible for Implementation	Actions Taken To Date	Other Comments
Operations												
Operator Scheduling Assessment	05/07/15	**HIGH**	The current rail vehicle availability is a constraint on operations. We recommend that VTA increase its operating light rail availability target to between 80-90% and evaluate organization needs for achieving the target. With additional light rail vehicle availability, the light rail division will be better prepared for daily AM and PM peaks and special events.	Operations has submitted an analysis and staffing plan to create a third LR maintenance shift with the bulk of the employees available on weekends which will increase the amount of preventative and corrective maintenance that can be accomplished. This will lead to fleet availability in the 80 to 90% range as suggested. The implementation of the new light rail service in conjunction with the BART extension opening will require over 80 peak vehicles. For Wrestlemania in March 2015, VTA had 84 LRVs available for service.	08/31/15				●	Deputy Director of Transit Operations	A third shift was added which increased rail car availability. Completed 8/2015 -We hire additional staff and created a 3rd shift as planned. For the Super Bowl in Feb 2016 we had all 99 LRV (100% of the fleet) in service.	Supply chain management & maintenance process are negatively affecting light rail vehicle (LRV) availability. In additional, bus service is limited by sub-fleets operating on community bus routes. VTA should have, at minimum, 74-79 cars available to handle current demand for events.
Operator Scheduling Assessment	05/07/15	**HIGH**	Schedulers currently have difficulty in creating efficient schedules and routes with the modified cafeteria approach. While it would take considerable effort to change existing work rules, including agreement from the ATU, we recommend that VTA conduct a cost-benefit analysis of implementing regular rostering scheduling. Rostering would allow VTA to create pre-packaged schedules, including assigned days off while allowing operators to select packages, as preferred. This could completely remove the group relief packages and result in budget and administrative savings without unduly burdening the operators and relieving constraints on schedulers and office supervisor supports	Moving from the current modified cafeteria style bidding to regular rostering would be a significant cultural and operational change to the VTA workforce. This would likely require agreement with the ATU and modifications to VTA's scheduling and workforce management software (Trapeze FX and OPS). VTA staff and Trapeze would likely need to run some computerized test scenarios to determine the cost savings of such an approach. This effort could be complicated and time consuming. This change would need to be negotiated with ATU. This will be addressed during the current negotiations with ATU on a new collective bargaining agreement. The other related factors will also be evaluated.	04/30/15	9/1/18	●			Chief Operating Officer	VTA was not able to achieve through the required CBA. However, group relief rostering is being implemented in July, 2016, which enables this part of the bidding process to move from a manual to an automated process, which is more efficient and saves staff time. VTA will try to negotiate this recommendation into the new CBA effective 9/1/2018.	Recent negotiations with ATU did not agree to changing our bidding to a rostering approach. This would be a significant organizational change that would need to be negotiated and union leadership has indicated that they do not support this change at all. It would be beneficial to have a cost benefit analysis performed. However, group relief rostering was implemented in July 2016, which enables this part of the bidding process to move from a manual to an automated process, which is more efficient and saves staff time. Current operator work rules governed by union agreements inhibit bidding & scheduling efficiency. VTA's current modified cafeteria style allows flexibility for operators to select their divisions, routes, work hours & days off. However, this comes at a cost to the operating budget & creates a multi-step bidding
Operator Scheduling Assessment	05/07/15	**HIGH**	We recommend that VTA use the same cost-benefit analysis above and explore the possibility of removing the union restriction on straight runs. This would provide a more efficient solution for scheduling.	VTA management agrees with the recommendation to remove run restrictions that are part of the collective bargaining agreement with ATU. This will be addressed during the current negotiations with ATU on a new collective bargaining agreement.	06/30/15	9/1/18	●			Chief Operating Officer	VTA was not able to achieve through the required CBA. VTA will try to negotiate this recommendation into the new CBA effective 9/1/2018.	VTA was not able to achieve through the CBA. Current operator work rules governed by union agreements inhibit bidding & scheduling efficiency. Scheduling efficiency of operator runs for a given day by limiting the amount of operators that work both peak periods and paying overtime for these runs.
Operator Scheduling Assessment	05/07/15	**HIGH**	Quarterly schedule bidding provides operators flexibility in selecting work hours and routes, but lowering the bidding frequency would result in administrative efficiencies and cost savings related to schedule preparation and bidding. We recommend that VTA proposes to change the frequency of schedule bidding from four to three times per year, as well as having date flexibility when operators' scheduling bidding occurs and their effective dates. Through these changes, VTA gains process efficiency and flexibility to adjust for service changes such as school schedules, sporting events, holiday events, and other external impacts.	VTA management agrees that the recommendation to reduce the frequency of schedule bids from quarterly to three times per year would be more efficient. Again, this would need to be addressed in the collective bargaining agreement with ATU. To make this recommendation most effective, management recommends that the labor agreement be modified to have more flexibility as to when the date of the sign up is effective to adjust for service changes, school schedules and other impacts.	06/30/15	9/1/18	●			Chief Operating Officer	VTA was not able to achieve through the required CBA. VTA will try to negotiate this recommendation into the new CBA effective 9/1/2018.	This was not addressed in the last round of ATU contract negotiations. There should be internal discussion on the pros/cons of implementation. If the analysis proved beneficial, then VTA would take its findings to the next round of ATU negotiations. Current operator work rules governed by union agreements inhibit bidding & scheduling efficiency. It was found that the process of creating the group relief packages is heavily manual and time-intensive.

Inventory of Recommendations Issued by the Office of the Auditor-General
Status of Implementation
As of August 17, 2016

Audit Report	Governance & Audit Committee review date	Risk Rating: High, Medium or Low	Recommendation	Response by Department	Original Target Date of Implementation	Revised Date of Implementation	Progress to Date: Not Implemented	Progress to Date: Substantially Implemented	Progress to Date: Fully Implemented	Responsible for Implementation	Actions Taken To Date	Other Comments
Operator Scheduling Assessment	05/07/15	**HIGH**	We recommend that VTA implement an operator work rule that allows supervisors to operate vehicles in case of emergency situations related to shortage of manpower.	VTA management agrees with the recommendation to implement a work rule that allows supervisors to operate vehicles in case of emergencies.	06/30/15				●	Chief Operating Officer	The only time that a Supervisor will operate a train or bus is in an emergency. This is already part of the Stadard Operating Procedures	This recommendation was based upon the shortage of Operators. Operations addressed this by hiring more Operators. It also becomes a Union issue whereas the only time that a Supervisor will operate a train or bus is in an emergency and not in revenue service. Current operator work rules governed by union agreements inhibit bidding & scheduling efficiency. It was observed that there are low operator staffing levels, which resulted in the borrowing of operators, operators working on scheduled days off, & operators volunteering on a regular basis. Each of these scheduling practices place potentially undue stress on the workforce.
Operator Scheduling Assessment	05/07/15	**HIGH**	VTA is well aware that the current staffing levels and requirements for Levi's Stadium Special Events is unsustainable long-term and have recently hired several people to address this. Still, we recommend that VTA evaluate alternative staffing and operation strategies, including the use of part-time operators, possibly creating a new category of operators that can work on bus and rail, and options to augment existing services provided by VTA.	VTA management agrees and will investigate other operating personnel deployment strategies (use of part time operators, dual bus/rail operators, etc.) to sustain event operations while continuing to provide effective day to day service. Many potential changes would need union agreement or change in current operating practices, which will be addressed during the current negotiations with ATU on a new collective bargaining agreement.	07/30/15	9/1/18		●		Deputy Director of Transit Operations	Operations does not have a budget to hire separate staff to handle all Levi's Stadium events. VTA is currently trying to get some type of funding from Levi's, however nothing has been agreed upon. VTA will try to negotiate this recommendation into the new CBA effective 9/1/2018. In the interim, Operations, has evaluated alternative operational strategies which include adjusting service levels on event attendance to help with the other added costs. Oher operational strategies to help minimize operational losses on Levi's Stadium events include the operation of Express Buses. VTA continues to hold discussions on improving operational performance on related events.	The events placed stress on operating & supervision staff that is not sustainable, especially as events are added at Levi's Stadium & Avaya Stadium opens in 2015.
Operator Scheduling Assessment	05/07/15	**HIGH**	Due to the scale of special events and Levi's Stadium Service, VTA should consider maintaining the Levi's Stadium Coordinator position to focus solely on special events and Levi's Stadium service and also provide support staff to ensure continued successful event operations in a sustainable manner.	Upon resignation of the Levi's Stadium Coordinator, a Transportation Superintendent position was approved and filled to manage Levi's Stadium plus other events such as San Jose Earthquakes games, July 4th fireworks, etc. The position will also coordinate operational impacts from the VTA and third-party various construction projects impacting VTA light rail and bus operations. A Transit Service Development Supervisor was also recently hired in Service and Operations Planning to lead the complex event service planning. Six new Transportation Supervisor positions were approved to support event days and daily service, and two more are proposed in the FY16 budget. Finally, VTA has initiated a retiree ambassador program, where VTA retirees can return to paid part time status as ambassadors for events, removing work load from other full time staff. Finally, VTA will use these retirees and other trained staff to work the queue teams. We don't see a need to augment our staffing levels with third-party vendors beyond the current use of Allied-Barton and Sheriff's Transit Patrol.	09/30/15				●	Deputy Director Service & Operations Planning; Deputy Director of Transit Operations		It was noted during interviews that VTA had a dedicated Levi's Stadium coordinator assigned to managing Levi's Stadium events in 2014 - should consider maintaining this position.
Operator Scheduling Assessment	05/07/15	**MEDIUM**	The current group relief runs are created manually and have potential for errors, and add unnecessary time and risk to the picking process. We recommend Trapeze OPS be utilized for run-cutting group relief work.	Management agrees with the recommendation to alleviate the manual process in packaging group relief runs. VTA is currently establishing a scope of work for Trapeze to develop a solution to automate the group relief packaging process.	10/31/15				●	Manager of Operations, Analysis, Systems and Reporting	This solution and correspondence processes went live June 2016 in time for the July 2016 sign-up. Project sign-off documentation attached.	Trapeze OPS requires additional modules, additional training and reporting functionality.

