



Utah Transit Authority

Audit Committee

MEETING MINUTES - Final

669 West 200 South
Salt Lake City, UT 84101

Monday, October 16, 2023

3:00 PM

FrontLines Headquarters

Present: Chair Carlton Christensen
Jeff Acerson
Beth Holbrook
Troy Walker

Remote: Mark Johnson

Also attending were UTA staff and interested community members.

1. Call to Order & Opening Remarks

Chair Christensen welcomed attendees and called the meeting to order at 3:05 p.m. He announced this is an in-person, recorded meeting, with live viewing available online. It was noted Committee Member Mark Johnson will be participating remotely. Viola Miller, UTA Chief Financial Officer, attended the meeting on behalf of Jay Fox, UTA Executive Director, who was excused.

2. Safety First Minute

Neiufi 'Ionigi, UTA Public Policy Analyst, delivered a brief safety message.

3. Consent

a. Approval of June 26, 2023 Audit Committee Meeting Minutes

A motion was made by Committee Member Walker, and seconded by Committee Member Johnson, to approve the consent agenda. The motion carried unanimously.

4. Internal Audit Update

a. Internal Audit Update

- Strategic Plan Alignment
- 2022 Audit Plan Status
- 2023 Audit Plan Status
- Other Internal Audit Activities

Strategic Plan Alignment

Mr. Hurst, UTA Internal Audit Director, referenced the previous Audit Committee meeting in June 2023 where he outlined his plan to align the 2023 audit plan projects with the five priorities from the agency's 2022-2030 Strategic Plan. He mentioned the 2024 audit plan will follow a similar format

2022 Audit Plan Status

Mr. Hurst referenced the 2022 Audit Plan Status as closed out with the final project, Transit Oriented Development, as completed. A report out on this project is detailed under agenda item 5. Internal Audit Report Review.

2023 Audit Plan Status

Mr. Hurst provided an audit plan status update for 2023 which included continued, new, special, and outsourced projects. The status included projects completed, in progress, and expectant start dates under 2023 special projects.

Other Internal Audit Activities

Other audit activities were presented by Mr. Hurst which included conflict of interest forms, staff safety certification training, sales tax refund project, and equal opportunity investigations and related governance.

Questions relating to safety certification training and the agency sales tax refund project were posed by the Board and answered by Mr. Hurst.

b. 2023 Fraud Risk Assessment

Mr. Hurst discussed the Fraud Risk Assessment checklist. This is required by the State Auditor and reviews the agency's controlled environment to detect and prevent fraud. This was completed by the Internal Audit team with the assistance of Ms. Miller and the finance team. Mr. Hurst was pleased to report the agency received a perfect score of 395/395.

Mr. Hurst touched upon some key aspects of the assessment:

- Separation of duties within accounting functions remains a strength.
- A cash management policy was drafted. This had been an issue in prior year's audits.
- A need for revisions within the agency's ethics training.

A question regarding the timeline for the ethics training revisions was posed by Chair Christensen and answered by Mr. Hurst.

5. Internal Audit Report Review**a. Transit Oriented Development Audit Report (20-02)**

Paul Drake, UTA Director of Real Estate and Transit Oriented Development (TOD), joined Mr. Hurst to present the TOD report.

Mr. Hurst noted a preliminary assessment was completed in 2020 with a follow up planned in 2021. This was moved to the 2022 audit plan due to some restructuring within the TOD department. In 2022, the laws relating to TOD had changed significantly and the initial assessment completed in 2020 became obsolete. A limited scope audit was completed in 2022 focusing on governance, systems analysis, financial

management, and conflict of interest.

Mr. Hurst stated the Conflict of Interest management is owned by UTA's Internal Audit department. Accordingly, the audit of this process was outsourced to UDOT's Internal Audit team who provided their recommendations. These include updating TOD processes, including the ethics policy with training to require the reporting of conflict of interests when they occur instead of annually. Accurate records of employee training completion is required.

Mr. Drake reported on work in progress including a review and update of TOD processes and policies.

Discussion ensued. Questions pertaining to the original systems analysis tool, the new TOD processes, policy changes and completion dates, and the monitoring and documenting of completed training records, were posed by the Board and answered by Mr. Hurst and Mr. Drake.

b. Support Fleet Performance Audit Report (22-06)

Mr. Hurst was joined by Dan Hofer, UTA Director of Capital Assets & Project Controls, and Trice Batty, UTA Non-Revenue Vehicle Performance & Maintenance Manager.

Mr. Hurst reviewed the Support Fleet Performance audit scope conducted in 2022-2023. Associated activities included follow up on issues from 2022, a risk and fraud assessment, and the testing of key controls. Control testing included a review of vehicle registration, titles, and emissions inspections. Discoveries included three missing vehicle registrations and nine missing titles. Mr. Hurst noted these findings posed minimal concerns and are non-reportable issues. All vehicles were compliant with emissions inspections during the testing period.

Mr. Hurst noted during the Risk and Fraud Risk Assessment, 24 key risks were evaluated, ranging from topics such as maintenance, record keeping, and legal compliance. Several risks were identified and Internal Audit provided recommendations for management to implement and strengthen these controls.

