

Audit Committee

Thursday, May 7, 2009
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.** Approve the Minutes of March 5, 2009.

REGULAR AGENDA

- 5.** ACTION ITEM - Authorize the General Manager to execute one or more task orders with Deloitte & Touche LLP, to conduct the Fiscal Year 2010 internal audit work plan, in an amount not to exceed \$225,000.

OTHER ITEMS

- 6.** Items of Concern and Referral to Administration.
- 7.** Review Committee Work Plan. (Burns)

8. Committee Staff Report. (Burns)
9. Chairperson's Report. (Gage)
10. Determine Consent Agenda for the June 4, 2009 Board of Directors Meeting.
11. **ANNOUNCEMENTS**
12. **ADJOURN**

NOTE COMMITTEE MEMBERS: In order to establish a quorum for this meeting, members are asked to call the Board Secretary's Office at (408) 321-5680 or E-mail: board.secretary@vta.org before 5:00 p.m. on the day prior to the meeting. Thank you for your cooperation.

In compliance with the Americans with Disabilities Act (ADA), those requiring accommodations or accessible media for this meeting should notify the Board Secretary's Office 48 hours prior to the meeting at (408) 321-5680 or e-mail: board.secretary@vta.org, TDD (408) 321-2330. VTA's Homepage is located on the Web at: <http://www.vta.org>.

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.**



Audit Committee

Thursday, March 5, 2009

MINUTES

CALL TO ORDER

The Regular Meeting of the Audit Committee was called to order at 4:02 p.m. by Chairperson Gage in Room 157, County Government Center, 70 West Hedding Street, San Jose, California.

1. ROLL CALL

Attendee Name	Title	Status
David Casas, Vice Chairperson	Board Member	Present
Don Gage, Chairperson	Board Member	Present
Nancy Pyle	Board Member	Present
Greg Sellers	Board Member	Absent

A quorum was present.

2. PUBLIC PRESENTATIONS

There were no Public Presentations.

3. ORDERS OF THE DAY

There were no Orders of the Day.

CONSENT AGENDA

4. Minutes of December 11, 2008

M/S/C (Pyle/Casas) to approve the Minutes of December 11, 2008.

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

REGULAR AGENDA

5. Elect Standing Committee Vice Chairperson

Chairperson Gage opened the nominations from the floor for the position of Vice Chairperson of the Audit Committee for 2009.

Member Pyle nominated Member Casas to serve as the Vice Chairperson for 2009.

M/S/C (Pyle/Gage) to close the nominations and elect David Casas as the Committee's Vice Chairperson for calendar year 2009.

6. 2000 Measure A Program Financial Report, Fiscal Year 2008

Joseph T. Smith, Chief Financial Officer, reported the Measure A ballot required an audit of the 2000 Measure A Program be conducted annually by an Independent Auditor to ensure the 2000 Measure A Program's sales tax revenues are spent in accordance with the intent of the Measure. He noted the audited 2000 Measure A Program Financial Statements were part of the Santa Clara Valley Transportation Authority (VTA) Comprehensive Annual Financial Report (CAFR).

Mr. Smith indicated the 2000 Measure A Program Financial Report, Fiscal Year 2008, was also presented at the February 11, 2009, 2000 Measure A Citizens Watchdog Committee.

Leonard Dana, Vavrinek, Trine, Day & Co., LLP (VTD), referenced the 2000 Measure A Program Financial Report, Fiscal Year Ended June 30, 2008, and provided a brief overview. He reported VTD issued an unqualified opinion on the 2000 Measure A Program's Financial Statements. The Report contained a section entitled, Program Summaries, and included information on each project and expenditures to date for the fiscal year. There were no reportable deficiencies or material weaknesses in internal control procedures.

Vice Chairperson Casas inquired if there were any questions raised that were addressed satisfactorily, which could have been a finding. Mr. Dana reported there were no findings.

M/S/C (Pyle/Casas) to approve submitting a recommendation to the Board of Directors to review and accept the 2000 Measure A Program Financial Report for Fiscal Year 2008.