Inventory of Recommendations Issued by the Office of the Auditor-General
Status of Implementation
As of August 17, 2016

Audit Report	Governance & Audit Committee review date	Risk Rating: High, Medium or Low	Recommendation	Response by Department	Original Target Date of Implementation	Revised Date of Implementation	Progress to Date			Responsible for Implementation	Actions Taken To Date	Other Comments
							Not Implemented	Substantially Implemented	Fully Implemented			
Operator Scheduling Assessment	05/07/15	**MEDIUM**	Trapeze contains information utilized for a variety of functions, but does not duplicate reports previously available. We recommend establishing a process to create special reports to duplicate previous reports, especially in regards to time worked/not worked.	Management agrees with the recommendation. This process has been in place since the June 2014 Trapeze OPS deployment. Development of internal reports is on-going. Report developer staff will continue to reach out to users for reporting requirements. In addition, VTA will engage Trapeze to conduct database structure training for VTA staff. Viewpoint, a business and reporting intelligence tool for OPS, is currently in design review with a target implementation of August 2015. This business intelligence tool will provide another layer of reporting solution for Trapeze OPS.	08/31/15	12/31/16		●		Manager of Operations, Analysis, Systems and Reporting	Viewpoint solution in configuration/testing phase. Implementation is targeted for October 2016. Viewpoint meeting notes attached. Anticipated full implementation date: 12/31/2016	Trapeze OPS requires additional modules, additional training and reporting functionality.
Operator Scheduling Assessment	05/07/15	**MEDIUM**	Currently bidding is done manually and Trapeze may have ability to perform this function in a Web-based format. We recommend investigating Trapeze to allow for bidding via the Web, saving time and money.	Management agrees with the recommendation. The implementation of web bidding requires ATU participation and extensive changes to administrative procedures and processes. This will be addressed during the current negotiations with ATU on a new collective bargaining agreement.	08/31/15	9/1/18	●			Deputy Director of Transit Operations	VTA was not able to achieve this through negotiations in the new CBA. VTA will try to negotiate this recommendation into the new CBA effective 9/1/2018.	VTA was not able to achieve this through negotiations in the new CBA. The Union's main concern is that not all Operators may be computer literate. Trapeze OPS requires additional modules, additional training and reporting functionality.
Operator Scheduling Assessment	05/07/15	**MEDIUM**	Current staff was trained on Trapeze, but additional, more specific training would facilitate better performance of job functions. We recommend providing additional training for operations staff, Office Time Technicians and Office Support Supervisors.	Management agrees with the recommendation. Training items have been identified and VTA is planning to start these training sessions mid-March 2015. In June 2015, VTA also plans to bring Trapeze back onsite for specialized training sessions catered to Operations Superintendents and Supervisors.	06/30/15				●	Manager, Operations, Analysis, Systems and Reporting		Trapeze OPS requires additional modules, additional training and reporting functionality.
Operator Scheduling Assessment	05/07/15	**MEDIUM**	Trapeze automates availability of operators for some functions, but some availability is documented manually, such as birthdays and incentive days. We recommend exploring the possibility of implementing this functionality into Trapeze, eliminating a manual process.	Management clarified with staff that this item refers to absence (vacation, floating holiday, incentives) quota configuration. This configuration activity is required once a year, before the annual general sign-up in January, and would be the first year VTA utilized Trapeze OPS for this purpose. Management agrees to review the quota configuration process and implement process improvements where necessary.	01/31/16				●	Manager of Operations, Analysis, Systems and Reporting		Trapeze OPS requires additional modules, additional training and reporting functionality.
Operator Scheduling Assessment	05/07/15	**LOW**	We recommend that VTA investigate CHP log book requirements and discuss the need for this practice, especially with automation of Trapeze and Advanced Vehicle Systems (AVS) systems. If necessary, engage the Board of Directors for possible negotiation and resolution of eliminating requirement.	Management agrees with the recommendation. VTA previously engaged CHP regarding this issue 2.5 years ago, which did not result in any substantive improvement to the current process for VTA. VTA believes the underlying issue is that CHP is inconsistently and incorrectly applying this regulation in the transit industry. The preferred solution would be for CHP to not require log books in any form for public transit operators. VTA will approach the CHP again on this issue.	10/31/15				●	Deputy Director of Transit Operations	VTA has included a solution requirement for the log books in the RFP for the new CAD/AVL. This will eliminate the need for Operator Log Books. Expected full implementation date is: 01/30/2019; NTP for CAD/AVL project: 09/2016. With the approval of CHP, we expect to be able to eliminate the log books prior to project completion.	Log books, as required by California Highway Patrol (CHP), are redundant as VTA has existing timekeeping and scheduling methods.
Operator Scheduling Assessment	05/07/15	**LOW**	We recommend that VTA investigate the implementation of a new AVS (communication) system that would provide greater accuracy and ability for reporting.	Management agrees with the recommendation. The CAD/AVL capital project expected to commence at the end of 2015 includes automation design requirements to replace manual monitoring and collection of information required for the logbooks. The technology design will require CHP consensus.	06/30/15				●	Manager of Operations, Analysis, Systems and Reporting	Implementation of an Automated Log Books and/or Automated Vehicle Systems have been investigated and will be included in the scope of the CAD/AVL replacement capital project. Attached is a copy of a section of the CAD/AVL RFP requirements (section 2.9.1.9).	Log books, as required by California Highway Patrol (CHIP), are redundant as VTA has existing timekeeping and scheduling methods.

Paratransit

Paratransit Operation Assessment	12/14/15	**HIGH**	VTA is responsible for using taxpayer dollars in the most efficient and effective manner possible. This includes ensuring fair and open competition for all contracts. Given that VTA has not completed a competitive bid in over 20 years and VTA's Board of Directors approved the most recent contract agreement that will automatically continue into evergreen status in July 2021, we recommend that VTA obtain independent cost estimates for both ADA brokerage and purchased transportation services to evaluate the program's current costs and competitive market rates.	VTA management agrees with the recommendation. The new Regional Transportation Services Manager, who is anticipated being hired shortly, will initiate the process immediately upon hire. He/she will, in partnership with VTA's Procurement & Contracts unit, develop the scope and specifications for the competitive selection process to determine interest and comparative costs. However, the effectiveness of this process is dependent on successful prior implementation of the actions identified in the Auditor General's recommendations for Items 2.1, 2.2, 6.1 and 7.1. Once the corrective actions for these items are completed, VTA will have much clearer information and a better picture to identify the optimal service model.	12/31/16		NOT YET DUE FOR IMPLEMENTATION			Operations/ Regional Transportation Services Manager	Staff is developing RFP to release in September 2016.	VTA has not completed an independent cost analysis. However, Outreach has competitively bid all of its third-party purchased transportation providers. Therefore, it is possible that VTA may not easily be able to measure the benefit being received from utilizing a broker to provide ADA paratransit services. Without performing due diligence and obtaining independent cost estimates, VTA cannot adequately determine if the aggregate costs of its ADA paratransit program aligns with current market rates.

