

UTA Audit Committee Meeting

December 18, 2023



Call to Order and Opening Remarks



Safety First Minute



Consent

- a. Approval of October 16, 2023 Audit Committee Meeting Minutes



Recommended Action (by acclamation)

Motion to approve consent agenda



Approvals

- a. External Auditor Engagement Letters for 2023 Audits (Crowe LLP)
- b. 2024 Internal Audit Plan



External Auditor Engagement Letters for 2023 Audits (Crowe LLP)



Recommended Action (by acclamation)

Motion to approve External Auditor Engagement Letters
for 2023 Audits by Crowe LLP, as presented



2024 Internal Audit Plan



A photograph of a high-speed train, likely a California High-Speed Rail train, passing by a highway at dusk. The train is in motion, creating a slight blur. In the foreground, a highway with several cars is visible. A sign on the right side of the road reads "Quality." in a stylized font. The sky is dark, suggesting it's either night or the photo was taken during twilight.

2024 UTA Internal Audit Plan

Agenda Item 4.b.

2024 Audit Plan – Continued Projects

Engagement #	Audit Phase Project	Expected Timeline
23-05	Vendor Master File Follow-up	Q1 2024
22-06	Support Fleet Follow-up	Q3 2024
23-11	Recruitment Follow-up	Q3 2024



2024 Audit Plan – New Projects

Engagement #	Project Name	Expected Timeline
24-01	Procurement Process Performance Audit	Q3/Q4 2024
24-02	Construction Contract Audit	Q2 2024
24-03	Real Estate and Transit Oriented Development Audit	Q2 2024
24-04	Memorandum of Understanding Discovery	Q1 2024
24-05	Police Department Ethics and Code of Conduct Preliminary Assessment	Q1 2024
24-06	Payroll Process Audit	Q1 2024
24-07	Light Rail Safety Audit	Q4 2024
24-08	Commuter Rail Safety Audit	Q4 2024



2024 Audit Plan – Special Projects

Engagement #	Project Name	Expected Timeline
24-09	Outstanding Action Plan Follow-up	Ongoing
24-10	Legislative Auditor Follow-up	Ongoing



2024 Audit Plan – Alignment to Strategic Objectives



Internal Audit Plan Project

Internal Audit Plan Project	Quality of Life	Customer Experience	Organizational Excellence	Community Support	Economic Return
Commuter Rail Safety Audit	x	x	x	x	
Construction Contract Audit	x		x	x	x
Legislative Auditor Follow-up	x	x	x	x	x
Light Rail Safety Audit	x	x	x	x	
Memorandum of Understanding Discovery	x		x	x	x
Outstanding Action Plan Follow-up	x	x	x	x	x
Payroll Process Audit			x		x
Police Department Ethics and Code of Conduct	x	x	x	x	
Preliminary Assessment					
Procurement Process Performance Audit	x	x	x	x	x
Real Estate and Transit Oriented Development Audit	x	x	x	x	x
Recruitment Follow-up	x		x	x	x
Support Fleet Follow-up	x		x		x
Vendor Master File Follow-up	x		x	x	x

Recommended Action (by acclamation)

Motion to approve 2024 Internal Audit Plan, as presented



Internal Audit Update

- a. Internal Audit Update
 - Strategic Plan Alignment
 - 2023 Audit Plan Status
 - Other Internal Audit Activities



Audit Plan Alignment with UTA 2023 Strategy



Audit Project

Audit Project	Quality of Life	Customer Experience	Organizational Excellence	Community Support	Economic Return
Capital Projects	x	x	x	x	x
Data Analytics		x	x		x
Light Rail	x	x	x		x
Recruitment			x	x	x
Safety Audit		x	x	x	
Capitalization Process			x		x
IT Help Desk		x	x		
Master Fee Consulting		x	x		
Support Fleet			x		x
TCC		x	x		
Vehicle Disposal			x		x
1099 Reporting			x		
IT General Controls			x		
Policy Process			x		
Supply Chain			x		
Vendor Master File			x		