7. FY2008 CMP Audited Financial Report

Joseph T. Smith, Chief Financial Officer, reported the Joint Powers Agreement for the administration of the Santa Clara County Congestion Management Program (CMP) also required an audit of the CMP accounts and records be conducted annually by a certified public accounting firm. Mr. Smith noted the CMP's audited financial statements were also part of the VTA Comprehensive Annual Financial Report (CAFR).

Leonard Dana, Vavrinek, Trine, Day & Co., LLP (VTD), referenced the Congestion Management Program Independent Auditor's Report, Financial Statements and Supplementary Information, June 30, 2008, and provided a brief overview. The audit report indicated the CMP's financial statements present fairly, in all respects, the financial position of the CMP as of June 30, 2008. He reported VTD issued an unqualified opinion on the CMP financial statements. There were no reportable deficiencies or material weaknesses in internal control procedures.

M/S/C (Pyle/Casas) to approve submitting a recommendation to the Board of Directors to review and accept the audited Financial Report for the Congestion Management Program for Fiscal Year 2008 (FY2008).

8. Internal Audit Program Goals & Objectives

Michael T. Burns, General Manager, reported the VTA Board of Directors approved a Task Order Contract with Deloitte & Touche, LLC on January 8, 2009, to provide Auditor General Services. The Task Order Contract was for a two-year term with three additional one-year options to perform VTA's Internal Audit function. The Scope of Work for the first two Task Orders were as follows: 1) develop and recommend goals and objectives for VTA's Internal Audit Program and 2) develop and recommend an Annual Internal Audit Plan.

Pat Hagan, Auditor General, Deloitte & Touche, LLP, introduced Farah Faruqui, Partner, and Heather Honegger, Senior Manager, Deloitte & Touche, LLP.

Mr. Hagan provided a report on the Internal Audit Program components, highlighting: 1) Objectives of the VTA Internal Audit function; 2) Scope of work of the Internal Audit function; 3) Accountability; 4) Internal Audit function's responsibilities; 5) Authority of the Internal Audit function; and 6) Standards of Audit practice.

Chairperson Gage queried if the Internal Audit discovers anything illegal, would the Audit Committee be allowed to conduct a Closed Session to discuss the issue. Kevin Allmand, VTA General Counsel, indicated it would have to be leading to potential litigation. Mr. Hagan also indicated the Internal Auditor would work with VTA's General Counsel to determine the appropriate disclosures and would inform the Audit Committee of any issues. Depending upon the type of issue that could be a potential litigation, a Closed Session would be recommended.

Chairperson Gage indicated if there are any disagreements between the Auditor General and various departments within VTA, both parties be in attendance to present their case to the Audit Committee.

M/S/C (Pyle/Casas) to approve submitting a recommendation to the Board of Directors to approve the goals and objectives for the internal audit program at VTA, as proposed by the Auditor General.

OTHER ITEMS

9. Receive Presentation on Risk Assessment Methodology

Pat Hagan, Auditor General, Deloitte & Touche, LLP, directed attention to the presentation entitled, “Auditor General Risk Assessment,” and provided an overview, highlighting: 1) The role of internal audit at VTA; 2) The internal audit process; 3) Risk assessment methodology; 4) Risk assessment executive summary; 5) Risk assessment results; 6) Response to risks; and 7) Proposed audit focus areas for discussion.

In reference to “The Role of Internal Audit,” Chairperson Gage queried if the Auditor General would be conducting interviews at the employee level with regard to processes. Mr. Hagan indicated, “absolutely”. He noted the importance of the interviews and process documentation and the importance of the Auditor General having access to the VTA Chiefs and their operations. Chairperson Gage requested the Auditor General inform him of any obstacles encountered during the interview process.

In reference to the “Overview of Internal Audit Process,” Chairperson Gage requested the Committee members be informed in a timely manner if the Auditor General needs to meet more than on a quarterly basis to discuss areas of concern.

In reference to the “Risk Assessment Methodology,” bulleted item #4 – “Interviewed approximately 30 VTA managers from various departments, including Chiefs, Deputy Directors and other key personnel,” Mr. Hagan thanked the VTA Chiefs and staff for their participation in the audit interview process.