Inventory of Recommendations Issued by the Office of the Auditor-General
Status of Implementation
As of August 17, 2016

Audit Report	Governance & Audit Committee review date	Risk Rating: High, Medium or Low	Recommendation	Response by Department	Original Target Date of Implementation	Revised Date of Implementation	Progress to Date			Responsible for Implementation	Actions Taken To Date	Other Comments
							Not Implemented	Substantially Implemented	Fully Implemented			
Paratransit Operation Assessment	12/14/15	**HIGH**	We recommend that VTA obtain access to all systems and applications that are utilized by Outreach to deliver ADA paratransit services and develop internal review processes to independently and, on an ongoing basis, verify Outreach-prepared reports and invoices. Without adequate independent review and oversight of Outreach, VTA risks potentially paying inaccurate invoice amounts to Outreach or submitting inaccurate federal transportation data.	VTA management agrees to obtain access to systems and applications Outreach uses to deliver paratransit service in order to be independently review and verify Outreach-provided reports and invoices. Arranging for direct access will require amendment of the VTA/Outreach contract as well as potentially a small incremental cost for the software access license(s).	03/31/16				●	Operations/ Regional Transportation Services Manager	1) VTA has requested direct access via VPN along with contract amendment language - no full agreement or completion to date; 2) Outreach has provided a workstation at their office with Trapeze access, however, they restricted VTA viewing access; 3) Extraction of the productivity database required a non-disclosure agreement that was first signed in March; 4) Staff has been in discussion with software company on ability to transfer or buy full license access, both Trapeze and Outreach refuse this option; 5) $1.4M proposal provide to procure our own identical system. Outreach and Escort, Inc has provided VTA full Trapeze access through VPN portal. This allows staff to independently review and verify reports to approve invoices. Outreach has willingly provided access without an amendment. Staff is currently developing and internal controls and formalizing them in an upcoming request for proposals for paratransit services.	VTA is responsible for reporting paratransit service data to the federal government. However, VTA has allowed Outreach to self-report National Transit Databases (NTD) information, including eligibility, ridership, and financial data, without independently verifying the accuracy or reasonableness of Outreach's reporting, potentially putting the organization's federal funding at risk.
Paratransit Operation Assessment	12/14/15	**HIGH**	We also recommend that VTA evaluate the current reports required in the contract to determine critical information needed to oversee operations and performance. VTA should develop internal review controls that ensure consistency in reporting formats and presentation of data. In order to effectively manage operational and financial performance, it is imperative that VTA understand how the information is gathered and reported. In combination with Recommendation 2.1, VTA should be able to effectively oversee ADA paratransit services and reasonably verify that costs incurred by and billed to VTA are accurate.	VTA management agrees to review in detail all required reports from Outreach and develop internal review controls and procedures to help ensure consistency in reporting formats and presentation of data. We will ensure that we fully understand how the information is gathered and reported by Outreach, which is a key component in VTA effectively overseeing ADA paratransit services. We will also notify Outreach of any required reports not currently being provided as well as needed changes to existing reports in order to supply VTA with critical information it needs to properly oversee operations and performance.	04/30/16	9/30/16		●		Operations/ Regional Transportation Services Manager	1) Outreach is now providing reports via dropbox in a central location. 2) Backup reports exceed two hundred documents and staff is currently evaluating which ones are relevant for verifying costs incurred 3) Staff has started draft procedures for invoice processing and verification. 4) Staff is now requiring its contractor to adhere to section 20 - Required Reports and Submittals Provision including General Ledger account activity reports 5) Additional raw data is now provided pursuant to VPN Trapeze access to validate billing and performance standards, including adherence to contract section 20, Required Reports and Submittals. Anticipated full implementation date for developing internal controls: 9/30/16.	Requested system-generated source data were not extracted directly by the system. In most cases the data was not easily reconcilable across various reports. Inspection of Outreach's budgeting, GL, and invoicing reports revealed inconsistencies in how specific cost elements are accounted for by Outreach and reported by VTA.
Paratransit Operation Assessment	12/14/15	**HIGH**	In order to ensure that invoiced amounts are accurate and the approximately $20 million paid to Outreach for ADA paratransit services are substantiated, we recommend that VTA require Outreach to provide appropriate supporting documentation with invoices as described in Section 5.5 of the agreement. VTA should have adequate visibility to specific costs elements incurred both directly from Outreach and its third-party vendors. It is important that VTA management evaluate how the data is obtained and prepared to ensure information is complete, accurate and reliable for financial and NTD reporting. We also suggest that VTA management review the Auditor General report No. 2011-04 and identify source data and documentation required to verify Outreach's stated revenues.	VTA management agrees to establish requirements for supporting documentation necessary for invoice reconciliation and resulting payment to Outreach. These requirements will include, but not be limited to, cost drivers such as MV contract costs, Outreach staff expenses, fuel, vehicle maintenance, other vendor services, etc. In addition, a VTA internal procedure will be developed so that VTA staff has clear direction on the requirements for supporting documentation for invoices.	03/31/16	9/30/16		●		Operations/ Regional Transportation Services Manager	1) Outreach is now providing reports via dropbox in a central location; 2) Backup reports exceed two hundred documents and staff is currently evaluating which ones are relevant for verifying costs incurred; 3) Staff has drafted procedures for invoice processing and verification; 4) AG report no. 2011-04 has been reviewed 5) Invoicing procedures are on hold until automated invoicing rolls out; 6) Operations changed the Target Date of Implementation from 03/31/16 to 09/30/16. 7) Outreach has provided VTA with source data access as of June 30, requiring staff to revamp its current draft procedures.	Vendor invoices are entirely prepared by Outreach for they are responsible for scheduling. Invoices for Outreach's purchased transportations providers are not directly provided to VTA to substantiate vendor costs. Outreach provides VTA with manually created ridership reports - not system generated source data.
Paratransit Operation Assessment	12/14/15	**HIGH**	Due to the increased risk of inaccurate invoice amounts and lack of visibility to specific expense and revenue elements for ADA paratransit services, we recommend VTA to contractually pursue the elimination of advance payments. Outreach should be required to submit invoices based on actual expenses incurred and revenue generated during a specific period. Revising this process would not only alleviate and streamline the process at VTA, it would also facilitate greater visibility for VTA management and reduce the risk of inaccurate billings.	VTA management agrees with the recommendations to eliminate or simplify advance payments and to streamline the invoicing process. Modification of the existing advance payment provision will require amendment of the VTA/Outreach contract.	03/31/16	7/1/17		●		Operations/ Chief Operating Officer with the assistance of both General Counsel's Office and Contracts and Procurement unit.	VTA Board of Directors voted to end the current Paratransit provider contract in 1 year. There will be an RFP issued and a provider selected. VTA will have access to all ridership and cost data to ensure accurate billing. Started on 4 July, VTA is able to obtain VPN access to the Trapeze pass software and able to run reports to assistant validate invoices. However, VTA is unsuccessful to negotiate the contract amendment of the existing advance payment provision. By July 2017, VTA will have a new contract for paratransit services which will require supporting documents of service for payment.	Invoices submitted to VTA are insufficiently supported as required by the contract. Additionally, Outreach's paratransit services invoicing process is unnecessarily complex because of VTA's advance payments, resulting in increased risk of inaccurate invoice amounts.

Inventory of Recommendations Issued by the Office of the Auditor-General
Status of Implementation
As of August 17, 2016