Agenda Item 5

2023 Audit Plan Status- Continued Projects

Engagement #	Audit Phase Project	Current Status
22-02	Light Rail	Complete
22-06	Support Fleet	Complete
21-05	IT General Controls	Complete
20-05	Capital Projects	Complete



2023 Audit Plan Status – New Projects

Engagement #	Project Name	Current Status
23-01	Supply Chain Warehousing	Complete
23-02	Vehicle Disposal	Complete
23-03	1099 Reporting	Complete (Report Pending)
23-04	Transit Communications Center	Complete (Report Pending)



2023 Audit Plan Status – Special Projects

Engagement #	Project Name	Current Status
23-05	Vendor Master File Review	Complete (Report Pending)
23-06	Data Analytics	Ongoing
23-07	Policy Process	Complete
23-08	Capitalization Process	In progress - delayed
23-09	Safety Audit	In progress
23-10	Master Fee List Consulting	Complete



2023 Audit Plan Status – Outsourced Projects

Engagement #	Project Name	Current Status
23-11	Recruitment	Complete
23-12	IT Help Desk	In Progress



Other Internal Audit Activities

- Safety Certification Training Update
- Sales tax refund – pending Tax Commission resolution & consultant project
- Environmental control environment consulting
- EEO Investigations and related governance
 - 16 investigations completed from 9/16 – 11/27
 - SOP drafted and in management review



Internal Audit Report Review

- a. Vehicle Disposal Preliminary Assessment (23-02)
- b. Light Rail Operations Audit Report (22-02)
- c. Policy Process Consulting Report (23-07)



Vehicle Disposal Preliminary Assessment (23-02)



Vehicle Disposal Preliminary Assessment - Objectives



The assessment focused on the following areas:

- Maximizing salvage value
- Environmental compliance
- Timely disposal
- Optimizing disposal decisions



Vehicle Disposal – Why did we audit it?

- UTA did not historically have a governed process for disposing vehicles
- Conditions of the “boneyard” in July 2022
 - 160 vehicles parked and stored long term in a field
 - Nine of the vehicles had clearly been in an accident
 - Signs of animal activity, including stool in vehicles
 - Fluids were not drained from some vehicles
 - Keys were left in the ignition of most vehicles



Vehicle Disposal – Why did we audit it?



Agenda Item 6.a.

Vehicle Disposal – What we found

- The “boneyard” has been cleared!



Vehicle Disposal – What we found

- Initial sale of the vehicles netted proceeds of over \$650,000
- Management is taking steps to govern and establish a process
- Standard operating procedures are being drafted but are not yet adopted – the assessment could not be completed and will be re-visited in 2024 as part of Support Fleet follow-up.
- Management did not seek Board approval for three transactions of over \$200,000



Vehicle Disposal – Recommendations

- Capital Assets group should seek approval from the Board for the sale of any vehicles which combined might exceed \$200,000.
- Alternatively, Capital Assets could provide an annual, or other periodic (such as quarterly), update to the Board regarding planned vehicle sales.
- Capital Assets should incorporate this Board approval process into SOPs.

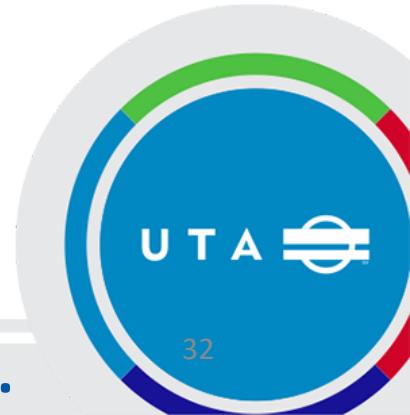


Vehicle Disposal – Management Response

- The Capital Asset Group was unaware that the oversight on contracts over \$200,000 included revenue contracts. Capital Assets will provide options to discuss at Audit Committee on the process of reporting to the Board anticipated vehicle sales for the year, the gross and net revenue values, and the portion UTA's auction provider has retained over the contract term.
- Capital Assets will incorporate the approval process into SOPs.