Chairperson Gage mentioned the use of best practices and queried if the Auditor General has experience with other transit agencies with regards to the interview process. Mr. Hagan indicated he is the National Audit Partner for Deloitte & Touche’s public sector practice and has a number of other transit audit clients and transit consulting clients. Additionally, the Federal Transit Administration (FTA) has a national transit database, which publishes very good information from all transit agencies including the VTA, so there is good benchmarking data available.

In reference to the “Response to Risks,” Vice Chairperson Casas requested, for future purposes, a bar be included on the graph identifying where each risks falls as contained on the model “heat map” listing the relative impact and vulnerability of key identified risks. He noted if something is going to move materially on the graph, to indicate the rationale, so it can be tracked from year to year.

In reference to the “Proposed Audit Focus Areas for Discussion,” Chairperson Gage queried if the Auditor General would come back with an extensive list of areas reviewed. Mr. Hagan indicated he would come back with a proposed scope of work indicating specific areas and control objectives to be reviewed. Chairperson Gage requested it be matched against the amount of dollars being allocated.

Mr. Hagan noted an annual update on the risks would be provided, showing the movement and hopefully improvement of those risks.

Member Pyle referenced the “Fraud, Waste and Abuse Risk,” and expressed concern regarding the potential lost of money involving these types of situations. Mr. Hagan reported Sarbanes-Oxley is not applicable to governments, but Sarbanes-Oxley has required for-profit companies to set-up a whistleblower program, such as an anonymous tip line.

Vice Chairperson Casas referenced the “Information Technology (IT) Risk, Focus Area - Audit IT Security,” and expressed concern regarding employees with laptops and possible negligence. He requested policies be put in place protecting employee information in case of negligence. Vice Chairperson Casas indicated with regards to IT, when looking at capacity, there is the possibility of integrated servers. He queried if this could be streamlined by making minimum investments, saving on energy and increasing the capacity of the IT group.

Vice Chairperson Casas referenced the “Fraud, Waste and Abuse Risk,” and queried if any travel restrictions have been implemented within VTA. Michael T. Burns, General Manager, indicated travel at VTA has decreased significantly and noted he approves all travel at VTA. He noted a process can be put in place where expense reports are reviewed to ensure they are within the established limits. With regards to travel, Chairperson Casas commented on rate negotiations. He indicated a philosophy should be put in place where there is an understanding of those policies on travel limitations, stipends, etc.

Mr. Burns recommended rescheduling the Thursday, June 4, 2009, Audit Committee meeting to Thursday, May 7, 2009. The Audit Plan would be presented for review and approval at the meeting and forwarded to the June 4, 2009, Board of Directors meeting.

Chairperson Gage requested the June 4, 2009, Audit Committee meeting be rescheduled to Thursday, May 7, 2009, at 4:00 p.m. in Conference Room 157, at 70 West Hedding Street, San Jose.

Vice Chairperson Casas noted he would be unable to attend the May 7, 2009, Audit Committee meeting.

Mr. Hagan reported on the next steps, highlighting: 1) Develop detailed scope of work for priority audit projects; 2) Collaborate with VTA management to develop FY 2010 Audit Plan; 3) Recommend scope, budget and timeline; and 4) Present FY 2010 Audit Plan for discussion and approval at next Audit Committee meeting.

Chairperson Gage requested the Auditor General prepare a two-year Audit Plan.

On order of Chairperson Gage and there being no objection, the Committee received a presentation on Auditor General’s Risk Assessment Methodology.

10. Items of Concern and Referral to Administration

There were no Items of Concern and Referral to Administration.

11. **Committee Work Plan**

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

12. **Committee Staff Report**

There was no Committee Staff Report.

13. **Chairperson's Report**

There was no Chairperson's Report.

14. **Determine Consent Agenda for the April 2, 2009 Board Meeting**

CONSENT:

Agenda Item #6. Review and accept the 2000 Measure A Program Financial Report for Fiscal Year 2008.

Agenda Item #7. Review and accept the audited Financial Report for the Congestion Management Program for Fiscal Year 2008 (FY2008).

Agenda Item #8. Approve the goals and objectives for the internal audit program at VTA, as proposed by the Auditor General.

REGULAR:

None

15. **Announcements**

There were no Announcements.