Audit Report	Governance & Audit Committee review date	Risk Rating: High, Medium or Low	Recommendation	Response by Department	Original Target Date of Implementation	Revised Date of Implementation	Progress to Date: Not Implemented	Progress to Date: Substantially Implemented	Progress to Date: Fully Implemented	Responsible for Implementation	Actions Taken To Date	Other Comments
Paratransit Operation Assessment	12/14/15	**HIGH**	Although VTA has an effective budget review, we encourage the organization to evaluate its existing invoice review procedures and process for the paratransit services contract. In order to ensure invoice review is effective at detecting potential errors, VTA must understand the supporting data provided by Outreach as described in Observation 4.1 while also verifying the amounts reported independently. VTA's Accounts Payable manager informed the Auditor General's Office that automation efforts are underway to ensure invoices and support are electronically captured and approval workflows are automated, and we recommend VTA management continue to pursue automation efforts. Not only does automation result in efficiencies during the invoice review process, it facilitates electronic records and control over invoice documentation and changes.	VTA management agrees to review and improve its invoice review process including more meaningful scrutiny of invoices and their supporting documentation. VTA also has efforts underway to automate invoice processing. Corrective action for this recommendation is related to and will be accomplished in conjunction with corrective actions for Recommendation 3.1.	03/31/16	9/30/16		●		Operational/ Regional Transportation Services Manager in cooperation with the Accounts Payable unit	Automation is planned to go live by the end of August 2016.CQ 7/28/16 Paratranit PM and AP are now doing a final in depth review of the invoices. AP has taken over the Contract Attest function and has been gathering the pricing sheets and other documentation for review of invoices against the contract. CQ Anticipated full implementation date as of August 9, 2016 is 9/30/2016.	VTA's AP process requires that invoices be directed to the AP department to be formally received and time stamped before being directed to the appropriate department for review. It was noted, however, that not all vendors send invoices to the attention of AP. Invoices submitted outside of the standard process may result in invoice revisions or changes to documentation without being formally documented.
Paratransit Operation Assessment	12/14/15	**HIGH**	We recommend that VTA require Outreach to submit all invoices to the attention of AP so all invoices and supporting documentation are formally received and time stamped prior to departmental review. Additionally, any invoice disputes should follow requirements as described in section 5.6 of the agreement between Outreach and VTA.	VTA management agrees and has already instituted this recommendation. However, additional changes may be required for the electronic submission process as it relates to Recommendation 3.1 on defining the required supporting documentation for invoices. This may or may not require an amendment to the contract.	12/03/15				●	Operational/ Regional Transportation Services Manager in cooperation with the Accounts Payable unit		Internal invoice review procedures for the paratransit services contract are not sufficient to substantiate disbursement, and invoices are not always submitted to Accounts Payable (AP) to be formally received prior to internal review.
Paratransit Operation Assessment	12/14/15	**HIGH**	In order for VTA to have assurance that the paratransit services budget is reasonable and aligns with actual results, we recommend that VTA management evaluate its existing budgeting process for paratransit services and develop requirements and internal review controls that include trend analysis and substantiation for spending justification. Given the significant costs associated with paratransit and VTA's use of the brokerage model, we recommend that VTA management and Board require the detailed analysis previously described prior to the Board approval of the budget. It is also critical that budget tracking include sufficient detail on a regular basis to ensure detailed cost drivers compared to budget are appropriately investigated and reviewed by VTA management. Without sufficient analysis, VTA may expose itself to unnecessary costs as a result of the brokerage model and its increasing costs, as well as the potential over-utilization of non-dedicated transportation providers.	VTA management agrees. Operations staff will coordinate with the Finance & Budget Division to review its existing budgeting process for paratransit services and revise as needed to ensure development of the annual/biennial paratransit budget at a sufficient level for VTA Board of Directors review and approval, including trend analysis and other key factors. VTA will also implement an enhanced budget tracking process to ensure costs are appropriately reviewed and justified, which is related to the Recommendation 2.2, 3.1 and 4.1 and thus will be accomplished in combination with the corrective actions for those items.	**04/30/2016**- Implementation of improved budget tracking process. **12/2016**-Enhanced paratransit budget development process will be in place for the FY 2018 & FY 2019 VTA Biennial Budget process scheduled to commence late 2016.				●	Chief Opearting Officer in conjunction with the Chief Financial Officer	1) Staff has started reoccurring line by line review of actuals versus budget and separately tracking vendor actuals versus budget 2) Staff is following up on any trends and requesting further information for changes 3) Staff will include more information in the proposed budget going forward which will include major cost drivers such as fuel, labor, vendor and broker costs.	The VTA BOD of Directors approves the annual paratransit services budget, as provided by Outreach, without analysis and comparison by VTA staff to actual program costs or justification of budget projections. VTA's budget review controls and analyses are ineffective at developing a quality budget that is critical to managing ADA paratransit costs on an ongoing basis.
Paratransit Operation Assessment	12/14/15	**HIGH**	The company or organization responsible for managing the ADA paratransit eligibility process inherently serves as a custodian for VTA because the eligibility determination is the primary factor affecting future paratransit costs. Therefore, it is critical that VTA pursue an ADA paratransit model that has sufficient VTA oversight as well as independence between the eligibility and brokerage/transportation service, thus eliminating any potential conflict of interest. Furthermore, we recommend that VTA evaluate the existing eligibility process and benchmark against other eligibility service providers to assess Outreach's current performance metrics. We also suggest VTA complete a cost-benefit analysis of an in-person functional assessment program to determine if a more thorough up-front assessment model would more accurately determine applicant eligibility and protect VTA from potentially incurring costs for ineligible riders.	VTA management agrees. It will comprehensively study its complete current paratransit eligibility process. This process will factor in the Auditor General's recommendations to: (1) segregate the eligibility and brokerage/transportation responsibilities; (2) perform a cost-benefit analysis of implementing in-person functional assessments; and (3) benchmark and assess current eligibility performance metrics. It will also take into account industry best practices as well as other factors. Any major changes to the program would require amendment of the contract between VTA and Outreach.	12/31/16		NOT YET DUE FOR IMPLEMENTATION			Operations/ Regional Transportation Services Manager		Outreach currently manages VTA's ADA paratransit eligibility program, which is a potential conflict of interest. Further, Outreach does not require all applicants to complete as in-person functional assessment.

Inventory of Recommendations Issued by the Office of the Auditor-General
Status of Implementation
As of August 17, 2016

Audit Report	Governance & Audit Committee review date	Risk Rating: High, Medium or Low	Recommendation	Response by Department	Original Target Date of Implementation	Revised Date of Implementation	Progress to Date: Not Implemented	Progress to Date: Substantially Implemented	Progress to Date: Fully Implemented	Responsible for Implementation	Actions Taken To Date	Other Comments
Paratransit Operation Assessment	12/14/15	**MEDIUM**	For VTA to develop a long-term strategic ADA paratransit fleet management plan, it is critical that the organization have a clear understanding of the current fleet's utilization and capability to meet demand. We recommend that VTA develop an ongoing, sustainable fleet management plan to ensure that VTA vehicles are used optimally and, if possible, Outreach-owned vehicles are no longer used for ADA paratransit services and maintained at the expense of VTA. In addition, we recommend that VTA fully evaluate vehicle acquisition proposals and grants to ensure they meet ADA service needs.	VTA management agrees with the recommendation. It will develop a comprehensive paratransit fleet management plan that takes into consideration, among other factors: recent procurements; vehicle utilization and maximization; vehicle type and capacity; hourly/daily/monthly deployment trends including the use of taxis; and changing passenger and operational needs. However, the effectiveness of this process is dependent on successful prior implementation of the actions identified in the recommendations for Items 2.1 and 2.2. Once the corrective actions for these items are completed, VTA will have much clearer information and a better picture to identify the optimal fleet management plan.	11/30/2016 (in time for use in the FY 2018 & FY 2019 VTA Biennial Budget process scheduled to commence the end of 2016 as well as develop- ment of the next SRTP.		NOT YET DUE FOR IMPLEMENTATION			Operations/ Regional Transportation Services Manager		VTA does not currently have a process to evaluate and manage its paratransit services fleet to evaluate vehicle type, utilization, or spare ratios to identify current and future needs.
Grants												
Grants Management & Compliance Assessment	05/05/16	**MEDIUM**	The Programming & Grants Department is of vital importance to the VTA. The funding they receive is vital to VTA operations. Because of this, we recommend Programming & Grants develop policies and procedures that cover their various processes. Doing so would help both maintain useful training material for new employees and other VTA employees who work closely with that department.	VTA management concurs with the recommendation. Programming and Grants staff will be developing policies and procedures to document its processes.	12/31/16		NOT YET DUE FOR IMPLEMENTATION			Director of Planning & Prog Dev; Manager of Prog & Grants	Anticipated full implementation: 12/31/16	The Programming & Grants Department does not have formally documented policies and procedures for their various workflows.. Therefore other departments may not fully understand the processes or timing of the grants.
Grants Management & Compliance Assessment	05/05/16	**MEDIUM**	We recommend that the Programming & Grants house all grants and supporting documents in one common place. SAP doesn't currently have this capability so we suggest a web-based repository. Once this repository is established, all documents should be scanned and uploaded in order to: 1) Reduce the amount of paper on site and in storage. 2) Make documents more easily retrievable and have the ability to be sorted by fiscal year, project number, grant number, etc. 3) Make it much easier to comply with VTA's document retention policy.	VTA management concurs with the recommendation. Programming and Grants staff will be developing policies and procedures to document its processes, in combination with IT, is in process of developing a SharePoint (online and shared) site to house all digital and scanned copies of documentation.	SharePoint site operational: 12/31/16; Archival documents uploaded: 12/31/17		NOT YET DUE FOR IMPLEMENTATION			Director of Planning & Prog Dev; Manager of Prog & Grants	Grants Share Point Site technology will be demo on 08/16/16.	The Programming & Grants does not have a document repository to house all relevant documents and mostly maintain hard copies of documents. Some documents were not readily available.
Grants Management & Compliance Assessment	05/05/16	**LOW**	We recommend VTA require cities to provide more detail and substantiation in their required grant project status reports, especially for future awards. Requiring more substantiation such as photos of project progress gives more transparency on expenditure of VRF 15% funds. In addition, having cities report semi-annually instead of annually gives VTA more detail and timeliness in monitoring the expenditure of public funds.	VTA management concurs with the recommendation. Programming & Grants staff will include semi-annual reporting and photo documentation of project progress requirements in future funding agreements for VRF 15% projects	Immediate				●	Director of Planning & Prog Dev; Manager of Prog & Grants	BOD approved the new cycle of ITS projects on 08/04/16 and these projects will be requested to submit biannual status report. New forms were created top request for additional information.	Currently, several local cities that receive grants from VTA provide inconsistent annual updates related to Vehicle Registration Fee (VRF) 15% funded projects.
Planning and Programming Development												
Operator Scheduling Assessment	05/07/15	**HIGH**	We recommend analyzing a cost-benefit of extending station platforms to accommodate three-car trains, consistent with the rest of the rail system thus improving your ability to handle increased ridership.	VTA management agrees that the current Vasona line infrastructure with two car platforms and two single track segments constrains event day operations as well as daily service. The VTA Planning and Project Development Division has a study underway, the Light Rail Enhancement Project, to review a variety of system design and operational strategies that would improve service, ridership and operating speed. Vasona line improvements are only one of many enhancements being studied. The study will consider the cost and benefits of each potential improvement. Future decisions will be made on which improvements to pursue for funding and implementation. The study is targeted for completion by the end of 2016.	01/31/17		NOT YET DUE FOR IMPLEMENTATION			Director of Planning & Programming		The Vasona Branch contains several stations that are restricted to two-car berthing which limits flexibility for operations for special events, constrains operations, and often requires more operators.