A discussion ensued regarding systems and controls to monitor driver eligibility and approved usage of vehicles, including periodic reviews. Chair Christensen requested a follow up on this item during the next phase of the audit.

Mr. Hurst reported on remedial action which included the hiring of additional staff within the department, installation of Geotrackers in all vehicles, development of policies and procedures, staff training, and the procurement of a check out management system. Several of these controls are already in place or are being developed. It was noted controls are now in place to remove the risk of undetected vehicle theft. This risk was cited as a major concern during the 2022 audit.

Mr. Hurst outlined next steps which include management to review, develop, and fully implement systems, controls, and procedures, as recommended by Internal Audit with a third phase, follow-up audit, conducted in 2024 as part of the Internal Audit Plan.

During the presentation, several questions were posed by the Board and answered by staff. Topics included clarification of UTA's off-road vehicles, procurement of missing vehicle titles, vehicle fleet centralized funding, rightsizing, and driver eligibility, and approved usage.

Commitments made by staff included: Mr. Hofer to locate or obtain missing vehicle titles, and the Enterprise Strategy Office to work with the vehicle fleet team to determine the process for driver eligibility and vehicle usage approval with associated controls for periodic review and monitoring.

c. Supply Chain Warehouse Performance Audit Report (23-01)

Johanna Goss, UTA Senior Internal Auditor, was joined by Scott Ith, UTA Warehouse & Inventory Operations Manager, to present the Performance Audit for the Supply Chain Warehouse.

Ms. Goss outlined the audit scope which included the testing of key performance indicators (KPI) to evaluate warehouse success during the review period of July 2022 - July 2023.

A number of successful practices were identified:

- Inventories completed at all warehouse locations were accurate and within specified limits.
- Parts provided to maintenance shops met or exceeded Original Equipment Manufacturer (OEM) standards.
- Warehouse accurately filled orders with the ability to quickly resolve discrepancies.
- No safety incidents were identified during the review period.

Challenges identified included:

- Significant overtime charges, although this does not warrant additional headcount.
- Vehicle downtime due to missing parts - mostly attributed to procurement supply chain issues.
- The Warehouse shares a central space with a maintenance shop which presents limited space for both groups. Future long-term planning should include consideration for space and growth needs.

Several questions were posed by the Board and answered by staff. Topics included overtime versus additional headcount, parts ordering process, shared inventory, and plans for future warehouse expansion.

d. Recruitment Assessment Report (23-11)

Mike Hurst was joined by Kim Shanklin, UTA Chief People Officer, and Greg Gerber, UTA Talent Acquisition Director, to deliver the Recruitment Assessment Report.

Mr. Hurst noted the report is a synthesis of a third-party assessment completed in June 2023 and includes a management action plan focusing on high priority action items.

Ms. Shanklin reported on management action plans for the People Office.

Action items include:

- Design and implement a new Human Resources Information System (HRIS) expected to be implemented in early 2025.
- Update standard operating procedures (SOPs), to include service level agreements (SLAs) by mid-2024.
- Develop and track Key Performance Indicators (KPIs), to enable data driven decision making.

Mr. Gerber spoke to the management action plan pertaining to Talent Acquisition (TA). He referenced a new structure within the TA team to increase headcount to support data entry assignments. In addition, leadership strategy sessions will be conducted to align TA team priorities. SOPs will also be developed by the end of the year and SLAs in 2024.

Discussion ensued. Several questions were posed by the Board and answered by staff. Topics included the functions and procurement of the HRIS, time frames for SOPs and SLAs, tracking of KPIs, hiring speed, retention, recruitment, and employee incentives.

6. Other Business

- a. Next Meeting: Monday, December 18th, 2023 at 3:00 p.m.

7. Closed Session**a. Discussion Regarding Deployment of Security Personnel, Devices, or Systems**

A motion was made by Committee Member Walker, and seconded by Trustee Holbrook, for closed session. The motion carried by unanimous vote and the closed session convened at 4:44 p.m.

8. Open Session

A motion was made by Trustee Acerson, and seconded by Committee Member Walker, to return to open session. The motion carried by unanimous vote and the meeting reconvened in open session at 5:06 p.m.

9. Adjourn

A motion was made by Trustee Acerson, and seconded by Beth Holbrook, to adjourn the meeting. The motion carried by unanimous vote and the meeting adjourned at 5:07 p.m.


Transcribed by Hayley Mitchell
Executive Assistant to the Board
Utah Transit Authority

This document is not intended to serve as a full transcript as additional discussion may have taken place; please refer to the meeting materials and audio located at <https://www.utah.gov/pmn/sitemap/notice/864877.html> for entire content.

Meeting materials along with a time-stamped video recording may also be accessed at https://rideuta.granicus.com/player/clip/260?view_id=1&redirect=true&h=e34ee721309f383c8d4eca83bb3b9e3c

This document along with the digital recording constitute the official minutes of this meeting.

Approved Date: 12/18/2023

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Carlton Christensen
Chair, UTA Audit Committee