16. **ADJOURNMENT**

On order of Chairperson Gage and there being no objection, the meeting was adjourned at 4:53 p.m.

Respectfully submitted,

Tracene Y. Crenshaw, Board Assistant
VTA Board of Directors



Date: April 22, 2009

Current Meeting: May 7, 2009

Board Meeting: August 6, 2009

BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
Audit Committee

THROUGH: General Manager, Michael T. Burns

FROM: General Manager, Michael T. Burns

SUBJECT: Review and Approve Annual Internal Audit Plan

Policy-Related Action: No

Government Code Section 84308 Applies: No

ACTION ITEM

RECOMMENDATION:

Authorize the General Manager to execute one or more task orders with Deloitte & Touche LLP, to conduct the Fiscal Year 2010 internal audit work plan, in an amount not to exceed \$225,000.

BACKGROUND:

At the January 8, 2009, meeting, the VTA Board of Directors authorized the General Manager to execute a task order contract with Deloitte & Touche LLP, to provide Auditor General Services. Under the initial task order, the Auditor General was charged with executing the first two tasks within the contracted scope-of-services: (1) develop and recommend goals and objectives for the internal audit program; and (2) develop and recommend an annual internal audit plan. The VTA Board approved the goals and objectives of the internal audit program on April 2, 2009.

As a first step in developing the internal audit plan, the Auditor General conducted a risk assessment of potential financial and business risks. The Auditor General presented a summary of the risk assessment methodology and results at the March 5, 2009, meeting of the Audit Committee. The Audit Committee concurred with the risk prioritization and internal audit focus areas as presented, which are summarized below with references to the corresponding internal audit project plans.

Risk	Focus area	Internal audit plan
Public Safety	<ul style="list-style-type: none"> Audit security contractor transition, including compliance with firearms training requirements 	<ul style="list-style-type: none"> Guard qualification and training (FY10)
Capital Projects	<ul style="list-style-type: none"> Audit large construction projects, including compliance with VTA policies and contract terms, oversight of contractors, process controls and 'soft cost' expenditures 	<ul style="list-style-type: none"> SVRT soft costs (FY10) SVRT contract compliance (FY11)
Information Technology	<ul style="list-style-type: none"> Audit IT security (e.g., evaluate policies and procedures, audit physical and cyber access controls, conduct penetration testing) Audit SAP functionality for optimization of control configurations 	<ul style="list-style-type: none"> IT security (FY10) SAP access controls (FY10)
Fiscal controls	<ul style="list-style-type: none"> Audit treasury process controls and compliance with VTA investment policies 	<ul style="list-style-type: none"> Investment controls (FY10 & FY11) Debt compliance (FY11)
Outsourced services	<ul style="list-style-type: none"> Audit transportation service providers for compliance with contract terms, including costs and service level agreements 	<ul style="list-style-type: none"> Scheduled for FY12
Fraud, waste and abuse	<ul style="list-style-type: none"> Provide recommendations in design of a whistleblower process Perform high level fraud risk assessment Audit higher risk areas such as cash handling, travel expenses, credit card purchases and use of non-revenue vehicles 	<ul style="list-style-type: none"> Scheduled for FY12
Bus and rail operations	Audit operator time charging and reporting for compliance with VTA policy and contract terms; evaluate overtime costs	<ul style="list-style-type: none"> Scheduled for FY12
Workforce productivity	Benchmark performance metrics and audit efficiency of selected business processes	<ul style="list-style-type: none"> Scheduled for FY12

DISCUSSION:

Based on direction from the Audit Committee, and in collaboration with the General Manager and VTA staff, the Auditor General has developed a two-year internal audit plan, along with a high-level schedule and budget. The proposed internal audit topics and budget are summarized in the following table.