Inventory of Recommendations Issued by the Office of the Auditor-General
Status of Implementation
As of August 17, 2016

Audit Report	Governance & Audit Committee review date	Risk Rating: High, Medium or Low	Recommendation	Response by Department	Original Target Date of Implementation	Revised Date of Implementation	Progress to Date: Not Implemented	Progress to Date: Substantially Implemented	Progress to Date: Fully Implemented	Responsible for Implementation	Actions Taken To Date	Other Comments
Communications - Community Outreach												
Alum Rock Bus Rapid Transit (BRT) Project Delay Assessment	05/05/16	none specified	• Centralized communications with one point of contact for the public • Provide sufficient resources with appropriate, qualified skills and public outreach experience • Contract for the most appropriate community outreach staff as needed • Open field office 3 months before construction begins with regular visits from engineering and construction personnel.	Management agrees: -Unified messaging is critical. Initially the contractor was required to provide a Community Relations Officer who worked under the direction of a project designated member of the VTA Outreach team. Currently, two VTA outreach specialists are supporting the project; one is assigned for the Downtown segment of the project and an additional outreach specialist has been assigned for the Alum Rock (eastern) section, assuring adequate, timely, appropriate and unified messaging, as well as enhanced community engagement. -Community relations is an essential element of successful project delivery. To ensure adequate resources to support current and future capital projects to ensure unified messaging, VTA has augmented its outreach team with experienced, culturally diverse outreach specialists. -VTA now has contracts in place with three firms who are providing and have ongoing access to experienced, culturally diverse, multi-lingual outreach specialists. -For future projects, the Community Outreach team will work with Engineering and Transportation Infrastructure Division staff to establish and staff a field office for larger longer-term projects impacting businesses and residents. The field office will be established at least three months prior to commencement of any project related construction.	no implementation date specified				●	Director of Communications	Fully implemented. AG report to Bd on Aug 4, 2016. Ongoing procedure has been implemented	
Alum Rock Bus Rapid Transit (BRT) Project Delay Assessment	05/05/16	none specified	• Create a running log of inquiries, responses, and outcomes to facilitate rapid and accurate response • Identify one primary person with designated backup, to ensure consistent messaging • Communicate to the public on a weekly basis (at minimum) • Need to have a more targeted outreach strategy, where community organizations are lacking.	Management agrees: -While all project contacts, communications and interactions were previously tracked, VTA recently augmented its Salesforce Constituent Program Management system, which had been created to support the BART Silicon Valley project, to support all capital projects. This program enables all communications and contacts related to projects to be addressed and documented in on place. -Each active capital project now has a community outreach specialist as well as a back-up assigned to it. Larger projects have multiple specialists to support specific geographical areas of the project and develop relevant outreach and engagement plans following the Capital Projects Outreach and Communications Policies and Procedures. -Procedures and Outreach plans have been established or enhanced to now provide bi-weekly project update newsletters and proactive timely construction updates as frequently warranted by construction activities. Due to time required for broad distribution of materials that require translation, more frequent communications, sometimes as much as 2-3 times per week, are customized for the specific stakeholders impacted. Written materials are delivered door-to-door in the community and available at the field office as well as on VTA's website. -VTA's assigned outreach specialists are more strictly adhering to the Project Communications and Outreach Policies and procedures which guide stakeholder identification and classification, and communications methods and timing.	no implementation date specified				●	Director of Communications	Fully implemented. AG report to Bd on Aug 4, 2016. This tool, which will be used on an ongoing basis, has been implemented	

Inventory of Recommendations Issued by the Office of the Auditor-General
Status of Implementation
As of August 17, 2016

Audit Report	Governance & Audit Committee review date	Risk Rating: High, Medium or Low	Recommendation	Response by Department	Original Target Date of Implementation	Revised Date of Implementation	Progress to Date: Not Implemented	Progress to Date: Substantially Implemented	Progress to Date: Fully Implemented	Responsible for Implementation	Actions Taken To Date	Other Comments
Alum Rock Bus Rapid Transit (BRT) Project Delay Assessment	05/05/16	none specified	• Open field office to future projects at least 3 months in advance of construction (in addition to the standard communication and notification plan) • Develop a consistent team to provide uniform messaging throughout construction • Conduct several informal meetings in the community • Consider developing a Business Advisory Committee to solicit input.	Management agrees: -Going forward, the Community Outreach team will work with Engineering and Transportation Infrastructure Division staff to establish and staff a field office for larger longer-term projects impacting businesses and/or residents. The field office will be established at least three months prior to commencement of any project-related construction. -VTA has augmented its Community Outreach team to enable outreach specialists to more fully engage in the communities where projects take place. -Outreach specialists are working proactively with planning and construction teams to identify key milestones and opportunities for public engagement. Public meetings are an important component of the project outreach plans. In addition to public meetings, all larger scope projects that include a field office will offer identified, recurring schedules where staff are available to meet with the public. -Community Outreach is more fully engaging in the project planning and contract development processes to ensure the interests of businesses are considered in delivery approaches. Establishing a Business Advisory Committee may be one of the methods used to solicit valuable input from the business community. VTA is also researching other agencies for best practices in mitigating business impacts.	no implementation date specified				●	Director of Communications	Fully implemented. AG report to Bd on Aug 4, 2016. This ongoing practice has been implemented.	
Alum Rock Bus Rapid Transit (BRT) Project Delay Assessment	05/05/16	none specified	• Perform short, concentrated project framing workshop to ensure staff-level consensus and consensus with the City • Ensure that consensus with the City and its partners are established on all issues prior to going out for bid • Ensure that the Policy Advisory Board and standing Board subcommittee has consistent and recurring input on the project • Create working groups with other transit agencies/DOT's performing BRT projects.	VTA management agrees: -Staff will conduct focused meetings with project stakeholders to ensure consensus and achieve written accord. This will be done on a project-by-project basis based on the specific parameters and challenges of each project. -Staff will contact other agencies/cities/DOT's to determine their interest in building a network for the exchange of information and sharing Best Management Practices on BRT projects. -The recently implemented Pre-Construction Requisition Review process will ensure that all open issues with stakeholders are addressed prior to approving the contract for advertising. -PAB meetings will be scheduled starting from early in the project lifecycle until the project is in construction, with regular project updates. VTA management suggests that PAB and standing Board committees will be advised and informed on project progress during construction. Semiannual reports, action items (such as contract award, agreements, etc.) and major decisions will be taken to the appropriate standing Board committee.	no implementation date specified	9/30/16		●		Director of Communications	Substantially implemented. All action items are implemented except for the creation of working groups with other transit agencies with a target date of implementation of End of 2016. Source: AG report presented to BOD on August 4, 2016. New target date for full implementation: Sept 30, 2016	