Light Rail Operations Audit Report (22-02)



Light Rail Audit - Scope



Period of review was primarily September 1, 2022 – July 31, 2023. Periods before and after were reviewed, as necessary.

Audit Scope

Governance

Operator training and oversight

Americans with Disabilities Act
Compliance

Public Safety

Agenda Item 6.b.

Light Rail Audit- Key Control Testing

- Hours of service testing was planned but not completed because State Safety Oversight had a planned audit including that.
- Recertification testing is completed by operators
- Field supervisors complete field tests at a rate that exceeds the minimum requirements
- Light Rail cameras are online and functioning



Light Rail Audit- Key Control Testing

- Talent Acquisition completes pre-employment vetting of operators such as health inspections, drug tests, and background checks.
- Management has been proactive in completing emergency drills
- A current emergency response plan exists for the Jordan Rail Service facility but not for the Midvale facility
- To date in 2023, 0.0012 customer rides on Light Rail result in an ADA complaint.



Light Rail Audit – Status of Recommendations from the Preliminary Assessment

- Management should update Light Rail's emergency training.

Pending remediation. A training module has been created on the LMS training platform.

Approximately ¼ of Light Rail employees have not completed the training. Additional follow up testing will be performed in 2024.

- Responsibility for emergency management should be assigned to someone with clear authority and time to coordinate emergency management efforts with Safety Committee members and the Emergency Management Program Manager.

Closed. Management has assigned emergency management responsibility to an employee. IA gave an informal recommendation to provide emergency training to that employee.



Light Rail Audit – Status of Recommendations from the Preliminary Assessment

- Management's efforts to review, amend, and re-issue all SOPs should continue to reflect the guidelines provided to employees in the TRAX Rule Book; including formal safety guidelines for requesting supervisor and police officer field response.

Pending remediation. Testing showed that significant progress has been made on updating SOPs but IA will complete further testing to verify that a positive trend has developed.

- Management should formalize the planning and tracking of ride alongs and consider expanding ride along responsibilities to all Operating Supervisors.

Pending remediation. Testing could not be completed without a full year of data. 2022 was the year that triggered the recommendation, so IA will complete testing for 2023 date once the year is complete.