Internal Audit Project	Type	FY10		FY11	
		Est. hours	Est. \$000	Est. hours	Est. \$000
Guard qualification and training	Compliance audit	150	\$30	0	0
SVRT soft costs	Value-add audit	300	\$60	0	0
IT security	Value-add audit	250	\$50	0	0
SAP access control	Value-add audit	150	\$30	0	0
Debt compliance	Compliance audit	0	0	200	\$40
SVRT contract compliance	Compliance audit/value-add	0	0	300	\$60
Investment controls	Annual compliance testing	50	\$10	50	\$10
Auditor General Services support		120	\$25	120	\$25
Related expenses		0	\$20	0	\$20
	TOTAL	1020	\$225	670	\$155

For the internal audit projects scheduled for FY2010, the Auditor General conducted additional staff interviews and data collection in order to develop more detailed plans. A brief description of each project follows:

- Guard qualification and training internal audit
Audit security contractor personnel files for compliance with training and certification requirements, including firearms training
- SVRT soft cost internal audit
Audit project-to-date soft costs to identify historical drivers and identify opportunities to improve processes to estimate and control costs over the lifecycle of the project
- IT security internal audit
Identify critical software and hardware assets and sensitive data, assess security controls and perform penetration testing
- SAP access control internal audit
Audit controls over user access to the SAP application after the ECC 6.0 upgrade
- Investment controls testing
Test the effectiveness of key treasury controls over investment transactions
- Auditor General services support
Prepare quarterly status reports and attend Audit Committee meetings; update risk assessment and develop detailed work plan for FY2011 audit projects.

Attachment A describes each project in more detail. Each description includes the objective(s) of the internal audit, the specific scope of operations to be included in the internal audit, the general approach or methodology to be employed by the auditors, and the expected content of the internal audit report deliverables.

The FY2010 internal audit projects will be executed according to the following schedule, with findings and recommendations presented at future Audit Committee meetings. The proposed timing of these projects is shown below:

Internal Audit	FY2010											
	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June
Guard training			AC mtg									
SVRT soft costs						AC mtg						
IT security												
SAP access control									AC mtg			
Investment controls												AC mtg
FY2011 internal audit work plan												

ALTERNATIVES:

The Audit Committee could reject some or all of the specific projects included in the FY2010 internal audit work plan, and direct the Auditor General to develop a new work plan.

FISCAL IMPACT:

This recommendation would authorize expenditure of up to \$225,000 for audit services. Appropriation for the internal audit work plan in the amount of \$225,000 for FY2010 and \$155,000 for FY2011 is included in the Recommended FY2010 and FY2011 VTA Enterprise Operating Budget, which is scheduled for consideration by the Board on June 4, 2009.

Prepared by: Pat Hagan, Auditor General

ATTACHMENT A

Internal Audit Project Descriptions

Guard Qualification and Training Internal Audit**Audit Objectives**

1. Assess whether AlliedBarton security personnel serving VTA are in compliance with training and qualification requirements specified in contract terms.
2. Assess VTA processes for monitoring contractor reports of compliance with critical training and certification requirements; identify potential process improvements to enhance efficiency and effectiveness.

Scope

The scope of contract requirements audited will include:

- Criminal background checks
- Drug and alcohol testing
- State Guard certification
- California driver's license and Safe Driver Training
- VTA-provided training and orientation
- Contractor-provided pre-assignment training (e.g., 80 hours for armed security guards, including firearms training)
- Periodic re-certifications

The scope of VTA processes audited will include monitoring of the following contractor reports:

- Monthly reports of personnel assignments and training
- Rosters of new security personnel and their training records
- Quarterly reports on drug and alcohol testing
- Annual reports on the status of licenses and background checks

Approach

Test a sample of (25) personnel files and conduct follow-up interviews as needed to assess contract compliance.

Conduct interviews with key VTA personnel and document processes used to periodically verify that contractor training and certification reports are filed as required and reviewed; audit key process controls.

Deliverables

A report summarizing our assessment of controls over contract compliance and recommendations for process improvements, including findings from review of contractor files.

Estimated time: 150 hours

ATTACHMENT A

Internal Audit Project Descriptions

Silicon Valley Rapid Transit Project (SVRT) Soft Cost Internal Audit**Audit Objectives**

1. Identify factors or root causes that have historically driven the level of 'soft costs' (as defined below) on the Silicon Valley Rapid Transit Project (SVRT).
2. Assess the processes used to estimate, track and control 'soft costs' over the lifecycle of the SVRT project; identify potential improvements in process efficiency and/or effectiveness based on industry leading practices, especially as they relate to controlling historical cost drivers.