Inventory of Recommendations Issued by the Office of the Auditor-General
Status of Implementation
As of August 17, 2016

Audit Report	Governance & Audit Committee review date	Risk Rating: High, Medium or Low	Recommendation	Response by Department	Original Target Date of Implementation	Revised Date of Implementation	Progress to Date: Not Implemented	Progress to Date: Substantially Implemented	Progress to Date: Fully Implemented	Responsible for Implementation	Actions Taken To Date	Other Comments
System Safety and Security												
Public Safety Process Assessment	12/14/15	**MEDIUM**	VTA should evaluate existing staffing levels and capabilities of law enforcement, private security, and fare inspectors in conjunction with projected needs for BART SV service implementation and ongoing special events, to identify what VTA's ideal staffing levels would be to meet the Board's strategic vision for public safety and accomplishing operating priorities on an ongoing, sustainable basis. VTA should also consider all types of resources that could be utilized (i.e., sheriff technicians in lieu of fare inspectors, since fare inspectors cannot run ID checks and execute law-enforcement tasks, this results in Sheriff's Office staff being taken away from primary responsibilities).	VTA management concurs with the recommendation. VTA will evaluate staffing levels and capabilities of law enforcement, private security and fare enforcement personnel with projected needs for BART SV service implementation and ongoing special events to identify VTA's ideal staffing levels insuring that we are meeting the Board's strategic vision for public safety and accomplishing operating priorities. VTA management will also consider the best and most efficient use of resources to insure best use of staff available.	06/01/16				●	Manager of Protective Services Programs	Protective Services is currently in the process of assessing the staffing needs for VTA's service area including the BART/SVBX. Contracts amendments are being considered for Santa Clara County Sheriff's Office and AlliedBarton Security Services. The amendment is requesting additional law enforcement and security officers. The number of the additional staff will be dependent upon on the approval from VTA's Board of Directors for both contract amendments. The requested contract amendments are being prepared for the September's Board of Supervisor Meeting. *The contract amendment to increase law enforcement and contracted private security are being prepared for presentation to VTA Board of Directors. The amendments are planned to be presented at the September Board Meeting.	Security staffing levels and capability may not be optimal to address security concerns with the increase in special events and the projected security needed for BART Silicon Valley (BART SV) - Phase I services implementation.
Public Safety Process Assessment	12/14/15	**MEDIUM**	VTA should formally evaluate the costs and benefits of contracting out CCTV control room management. Based on discussions with members of Protective Services, it is clear that there are benefits to using a VTA employee to manage the CCTV control room.	VTA management concurs with the recommendation. VTA will evaluate the costs and benefits of staffing the CCTV control room with VTA personnel.	12/31/15				●	Director of Safety and Security	Cost of permanent VTA employee versus contracted security personnel is prohibitive. We will continue to evaluate this option as the environment is ever changing. We have implemented interim solutions and have worked with Allied Barton to ensure proper staffing is in place. The interim solution is working very well and should be monitored as it may be an excellent solution.VTA management is continually evaluating staffing that will allow the best and most efficient use of resources. An example, is the changing of hours to security officers assigned to Ohlone/Chynoweth Light Rail Station. The change in hours has allowed VTA to have two security officers present during peak afternoon commute hours. The increase in staff has also deterred physical assaults, loiters and improved safety along the right of way.	Security staffing levels and capability may not be optimal to address security concerns with the increase in special events and the projected security needed for BART Silicon Valley (BART SV) - Phase I services implementation.
Public Safety Process Assessment	12/14/15	**MEDIUM**	VTA should evaluate the costs and benefit of requiring Allied Barton security contractors to receive CIT training to ensure its security presence has the adequate skills to effectively de-escalate and manage potential crises. VTA should also consider the costs and benefit around both IB and CS training. Such training can enhance the AB security contractors' ability to fairly work with passengers, especially in tense or controversial situations. VTA may also benefit by considering the feasibility of AB contractors participating with other law enforcement agencies' CIT, IB, and CS training to save on costs.	VTA management concurs with the recommendation. VTA will evaluate the costs and benefit of requiring Allied Barton security contractors to receive CIT, IB, and CS training.	12/31/15				●	Manager of Protective Services Programs	Upon review and evaluation the cost and time commitment for having Allied Barton attend a 40 hour CIT course is not feasible. We are working on a solution for a shorter condensed course and are working on implementing the solution. VTA management has participated in a presentation of Mental Health First Aid conducted by the Santa Clara Valley Mental Health Department. VTA management determined the 8 hour Mental Health First Aid is suitable option to the Crisis Intervention Training (CIT) for AlliedBarton officers. Based upon the training the officers are currently mandated to participate in, including but not limited to interpersonal communications and managing conflict, VTA management has determined that if an AlliedBarton officers displays poor judgment in de-escalating a situation or ineffectively manages a crisis they will receive Mental Health First Aid training in addition to a refresher of training already received. *This action has been implemented and any officers displaying poor judgement in de-escalating a situation or ineffectively managing a crisis will attend the 8 hour Mental Health Firs Aid training.	Security staffing levels and capability may not be optimal to address security concerns with the increase in special events and the projected security needed for BART Silicon Valley (BART SV) - Phase I services implementation.
Public Safety Process Assessment	12/14/15	**MEDIUM**	VTA should evaluate whether 24/7 staffing of the CCTV control room would be beneficial. Considerations should include the cost of staffing, other supplementary work that could be performed by security staff working on weekends and nights, and the overall benefit to have real time monitoring and resources to pull video footage immediately when requested.	VTA management concurs with the recommendation. VTA will evaluate the costs and benefit of 24/7 staffing of the CCTV control room.	12/31/15				●	Manager of Protective Services Programs	The CCTV control room is now staffed 20 hours a day, Monday through Friday and during on staffed time we have implemented an on call procedure to ensure that we have staff available to provide timely response to major incidents that require immediate access to CCTV. This is the most cost effective solution and meets our needs. *Our current staffing of 20 hours a day has improved our CCTV coverage. No further action is required at this time.	Security staffing levels and capability may not be optimal to address security concerns with the increase in special events and the projected security needed for BART Silicon Valley (BART SV) - Phase I services implementation.
Public Safety Process Assessment	12/14/15	**MEDIUM**	VTA should devote resources to eliminate the backlog of incident reports. VTA should also evaluate the manual nature of incident reporting. Process improvements that allow or encourage operators to enter incidents directly into IndustrySafe should be explored. We understand that incident reports need to be reviewed by a Supervisor and there are issues with providing tablets or computer access to operators, but exploring automation opportunities could greatly enhance the speed with which reports are entered into IndustrySafe and available for analysis and reporting.	VTA management concurs with the recommendation. VTA will devote resources to eliminate the backlog of incident reports. VTA will also evaluate the manual nature of incident reporting and will explore automation.	03/31/16				●	Manager of Protective Services Programs	At this time, all incidents including accidents, injuries, criminal activity and security incidents are input into Industry Safe. We continue to explore automation of this function but we have a workaround in place that is working to keep up to date.	IndustrySafe functionality is not effectively utilized in all segments of VTA's public safety process.

Inventory of Recommendations Issued by the Office of the Auditor-General
Status of Implementation
As of August 17, 2016