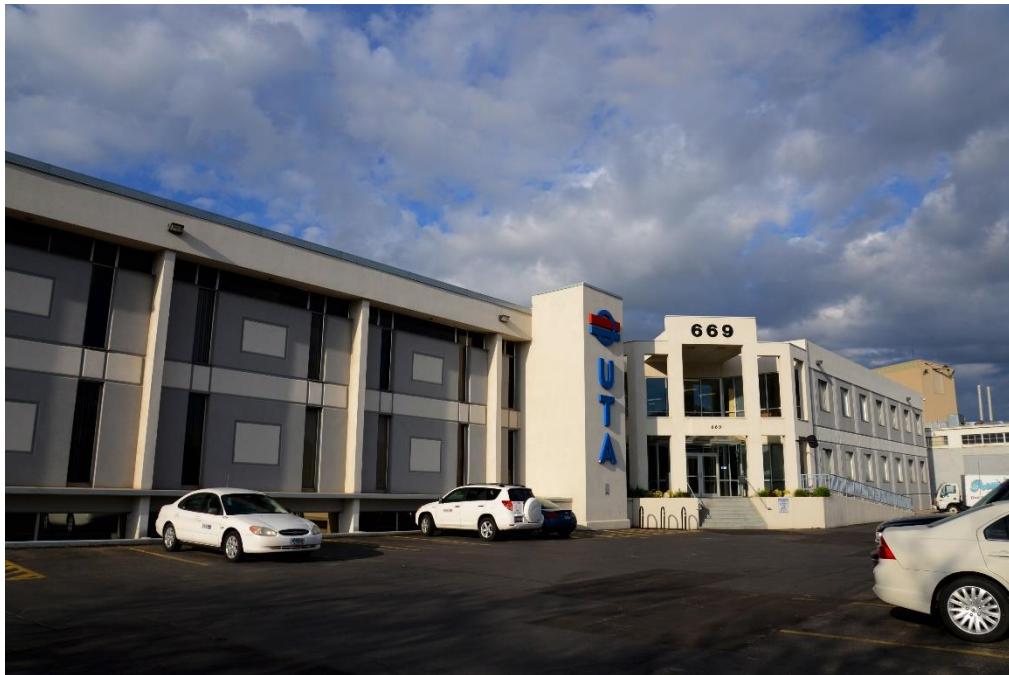


Policy Process Consulting Report

(23-07)



Policy Process Consulting- Objectives



“Policy Process” refers to agency process for adopting policies and agency standard operating procedures (SOP)

The consulting engagement sought to answer the following questions:

- What gaps exist in the policy process?
- How can gaps in the process be improved?

Policy Process Strengths

- The current process is designed to empower subject matter experts (SME) to work at their speed and to have their value judgements enshrined in policy.
- The process encourages strong collaboration between departments to bring harmony and reduce contradictions between policy.
- Enterprise Strategy Office staff is available and willing to help SME with policy drafting and guidance through the adoption process.



Policy Process - Improvements Needed

- Board Policy requires policies and agency SOP to be updated every three-years. From 10/2020 – 10/2023, 24% of policies were updated and 56% of SOP.
- The adoption process is time consuming and slow from introduction to final adoption.
- Review meetings are not held at the capacity needed to churn existing policies every three years, and there is limited availability to add additional meetings.
- Review meetings are inefficient because of high attendance, short time, and weak presiding over meetings.
- SME focus can drift because of day-to-day priorities and how urgent a policy is to them.



Policy Process - Recommendations

- The ESO should strengthen the governance of the policy process by fully assuming invested authority to control the timing and due dates of items in the process.
 - Alternatively, the Board could assume direct governance over the process by assigning responsibility for the policy process within the Board Office.
- The Board should fund a full-time position for an experienced expert in technical and strategic policy matters.
- Management should continue efforts to implement a tracking and monitoring system that clearly defines task ownership and queues.
- The Board Office review should be a formal part of the ESO process, subject to the same deadlines as the other steps in the process.



Policy Process - Recommendations

- ESO should create and enforce a schedule tracking when policies need to be re-adopted and should take the initiative to start the re-adoption process with SMEs. Items priority should be reviewed with the most urgent items past three years since adoption prioritized first.
- Management should continue efforts to implement a tracking and monitoring system that clearly define task ownership and queues.
- The Board should exempt policies with only administrative revisions from the Policy Committee and Policy Review process. Approval in a Board meeting would need to still apply.
- The Board should exempt policies that do not need updates from the Policy Committee and Policy Review process. ESO would be expected to document that any policies not entering the process were reviewed by SME and judged to have no changes needed.



Other Business

- a. Next Meeting: Monday, March 11, 2024, at 3:00 p.m.



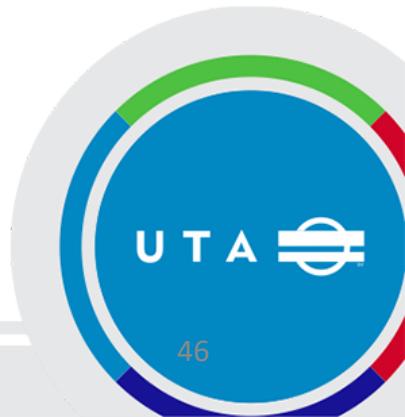
Closed Session

- a. Discussion regarding deployment of security personnel, devices, or systems



Recommended Action (by acclamation)

Motion for a closed session



Closed Session



Open Session



Adjourn

