Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants & Consultants

VALUE THE DIFFERENCE

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors
Santa Clara Valley Transportation Authority
San Jose, California

We have performed the agreed-upon procedures, which were agreed to by the management of the Santa Clara Valley Transportation Authority (the Authority) to review Procurement Card Program expenses for the fiscal year ended June 30, 2008. The purpose this engagement is verify if the use of the cards is in compliance with the fiscal controls over the Program as instituted by the Authority and are operating effectively whereby expenses generated from this program are in compliance with the guidelines documented in the Authority’s Procurement Card Manual.

This engagement to perform agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those specified parties in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Agreed Upon Procedures Performed

1. We will review the Authority’s Procurement Card Manual (PCM) for completeness and evidence of design of proper oversight controls. Such controls will include evidence of limits on credit card purchases, authorized use, independent approvals, training, documentation requirements, file maintenance, error and dispute resolution, audit and credit card security.

2. For individual cardholders subject to the sampling test (a total of 14 individuals), we will obtain and review their individual cardholder maintenance file for completeness and compliance with the PCM’s minimum file maintenance requirements.

260 Sheridan Avenue, Suite 440, Palo Alto, CA 94306 Tel: 650.462.0400 Fax: 650.462.0500 www.vtdcpa.com

FRESNO • LAGUNA • PALO ALTO • PLEASANTON • RANCHO CUCAMONGA

3. We will select a total of 25 monthly reimbursements for review. This amount represents approximately $255,000 out of a total of $753,000 in expenses, or 34% of total P Card expenses for the fiscal year ending June 30, 2008. For each sample reimbursement selected we will review each reimbursement packet for evidence of proper employee supplied documentation including the charge slip for each expense and the properly completed purchasing card log which reconciles to the monthly statement of account, evidence of review and approval by the appropriate Approving Official. We will also review the recorded expenses for compliance with the Authorized Use parameters as documented in the PCM.

4. For any disputed purchases noted, we will determine if the dispute resolution process as documented in the PCM has been followed and appropriate documentation retained.

Results of Procedures

1. We reviewed the District's procurement manual and noted that the Authority's oversight controls included all the elements described above in the PCM. The PCM included controls such as limits on credit card purchases, eligible expenses, independent approvals, training, file maintenance, error and dispute resolution, audit and credit card security.

2. We reviewed the file maintenance of all the 14 individuals sampled and noted no instances of noncompliance with the file maintenance requirements. We noted proper approvals by the Authority's officials over the issuance of the credit cards, proper documentation of the credit limit and proper documentation of training over the intended use of cards.

3. For the 25 monthly reimbursements selected for review, we noted no instances of improper or insufficient documentation. Further, we noted no instances of noncompliance with the authorized use parameters as described in the PCM.

4. Our review did not reveal disputes over the charges. We noted the Authority's personnel have contacted some individuals to obtain explanations about certain expenses however we noted no instances of disputes filed.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of Authority's management, Audit Committee, Board of Directors and is not intended to be and should not be used by anyone other than these specified parties.

Vavrinek Trine Day + Co. LLP

Palo Alto, California
November 7, 2008