Audit Report	Governance & Audit Committee review date	Risk Rating: High, Medium or Low	Recommendation	Response by Department	Original Target Date of Implementation	Revised Date of Implementation	Progress to Date			Responsible for Implementation	Actions Taken To Date	Other Comments
							Not Implemented	Substantially Implemented	Fully Implemented			
Public Safety Process Assessment	12/14/15	**MEDIUM**	VTA should evaluate IndustrySafe reporting to determine if it has sufficient incident reporting capabilities. If it does not, VTA should consider other reporting options such as Crystal reports. If IndustrySafe does have sufficient reporting capabilities, then VTA should evaluate whether the application has effectively been rolled out to all departments and whether additional training should be provided to ensure all users are aware of and employing the full functionality of the application.	VTA management concurs with the recommendation. VTA will evaluate Industry safe and determine it capabilities in the area of security related incident tracking, reporting and forecasting.	06/30/16				●	Director of Safety and Security, Manager of Protective Services Programs, and Principal Safety Auditor	In general staff has run reports on an as needed basis. The latest IndustrySafe release has increased reporting functionality, which will be rolled out to all departments as needed. VTA has purchased additional report training from IndustrySafe which will be used once Observations data entry has occurred in order to work with live data. Training efforts have increased with additional IndustrySafe webinars, including a VTA specific webinar on the new Observations Module, a more robust IndustrySafe Administration & Resource Center, and VTA's own guidance materials under the Document Library. Training is an on-going process for new staff; and, also part of continuous process improvement to streamline processes and learn new features of IndustrySafe with each new product release (upgrade). Currently, working with Security on queries and reporting. *Security is continuously working on improving incident tracking, reporting and forecasting with Industry Safe. Based upon system upgrades and improved processes this project has been implemented.	IndustrySafe functionality is not effectively utilized in all segments of VTA's public safety process.
Public Safety Process Assessment	12/14/15	**MEDIUM**	We recommend evaluating the IndustrySafe audit module to determine if it provides additional functionality that improves the operational efficiency of audit monitoring through automating processes.	VTA management concurs with the recommendation. VTA will evaluate Industry safe and determine its capabilities in the area of audit functionality.	06/30/16				●	Director of Safety and Security, Manager of Protective Services Programs, and Principal Safety Auditor	IndustrySafe has no "audit module". Question what module the auditors are referencing. IndustrySafe has reports and analysis functionality that can be used to review and analyze data in various modules. IndustrySafe provides advanced grid analysis tutorials to query data, which is downloaded to excel No action taken. Functionality described is already part of web-based reporting tool. Reports can be automated and emailed at scheduled frequency.	IndustrySafe functionality is not effectively utilized in all segments of VTA's public safety process.
Public Safety Process Assessment	12/14/15	**LOW**	Because of the complexity of providing transit security along the VTA footprint, we recommend evaluating whether a process to periodically assess the need for mutual protocol agreements is necessary. The mutual protocol agreement with the city of San Jose is intuitive because 95% of calls occur within San Jose, but there should be a process to determine if mutual protocol agreements with other municipalities should be pursued. A process that includes periodic assessments provide a mechanism to monitor changing demographics, as well as the VTA footprint, to ensure that mutual protocol agreements are pursued with high value municipalities. Another approach is consideration of whether an educational document that defines VTA security responsibilities could be created and communicated to other law enforcement agencies.	VTA management concurs with the recommendation. VTA will evaluate the mutual protocol agreements with overlapping municipalities and/or feasibility of an educational document that defines VTA security responsibilities which could be communicated to other law enforcement agencies. Further, VTA will develop a procedure for periodic review of changing demographics and population within the VTA footprint.	12/31/15				●	Program Manager of Protective Services and Captain of Transit Patrol	VTA, through the Sheriff's Department Transit Patrol has entered an agreement with San Jose PD. VTA will monitor on annual basis changing demographics to determine if any charges are needed or if other MOUs are required going forward.	VTA does not have a formalized process to evaluate the need for mutual protocol agreements.
Public Safety Process Assessment	12/14/15	**LOW**	VTA should evaluate the costs and benefits of a community policing station by assessing best practice security approaches used at other BART stations.	VTA management concurs with the recommendation. VTA will evaluate benefits of a community policing station by assessing best practice security approaches used at other BART stations.	06/30/16	7/31/18	●			Program Manager of Protective Services and Captain of Transit Patrol	Meetings with the SVBX project team are ongoing. There will be a discussion whether a community policing station will be built into the design plans for BART phase 2 at the Berryessa Station. Evaluation is aniticpated to be peformed in July 2018.	The BART SV Extension service will create additional safety and security complexity that should be managed through an assessment of best practice security approaches used at other BART stations and coded in the O&M Companion Agreement being developed.
Public Safety Process Assessment	12/14/15	**LOW**	VTA should evaluate CCTV recording options and work with BART to share CCTV recording data.	VTA management concurs with the recommendation. VTA will evaluate CCTV recording options and work with BART to share CCTV recording data	06/30/16				●	Program Manager of Protective Services and Captain of Transit Patrol	Fiber has been installed to allow for information sharing between BART and VTA. Discussions are still in process, with the goal of all CCTV at the facilities to be viewable by both agencies but recordability will fall only to the agency of jurisdiction. This will maintain evidentiary integrity.	The BART SV Extension service will create additional safety and security complexity that should be managed through an assessment of best practice security approaches used at other BART stations and coded in the O&M Companion Agreement being developed.
Public Safety Process Assessment	12/14/15	**LOW**	Although security response times have not been an issue, VTA should evaluate the service call process to determine if response times should be tracked and reported. Additionally, VTA should evaluate the service call process to determine if the OCC should have a dedicated personnel to manage incoming security calls.	VTA management concurs with the recommendation. VTA will evaluate the service call process to determine if response times should be tracked and reported. Further VTA will evaluate the feasibility of having dedicated security personnel in OCC to manage incoming security related calls.	06/30/16				●	Program Manager of Protective Services and Captain of Transit Patrol	Upon evaluation it was determined that the existing methods are appropriate for tracking response times. The Sheriff's Office already tracks and reports response times for law enforcement details. Furthermore, private security's role is to witness and report, with the response component falling to Transit Patrol. It was also determined that the security presence inside OCC would be better utilized elsewhere on the system.	The Operations Control Center (OCC) does not have dedicated personnel to manage incoming security calls.

Audit Report	Governance & Audit Committee review date	Risk Rating: High, Medium or Low	Recommendation	Response by Department	Original Target Date of Implementation	Revised Date of Implementation	Progress to Date (Not Implemented / Substantially Implemented / Fully Implemented)	Responsible for Implementation	Actions Taken To Date	Other Comments
Engineering and Transportation Infrastructure Development										
BART SV Interagency Agreement Assessment	11/06/14	**HIGH**	We recommend that VTA obtain written assurances and clarifications from the City of Milpitas regarding its commitments under the MA considering the circumstances of the conflicting agreement.	VTA agrees. VTA and the City of Milpitas management are coordinating resolution of this issue and are developing the pertinent clarifications regarding the City's commitments under an amendment to the Master Agreement. Although a firm deadline cannot be established due to the complexity of this issue and because the two parties still need to need to reach an amended agreement and obtain City Council approval, VTA has already initiated the process of obtaining written assurances and clarifications from the City of Milpitas and anticipates the process will be completed by the end of February 2015.	02/28/15	Dependent on city's collaborative effort	Not Implemented	Director of Engr & Transp Infra Dev (BART Silicon Valley)	VTA met with the City of Milpitas in July 1, 2015 to coordinate the pertinent clarifications regarding the City's commitments under an amendment to the Master Agreement. On July 15, 2015, VTA proposed amended terms for payment based on the discussions at July 1 Meeting. (Reference document P0728-C640-LTR-000001) Although VTA and City staff continue to meet and coordinate project implementation matters, VTA has not received a formal response to the proposed amendment. VTA continues to invoice the City for reimbursement, and is preparing another request for written assurances and clarifications from the City of Milpitas regarding its commitments under the Master agreement. VTA General Counsel is drafting a second request for written assurances and clarifications from the City regarding tis commitment.	The City of Milpitas has not responded to requests for payment, or to requests for amended terms for payment. As of July 31, 2016 VTA has invoiced the City approximately $11 million. Failure to properly comply with the agreement increases the risk that the City may not have adequate funds to reimburse VTA for the Eastern Segment. Without the City and VTA reaching agreement, financial exposure to VTA could potentially reach $17M.
Operations										
Operator Scheduling Assessment	05/07/15	**HIGH**	Schedulers currently have difficulty in creating efficient schedules and routes with the modified cafeteria approach. While it would take considerable effort to change existing work rules, including agreement from the ATU, we recommend that VTA conduct a cost-benefit analysis of implementing regular rostering scheduling. Rostering would allow VTA to create pre-packaged schedules, including assigned days off while allowing operators to select packages, as preferred. This could completely remove the group relief packages and result in budget and administrative savings without unduly burdening the operators and relieving constraints on schedulers and office supervisor supports	Moving from the current modified cafeteria style bidding to regular rostering would be a significant cultural and operational change to the VTA workforce. This would likely require agreement with the ATU and modifications to VTA's scheduling and workforce management software (Trapeze FX and OPS). VTA staff and Trapeze would likely need to run some computerized test scenarios to determine the cost savings of such an approach. This effort could be complicated and time consuming. This change would need to be negotiated with ATU. This will be addressed during the current negotiations with ATU on a new collective bargaining agreement. The other related factors will also be evaluated.	04/30/15	09/01/18	Not Implemented	Chief Operating Officer	VTA was not able to achieve through the required CBA. However, group relief rostering is being implemented in July, 2016, which enables this part of the bidding process to move from a manual to an automated process, which is more efficient and saves staff time. VTA will try to negotiate this recommendation into the new CBA effective 9/1/2018.	Recent negotiations with ATU did not include changing our bidding to a rostering approach. This would be a significant organizational change that would need to be negotiated and union leadership has indicated that they do not support this change at all. It would be beneficial to have a cost benefit analysis performed. However, group relief rostering is being implemented in July, 2016, which enables this part of the bidding process to move from a manual to an automated process, which is more efficient and saves staff time. Current operator work rules governed by union agreements inhibit bidding & scheduling efficiency. VTA's current modified cafeteria style allows flexibility for operators to select their divisions, routes, work hours & days off. However, this comes at a cost to the operating budget & creates a multi-step bidding process.