Scope

The scope of SVRT costs defined as 'soft costs' for purposes of this internal audit will include:

- Design costs
- Environmental costs
- Program management costs
- Project controls
- Auditing and legal services
- Real estate

Approach

Audit original project budget versus costs-to-date and forecast-to-complete for each type of soft cost; plot variances over time from original budget and conduct a root cause analysis of cost overruns.

Interview key VTA personnel and document current processes in use to control SVRT soft costs, including bases for estimates and forecasts, and procedures for approving consultant invoices and cost increases.

Compare SVRT processes to leading practices in the construction industry to identify potential areas of improvement. Assess whether processes adequately control the historical cost drivers identified.

Deliverables

A report describing processes to control SVRT soft costs, identifying potential weaknesses in either process design or compliance, and recommending improvements as appropriate. Report will include a summary of historical SVRT soft cost budget variances, reasons identified, and references to recommendations that could potentially minimize future exposure to cost overruns.

Estimated time: 300 hours

ATTACHMENT A

Internal Audit Project Descriptions

IT Security Internal Audit**Audit Objectives**

1. Perform a high-level assessment of the network and application information security controls in place to protect critical assets.
2. Identify specific areas of vulnerability to external penetration as well as vulnerabilities within the internal network environment.

Scope

The scope of controls assessed will include:

- Network design and architecture
- Application/website structure
- Change management
- Patch and vulnerability management
- Access management
- Network security operations and security controls (e.g., logging and monitoring)

The scope of vulnerability testing will include:

- External access and internal network access to critical assets, including network and security devices and applications

Approach

Define and identify critical assets (e.g., applications and systems containing sensitive information, network perimeter, network devices, etc.) through interviews with VTA management.

Assess protection of critical assets through interviews and audit of control policies, processes and design documentation. Compare controls to leading practices to identify potential areas of improvement.

Conduct external penetration testing if critical assets are accessible from outside the client environment and conduct limited internal penetration testing (i.e., from the perspective of a contractor with limited access and as a regular employee). Identify specific vulnerabilities and remediation requirements.

Deliverables

A report summarizing our assessment of security controls and recommendations for improvement based on leading practices. Report will include results of penetration testing and related recommendations for vulnerability remediation.

Estimated time: 250 hours

ATTACHMENT A

Internal Audit Project Descriptions

SAP Access Control Internal Audit

Audit Objectives

Assess the design and effectiveness of controls over user access to the SAP system after implementation of the ECC 6.0 upgrade and Governance Risk and Compliance (GRC) tool; identify potential weaknesses in access controls, including segregation of duty (SOD) conflicts.

Scope

The scope of the review is limited to SAP GRC controls and will include:

- User provisioning
- Sensitive access
- SOD

Approach

Assess controls design through review of GRC tool implementation plan documents and control configurations.

Audit GRC user provisioning for compliance with controls, including permission granting, workflow, conflict mitigation and related approvals.

Use an automated tool to extract configuration settings from SAP and run scripted comparisons against relevant standard SOD and sensitive access rules. Discuss exceptions with VTA management to assess the mitigation of SOD conflicts and sensitive access permissions.

Deliverables

A report summarizing our assessment of SAP GRC access controls and recommendations for improvement. Report will include results of SOD and user access testing, such as an SOD conflict matrix or other customized data.

Estimated time: 150 hours

ATTACHMENT A

Internal Audit Project Descriptions

Investment Controls Testing**Audit Objectives**

Assess whether key treasury controls over investment transactions are operating as intended. This internal audit is required to be performed annually according to VTA investment policy.

Scope

The scope of controls audited will include:

- Key internal controls over investment transactions as identified by management (e.g., proper approvals, compliance with investment policy restrictions) and included in documentation modeled after Sarbanes Oxley Act compliance.

Approach

Select sample test periods during the year and audit for documented evidence that the key controls were performed.

Deliverables

Summary of testing results and overall assessment of control effectiveness.

Estimated time: 50 hours

Auditor General Services Support**Deliverables**

- Status reports delivered at quarterly Audit Committee meetings
- Updated risk assessment and FY2011 Internal Audit work plan with detailed objectives, scope and approach.

Estimated time: 90 hours for status reports and 30 hours for FY2011 plan update