Audit Report	Governance & Audit Committee review date	Risk Rating: High, Medium or Low	Recommendation	Response by Department	Original Target Date of Implementation	Revised Date of Implementation	Progress to Date (Not Implemented / Substantially Implemented / Fully Implemented)	Responsible for Implementation	Actions Taken To Date	Other Comments
Operator Scheduling Assessment	05/07/15	**HIGH**	We recommend that VTA use the same cost-benefit analysis above and explore the possibility of removing the union restriction on straight runs. This would provide a more efficient solution for scheduling.	VTA management agrees with the recommendation to remove run restrictions that are part of the collective bargaining agreement with ATU. This will be addressed during the current negotiations with ATU on a new collective bargaining agreement.	06/30/15	09/01/18	Not Implemented	Chief Operating Officer	VTA was not able to achieve through the required CBA. VTA will try to negotiate this recommendation into the new CBA effective 9/1/2018.	VTA was not able to achieve through the CBA. Current operator work rules governed by union agreements inhibit bidding & scheduling efficiency. Scheduling efficiency of operator runs for a given day by limiting the amount of operators that work both peak periods and paying overtime for these runs.
Operator Scheduling Assessment	05/07/15	**HIGH**	Quarterly schedule bidding provides operators flexibility in selecting work hours and routes, but lowering the bidding frequency would result in administrative efficiencies and cost savings related to schedule preparation and bidding. We recommend that VTA proposes to change the frequency of schedule bidding from four to three times per year, as well as having date flexibility when operators' scheduling bidding occurs and their effective dates. Through these changes, VTA gains process efficiency and flexibility to adjust for service changes such as school schedules, sporting events, holiday events, and other external impacts.	VTA management agrees that the recommendation to reduce the frequency of schedule bids from quarterly to three times per year would be more efficient. Again, this would need to be addressed in the collective bargaining agreement with ATU. To make this recommendation most effective, management recommends that the labor agreement be modified to have more flexibility as to when the date of the sign up is effective to adjust for service changes, school schedules and other impacts.	06/30/15	09/01/18	Not Implemented	Chief Operating Officer	VTA was not able to achieve through the required CBA. VTA will try to negotiate this recommendation into the new CBA effective 9/1/2018.	This was not addressed in the last round of ATU contract negotiations. There should be internal discussion on the pros/cons of implementation. If the analysis proved beneficial, then VTA would take its findings to the next round of ATU negotiations. Current operator work rules governed by union agreements inhibit bidding & scheduling efficiency. It was found that the process of creating the group relief packages is heavily manual and time-intensive.
Operator Scheduling Assessment	05/07/15	**MEDIUM**	Currently bidding is done manually and Trapeze may have ability to perform this function in a Web-based format. We recommend investigating Trapeze to allow for bidding via the Web, saving time and money.	Management agrees with the recommendation. The implementation of web bidding requires ATU participation and extensive changes to administrative procedures and processes. This will be addressed during the current negotiations with ATU on a new collective bargaining agreement.	08/31/15	09/01/18	Not Implemented	Deputy Director of Transit Operations	VTA was not able to achieve this through negotiations in the new CBA. VTA will try to negotiate this recommendation into the new CBA effective 9/1/2018.	VTA was not able to achieve this through negotiations in the new CBA. The Union's main concern is that not all Operators may be computer literate. Trapeze OPS requires additional modules, additional training and reporting functionality.

Procurement and Contracts

Procurement & Contracting Process Assessment	05/01/14	**MEDIUM**	We recommend Legal and CAMM Management consider developing a series of standardized contract templates, if not already developed for simple and routine contracts. Legal should write the template to ensure proper terms and conditions are included. Both CAMM and legal would work on a new set of requirements that a contract must meet before it is sent to legal for review. These pre-approved requirements may include contracts over a certain dollar threshold, contracts that are complex or unusual or possibly new or questionable vendors. If the contract does not meet the legal requirements, CAMM would only input the required information and submit it to CAMM management for review and approval. Contracts that would not go to legal for review might include basic or routine items, simple changes or updates in part numbers or pricing, or simple contract renewals. These can be approved within CAMM which will also streamline the process.	Management concurs. To implement this recommendation, staff will take the following steps: (1) Work with the VTA General Counsel's Office to develop a process that allows a one-time review of frequently used standard contract documents. Once the standard is approved by Counsel, no further review will be needed if the item does not contain any changes from the standard contract. This step will be completed by August 2014.	08/31/14	07/01/17	Not Implemented	Manager of Procurement, Contracts & Matls,	The Manager of the PCMM department was just hired in July 2016. The work that needs to be performed to update the job specifications, research training/program information, and ascertain those staff members who should continue in their professional development will be on the new manager's agenda. Anticipated full implementation date: 7/1/17.	AG report in April 2016 disclosed that this is not fully completed. This recommendation was to improve the turn around time of contracts by establishing standard templates. However, as a precaution, Legal still reviews all contracts. This is an ongoing process and small improvements continue to be made. Legal becomes the bottleneck holding up the process on routine items. Several contract forms or templates are currently being used thus requiring several levels of review.

Audit Report	Governance & Audit Committee review date	Risk Rating: High, Medium or Low	Recommendation	Response by Department	Original Target Date of Implementation	Revised Date of Implementation	Progress to Date (Not Implemented / Substantially Implemented / Fully Implemented)	Responsible for Implementation	Actions Taken To Date	Other Comments
Procurement & Contracting Process Assessment	05/01/14	**LOW**	We recommend that CAMM management work with VTA's General Manager and other members of executive management to develop a succession plan for key CAMM purchasing and contracts-related positions that covers the next 3-5 years.	Management concurs with this recommendation. To implement, staff will take the following steps: (1) VTA is currently developing a formal, agency-wide Succession Planning program that will meet the needs of CAMM; (2) In the short term, an important consideration is the implementation of cross-training opportunities for staff where feasible, enabling employees to increase their knowledge and skill levels to become proficient in all disciplines within CAMM. This will also allow employees to take on greater responsibilities and ensure that quality service is provided at all levels. These steps will be completed by the end of calendar 2014.	12/31/14	07/01/17	Not Implemented	Manager of Procurement, Contracts & Matls,	The Manager of the PCMM department was just hired in July 2016. The work that needs to be performed to update the job specifications, research training/program information, and ascertain those staff members who should continue in their professional development will be on the new manager's agenda. Anticipated full implementation date: 7/1/17.	AG status report as of April 2016 disclosed that CAMM is dependent upon VTA succession plan that is currently in development. Once rolled out, CAMM will proceed according to plan. Procurement Manager also indicated that Succession Plan is a long-term effort. However, PCMM has developed a training matrix and continues to provide training opportunities as time and budget allow. Based on an email from A. Lara on 5/17/16, there are several staff in PCMM (formerly CAMM) attending courses toward their professional certification. PCMM will perform more formal action after the succession plan framework from HR is firmed up. - Lack of adequate succession planning can lead to less than adequate change management during times of anticipated or unanticipated employee turnover. - Inadequate change management can cause inconsistencies in the application of policies and procedures, and additional delays in end-to-end procurement turnaround times.

System Safety & Security

Public Safety Process Assessment	12/14/15	**LOW**	VTA should evaluate the costs and benefits of a community policing station by assessing best practice security approaches used at other BART stations.	VTA management concurs with the recommendation. VTA will evaluate benefits of a community policing station by assessing best practice security approaches used at other BART stations.	06/30/16	07/31/18	Not Implemented	Program Manager of Protective Services and Captain of Transit Patrol	Meetings with the SVBX project team are ongoing. There will be a discussion whether a community policing station will be built into the design plans for BART phase 2 at the Berryessa Station. Evaluation is anticipated to be performed in July 2018.	Community Policing stations are somewhat unique to transit systems but not unique to general law enforcement. The BART SV Extension service will create additional safety and security complexity that should be managed through an assessment of best practice security approaches used at other BART stations and coded in the O&M Companion Agreement being developed.